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MAYOR'S OFFICE OF COMMUNICATIONS

Michael A. Nutter, Mayor
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FOR IMMEDIATE RELEASE

CITY REACHES TENTATIVE AGREEMENT WITH LARGEST MUNICIPAL UNION

Philadelphia – Tonight the City of Philadelphia and representatives of AFSCME District 33 reached a tentative agreement on a one-year contract. Mayor Michael A. Nutter issued the following statement in response to the tentative agreement:

“Two weeks ago, when we announced the arbitration award for the Fraternal Order of Police contract, we said the Award was a win for all Philadelphians, that it was real progress toward goals that have eluded prior administrations. The real significance of the Award was the unprecedented agreement between the FOP and the City to work together on ways to control the ever-increasing cost of healthcare.

“Today, we have an announcement of a truly historic nature that offers a sense of hope and further evidence to all Philadelphians that we’re moving in the right direction toward a New Compact between municipal employees and the city that employs them.

“We’re here to announce that the leadership of District Council 33, the city’s largest municipal union, and this administration have agreed to a tentative one-year contract that gives us the crucial time we need to address the structural crisis that healthcare costs pose to the city budget.

“This day is historic because for the first time, farsighted union leaders have agreed to sit down with the city administration in a spirit of cooperation and a belief that we can turn what has been for the last decade a slow-motion, quiet crisis into a victory that is fair to all parties.

“Imagine, representatives from the FOP, DC 33 and the City looking at healthcare costs from all angles, with no prior conditions or caveats. Everything is on the table as we work out a Philadelphia healthcare plan for the 21st Century.

“Seated at the table of the Joint Labor-Management Healthcare Evaluation Committee will be representatives for roughly 20,000 city employees, that’s approximately 70 percent of the municipal workforce, sitting down together for the first time to hammer out a new way of ensuring the health of city employees. The Committee will explore ways to maximize the quality and competitiveness of benefits at an affordable price; it will examine national best practices and it will be open to rethinking the entire benefit funding and delivery system.

“Before discussing the details of this tentative agreement, which of course the membership of DC33 will be asked to approve, I want to thank Pete Matthews and his veteran team of negotiators for their work.

TERMS:

“This one-year agreement provides a \$1,100 bonus, payable within a specified time upon ratification by the union’s membership. We settled on this proposal after hard-nosed bargaining from a point where the union was seeking a 9 percent increase per year for two years. The overall impact of this proposed agreement on the city’s General Fund is a one-time \$6.3 million payment for the bonus and about \$140,000 for an increased allowance for tools and uniforms.

“The city’s healthcare contribution will remain at \$975.76 per member per month. On the basis of our examination of DC33’s health and welfare fund, it’s clear that this level of funding in FY09 is in line with their actual costs. And let me emphasize, there will be no diminution in service.

“Over the years, we’ve heard city employees say that they have good ideas and new ways to improve productivity, but nobody ever listens. We’re going to change that by creating a high-level steering group led by Managing Director, Dr. Camille Barnett. It will bring employees’ ideas together with senior level decision-makers.

“And nobody is more interested in making this city work smarter, faster, better than Dr. Barnett. It is the philosophy behind PhillyStat and the 311 system that we are implementing. As a city we need to find the best way of doing business and this new steering group will be looking for one and only one thing – RESULTS.

“But we’re not stopping at listening to new ideas from union members or leaders. DC33 and the city have agreed to a new approach toward finding the lowest cost, best service for city residents.

“The Memorandum of Agreement offers new language on contracting out. It will create a level playing field for the union to bid on any contract of \$1 million or more under the same terms as third parties. And contracts of less than \$1 million will be a subject for discussion and action by the Steering Committee, headed by Dr. Barnett. For the union, this means an opportunity to keep work in house and even recapture work that has been under private sector contract. For the city, we will be able to establish best practices and set clear service level requirements. If the union can do the job better and cheaper, it will have the work.

“City employees are no different than anyone else when it comes to juggling the need for income and time away from work. This tentative contract proposes a new level of flexibility for city employees. In lieu of cash overtime, they can choose time off and bank it for later use. This will give our valued city employees more flexibility in coping with their work-life balance. And along those lines, shift workers now will have the option of receiving a holiday compensatory day in lieu of holiday pay under certain terms.

“Finally, I want to emphasize that this contract will help us achieve the long-term goals we have for the city and it won’t break the taxpayer’s bank. As I said two weeks ago, with the cooperation of the FOP and now District

Council 33, and I hope the other unions eventually, we will reform our healthcare system and make the tough choices and smart investments that will sustain the future of this great city.”

Term	Contract Provision	General Fund Cost
<i>Duration</i>	1 year	
<i>Compensation</i>	\$1100 bonus	\$6.3 million one-time cost to the general fund.
<i>Health</i>	No change in employee contribution - held at \$975.76 Agree to join the Joint Labor-Management Healthcare Evaluation Committee	No added cost
<i>Contracting Out</i>	Union will have the opportunity to bid on contracts of more than \$1 million on the same terms as third parties, which will include both economic terms and service standards. Represents a best practice in ensuring that the City receives the best quality services at the most competitive price. Contracts below the threshold will also be addressed through a new Labor Management Steering Group led by the Managing Director	
<i>Comparable Worth</i>	Continues existing program to provide skills training to employees represented by the Union so that they can advance to new levels within the City government, for example, training clerical employees to advance to IT careers.	\$50,000 one-time cost
<i>Compensatory Time</i>	In lieu of cash overtime, employees can request compensatory time off at overtime rates. This time can be accrued and used later or cashed out at separation, providing some additional flexibility to balance work and family.	
<i>Holiday Compensatory Time</i>	In lieu of holiday pay, shift workers can request a compensatory day off. Non-shift employees receive a holiday comp day now when a holiday falls on a day not worked.	
<i>Catastrophic Leave Bank</i>	Employees may continue to voluntarily contribute vacation leave to bank to be used by other employees who are catastrophically ill and in danger of going off payroll.	
<i>FMLA</i>	When the City revises its FMLA policy to comply with new federal regulations, the Union will work with the City to ensure that the language of the policy is clear and accessible to employees.	
<i>Labor-Management Cooperation</i>	Labor-Management steering group to be led by the Managing Director to address areas of serious concern not resolved at the Department level, with training on cooperation to be provided as appropriate. This provides a forum to discuss ways to improve customer service directly with the MDO.	Training costs not yet determined

<i>Tools</i>	Employees who currently receive a tool allowance shall have the allowance increased by \$50. This is primarily auto mechanics who currently receive \$300.	Total cost of tool and uniform increase is approximately \$140,000
<i>Uniforms</i>	Employees who currently receive a uniform allowance shall have the allowance increased by \$50. This includes correctional officers and certain health care employees.	See above
<i>Local 159 HAS OPTED OUT OF THE AGREEMENT</i>	If Local 159 accepts benefits under the Agreement then it waives the right to seek economic terms in any eventual interest arbitration covering this contract period	Local 159 represents approximately 2000 employees. Because they have opted out, the cost for bonus, tools and uniforms is reduced.
<i>Redesigning Government Initiative</i>	Program of Labor-Management cooperation for redesign of work processes continues for the term of the Agreement	
<i>Leave Balances</i>	Employees will receive quarterly statements of leave balances for informational purposes	
<i>Continuity of Benefits</i>	Continues all other existing contract terms for the term of this Agreement	