

**MEMORANDUM OF AGREEMENT**

**BETWEEN**

**DISTRICT COUNCIL 33**

**AND**

**THE CITY OF PHILADELPHIA**

**JULY 1, 2008 TO JUNE 30, 2009**

*H. J. M.*  
*L. A. B.*

**TERM:**

This agreement shall be for one (1) year from July 1, 2008 through June 30, 2009.

## COMPENSATION:

The parties agree to the following compensation package:

1. The City will contribute \$975.76 per member per month to the DC 33 Health & Welfare Fund effective July 1, 2008, which is in line with the Fund's anticipated cost.
2. All permanent full-time employees in classes represented by District Council 33 except employees who are guards within the meaning of the Public Employee Relations Act including those within Local 159B who are on the active payroll as of the date of ratification of this Memorandum of Agreement shall receive a one thousand one hundred dollar (\$1,100) lump sum ratification bonus. The aforesaid bonus will not be added to the employees' base pay rates. The payment of the aforesaid lump sum bonus will be made within fifteen (15) days of written notification to the City of the Union's ratification of the Memorandum of Agreement.
3. A permanent employee who is on a leave of absence without pay as of July 1, 2008 will be eligible for the lump sum ratification bonus only if he/she returns to the active payroll before January 1, 2009 and remains on the active payroll for at least sixty (60) consecutive calendar days.
4. Bonuses for part-time employees and school crossing guards shall be paid in accordance with the parties' practice from 2004.

**HEALTHCARE:**

The City and the Union will participate in the Joint Labor-Management Healthcare Evaluation Committee, the details of which are set forth in the attached Appendix and incorporated into and made part of this Agreement, to explore ways to maintain high quality health benefits while reducing the City's costs.

## CONTRACTING OUT:

The following language shall be added to the contract:

### Contracting Out

The City acknowledges that use of private contractors is a significant issue for its unionized employees. The City and the Union agree that providing high quality services to the City at an affordable price is a priority of both the City and the Union. The City and the Union further agree that these goals can be achieved and customer service can be improved through exploring the process of managed competition on significant City contracts. As a result, during the term of the Agreement, the City and the Union will develop a process for managed competition on contracts of \$1 million or more that will do the following:

- Allow the Union to bid on contracts above the threshold and be judged according to the same standards as private bidders;
- Provide that bids will be judged based on comparable cost, including initial cost, lifecycle cost and service levels to be specified in the bid request;
- Develop capacity in both the Union and City managers to develop and evaluate bids through education and training programs.

Issues regarding contracts that do not meet the managed competition threshold may be addressed to the Labor-Management Steering Group. The Managed Competition process will not be subject to the grievance and arbitration procedure, but the Union may pursue any rights it has under the City's bidding process for unsuccessful bids.

**COMPARABLE WORTH:**

The City shall provide up to \$50,000 over the term of this Agreement for training programs and initiatives established under the previous comparable worth litigation settlement.

## **COMPENSATORY TIME:**

The following language shall be added to the contract under overtime:

### Compensatory Time

1. Employees may request compensatory time in lieu of overtime pay to which they would otherwise be entitled. When granted, compensatory time shall be earned at the same rate as cash overtime under the terms of the existing contract.
2. An employee's request to receive compensatory time in lieu of overtime must be made in the time and manner set by the Department for doing so. The Department has the sole discretion to grant the employee's request for compensatory time on a case-by-case basis or to pay the employee cash overtime at the appropriate rate. Departments will make reasonable attempts to accommodate such requests consistent with the Department's operational needs.
3. Employees may accumulate no more than one hundred twenty (120) hours of compensatory time at any given time, exclusive of holiday compensatory time.
4. Employees must seek permission from their Department to use accumulated compensatory time. Departments will make reasonable attempts to accommodate such requests consistent with the Department's operational needs.
5. Employees will be compensated for any accumulated, unused compensatory time at separation from employment.
6. Denials of requests to earn or use compensatory time under this section shall be at the discretion of the Department.

## **HOLIDAY COMPENSATORY TIME:**

The following language shall be added to the contract under holidays:

### Holiday Compensatory Time

1. If a scheduled holiday falls on the scheduled day off of an employee who is defined as a shift worker under the terms of the applicable Civil Service Regulations, the employee may request to receive holiday compensatory time on an hour-for-hour basis in lieu of holiday pay for that day. The employee must make such a request within the time period established by his or her Department for doing so. Departments will make reasonable attempts to accommodate such requests consistent with the Department's operational needs.
2. Employees must seek permission from their Department to use accumulated holiday compensatory time. The Department will make reasonable attempts to accommodate such requests consistent with the Department's operational needs.
3. Employees will be compensated for any accumulated, unused holiday compensatory time at separation from employment.
4. Denials of requests to earn or use holiday compensatory time under this section shall be at the discretion of the Department.

**CATASTROPHIC LEAVE BANK:**

The existing pilot program for the catastrophic leave bank shall be extended for the term of this Agreement.

**FAMILY AND MEDICAL LEAVE ACT:**

During the City's process of review of its Family and Medical Leave Act (FMLA) materials after the Department of Labor issues revised regulations implementing the FMLA, including regulations addressing leave for military families under the National Defense Authorization Act, the City will meet with the Union to discuss the Union's suggestions for making the materials distributed to employees easier for employees to understand.

## **LABOR-MANAGEMENT COOPERATION:**

The following language shall be added to the contract:

### Labor-Management Cooperation

The City and the Union recognize that there are a number of areas in which the City and the Union could both benefit from meaningful labor-management cooperation but that not all of those areas have been identified at this time. The City and the Union recognize their shared interest in raising the quality of life for City employees and improving service to the public. Both goals require improved relationships between the workforce and management. Therefore, the parties agree to form a labor-management partnership to identify the areas that they believe will benefit from meaningful labor-management cooperation. To facilitate these efforts, the Managing Director will convene a meeting of the Labor-Management Steering Group with representatives of the Union in September 2008. The group will develop a process and schedule for assessing and addressing issues of concern. The Labor-Management Steering Group will meet at least monthly throughout the year. These meetings may also include training or facilitation by third parties to enhance the parties' ability to work cooperatively for reform. Additional labor management meetings may be established during the term of this contract with the agreement of the City and the Union. The parties acknowledge and agree that no discussions or proceedings of the Labor-Management Steering Group or any other labor-management meeting will be subject to the grievance and arbitration procedure.

## TOOLS:

There will be a fifty dollar (\$50) increase in the tool allowance for eligible employees in positions that are currently entitled to such an allowance.

In addition, the following classes shall be added to the list of classes that are currently eligible for the annual tool allowance:

7F18	Automotive Body Repair Team Leader
7H01	Trades Helper
7J05	Machinist
7C38	Heavy Duty Wrecker Operator
7J40	Welder

**UNIFORMS:**

There will be a fifty dollar (\$50) increase in the uniform allowance for eligible employees in positions that are currently entitled to such an allowance except employees who are guards within the meaning of the Public Employee Relations Act including those within Local 159B.

**REDESIGNING GOVERNMENT INITIATIVE (RGI):**

The RGI initiative, including the provisions regarding layoffs in paragraph 6 of this section of the 1996 Agreement, will continue in its current form as set forth in the 1996 Memorandum of Agreement, as extended by subsequent agreements, for the term of this Agreement.

**LEAVE BALANCES:**

At least once every quarter, the City will provide employees with a statement showing their available leave balances. This report shall be for informational purposes only.

**CONTINUITY OF BENEFITS:**

Except as modified by this Memorandum of Agreement, all terms and conditions of the collective bargaining agreement between the City and District Council 33 covering the period July 1, 2004 through June 30, 2008 which do not contain specific expiration dates shall remain in full force and effect for the term of this agreement, July 1, 2008 through June 30, 2009.

# **Joint Labor-Management Healthcare Evaluation Committee**

## **I. Introduction and Establishment**

The City and its Unions<sup>1</sup> provide City employees with healthcare through a City controlled healthcare fund for non-union employees and through Union controlled healthcare funds for union employees, with the City supporting the Union administered funds through per-employee monthly contributions. The funds individually determine health benefits, plan terms, and cost allocation for their member employees, and control their own finances.

The City believes that the escalating expenses associated with personnel costs pose serious challenges to the City of Philadelphia's finances and threatens the City's ability to continue to fund employee healthcare benefits in their current form while maintaining a balanced five-year plan and making the necessary investments to ensure the City's growth. The Unions, on the other hand, believe that their members are entitled to receive these quality benefits as a part of their compensation package from the City and should not suffer any reduction in those benefits.

As a result, both the City and the Unions are interested in taking voluntary proactive measures to ensure that City employees continue to receive both high quality and cost-effective health benefits. To that end, the City and its Unions hereby establish the Joint Labor-Management Healthcare Evaluation Committee ("Committee").

## **II. Guiding Principles**

The Committee's work will be guided by the following key principles:

- Maximizing the quality of health benefits for City employees at an affordable cost-effective price is a shared responsibility of the City and the Unions.
- All health plans should be administered according to mutually-recognized industry best practices.
- Decisions about changes in health plans must consider the short-term and long-term impact on the quality and availability of employee healthcare benefits, the financial health of the funds and the financial health of the City, which supports the funds.
- In order to attempt to ensure the quality and cost effectiveness of the healthcare benefits offered by the members of the Committee,

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<sup>1</sup> The term "Unions" refers to: AFSCME District Council 33, AFSCME District Council 47, IAFF Local 22, FOP Lodge No. 5, and the Deputy Sheriffs.

the Committee will be open-minded in its approach, innovative in its thinking and comprehensive in the scope of its considerations.

### **III. Membership**

Within ten (10) days of its execution of the Agreement, each of the City's Unions will appoint one (1) member to serve as the Union's representative on the Committee. Should any Union choose not to participate or to cease participation, the Committee will proceed without that Union's representative. Within fifteen (15) days of each Union's appointment of a representative, the City will appoint one (1) representative for each Union representative appointed, so that there is an equal number of Union representatives and City representatives on the Committee. All time limits may be changed by mutual agreement of the City and the Unions.

The Committee's representatives may delegate their powers to a substitute representative in the event of their absence from a meeting. Substitute representatives will participate fully and vote in the stead of the absent representative.

In addition to voting member(s), the City and each Union may bring one or more advisors, including experts or attorneys, at the party's own expense to advise the party's representative.

### **IV. Powers**

In implementing the Committee, the City and the Unions will retain all rights provided by law, regulation, and their respective collective bargaining agreements or arbitration awards. Further, the Committee will not have the power, directly or indirectly, to alter or amend in any fashion the existing collective bargaining agreements or arbitration awards between the City and the Unions.

Any discrepancies in language implementing the Committee between the various Unions participating shall be resolved by the Committee. Resolution of such disputes shall be consistent with the immediately preceding paragraph and shall not delay the Committee from carrying out its duties or exercising its powers.

The Committee will have the power to issue non-binding findings regarding the current status of healthcare benefits for City employees and recommendations for maximizing the quality and competitiveness of employee healthcare benefits at an affordable cost.

In furtherance of its power to issue non-binding findings and recommendations, the Committee will have the power to request and receive from the City and Union healthcare funds any relevant information including: the plan's terms and conditions of benefits, other documents regarding plan design and benefit offerings, vendor agreements, utilization information, demographics, plan finances and accounting statements, valuations, fees, commissions or other forms of compensation paid directly or indirectly to health benefit advisors, consultants and other professionals, etc. The City and the Union agree that the City and Union healthcare funds will promptly provide

all information requested by the Committee, including taking all necessary steps to ensure that vendors or benefit providers promptly provide requested information in as much detail as the Committee requests (recognizing that the Committee will not request information on individual participants that has not been redacted to protect the privacy of the individual).

All information provided shall be subject to the Confidentiality provision in Section VI. Moreover, any information obtained as a result of participation in the activities of this Committee shall not be used for any purpose in any other proceeding or for any other purpose other than the activities of the Committee.

Appropriate arrangements shall be made by the Committee to insure mutuality of performance in terms of providing the records and information described herein. No party hereto shall be required to perform with any greater promptness or completeness than any other party.

In furtherance of its power to issue non-binding findings and recommendations, the Committee will have the power to spend such monies as are necessary in the advancement of its purpose. The Committee's costs thus incurred will be born by the City.

In furtherance of its power to issue non-binding findings and recommendations, the Committee will have the power to engage independent professionals such as actuaries, accountants, and consultants to assist the Committee in its review of the current healthcare plans and in considering and crafting its recommendations.

## **V. Operation**

The Committee shall convene its first meeting within fifteen (15) days of the City's appointment of its first representative, unless a different meeting schedule is set by mutual agreement of the City and the Unions, but in no event shall the Committee convene later than September 2, 2008. The Committee will meet regularly on at least a bi-weekly basis to conduct its business. The Committee will use all reasonable efforts to produce its findings and recommendations no later than November 1, 2008.

The City will appoint a co-chairperson and the Unions collectively will appoint a co-chairperson for the Committee. The co-chairs shall alternate leading the meetings of the Committee.

The Committee will appoint a secretary, who need not be a member of the Committee, who will be charged with keeping minutes of the Committee's meetings, circulating the minutes to the membership and scheduling Committee meetings.

The Committee will vote on any formal exercise of its powers. The formal exercise of powers is defined as the expenditure of funds, the engagement of professional services, the request for documents and information, and the making of

nonbinding findings and recommendations as described in Section IV. Voting requires that a majority of members (including substitute) be present and that a majority of the members present vote in favor of the action.

## **VI. Confidentiality**

It is recognized that in order to have the frank and open discussions that are essential to accomplish the purposes of this Committee, the absolute confidentiality of all aspects of the Committee's activities is the essence of this Agreement. More specifically, any and all activities, discussions and deliberations of the Committee, including but not limited to any documents, meeting minutes, drafts, reports and recommendations created by or exchanged within the Committee, shall be strictly confidential and may not be publicly revealed voluntarily for any purpose by any member, party or representative of the party, nor offered for any purpose into the record in any interest arbitration proceeding, without the consent of all the Committee's members. It is understood that members of the Committee will share information on the Committee's discussions, deliberations, analyses and recommendations with their respective parties, with the specific expectation that reasonable efforts will be taken by all parties to maintain the confidentiality of that information. The City and each of the Unions participating in the Committee agree that they will not subpoena any member of the Committee, any representative or employee thereof or any consultant or advisor hired by the Committee for the purpose of revealing any activity of the Committee that would otherwise be subject to this confidentiality provision. If any member of the Committee or party is subject to subpoena or other legal process initiated by any third party requiring that member or party to testify or produce documents related to the activities of the Committee, the member shall promptly notify the other members of the Committee.

## **VII. Objectives**

The objective of the Committee is to fully review how the City and Union controlled healthcare funds are currently providing healthcare benefits to City employees, and to make nonbinding confidential recommendations on how to maximize both the quality and cost effectiveness of the healthcare benefits offered to all City employees. The determination as to which, if any, of those recommendations may ultimately be adopted, in whole or in part, shall be left to the sound and exclusive discretion of each party hereto.

As an illustrative but by no means exhaustive list, the Committee is encouraged to consider the effect the following actions would have on both the quality and the cost of employee healthcare benefits:

### **Individual Health Management Programs**

Individual health management program issues include evaluation of the cost and benefit of adopting or expanding upon such employee centric health management programs. These programs often provide such services as personalized

health status and health risk assessments, disease and care advice, management and monitoring, specialized assistance for smoking cessation or weight loss, personalized nutrition or exercise programs, and other important health services. These programs often create “win-win” scenarios, improving the health and quality of life for employees and reducing costs for the funds.

### **Plan Administration**

Plan administration issues include vendor management practices, such as reviewing the negotiation process utilized by the funds and their vendors to establish the vendors’ fees for providing the requested benefits to the funds’ participants, and comparing the rates and fees offered by various vendors for similar healthcare benefits, competitive bidding for vendors, and vendor performance audits; investment strategies such as reviewing the past performance of the funds’ investments as compared to similar investing entities and market performance generally, and analysis of alternative investment strategies that could yield greater or more consistent returns for the funds, potentially offsetting expenses or increasing reserves; and best practices such as eligibility audits and coordination of benefits.

### **Change In Plan Design**

Plan design changes could include, consistent with the demographics and particularized needs of the various funds’ membership, benefit changes, tiers for prescription drugs and mail order drug programs, changing in-network affiliations, creating an independent network and reassessing the healthcare system to be used as the vehicle for providing and managing the benefits [HMO, PPO, POS, etc.].

### **Consolidation**

Consolidation could involve potential options for the integration, in whole or in part, of the City administered healthcare fund and the various Union administered healthcare funds into one or more centrally-administered fund(s). Efficient plan administration being a significant driver of cost savings, consolidating City employees into one or more well-managed unified healthcare plans could provide greater market leverage and purchasing power while also diffusing the risk of catastrophic injuries and high utilization rates. Consolidation into a well-managed fund also carries the potential for greater efficiencies and elimination or streamlining of overlapping and redundant administrative functions.

However, it is recognized that consolidation cannot occur without the consent of all affected Unions.

### **Plan Funding**

Nonbinding plan funding options to be discussed by the Committee could include changing the funding structure, fully self-insuring benefits, altering deductibles and co-payments, or changing coverage maximums. Such modifications need not necessarily be negative in nature in order to achieve cost effectiveness. Further, the

Committee could consider the effectiveness of providing financial incentives to employees who utilize their benefits more efficiently such as by enrolling in a more appropriate healthcare system, actively participating in an individual health management program, utilizing mail-order prescription services, etc.

The Committee is encouraged to consider, in addition to the suggestions made above, any other approaches that might advance the Committee's goal of maximizing the quality and competitiveness of employee healthcare benefits at an affordable cost.