Minute No. 217
Report – Executive Policy Committee - February 20, 2008

Item No. 1 **Memorandum of Agreement - Canadian Union of Public Employees, Local 500**
File GU-4.1

COUNCIL DECISION:

Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

1. That the Memorandum of Agreement agreed to by the negotiating committees of the City and the Canadian Union of Public Employees (CUPE) Local 500 be ratified.

2. That the Proper Officers of the City be authorized to do all things necessary to conclude a Collective Agreement with the Canadian Union of Public Employees consistent with the terms of the Memorandum of Agreement.

Report – Executive Policy Committee - February 20, 2008

DECISION MAKING HISTORY:

Moved by His Worship Mayor Katz,

That the recommendation of the Executive Policy Committee be adopted.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On February 20, 2008, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

RE: Negotiations between the City of Winnipeg and Canadian Union of Public Employees (CUPE) (including CUPE Exempt)

FOR SUBMISSION TO: EXECUTIVE POLICY COMMITTEE

ORIGINAL REPORT SIGNED BY: Director of Internal Services

REPORT DATE: February 20, 2008

RECOMMENDATION(S):

1. That City Council ratify the Memorandum of Agreement agreed to by the negotiating committees of the City and CUPE.

2. That the Proper Officers of the City be authorized to do all things necessary to conclude a Collective Agreement with CUPE consistent with the terms of the Memorandum of Agreement.

Summary

KEY ISSUES:

The proposed settlement includes changes involving significant terms and material costs as follows:

1. Term of Agreement – December 31, 2007 to December 31, 2010 (36 months)

2. General Wage Increases:

   - Effective December 31, 2007 – 2.0%
   - Effective PP 1, 2009 – 2.2%
   - Effective PP 1, 2010 – 3.0%

3. Special Adjustments:
   (Electricians, Heavy Duty & Industrial Mechanics and Pipefitters

   - Effective Pay Period # 6, 2008: Increase hourly rates by $ 0.50 per hour.
   - Effective January 1, 2009: Increase hourly rates by $ 0.50 per hour.

4. Shift Premium

   - Effective January 1, 2010: Increase evening and weekend shift premiums by $0.05 per hour.

5. Benefits

   - Dental Benefits: Increase lifetime Orthodontic maximum from $1,500 to $2,200.
   - Vision Care: Increase coverage from $225 every two years to $250 every two years and increase biannual eye exam maximum to $65 from $50.

6. Car Allowance

   - Revise the user categories and reimbursement rates to achieve consistency with non taxable reimbursement permitted by CRA.

7. Redeployment of Employees:

   - The City will have more effective options to redeploy staff affected by change initiatives while lowering the costs associated with redeployment.

8. Education, Training and Staff Development

   - The Education, Training and Staff Development fund is renewed in the amount of $0.5 million for each year of the Agreement (or $1.5 million over 3 years).

9. Employment Security

   - Employment security as per Article 4.2 is extended for permanent employees for the term of the revised agreement (to December 31, 2010)

10. CUPE Exempt Employees

    - Historically, City Council has extended CUPE wages and benefits to CUPE-Exempt employees. The annualized cost of extending the terms of this Agreement to CUPE-Exempt employees is $56,447.

IMPLICATIONS OF THE RECOMMENDATION(S):

General Implications

	None
X	For the organization overall and/or for other departments
X	For the community and/or organizations external to the City of Winnipeg
X	Involves a multi-year contract
	Comment(s): Ratification of the proposed Agreement will, in part, determine wage and benefit increases to other Civic bargaining units.

Policy Implications

X	None
	Yes

Regulatory Implications

X	None
	Eliminates or reduces regulatory impact
	Proposes regulatory impact

Environmental Implications

X	None
	Yes

Human Resources Implications

	None
X	Yes
	Comment(s): The wage increases provided to CUPE may have an impact on wage increases provided to other bargaining units.

Financial Implications

X	Within approved current and/or capital budget
	Current and/or capital budget adjustment required
	Comment(s): See attached financial impact statement

REASON FOR THE REPORT:

It is required that City Council ratify all Collective Agreements entered into by the City of Winnipeg and Civic Unions/Associations.

HISTORY:

1. The prior Agreement between the City of Winnipeg and CUPE expired on December 30, 2007.

2. Collective bargaining commenced on January 8, 2008 and negotiations and a tentative settlement was reached on February 4, 2008.

DISCUSSION:

1. **Settlement Within Mandate**: The cost of the proposed settlement is within the approved mandate.

2. **Financial Impact:** The incremental cost of the proposed terms of agreement over the three years 2008 – 2010 is $ 24.7 million. The annualized costs by the third year (payroll growth) are $ 13.07 M.

3. **Negotiated Settlements in the Local Market:** Wage increases for major Manitoba employers have been in the range of 2.5% - 3.0%.

4. **Market Survey -** The CUPE settlement is well below most public and private sector settlements locally and nationally.

5. **Arbitration Awards:** There are no recent arbitration awards for any bargaining unit of a comparable nature.

Financial Impact Statement

Date: February 13, 2008

Project Name: **First Year of Program** **2008**

CUPE & CUPE EX 2008-2010 Negotiations - Memorandum of Agreement

$Million	2008	2009	2010	2011	Total
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 4.00	$ 7.61	$ 13.07	$ -	$ 24.68
Less: Incremental Revenue/Recovery	$ -	$ -	$ -	$ -	$ -
Net Cost/(Benefit)	$ 4.00	$ 7.61	$ 13.07	$ -	$ 24.68
Less: Existing Budget/Available Amounts	$ 4.00	$ 7.61	$ 13.07	$ -	$ 24.68
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

1. Existing Budget Amounts provided by Financial Planning & Review, Corp. Finance Dept. These amounts are based on the 2008 and 2009 Administrative Forecasts from the 2007 Adopted Budget. 2010 is provided as an estimate based on these Administrative Forecasts.

2. The Existing Budget is sufficient to cover this agreement.

3. It should be noted that the 2008-2009 Administrative Forecast and the 2010 Estimates contain significant overall shortfalls and will require modification to balance.

Radhika Abeysekera
Manager of Finance & Administration
Internal Services Dept.

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

City Treasurer's Office as to the budget implications of this proposal
Audit Department

External Consultation With:

External Auditor – Ernst & Young

THIS REPORT SUBMITTED BY:

Department	Internal Services
Division	Labour Relations and Compensation
Prepared by:	Sudhir Sandhu, Labour Relations Branch
File No.	

Winnipeg

Audit Department • Service de vérification

February 13, 2008

His Worship Mayor Sam Katz
The City of Winnipeg
Council Building
510 Main Street
Winnipeg, Manitoba
R3B 1B9

Dear Mayor Katz:

Re: Review of the Memorandum of Agreement between the City of Winnipeg and the Canadian Union of Public Employees Local 500 (CUPE)

Pursuant to the motion adopted by Council on March 26, 1997, "The City of Winnipeg Collective Bargaining Agreements and the Involvement of Internal and External Auditors", we have reviewed the attached *Incremental Cost of the Memorandum of Agreement* prepared by the Internal Services Department. The purpose of our review was to provide certain assurances as to the completeness of the anticipated changes in the financial cost to the City of Winnipeg as a result of the Memorandum of Agreement between the City of Winnipeg and the Canadian Union of Public Employees Local 500 dated February 4, 2008. The term of the agreement covers the period from December 31, 2007 – December 31, 2010.

Our review included an assessment of the Memorandum of Agreement, and based upon the knowledge obtained from this assessment, ensuring that the net incremental costs and/or savings to the City of Winnipeg have been completely and appropriately identified, calculated and summarized and that all significant assumptions used by the Finance and Administration Division to prepare the *Incremental Cost of the Memorandum of Agreement* are disclosed. In addition, we met with personnel from the Internal Services Department to review the process and details provided in the cost analysis.

The *Incremental Cost of the Memorandum of Agreement* represents the net incremental costs or savings projected to be incurred by the City of Winnipeg as a direct result of the Memorandum of Agreement. Since the analysis is based on the disclosed assumptions regarding future events, actual results for the agreement period will vary from those calculated. Accordingly, we do not express any opinion as to whether the estimated net incremental costs for the Agreement will be realized.

Based on this review, we concur that this analysis has been prepared in an appropriate manner for the consideration of City Council. Our External Auditor, Ernst & Young, supported our review. A copy of the Ernst & Young report is attached.

Sincerely,



Shannon Hunt, CGA, CFE
City Auditor

ERNST & YOUNG

Ernst & Young LLP
Chartered Accountants
2700 Commodity Exchange Tower
360 Main Street
Winnipeg, Canada R3C 4G9

Phone: 204 947-6519
Fax: 204 956-0138

February 19, 2008

PRIVATE AND CONFIDENTIAL

The Council
The City of Winnipeg
Council Building, Civic Centre
510 Main Street
Winnipeg, MB R3B 1B9

Dear Sirs/Mesdames:

Re: Review of the Memorandum of Agreement between the City of Winnipeg and the Canadian Union of Public Employees, Local 500 (CUPE)

Pursuant to the motion adopted by Council on March 26, 1997, "The City of Winnipeg Collective Bargaining Agreements and the Involvement of Internal and External Auditors", we have reviewed the Incremental Cost - Memorandum of Agreement (February 4, 2008) prepared by the Internal Services Department.

Our role is to support the review by the City Auditor of the Memorandum of Agreement between the City of Winnipeg and the Canadian Union of Public Employees, Local 500. A copy of the City Auditor's review of the Memorandum of Agreement is attached.

We concur with the City Auditor's assessment dated February 13, 2008 of the Incremental Cost of the Memorandum of Agreement (February 4, 2008) prepared by the Internal Services Department.

Yours sincerely,

Ernst & Young LLP

Mark Single

Enclosure