Minute No. 522
Report - Executive Policy Committee – July 23, 2003

Item No. 4 Memorandum of Settlement - Negotiations between the City of Winnipeg and the Amalgamated Transit Union Local 1505
File GU-4.5

COUNCIL DECISION:

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

1. That the Memorandum of Settlement agreed to by the negotiating committees of the City and the Amalgamated Transit Union, Local 1505 be ratified.

2. That the Proper Officers of the City be authorized to do all things necessary to conclude a Collective Agreement with the Amalgamated Transit Union, Local 1505, consistent with the terms of the Memorandum of Settlement.

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DECISION MAKING HISTORY:

Moved by His Worship Mayor Murray,
That the recommendation of the Executive Policy Committee be adopted.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 23, 2003, the Executive Policy Committee concurred in the administrative recommendation and submitted the matter to Council.

Re: Negotiations between the City of Winnipeg and the Amalgamated Transit Union, Local 1505

For Submission To: Executive Policy Committee

Submitted By: Robert Pruden
Acting Chief Administrative Officer

Report Date: July 17, 2003

RECOMMENDATION(S):

1. That City Council ratify the Memorandum of Settlement agreed to by the negotiating committees of the City and the Amalgamated Transit Union, Local 1505.

2. That the Proper Officers of the City be authorized to do all things necessary to conclude a Collective Agreement with the Amalgamated Transit Union, Local 1505 consistent with the terms of the Memorandum of Settlement.

Report Summary

KEY ISSUES:

The Memorandum of Settlement between the City and ATU, Local 1505 includes changes involving significant and material costs as follows:

1. Term of Agreement – January 12, 2003 to January 11, 2006 (36 months)

2. Salary Adjustments:
   - Effective PP21 2003 – 3.0%
   - Effective PP10 2004 – 1.5%
   - Effective PP22 2004 – 1.5%
   - Effective PP08 2005 – 3.0%

3. Annual benefit improvements in the amount of approximately $250,000.

IMPLICATIONS OF THE RECOMMENDATION(S):

General Implications

	None
√	For the organization overall and/or for other departments
√	For the community and/or organizations external to the City of Winnipeg
√	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

√	None
	Yes
	Comment(s):

Environmental Implications

√	None
	Yes
	Comment(s):

Human Resources Implications

	None
√	Yes
√	Comment(s): Ratification of the proposed Agreement will, in part, determine wage and benefit increases to other Civic bargaining units. The proposed increases in total compensation are consistent with internal and external market trends and will ensure that the City is able to attract, retain, and motivate employees.

Financial Implications

	Within approved current and/or capital budget
√	Current and/or capital budget adjustment required
√	Comment(s): The proposed Agreement will require budget adjustments of $1.2M over the three-year term (2003 – 2005).

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 Collective Agreement between the City of Winnipeg and ATU, Local 1505 expired January 11, 2003.

2. Collective bargaining commenced in January 2003 and negotiations continued through June 2003.

3. The Administration conducted negotiations under the general direction of the Executive Policy Committee and the mandate provided by that Committee.

4. On July 15, 2003 the City and ATU, Local 1505 met with a Conciliation Officer appointed by the Province of Manitoba and concluded a Memorandum of Settlement.

DISCUSSION:

1. In determining an appropriate general wage and benefit increase to members of the ATU, Local 1505 bargaining unit consideration was given to:

   - The financial impact on the City.
   - Negotiated settlements with other Civic bargaining units.
   - Arbitration awards to other Civic bargaining units.
   - Negotiated settlements in the local market.
   - Negotiated settlements in comparable organizations with comparable employees in other jurisdictions.

2. **Financial Impact:** The Executive Policy Committee provided the Administration with a mandate to conclude collective bargaining with ATU, Local 1505 and the terms of the Memorandum of Settlement exceed the mandate by approximately $0.1M over the period of the Agreement.

   The Financial Impact Statement reports a total budget shortfall of $1.2M over the three-year period 2003 – 2005.

3. **Arbitration Awards:** Recent arbitration awards for police, firefighters and paramedics have resulted in average annual wage increases of 3.5%.

4. **Negotiated Settlements in the Local Market:** Wage increases in Manitoba as reported by Human Resources Development Canada, Workplace Information Directorate show that annual wage increases (for major employers with 500+ employees in the bargaining unit) of 2.4% were negotiated in 2001 and 4.0% in 2002.

5. **Negotiated Settlements in Comparable Organizations:** The City of Calgary and ATU agreed to wage increases of 3% in 2003, 3.5% in 2004 and 3.75% in 2005. ATU members in the cities of Regina and Saskatoon received and increase of 3% on January 1, 2003. The City of Edmonton and ATU are currently in negotiations.

6. ATU is scheduled to conduct a ratification vote on August 1, 2003.

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

Jo-Anne Ferrier
Treasurer
Corporate Finance Department

Bob Pruden
Acting Chief Administrative Officer

David Shepherdson
Manager of Labour Relations and Compensation
Corporate Services Department

THIS REPORT SUBMITTED BY:
Margret Morrison
Senior Labour Relations Specialist

Financial Impact Statement

Date: July 15, 2003

ATU Memorandum of Settlement:

	2003	2004	2005	2006	Total
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 0.6	$ 2.4	$ 4.6	$ -	$ 7.6
Less: Incremental Revenue/Recovery	$ -	$ -	$ -	$ -	$ -
Net Cost/(Benefit)	$ 0.6	$ 2.4	$ 4.6	$ -	$ 7.6
Less: Existing Budget Amounts	$ 0.4	$ 2.1	$ 3.9	$ -	$ 6.4
Net Budget Adjustment Required	$ 0.2	$ 0.3	$ 0.7	$ -	$ 1.2

Additional Comments:

Annualized costs of the agreement in 2006 are $5.0 million for a total agreement cost of $12.5 million over the 4 year period. The net budget adjustment required for the period 2003 - 2005 is $1.2 million. The cost of the Memorandum of Settlement for the years 2003 -2005 is over mandate by $0.1 million. The total annualised cost for the 4 year period 2003 - 2006 is over mandate by $0.1 million.

Orignal signed by Radhika Abeyeskera
Manager of Finance & Administration

ATU
Incremental Cost of the Memorandum of Settlement
July 15, 2003
Assumptions

The contract stipulates the increases as follows

- *Pay Period 21 2003 – 3.0%*
- *Pay Period 10 2004 – 1.5%*
- *Pay Period 22 2004 – 1.5%*
- *Pay Period 08 2005 – 3.0%*

1. *The composition of the workforce in the bargaining unit is constant at April 24, 2003, for the term of the contract.*

2. *The number of employees in each classification and pay rate is assumed constant for the term of the contract.*

3. *Vacation entitlements remain constant for the term of the contract.*

4. *The number of hours paid to employees assumes a weighted average work-week per employee for 52 weeks a year and includes overtime hours.*

5. *A constant number of hours worked has been used for each year.*

6. *Step adjustments have been estimated to be 0.831%, 0.512% and 0.178%, effective pay period 1, for 2003, 2004 and 2005 respectively*.

7. *The incremental cost for benefits was calculated by Blue Cross. Blue cross administers Dental, vision and ambulance and semi-private hospital coverage.*

ATU - 2003

Incremental Cost of the Memorandum of Settlement

Proposed Term of Agreement January 12, 2003 - January 11, 2006

Salary Adjustments	Year	PP #	Negotiated % Increase
	2003	21	3.00%
	2004	10	1.50%
		22	1.50%
	2005	8	3.00%
Cumulative			9.3%

Base Wage Negotiated Costs:		2003	2004	2005	2006	Total
Base Wages (1)		248,615	477,857	833,730	0	1,560,202
Salary Related (2)		102,915	197,811	345,125	0	645,851
Classification Salary Adjustments		3,698	3,924	4,289		11,911
Salary Related		558	592	647		1,797
Prior period financial impact (3)		0	1,152,558	900,854	431,013	2,484,425
Annual Incremental financial impact		**355,786**	**1,832,742**	**2,084,645**	**431,013**	**4,704,186**
Cumulative financial Impact For Fiscal Year		**355,786**	**2,188,528**	**4,273,173**	**4,704,186**	**11,521,673**
2002 Adjusted Base (4)	**$49,723,061**	**0.7%**	**4.4%**	**8.6%**	**9.5%**	
Base Payroll	**$41,332,392**					
Benefit Improvement:						
Basic & major Dental Coverage		58,950	0	0	0	58,950
Life Time Orthodontist		12,000	0	0	0	12,000
Ambulance and Semi private		34,474	0	0	0	34,474
Vision Care		42,950	0	0	0	42,950
Vision Care - Eye Exam		27,850	0	0	0	27,850
Annual Incremental financial impact		**176,224**	**0**	**0**	**0**	**176,224**
Cumulative financial Impact For Fiscal Year		**176,224**	**176,224**	**176,224**	**176,224**	**704,896**
Other Significant Improvements:						
Communications Pay		32,903	0	0	0	32,903
Boot Allowance		0	8,250	6,160	0	14,410
Tool Allowance		2,191	2,410	2,651	0	7,252
Spread premium		6,787	13,574	0	0	20,361
Annual Incremental financial impact		**41,881**	**24,234**	**8,811**	**0**	**74,926**
Cumulative financial Impact For Fiscal Year		**41,881**	**66,115**	**74,926**	**74,926**	**257,848**
Net Financial Impact of Negotiations		**573,891**	**2,430,867**	**4,524,323**	**4,955,336**	**12,484,417**

Notes:

See attached list of assumptions used in the calculation.

1) The base wage does not include the step increases which were previously negotiated. The step increase is the wage increase that employees get on their anniversary date.

2) Salary related cost includes overtime premiums, annual vacation, statutory holidays, pension costs, group life and other wage related benefits. These costs have been estimated to be 41.4% of base wages.

3) Adjustment required to reflect the full year effect of prior year wage and benefit increases.

4) Adjusted base, includes salary related factor.

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