Minute No. 138
Report - Executive Policy Committee - January 28, 2004

Item No. 1 **Negotiations between the City of Winnipeg and the Winnipeg Association of Public Service Officers (including WAPSO Exempt) – Memorandum of Settlement**
File GU-4.6

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 Winnipeg Association of Public Service Officers (WAPSO) be ratified.

2. That the Proper Officers of the City be authorized to do all things necessary to conclude a Collective Agreement with the Winnipeg Association of Public Service Officers consistent with the terms of the Memorandum of Settlement.

3. That the City be authorized to extend the general wage increases and other changes to terms and conditions of employment to WAPSO Exempt and Senior Management employees as may be appropriate given existing individual contracts.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing.

Report - Executive Policy Committee - January 28, 2004

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 January 28, 2004, the Executive Policy Committee concurred in the administrative recommendation and submitted the matter to Council

Re: Negotiations Between the City of Winnipeg and the Winnipeg Association of Public Service Officers (including WAPSO Exempt)

For Submission To: Executive Policy Committee

Submitted By: Annitta Stenning
Chief Administrative Officer

Report Date: January 21, 2004

RECOMMENDATION(S):

1. That City Council ratify the Memorandum of Settlement agreed to by the negotiating committees of the City and the Winnipeg Association of Public Service Officers.

2. That the Proper Officers of the City be authorized to do all things necessary to conclude a Collective Agreement with the Winnipeg Association of Public Service Officers consistent with the terms of the Memorandum of Settlement.

3. That City Council authorize the City to extend the general wage increases and other changes to terms and conditions of employment to WAPSO Exempt and Senior Management employees as may be appropriate given existing individual contracts.

Report Summary

KEY ISSUES:

The Memorandum of Settlement between the City and the Winnipeg Association of Public Service Officers includes changes involving significant and material costs as follows:

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

2. Salary Adjustments:
    - Effective PP 22 2003 - 3.0%
    - Effective PP 10 2004 – 1.5%
    - Effective PP 22 2004 – 1.5%
    - Effective PP 10 2005 – 1.5%
    - Effective PP 22 2005 – 1.5%

3. Benefit Improvements:
   - Dental Plan: Effective January 1, 2004 the City shall increase the maximum benefit for Basic and Major dental services from $1,200 to $1,500 per eligible person, and increase the lifetime maximum for Orthodontic services from $1,200 to $1,500 per eligible person.
   - Vision Care: Effective January 1, 2004 for full-time employees/dependent(s) the City shall increase the maximum benefit for Vision Care from $175 to $225 per eligible person in a 24 month period and for part-time employees/dependent(s) the City shall increase the maximum benefit from $87.50 to $112.50 per eligible person in a 24 month period
   - Eye Examinations: Effective January 1, 2004 for full-time employees/dependent(s) the City shall provide $50 per eligible person in a 24 month period for purposes of covering the cost of eye examinations and for part-time employees/dependent(s) the City shall provide $25 per eligible person in a 24 month period
   - Ambulance and Semi-Private Hospital Coverage: Effective January 1, 2004 the City shall provide basic ambulance and semi-private hospital coverage to all eligible employees.

3. Other Significant Improvements:
   - Effective January 1, 2004 the City shall pay the cost of licenses and accreditations, including membership in professional organizations incurred on or after January 1, 2004 that are required by the City as a condition of employment.
   - Effective January 1, 2004 the City shall increase the car allowance paid pursuant to Schedule B of the Collective Agreement from $0.31 to $0.36 per kilometer.
   - Effective January 1, 2004 the City shall increase the safety footwear annual payment from $75 to $103 per eligible employee.
   - Renewal of the Professional Development Fund to a maximum of $260 thousand (including WAPSO Exempt) over the term of the Collective Agreement.

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

√	Current and/or capital budget adjustment required
√	Comment(s): The proposed Agreement will require budget adjustments in each year of the three-year term as follows: 2003 – ($0.2 million), 2004 – $0.4 million, 2005 – $0.2 million or a total of $0.4 million over the term of the Agreement – the Agreement also provides for an additional cost of $87 thousand for in each year for the Professional Development Fund and the budget for these expenditures has been accrued.

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 the Winnipeg Association of Public Service Officers expired October 12, 2003.
2. Collective bargaining commenced in October 2003 and negotiations have continued through this date.
3. Since October 2003 the Administration has conducted negotiations under the general direction of the Executive Policy Committee and the mandate provided by that Committee.

DISCUSSION:

1. In determining an appropriate general wage and benefit increase to members of the Winnipeg Association of Public Service Officers bargaining unit consideration was given to:
    - The financial impact on the City
    - The negotiated settlement with CUPE Local 500 and ATU Local 1505
    - Arbitration awards to other Civic bargaining units (PPAW)
    - Negotiated settlements in the local market
    - Negotiated settlements in comparable organizations with comparable employees in other jurisdictions

2. Financial Impact: A Budget Adjustment is required. (2003 – ($200,000); 2004 – $400,000; 2005 – $200,000 or a total of $0.4 million over the term of the Agreement. An additional $260 thousand is required over the term of the Agreement for the Professional Development Fund and the budget for these expenditures has been accrued.

3. Settlement with CUPE Local 500 and ATU Local 1505: The mandate requested is consistent with the terms of the general wage and benefits increases negotiated with CUPE Local 500 and ATU Local 1505 as ratified by City Council.

4. Arbitration Awards: The recent arbitration award for paramedics resulted in a wage increase of 3.0% for 2003.

5. Negotiated Settlements in the Local Market: Manitoba Public Insurance Corporation recently settled a three year agreement that provides an average annual increase of 2.7% – Manitoba Hydro recently settled a three-year

agreement providing for 3% increases in each of the first two years and COLA in the third.

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY THE CITY TREASURER'S OFFICE AS TO THE BUDGET IMPLICATIONS OF THIS PROPOSAL:

Jo-Anne Ferrier
City Treasurer
Corporate Finance Department

THIS REPORT SUBMITTED BY:

David Shepherdson
Manager of Labour Relations and Compensation
Labour Relations and Compensation Division
Corporate Services Department

Financial Impact Statement

Date: December 19, 2003

WAPSO & WAPSO Exempt - 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	$ 0.3	$ 2.7	$ 4.4	$ -	$ 7.4
Less: Incremental Revenue/Recovery	$ -	$ -	$ -	$ -	$ -
Net Cost/(Benefit)	$ 0.3	$ 2.7	$ 4.4	$ -	$ 7.4
Less: Existing Budget Amounts	$ 0.5	$ 2.3	$ 4.2	$ -	$ 7.0
Net Budget Adjustment Required	$ (0.2)	$ 0.4	$ 0.2	$ -	$ 0.4

Additional Comments:

1. Annualized costs of the agreement in 2006 are $5.5 million for a total agreement cost of $12.9 million over a four-year period.

2. The 2003 adopted budget is sufficient to cover the cost of the agreement for this year, however the provisions within the Administrative forecasts for 2004 and 2005 are not sufficient to cover the anticipated cost of the agreement resulting in a net shortfall of $0.4 million (Budgets for 2004 and 2005 have not yet been adopted by Council).

3. This agreement also provides for an additional cost of $87,000 for each of the years 2003, 2004 and 2005 for professional development cost. The budget for these expenditures has been accrued.

Manager of Finance & Administration

WAPSO & WAPSO Exempt - 2003

Memorandum of Settlement

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

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

Base Wage Negotiated Costs:		2003	2004	2005	2006	Total
Base Wages [1]		246,548	578,591	605,144	0	1,430,283
Salary Related [2]		74,343	174,464	182,471	0	431,278
Prior period financial impact [3]		0	1,321,314	989,919	1,037,448	3,348,681
Annual Incremental financial impact		320,891	2,074,369	1,777,534	1,037,448	5,210,242
Cumulative financial Impact For Fiscal Year		320,891	2,395,260	4,172,794	5,210,242	12,099,187
2002 Adjusted Base [4]	$54,740,181	0.6%	4.4%	7.6%	9.5%	
Benefit Improvements						
Blue Cross		0	114,249	0	0	114,249
Annual Professional Fees		0	144,639	0	0	144,639
Safety Footwear		0	2,862	0	0	2,862
Car Allowance		0	1,577	0	0	1,577
Annual Incremental financial impact		0	263,327	0	0	263,327
Cumulative financial Impact For Fiscal Year		0	263,327	263,327	263,327	789,981
Net Financial Impact of Negotiations		320,891	2,658,587	4,436,121	5,473,569	12,889,168
Professional Development Fund		86,667	86,667	86,667	0	260,000
Total Financial Impact		407,558	2,745,254	4,522,788	5,473,569	13,149,168

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 30.6% and 28.9% of base wages, for WAPSO and WAPSO Exempt respectively.

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

4) Adjusted base, includes salary related factor.

WAPSO - 2003

Memorandum of Settlement

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

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

Base Wage Negotiated Costs:		2003	2004	2005	2006	Total
Base Wages [1]		180,119	422,697	442,095	0	1,044,911
Salary Related [2]		55,127	129,369	135,306	0	319,802
Prior period financial impact [3]		0	968,657	725,711	760,554	2,454,922
Annual Incremental financial impact		**235,246**	**1,520,723**	**1,303,112**	**760,554**	**3,819,635**
Cumulative financial Impact For Fiscal Year		**235,246**	**1,755,969**	**3,059,081**	**3,819,635**	**8,869,931**
2002 Adjusted Base [4]	$40,130,086	**0.6%**	**4.4%**	**7.6%**	**9.5%**	
Blue Cross		0	90,816	0	0	90,816
Annual Professional Fees		0	96,774	0	0	96,774
Safety Footwear		0	2,862	0	0	2,862
Car Allowance		0	1,577	0	0	1,577
Annual Incremental financial impact		**0**	192,029	**0**	**0**	192,029
Cumulative financial Impact For Fiscal Year		**0**	192,029	192,029	192,029	576,087
Net Financial Impact of Negotiations		**235,246**	**1,947,998**	**3,251,110**	**4,011,664**	**9,446,018**
Professional Development Fund		66,667	66,667	66,667	0	200,000
Total Financial Impact		**301,913**	**2,014,665**	**3,317,777**	**4,011,664**	**9,646,018**

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 **30.6%** 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.

WAPSO Exempt - 2003

Memorandum of Settlement

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

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

Base Wage Negotiated Costs:		2003	2004	2005	2006	Total
Base Wages [1]		66,429	155,894	163,049	0	385,372
Salary Related [2]		19,216	45,095	47,165	0	111,476
Prior period financial impact [3]		0	352,657	264,208	276,894	893,759
Annual Incremental financial impact		**85,645**	**553,646**	**474,422**	**276,894**	**1,390,607**
Cumulative financial Impact For Fiscal Year		**85,645**	**639,291**	**1,113,713**	**1,390,607**	**3,229,256**
2002 Adjusted Base [4]	$14,610,095	0.6%	4.4%	7.6%	9.5%	
Blue Cross		0	23,433	0	0	23,433
Annual Professional Fees		0	47,865	0	0	47,865
Annual Incremental financial impact		**0**	**71,298**	**0**	**0**	**71,298**
Cumulative financial Impact For Fiscal Year		**0**	**71,298**	**71,298**	**71,298**	**213,894**
Net Financial Impact of Negotiations		**85,645**	**710,589**	**1,185,011**	**1,461,905**	**3,443,150**
Professional Development Fund		20,000	20,000	20,000	0	60,000
Total Financial Impact		**105,645**	**730,589**	**1,205,011**	**1,461,905**	**3,503,150**

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 28.9% 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.

WAPSO & WAPSO EXEMPT
Incremental Cost of the memorandum of Settlement
December 19, 2003
Assumptions

The Memorandum of settlement stipulates the increases as follows

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

1. *The composition of the workforce in the bargaining unit is constant at August 8, 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 1.16% and, 0.95% effective pay period 1, for 2004, 2005 respectively.* There was no step increase applied to 2003 because the download was later in the year.
7. *The incremental cost for benefits was calculated by Blue Cross. Blue cross administers Dental, vision and ambulance and semi-private hospital coverage.*
8. *The cost for license and accreditation and car allowance benefit was calculated by the Labour relations branch.*

01/21/04
2:03 PM

Winnipeg

Corporate Finance Department

INTER-OFFICE MEMORANDUM

TO: Bob Pruden
Chief of Human Resources and
Corporate Services

FROM: Jo-Anne Ferrier,
City Treasurer

RE: **Budget Provision for Salaries & Benefits – Winnipeg Association of Public Service Officers (WAPSO) and Senior Management Bargaining Units**

DATE: October 30, 2003

The budget provision for salaries and benefits for the Winnipeg Association of Public Service Officers (WAPSO) and Senior Management Bargaining Units for the budget years 2003 to 2005 are as follows:

	2003 Adopted Budget	2004 Admin Forecast	2005 Admin Forecast	Total
WAPSO / WAPSO Exempt & Senior Management Bargaining Units, Total				
Total Budget Provision	$58,233,512	$61,281,093	$63,397,513	$182,912,118
Incremental COLA increase [included in total budget provision]	$528,504	$2,429,133	$4,403,126	$7,360,763
WAPSO / WAPSO Exempt Bargaining Units				
Total Budget Provision	$55,993,004	$58,961,326	$61,017,540	$175,971,870
Incremental COLA increase [included in total budget provision]	$508,051	$2,335,748	$4,235,546	$7,079,345
Senior Management Bargaining Unit				
Total Budget Provision	$2,240,508	$2,319,767	$2,379,973	$6,940,248
Incremental COLA increase [included in total budget provision]	$20,453	$93,385	$167,580	$281,418

It should be noted that the 2004 and 2005 Administrative Forecasts contain significant shortfalls and will require modification to balance.

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Assumptions and Notes:

1. Based on the 2003 operating budget and the 2004 and 2005 administrative forecasts. The figures have been based on a proposed contract term of three years from October 12, 2003 to October 11, 2006.

2. As the City's automated budget system does not track all salary and benefit costs by bargaining unit, the above-noted figures are as follows:

    a. Salaries include permanent and temporary wages. Other wage accounts are excluded.

    b. Benefits include civic pension, Canada Pension, group insurance and employment insurance. Other benefit accounts are excluded.

3. The portion of the corporate contingency related to salary and benefits is included for these bargaining units.

If you have any questions regarding the information provided, please call Betty Holsten Boyer at 986-2537.

Jo-Anne Ferrier,
City Treasurer

JF/ts

cc: Betty Holsten Boyer, Manager of Financial Planning and Review
David Shepherdson, Manager of Labour Relations & Compensation
Radhika Abeysekera, Manager of Finance and Administration

Winnipeg

Audit Department • Service de vérification

January 22, 2004

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

Dear Mayor Murray:

Re: Review of the Memorandum of Settlement between the City of Winnipeg and The Winnipeg Association of Public Service Officers

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 Memorandum of Settlement* prepared by the Human Resources and Corporate 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 Settlement between the City of Winnipeg and The Winnipeg Association of Public Service Officers dated January 5, 2004. The term of the contract covers the period from October 12, 2003 to October 11, 2006.

Our review included an assessment of the Memorandum of Settlement, 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 Memorandum of Settlement* are disclosed. In addition, we met with personnel from the Human Resources and Corporate Services Department to review the process and details provided in the cost analysis.

The *Incremental Cost of Memorandum of Settlement* represents the net incremental costs or savings projected to be incurred by the City of Winnipeg as a direct result of the Memorandum of Settlement. 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 Settlement 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
Commodity Exchange Tower
Suite 2700
360 Main Street
Winnipeg, Canada R3C 4G9

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

January 26, 2004

PRIVATE AND CONFIDENTIAL

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

Dear Sirs:

Re: Review of the Memorandum of Settlement between the Winnipeg Association of Public Service Officers and the City of Winnipeg

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 Schedule of Incremental Cost of the Memorandum of Settlement (January 23, 2004) prepared by the Finance and Administration Division, Human Resources and Corporate Services Department.

Our role in the review of the Memorandum of Settlement between the City of Winnipeg and the Winnipeg Association of Public Service Officers supported that of the City's Internal Audit Department. A copy of the City's Internal Audit Department review of the Memorandum of Settlement is attached.

We concur with the Internal Audit Department's assessment dated January 22, 2004 of the Schedule of Incremental Cost of the Memorandum of Settlement (January 23, 2004) prepared by the Finance and Administration Division, Human Resources and Corporate Services Department.

Yours sincerely,

Ernst & Young LLP

J.K.A. Campbell, FCA

/cmc

Enclosure