LETTER OF AGREEMENT

by and between

MUNCIPALITY OF ANCHORAGE

and the

INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 302

January 17, 2012

Re: Wage Reopener, implementation of the Kronos & SAP systems and miscellaneous issues
L302-005

This Agreement is between the Municipality of Anchorage (MOA) and the International Union of Operating Engineers, Local 302 (L302) The Municipality and L302 are parties to a Collective Bargaining Agreement (CBA) effective July 1, 2008. This Letter of Agreement modifies/ clarifies the CBA plus provides notification of process changes and is subject to ratification by L302 membership as well as approval by the Anchorage Assembly.

1) **Article 5.1.D** is replaced with:

> **D.** Effective the first full pay period on or after January 1, 2012 the hourly wage rates shall reflect an increase of two point five percent (2.5%). There will be no hourly wage rate adjustment in the year 2013.

The following changes are effective January 1, 2012

2) **Article 2.3.9 – Anniversary Date** is replaced with:

   Anniversary date means the day of the month following completion of the probationary period.

3) **Article 2.3.12 – Probation** is replaced with the following language:

   Status of an employee for a period of one hundred eighty (180) calendar days following the date of initial hire or initial employment in a different classification.

4) **Article 4.3.1.B Annual Leave Accrual While on Leave** is replaced with the following language:

   B. Annual Leave Accrual While on Leave

   Leave accrues during the period of time an employee is on paid leave. Leave does not accrue while an employee is receiving Workers' Compensation time loss benefits or leave without pay.

5) **Article 3.2.2 Probation: Duration of Probation section B** is replaced with the following language:

B. Any employee who is initially hired for appointment under this Agreement shall serve a probationary period of one hundred eighty (180) calendar days.

6) **Article 3.2.3. Probation- Former and Current Employees section A** is replaced with the following language:

A. Re-employed Employees

Re-employed employees shall be subject to the probationary period. A person shall be considered reemployed if their prior seniority had terminated under Article 3.3.F.

7) **Article 3.2.3. Probation- Former and Current Employees section B** is replaced with the following language:

B. Promoted Employees

Employees who have already satisfied their initial probationary period who are promoted to a different position shall serve a one hundred and eighty (180) calendar day probationary period in the promoted position. This additional probationary period may be waived at the discretion of management.

8) **Article 4.3.2 Regular use of Annual Leave Section E Donation of Leave** is replaced with the following language:

E. Donation of Leave

Employees may donate cashable annual leave to fellow employees under the terms of the Municipality's Leave Donation Program ("Program"). If the employee does not qualify for the Program, fellow employees have the option to cash in leave to give to the employee as allowed in 4.3.2.C. Employees may donate annual leave in accordance with the Program provided the employee retains at least eighty (80) hours of annual leave in his annual leave account following cash payment and/or leave donation.

If Union Leave Donation is needed beyond the extent of Article 2.11.8, additional leave may be donated by represented employees to the Union Leave Bank for the conduct of Union business provided the employee retains at least eighty (80) hours of annual leave in his annual leave account.

The following change is effective upon the implementation of the Kronos Absence Management program in 2012:

9) **Article 4.16 -Family Leave** is replaced with the following language:

4.16 Family Leave. It is the policy of the Municipality to comply with the provisions of the Alaska Family Leave Act (AFLA), AS 23.10.500-23.10.550 and the Family Medical Leave Act (FMLA) of 1993 (Public Law 103-3). Leave as described in FMLA, AFLA, or both is referred herein as family leave.

4.16.1 Family Leave Requirements.

Family leave shall be granted to eligible employees in accordance with the requirements of FMLA and/or AFLA, except to the extent that other leave options provide a family leave benefit more generous to employees than FMLA and/or AFLA.

4.16.2 Coordination with Other Leave.

a) Employees requesting family leave shall first exhaust their eligible paid leave before utilizing leave without pay. However, at the employee's discretion, a maximum of forty (40) hours of cashable annual leave may remain in the employee's leave account.
b) Occupational injury/illness leave is considered family leave if it is a serious health condition that makes the employee unable to perform the functions of the job.
c) Employees who have exhausted their family leave may request leave without pay under the provisions of sections 4.12 and 4.14. The leave without pay may be requested by an employee and may be approved by the director upon recommendation of the agency head. The period of family leave will count toward the maximum periods of leave without pay available.

   Eligible paid leave includes the following: Cashable annual leave, cashable sick, non cashable annual, non cashable sick.

4.16.3 Benefit Entitlement.

Health coverage for employees on family leave shall be maintained on the same basis as such coverage is available to an employee who is actively at work during the first twelve (12) weeks in the measuring period. Employees on extended family under AFLA (beyond twelve (12) weeks in the measuring period) may receive (or pay) for such health coverage in a manner prescribed by the director.

4.16.4 Replacement of Employee on Family Leave.

Employees on family leave may be replaced by temporary, seasonal or full-time employees depending on the needs of the agency and the duration of the family leave. Employees shall resume their positions upon completion of family leave.

Note: Upon implementation of the Kronos Absence Management module, eligible employees will receive a reset of available FMLA/AFLA hours e.g. a 40 hour employee satisfying eligibility will receive 480 FMLA/720 AFLA hours. The effective date is expected to be in the second or third quarter 2012.

The following provisions reflect either process changes, temporary contract modifications or clarification of existing contract language:

10) **Article 11.1 Classifications (Removing classification specifications code from CBA effective January 1, 2012)**

Article 11.1 contains numbers associated with the range and classification. These numbers are used internally by the MOA. They will be changed as the new systems come online. This change has no impact on the employee nor wage rates.

11) **Pay Shortage (Temporary change to Article 5.16 Errors in Pay)**

For the two (2) payroll periods following L302 member changeover to Kronos electronic timekeeping, Article 5.16 will be waived except as noted herein. Large discrepancies in a paycheck (greater than $100) will be paid under the existing rules unless it is a system problem. If a system problem is discovered, the MOA will notify the Union, explain the situation and the estimated timeframe for correction. Upon mutual agreement, the pay shortage waiver may be extended. The Union's agreement to such extension will not be unreasonably withheld.

12) **Clock In/ Clock Out (Information on the Kronos electronic timekeeping system)**

Most employees will be required to clock in and clock out. Different methods will be used depending on the employee's location. The window for timely clock in for a scheduled shift is five minutes before and after the shift start time. For example, an employee starting at 8:00 AM would need to clock in between 7:55 and 8:05. The system would round the time to 8:00 for payroll purposes. A similar scenario occurs at 5:00 PM. The employee can clock out anytime from 4:55 to 5:05 and the system will round to 5:00 PM for pay purposes.

Should the employee clock in other than at the scheduled start and scheduled ending time the system will round to the nearest 6 minute increment. System rounding does not excuse the employee from clocking in late or clocking out early. Rounding will also impact leave accrual.

Clocking out and in for lunch is required.

13) **Article 2.19 Provisions of Seasonal Employees (Contract clarification/notification)**

During the Kronos review of contractual language, it was discovered that L302 seasonal employees were receiving overtime in accordance with Article 10.5 which is an enhancement of Fair Labor Standards Act (FLSA) overtime provisions. Article 2.19.G is specific that seasonal employees be paid overtime as specified in Article 5.3 which states:

'Employees shall be paid at one and one-half (1 1/2%) times their factored hourly rate of pay for all overtime worked at the direction of the MOA.'

The MOA will follow FLSA for seasonal employees as called for in Article 5.3 when Kronos is implemented for L302. The Union agrees this is proper notification and will not grieve this process change as part of this Letter of Agreement.

14) **Article 2.20 Provisions of Temporary Employees (Contract clarification/notification)**

During the Kronos review of contractual language, it was discovered that L302 temporary employees were receiving overtime in accordance with Article 10.5 which is an enhancement of Fair Labor Standards Act (FLSA) overtime provisions. Article 2.20.D is specific that temporary employees be paid overtime as specified in Article 5.3 which states:

'Employees shall be paid at one and one-half (1 1/2%) times their factored hourly rate of pay for all overtime worked at the direction of the MOA.'

The MOA will follow FLSA for temporary employees as called for in Article 5.3 when Kronos is implemented for L302. The Union agrees this is proper notification and will not grieve this process change as part of this Letter of Agreement.

The parties agree this agreement modifies the provisions of the current collective bargaining agreement between the parties.

This letter of agreement represents the entire agreement between the parties. Any other written or oral compromise, agreement or representation not specifically included herein shall be null and void, without effect.

Pursuant to AMC 3.70.130 D., each and every collective bargaining contract, agreement, modification, written interpretation, or other change, alteration or amendment, no matter how denominated, shall include a summary of requirements and remedial provisions, and the certification under oath or affirmation by each duly authorized representative signing on behalf of a party. The duly authorized representatives, on behalf of the parties to this agreement, hereby affirm and certify as follows:

A. This agreement complies with Anchorage Municipal Code section 3.70.130.
B. Section 3.70.130 requires Assembly approval of all modifications and amendments, no matter how denominated.
C. Absent Assembly approval as required by section 3.70.130, any modification or amendment, no matter how denominated, shall be deemed null and void, and any payments made shall be recoverable by the Municipality.
D. Absent Assembly approval as required by section 3.70.130, written clarifications and interpretations within the definition of "administrative letter" are invalid.
E. Section 3.70.010 prohibits the use of administrative letters to vary the explicit terms of a labor agreement.
F. Intentional actions in violation of section 3.70.130 are subject to fines and penalties under section 1.45.010.
G. Remedial actions: In the event the provisions of section 3.70.130 are violated by administrative action, any labor agreement, agreement, modification, written interpretation, or other change, alteration or amendment, no matter how denominated, shall be null and void with no force or effect.

IN WITNESS WHEREOF, this Agreement is entered into freely and voluntarily by the signatures of the parties below.

AGREED to this 17th Day of January, 2012

For L302: For MOA:

JAN 20, 2012 1/20/2012

Jason Alward Date Danielle Fegley Date
L302 District Representative Director, Employee Relations