

Failed 11/27/07

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Employee Relations
For Reading: September 25, 2007

ANCHORAGE, ALASKA
AR NO. 2007-217

**A RESOLUTION RATIFYING A FIVE YEAR & FOUR MONTH COLLECTIVE
BARGAINING AGREEMENT BETWEEN THE MUNICIPALITY OF ANCHORAGE
AND THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS, LOCAL 959.**

WHEREAS, the current collective bargaining agreement between the Municipality of Anchorage (hereinafter "MOA") and the International Brotherhood of Teamsters, Local 959, (hereinafter "L-959") expires August 31, 2007; and

WHEREAS, L-959 and MOA entered into good faith negotiations that resulted in a ratified collective bargaining agreement through December 31, 2012; and

WHEREAS, Anchorage Municipal Code section 3.70.130 requires Assembly ratification of any negotiated bargaining agreement ratified by the represented employees covered thereunder; and

WHEREAS, it is in the best interest of the MOA and L-959 for this labor agreement to be subject to the public review and approval process in order to foster good labor-management relationships; and

WHEREAS, the Administration recommends ratification of this negotiated contract as set forth in the Assembly Memorandum attached hereto; now, therefore,

THE ANCHORAGE MUNICIPAL ASSEMBLY RESOLVES:

Section 1. The collective bargaining agreement between the Municipality of Anchorage and the International Brotherhood of Teamsters, Local 959, attached hereto and described in the Assembly Memorandum submitted herewith, is ratified by the Assembly.

Section 2. This resolution shall become effective immediately upon its passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this _____ day of _____, 2007.

Chair

ATTEST:

Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- Utilities

AR Number: 2007-217

Title: A RESOLUTION RATIFYING A FIVE YEAR & FOUR MONTH
COLLECTIVE BARGAINING AGREEMENT BETWEEN THE
MUNICIPALITY OF ANCHORAGE AND THE INTERNATIONAL
BROTHERHOOD OF TEAMSTERS, LOCAL 959.

Sponsor: Mayor

Preparing Agency: Employee Relations

Others Impacted: SWS Customers and SWS's Employees Represented by the IBT Local No. 959

CHANGES IN EXPENDITURES AND REVENUES:

(In Thousands of Dollars)

	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>
Operating Expenditures:					
1000 Personal Services	\$54	\$104	\$144	\$158	\$173
2000 Supplies					
3000 Other Services					
4000 Debt Service					
5000 Capital Outlay					
TOTAL DIRECT COSTS	\$54	\$104	\$144	\$158	\$173
Add: 6000 Charges from Others					
Less: 7000 Charges to Others					
FUNCTION COST:	\$54	\$104	\$144	\$158	\$173
REVENUES:					
CAPITAL:					
POSITIONS: FT/PT and TEMP		0	0	0	

PUBLIC SECTOR ECONOMIC EFFECTS:

Employee costs represented here reflect only Solid Waste Services employees. The contract provides for competitive salary and benefits that will help to attract and retain employees to meet the needs of the citizens of Anchorage for the present and into the future. Benefit costs are included in wages. This contract expires 12/31/12. FY 11 and 12 reflect health increases only as these are wage reopener years. All financial components are effective January 1, 2008, even though the previous contract actually expired August 31, 2007.

PRIVATE SECTOR ECONOMIC EFFECTS:

None

Prepared by: Will Askren, Employee Relations Telephone: 343-4269

Validated by OMB: _____ Date: _____

Approved by: David K.F. Otto, Employee Relations Director Date: _____

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- General Government

AR Number 2007-217

Title: A RESOLUTION RATIFYING A FIVE YEAR & FOUR MONTH COLLECTIVE BARGAINING AGREEMENT BETWEEN THE MUNICIPALITY OF ANCHORAGE AND THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS, LOCAL 959.

Sponsor: Mayor
Preparing Agency: Employee Relations
Others Impacted: Public Transportation

CHANGES IN EXPENDITURES AND REVENUES:

(In Thousands of Dollars)

	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>
Operating Expenditures					
1000 Personal Services	\$271	\$516	\$715	\$793	\$878
2000 Non-Labor					
3900 Contributions					
4000 Debt Service					
TOTAL DIRECT COSTS:	\$271	\$516	\$715	\$793	\$878
Add: 6000 Charges from Others					
Less: 7000 Charges to Others					
FUNCTION COST:	\$271	\$516	\$715	\$793	\$878

REVENUES:

CAPITAL:

POSITIONS: FT/PT and Temp

PUBLIC SECTOR ECONOMIC EFFECTS:

Employee costs represented here reflect only Public Transportation Department employees. The contract provides for competitive salary and benefits that will help to attract and retain employees to meet the needs of the citizens of Anchorage for the present and into the future. Benefit costs are included in wages. This contract expires 12/31/12. FY 11 and 12 reflect health increases only as these are wage reopener years. All financial components are effective January 1, 2008, even though the previous contract actually expired August 31, 2007.

PRIVATE SECTOR ECONOMIC EFFECTS:

None

Prepared by: Will Askren, Employee Relations

Telephone: 343-4269

Validated by OMB: _____

Date: _____

Approved by: David K. F. Otto, Employee Relations Director

Date: _____



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 587-2007

Meeting Date: September 25, 2007

FROM: MAYOR

SUBJECT: A RESOLUTION APPROVING AND RATIFYING A FIVE YEAR & FOUR MONTH COLLECTIVE BARGAINING AGREEMENT BETWEEN THE MUNICIPALITY OF ANCHORAGE AND THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS, LOCAL 959.

The Municipality of Anchorage and the International Brotherhood of Teamsters, Local 959 (L-959) recently reached agreement on a five year, 4-month collective bargaining agreement (CBA). The agreement would extend until Dec 31, 2012. It would take effect, retroactively, Sept 1, 2007. The previous contract expired August 31, 2007. The CBA has been ratified by the L-959 membership.

This bargaining unit is made of 117 current MOA employees in two departments: 98 bus operators in Transit and 19 refuse collectors in Solid Waste Services.

This CBA successfully addresses each of the challenges identified in AR-2007-84. These Assembly directives were very helpful in setting appropriate expectations for both negotiating teams. Key elements of this agreement and examples of compliance of this CBA with AR 2007-84 are:

- Freezes the Service Recognition Program (SRP) for those employees currently receiving SRP and introduces a performance pay alternative. This action will eliminate SRP through attrition.
- Requires employees to continue to pay 50% of cost increases in health benefits over life of the contract.
- Eliminates MOA's supplemental Injury Leave compensation.
- Wage increases:
 - 2.9% in 2008
 - 2.9% in 2009
 - previous year CPI-U (minimum of 2% and maximum of 4%) in 2010
 - Wage re-openers for 2011 and 2012
- Numerous changes to reduce administrative costs (e.g., elimination of injury leave, freezes to non-cashable annual leave accounts and combining non-cash and annual leave into one account; clarification of formulas used to pro-rate pay and benefits; recognition of MOA's right to collect overpayments)

AR 2007-217

- Creates a Union leave bank funded by employee donations with a 500 hour cap. This eliminates the need for the MOA to fund negotiations and other Union business
- Introduces a health wellness program and garners Union support for employee participation
- All wage increases and other financial elements are effective on or after the first full pay period in January 2008, even though the CBA expired August 31, 2007.

This CBA compares very favorably with other recently negotiated public contracts. In contrast to 2.9% in year one of this CBA, seven recently negotiated State contracts provide year one wage increases of 3, 4 or 5%. Recently approved Anchorage School District and Anchorage Education Association contract provided wage increases of 3% in their first and second years and 4% in the third and fourth years (14% in 4 years).

Adoption of a 64 month CBA will enable these employees and these two departments to enjoy the benefits of a stable labor environment for the foreseeable future. The Municipality is afforded 40 months of affordable and predictable wage and benefit costs and a further 24 months of a constructive structure for future wage negotiations.

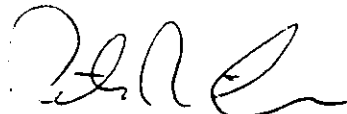
THE ADMINISTRATION RECOMMENDS APPROVAL OF A RESOLUTION RATIFYING A FIVE YEAR & FOUR MONTH COLLECTIVE BARGAINING AGREEMENT BETWEEN THE MUNICIPALITY OF ANCHORAGE AND THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS, LOCAL 959.

Prepared by:	Employee Relations Department
Approved by:	David Otto, Employee Relations Director
Concur:	Denis C. LeBlanc, Municipal Manager
Respectfully submitted:	Mark Begich, Mayor

1152

Municipality Of Anchorage
MEMORANDUM

DATE: November 5, 2007
TO: Chairman of the Assembly
FROM: Director, Internal Audit
SUBJECT: Teamster Contract Costs



We have performed additional modeling of the costs of the proposed Teamster contract. The attached schedules provide costs for four scenarios: the original cost out assuming a 2% increase in wages in 2010 and no increases in 2011 and 2012; a model using a 2% increase in 2010, 2011 and 2012; a model using a 2.9% increase in 2010, 2011 and 2012; and a model using a 4% increase in 2010, 2011 and 2012.

In answer to your question on the salary increases shown in the Personnel Costing Reports for 2008 provided by OMB, the large increase is mainly attributed to a 36% contribution rate to PERS. The Teamster contract price out reduced the PERS contribution by 14% which is what the State refunded this year. OMB does not prepare the Personnel Costing Reports for the Enterprise activities.

The two additional performance steps included in the Teamster contract in lieu of Service Recognition pay will have no impact the first two years of the contract. Once implemented, it will take a minimum of eight quarters of perfect performance to be eligible to move to step 5. Also, current employees with 15 years of service will actually take a pay reduction if they move to step 5. It is not possible to model the financial impact of these two steps due to the uncertainties of who may or may not participate and how the performance evaluations will be assessed by supervisors.

The cost of the eight hours of leave given to each employee in 2007 in lieu of a retroactive pay increase will cost around \$20,000 for the two groups.

Savings for eliminating injury leave has been estimated to be insignificant and difficult to price out.

I hope this is of some help to you. If you have any further questions or would like more modeling, please let me know.

SUMMARY OF TOTAL ESTIMATED COST OF TEAMSTERS CONTRACT

PERIOD	PROPOSED PERCENT INCREASE	TOTAL EARNINGS (REGULAR & OVERTIME)*	PERS RETIREMENT CONTRIBUTIONS & PAYROLL TAXES	EMPLOYER CONTRIBUTIONS TO HEALTH PLAN	TOTAL EMPLOYER COST	INCREASE OVER BASE PERIOD	ASSUMPTION
Base Year (2007)		\$5,604,998.53	\$1,661,882.16	\$1,607,090.52	\$8,873,971.21		
Effective 01/01/2008	2.90%	\$5,767,543.49 2.90%	\$1,710,076.74 2.90%	\$1,722,120.00 7.18%	\$9,199,740.23 3.67%	\$325,769.02	
Effective 01/01/2009	2.90%	\$5,934,802.25 2.90%	\$1,759,668.97 2.90%	\$1,799,615.40 4.30%	\$9,494,086.61 3.20%	\$620,115.41	
Effective 01/01/2010	2.00%	\$6,053,498.29 2.00%	\$1,794,862.34 2.00%	\$1,884,085.39 4.89%	\$9,732,446.02 2.51%	\$858,474.82	Minimum Wage Increase of 2%
	2.90%	\$6,106,911.51 2.90%	\$1,810,699.37 2.90%	\$1,884,085.39 4.89%	\$9,801,696.27 2.44%	\$927,725.06	2.9% Increase
	4.00%	\$6,172,194.34 4.00%	\$1,830,055.72 4.00%	\$1,884,085.39 4.89%	\$9,886,335.45 4.13%	\$1,012,364.24	4.0% Increase
Effective 01/01/2011	-	\$6,053,498.29 0.00%	\$1,794,862.34 0.00%	\$1,976,157.67 4.89%	\$9,824,518.31 0.93%	\$950,547.10	0.0% Increase
	2.00%	\$6,174,568.26 2.00%	\$1,830,759.59 2.00%	\$1,976,157.67 4.89%	\$9,981,485.52 2.36%	\$1,107,514.31	2.0% Increase
	2.90%	\$6,284,011.95 2.90%	\$1,863,209.65 2.90%	\$1,976,157.67 4.89%	\$10,123,379.27 3.28%	\$1,249,408.06	2.9% Increase
	4.00%	\$6,419,082.11 4.00%	\$1,903,257.95 4.00%	\$1,976,157.67 4.89%	\$10,298,497.74 4.17%	\$1,424,526.53	4.0% Increase
Effective 01/01/2012	-	\$6,053,498.29 0.00%	\$1,794,862.34 0.00%	\$2,076,516.46 3.08%	\$9,924,877.10 1.07%	\$1,050,905.89	0.0% Increase
	2.00%	\$6,298,059.62 2.00%	\$1,867,374.78 2.00%	\$2,076,516.46 3.08%	\$10,241,950.87 2.61%	\$1,367,979.66	2.0% Increase
	2.90%	\$6,466,248.29 2.90%	\$1,917,242.73 2.90%	\$2,076,516.46 3.08%	\$10,460,007.48 3.33%	\$1,586,036.27	2.9% Increase
	4.00%	\$6,675,845.40 4.00%	\$1,979,388.27 4.00%	\$2,076,516.46 3.08%	\$10,731,750.13 4.21%	\$1,857,778.92	4.0% Increase
TOTAL INCREASE IN EMPLOYER COST DUE TO TEAMSTERS CONTRACT						\$3,805,812.24	
TOTAL PERCENT INCREASE IN EMPLOYER COST (2012 vs. base year 2007) 2% WAGE INCREASE IN 2010; NO WAGE INCREASE IN 2011 & 2012						11.84%	
TOTAL INCREASE IN EMPLOYER COST DUE TO TEAMSTERS CONTRACT						\$4,279,853.22	
TOTAL PERCENT INCREASE IN EMPLOYER COST (2012 vs. base year 2007) WITH A 2% WAGE INCREASE IN 2010, 2011 & 2012						15.42%	
TOTAL INCREASE IN EMPLOYER COST DUE TO TEAMSTERS CONTRACT						\$4,709,053.82	
TOTAL PERCENT INCREASE IN EMPLOYER COST (2012 vs. base year 2007) WITH A 2.9% WAGE INCREASE IN 2010, 2011, & 2012						17.87%	
TOTAL INCREASE IN EMPLOYER COST DUE TO TEAMSTERS CONTRACT						\$5,240,554.12	
TOTAL PERCENT INCREASE IN EMPLOYER COST (2012 vs. base year 2007) WITH A 4% WAGE INCREASE IN 2010, 2011, & 2012						20.94%	

SUMMARY OF TOTAL ESTIMATED COST OF TEAMSTERS CONTRACT

Public Transportation Employees

PERIOD	PROPOSED PERCENT INCREASE	TOTAL EARNINGS (REGULAR & OVERTIME)*	PERS RETIREMENT CONTRIBUTIONS & PAYROLL TAXES	EMPLOYER CONTRIBUTIONS TO HEALTH PLAN	TOTAL EMPLOYER COST	INCREASE OVER BASE PERIOD	ASSUMPTION
Base Year (2007)		\$4,619,072.92	\$1,369,555.17	\$1,365,315.84	\$7,353,943.93		
Effective 01/01/2008	2.90%	\$4,753,026.03	\$1,409,272.27	\$1,463,040.00	\$7,625,338.30	\$271,394.37	
Effective 01/01/2009	2.90%	\$4,890,863.79	\$1,450,141.16	\$1,528,876.80	\$7,869,881.75	\$515,937.83	
Effective 01/01/2010	2.00%	\$4,988,681.07	\$1,479,143.99	\$1,600,638.91	\$8,068,463.96	\$714,520.04	Minimum Wage Increase of 2%
	2.90%	\$5,032,698.84	\$1,492,195.26	\$1,600,638.91	\$8,125,533.01	\$771,589.08	2.9% Increase
	4.00%	\$5,086,498.34	\$1,508,146.81	\$1,600,638.91	\$8,195,284.06	\$841,340.14	4.0% Increase
Effective 01/01/2011	-	\$4,988,681.07	\$1,479,143.99	\$1,678,859.61	\$8,146,684.67	\$792,740.74	0.0% Increase
	2.00%	\$5,088,454.69	\$1,508,726.87	\$1,678,859.61	\$8,276,041.17	\$922,097.24	2.0% Increase
	2.90%	\$5,178,647.11	\$1,535,468.92	\$1,678,859.61	\$8,392,975.64	\$1,039,031.71	2.9% Increase
	4.00%	\$5,289,958.27	\$1,568,472.68	\$1,678,859.61	\$8,537,290.57	\$1,183,346.64	4.0% Increase
Effective 01/01/2012	-	\$4,988,681.07	\$1,479,143.99	\$1,764,120.18	\$8,231,945.23	\$878,001.30	0.0% Increase
	2.00%	\$5,190,223.78	\$1,538,901.40	\$1,764,120.18	\$8,493,245.36	\$1,139,301.44	2.0% Increase
	2.90%	\$5,328,827.87	\$1,579,997.52	\$1,764,120.18	\$8,672,945.57	\$1,319,001.64	2.9% Increase
	4.00%	\$5,501,556.61	\$1,631,211.59	\$1,764,120.18	\$8,896,888.38	\$1,542,944.45	4.0% Increase
TOTAL INCREASE IN EMPLOYER COST DUE TO TEAMSTERS WAGE CONTRACT						\$3,172,594.28	
TOTAL PERCENT INCREASE IN EMPLOYER COST (2012 vs. base year 2007) 2% WAGE INCREASE IN 2010; NO WAGE INCREASE IN 2011 & 2012						11.94%	
TOTAL INCREASE IN EMPLOYER COST DUE TO TEAMSTERS WAGE CONTRACT						\$3,563,250.91	
TOTAL PERCENT INCREASE IN EMPLOYER COST (2012 vs. base year 2007) WITH A 2% WAGE INCREASE IN 2010, 2011 & 2012						15.49%	
TOTAL INCREASE IN EMPLOYER COST DUE TO TEAMSTERS CONTRACT						\$3,916,954.63	
TOTAL PERCENT INCREASE IN EMPLOYER COST (2012 vs. base year 2007) WITH A 2.9% WAGE INCREASE IN 2010, 2011, & 2012						17.94%	
TOTAL INCREASE IN EMPLOYER COST DUE TO TEAMSTERS CONTRACT						\$4,354,963.43	
TOTAL PERCENT INCREASE IN EMPLOYER COST (2012 vs. base year 2007) WITH A 4% WAGE INCREASE IN 2010, 2011, & 2012						20.98%	

SUMMARY OF TOTAL ESTIMATED COST OF TEAMSTERS CONTRACT

Solid Waste Employees

PERIOD	PROPOSED PERCENT INCREASE	TOTAL EARNINGS (REGULAR & OVERTIME)*	PERS RETIREMENT CONTRIBUTIONS & PAYROLL TAXES	EMPLOYER CONTRIBUTIONS TO HEALTH PLAN	TOTAL EMPLOYER COST	INCREASE OVER BASE PERIOD	ASSUMPTION
Base Year (2007)		\$985,925.61	\$292,326.99	\$241,774.68	\$1,520,027.28		
Effective 01/01/2008	2.90%	\$1,014,517.45	\$300,804.47	\$259,080.00	\$1,574,401.92	\$54,374.65	
Effective 01/01/2009	2.90%	\$1,043,938.46	\$309,527.80	\$270,738.60	\$1,624,204.86	\$104,177.58	
Effective 01/01/2010	2.00%	\$1,064,817.23	\$315,718.36	\$283,446.47	\$1,663,982.06	\$143,954.78	Minimum Wage Increase of 2%
	2.90%	\$1,074,212.67	\$318,504.11	\$283,446.47	\$1,676,163.26	\$156,135.98	2.9% Increase
	4.00%	\$1,085,696.00	\$321,908.91	\$283,446.47	\$1,691,051.38	\$171,024.11	4.0% Increase
Effective 01/01/2011	-	\$1,064,817.23	\$315,718.36	\$297,298.06	\$1,677,833.64	\$157,806.36	0.0% Increase
	2.00%	\$1,086,113.57	\$322,032.72	\$297,298.06	\$1,705,444.35	\$185,417.07	2.0% Increase
	2.90%	\$1,105,364.84	\$327,740.73	\$297,298.06	\$1,730,403.63	\$210,376.35	2.9% Increase
	4.00%	\$1,129,123.84	\$334,785.27	\$297,298.06	\$1,761,207.16	\$241,179.88	4.0% Increase
Effective 01/01/2012	-	\$1,064,817.23	\$315,718.36	\$312,396.28	\$1,692,931.87	\$172,904.59	0.0% Increase
	2.00%	\$1,107,835.84	\$328,473.38	\$312,396.28	\$1,748,705.50	\$228,678.23	2.0% Increase
	2.90%	\$1,137,420.42	\$337,245.21	\$312,396.28	\$1,787,061.91	\$267,034.63	2.9% Increase
	4.00%	\$1,174,288.79	\$348,176.68	\$312,396.28	\$1,834,861.75	\$314,834.47	4.0% Increase
TOTAL INCREASE IN EMPLOYER COST DUE TO TEAMSTERS WAGE CONTRACT						\$633,217.96	
TOTAL PERCENT INCREASE IN EMPLOYER COST (2012 vs. base year 2007) WITH A 2% WAGE INCREASE IN 2010, 2011 & 2012						11.38%	
TOTAL INCREASE IN EMPLOYER COST DUE TO TEAMSTERS WAGE CONTRACT						\$716,602.31	
TOTAL PERCENT INCREASE IN EMPLOYER COST (2012 vs. base year 2007) WITH A 2% WAGE INCREASE IN 2010, 2011 & 2012						15.04%	
TOTAL INCREASE IN EMPLOYER COST DUE TO TEAMSTERS CONTRACT						\$792,099.18	
TOTAL PERCENT INCREASE IN EMPLOYER COST (2012 vs. base year 2007) WITH A 2.9% WAGE INCREASE IN 2010, 2011, & 2012						17.57%	
TOTAL INCREASE IN EMPLOYER COST DUE TO TEAMSTERS CONTRACT						\$885,590.69	
TOTAL PERCENT INCREASE IN EMPLOYER COST (2012 vs. base year 2007) WITH A 4% WAGE INCREASE IN 2010, 2011, & 2012						20.71%	

Municipality of Anchorage
MUNICIPAL CLERK'S OFFICE
Agenda Document Control Sheet

AR 2007-217

(SEE REVERSE SIDE FOR FURTHER INFORMATION)

1	SUBJECT OF AGENDA DOCUMENT		DATE PREPARED	
	ratify a 5-yr c 4-month collective bargaining agreement between the MOA &		9/25/07	
	the International Brotherhood of Teamsters,			
	Local 959			
			Indicate Documents Attached <input checked="" type="checkbox"/> AO <input type="checkbox"/> AR <input checked="" type="checkbox"/> AM <input type="checkbox"/> AIM	
2	DEPARTMENT NAME		DIRECTOR'S NAME	
	Employee Relations Department		David Otto	
3	THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY		HIS/HER PHONE NUMBER	
	Willard R. Askren, HR Professional		343-4269	
4	COORDINATED WITH AND REVIEWED BY	INITIALS	DATE	
	Mayor			
	Municipal Clerk			
	Municipal Attorney			
	Employee Relations			
	Municipal Manager			
	Cultural & Recreational Services			
	Fire			
	Health & Human Services			
	Merrill Field Airport			
	Municipal Light & Power			
	Office of Management and Budget			
	Police			
	Port of Anchorage			
	Public Works			
	Solid Waste Services			
	Transit			
	Water & Wastewater Utility			
	Executive Manager			
	Community Planning & Development			
	Finance, Chief Fiscal Officer			
	Heritage Land Bank			
	Management Information Services			
	Property & Facility Management			
	Purchasing			
	Other			
5	Special Instructions/Comments			
	Laid on the Table Item - Consent Agenda-Introduction			
6	ASSEMBLY HEARING DATE REQUESTED		PUBLIC HEARING DATE REQUESTED	
	9/25/07		10/9/07	