

**TO:** Mayor and City Council  
*Robert G. Wells*  
**THRU:** Robert G. Wells, City Manager  
*Constance L. Munnell*  
**FROM:** Constance L. Munnell, Human Resources Director  
**DATE:** September 17, 2007

**SUBJECT:** Collective Bargaining Agreement Between the City and American Federation of State, County, Municipal Employees, Council 75, Local Union 2067.

**ISSUE:**

Should the City Council approve a four year collective bargaining agreement between the City and the American Federation of State, County, Municipal Employees (AFSCME), Council 75, Local Union 2067.

**RECOMMENDATION:**

Staff recommends that the City Council approve a successor collective bargaining contract between the City and AFSCME for a period from July 1, 2007 through June 30, 2011.

**BACKGROUND:**

The City began negotiations with AFSCME in late February for a successor agreement and reached final tentative agreement on a four-year contract on August 15, 2007. The employees represented by AFSCME ratified the contract on September 15, 2007.

**FACTS AND FINDINGS:**

The principle features of the new contract are as follows:

1. Term of Agreement - Four years from July 1, 2007 - June 30, 2011.
2. Wage Increase - Effective June 26, 2007, a 3% cost-of-living adjustment
  - a. Effective the first pay period in July 2008, wages will be increase based upon CPI, minimum of 2.5%, maximum of 3.5%.
  - b. Effective the first pay period in July 2009, wages will be increase based upon CPI, minimum of 2.5%, maximum of 3.5%.
  - c. Effective the first pay period in July 2010, wages will be increase based upon CPI, minimum of 2.5%, maximum of 3.5%.
3. Special Salary Adjustments - Effective December 24, 2007, the City will provide special salary adjustments to 33 classification and affecting approximately 141 AFSCME employees. These additional increases are one to two salary ranges or approximately 4% to 10% for effected employees. For those positions increasing two salary ranges, the second range adjustment will be effective January 5, 2009. Selective salary adjustments are shown on Attachment A

4. Health Insurance - City to continue fully paid health insurance for remainder of current calendar year. Beginning January 1, 2008, there will be a 10% cap on City cost with a 50% split between the employee and the City if premium increases over cap. Beginning January 1, 2009, there will be a 15% cap on City cost with a 50% split between the employee and the City if premium increases over cap. Beginning January 1, 2010, there will be a 10% cap on City cost with a 50% split if premium increases over cap. Beginning January 1, 2011, there will be 10% cap on City cost with a 50% split if premium increases over cap.
5. Sick Leave - City will eliminate the sick leave incentive program contained in the prior agreement effective January 1, 2008.
6. Use of Alcohol and Drugs - There will continue to be random drug testing for all AFSCME represented employees.
7. Collective Bargaining Contract - The collective bargaining contract between the City and AFSCME can be viewed on the City web page, <http://cityofsalem.net>, Human Resources Department.

#### **FISCAL IMPACT:**

The approximate financial impact of this recommended settlement for FY 2007-08 is \$1,143,000. This includes \$1,013,000 for the 3% cost-of-living adjustment and \$130,000 for the specialized adjustments. The cost to the General Fund is approximately \$407,000.

The approved budget anticipated a settlement of 2.5%. The actual settlement is 3.4% (3% for the cost-of-living increase and .4% for the specialized adjustments). The cost of the settlement that exceeds the budget is estimated to be \$299,000, of which the General Fund's share is estimated to be \$95,000.

A transfer resolution will be brought back at a future date for Council approval.

Costs during the second, third and fourth year of this agreement will be based upon the change in the Consumer Price Index (CPI).