



Human Resources
LABOR RELATIONS

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February 6, 2024

HONORABLE CITY COUNCIL:

Re: Implementation of the 2023 – 2027 Labor Agreement between the City of Detroit and the employees represented by AFSCME, Local 1227 and the Detroit Building Trades Council - Tripartite

The Labor Relations Division is recommending your Honorable Body's official approval of the 2023 - 2027 Master Agreement between the City of Detroit and AFSCME, Local 1227 and the Detroit Building Trades Council - Tripartite.

The Master Agreement covers wages, hours, and other basic conditions of employment from July 1, 2023, through June 30, 2027. It has been signed by all parties concerned and meets with the approval of the Labor Relations Division.

We therefore respectfully request that your Honorable Body adopt the following resolution with a Waiver of Reconsideration.

Respectfully submitted,

Keith Worthy
Labor Relations Director

By Council Member _____:

WHEREAS, the City of Detroit and AFSCME, Local 1227 and the Detroit Building Trades Council - Tripartite have met the standards for recognition as exclusive agents for their members in the employ of the City of Detroit under Public Act 336 of 1947, as amended, and

WHEREAS, the Labor Relations Division, under the direction of the Mayor, is authorized and directed by the City Charter to act for the City of Detroit in negotiation and administration of collective bargaining agreements, and

WHEREAS, the Labor Relations Division and AFSCME, Local 1227 and the Building Trades Council - Tripartite have met and negotiated this labor agreement which covers wages, hours and other economic conditions of employment through June 30, 2027.

NOW, THEREFORE, BE IT RESOLVED, that the Master Agreement between the City of Detroit and AFSCME, Local 1227 and the Detroit Building Trades - Council Tripartite, be and is hereby approved and confirmed in accordance with the foregoing communication.



**OFFICE OF THE
CHIEF FINANCIAL OFFICER
OFFICE OF BUDGET**

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February 6, 2024

Honorable Detroit City Council
Coleman A. Young Municipal Center
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Detroit, MI 48226

Re: Fiscal Impact of Labor Agreement between the City of Detroit and the Building Construction Trades Council - Tripartite

Dear Honorable Council Members:

Please see attached Fiscal Impact Statement prepared by the Office of Budget for the above referenced item, pursuant to CFO Directive 2018-101-029: Fiscal Impact Statements. Upon review, please do not hesitate to contact me to discuss further.

Best regards,

Steven Watson
Deputy CFO / Budget Director

Att: CFO Fiscal Impact Statement No. 2024-110-004

cc: Jay B. Rising, CFO
John Naglick, Jr., Chief Deputy CFO/Finance Director
Tanya Stoudemire, Chief Deputy CFO/Policy & Administration Director
Keith Worthy, Labor Relations Director
Malik Washington, City Council Liaison
David Whitaker, Director-Legislative Policy Division



Office of the
Chief Financial Officer

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CFO FISCAL IMPACT STATEMENT NO. 2024-110-004

SUBJECT: Fiscal Impact of Labor Agreement between the City of Detroit and the Building Construction Trades Council - Tripartite
PREPARED BY: Office of the CFO – Office of Budget
DATE ISSUED: February 6, 2024

1. AUTHORITY

- 1.1. State of Michigan Public Act 279 of 1909, Section 4s(2)(d), as amended by Public Act 182 of 2014, states the chief financial officer shall submit in writing to the Mayor and the governing body of the City his or her opinion on the effect that policy or budgetary decisions made by the Mayor or the governing body of the City will have on the City's annual budget and its four-year financial plan.
- 1.2. CFO Directive No. 2018-101-029 Fiscal Impact Statements states that the CFO shall issue Fiscal Impact Statements ("FIS") for pending or enacted decision items with a significant fiscal impact on the City, as determined by the CFO, to provide financial information to the Mayor and the City Council as they consider action on proposed local policy or budgetary decision items.

2. PURPOSE

- 2.1. To provide financial information to the Mayor and the Detroit City Council as they consider the effect of the proposed labor agreement between the City of Detroit (the "City") and the Buildings Construction Trades Council Tripartite ("Tripartite").

3. OBJECTIVE

- 3.1. This FIS serves as the report on the fiscal impact of the proposed labor agreement on the City's annual budget for FY 2024 and four-year financial plan for FY 2024 – FY 2027 (the "City budget").

4. SCOPE

- 4.1. This FIS is not intended to convey any statements nor opinions on the advisability of the proposal, except for those components that have or may have a fiscal impact on the City budget.
- 4.2. This fiscal impact analysis is based on the proposal as described below in Section 5 of this FIS. Should the proposal change prior to final approval, an updated FIS may be issued.

5. STATEMENT

- 5.1. Conclusion: The proposed labor agreement would have **no net impact** on the City budget, as resources have been budgeted and identified to cover the incremental cost of the contract.

- 5.2. Background: The following labor agreement impacts the Construction Code Fund within the Building, Safety Engineering, and Environmental Department (BSEED), and includes a 0% annual wage increase in FY 2024, and 2% annual wage increases in FY 2025-2027. The 0% annual wage increase is because the Tripartite union did not offer wage increase concessions in FY 2021 as part of the City's financial response to the pandemic. The agreement also includes 2% annual market rate adjustments in FY 2025-2027 on top of the annual wage increases. The market adjustment will provide for more competitive wages with competing industries and help improve recruitment and retention efforts within BSEED. Additionally, the proposed contract provides active members with a one-time \$250 signing bonus.
- 5.3. Fiscal Impact: The proposed labor agreement has **no net impact** on the City budget, as resources have been budgeted and identified to cover the incremental cost of the contract. The City budget included 2% annual wage increases for Tripartite in FY 2024-2027, which results in a one-time FY 2024 savings, and no impact in FY 2025. However, the 2% market rate adjustments result in an incremental cost in FY 2026-2027. This incremental cost can be supported by recent Construction Code Fund fee schedule changes that take effect on January 1, 2024 and were not reflected in the City budget. The expectation is the fee schedule change will result in an additional \$1.8 million in annual revenue, which is sufficient to cover the incremental costs of the labor contract.

City of Detroit
FIS - Tripartite Labor Agreement (Bargaining Units 1600, 2280, 2290)

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|---|---------------------|-------------------|-------------------|-------------------|
| Current Budgeted Salaries | | | | |
| Current annual base wages | \$ 11,077,914 | \$ 11,299,472 | \$ 11,525,462 | \$ 11,755,971 |
| Annual wage increase | 2.0% | 2.0% | 2.0% | 2.0% |
| Budgeted Positions | 145 | 145 | 145 | 145 |
| Average Base Pay | \$ 76,399 | \$ 77,927 | \$ 79,486 | \$ 81,076 |
| Proposed Salaries | | | | |
| Proposed annual base wages | \$ 10,860,700 | \$ 11,295,128 | \$ 11,746,933 | \$ 12,216,810 |
| Annual wage increase | 0.0% | 2.0% | 2.0% | 2.0% |
| Market rate adjustment ¹ | 0.0% | 2.0% | 2.0% | 2.0% |
| Average Base Pay | \$ 74,901 | \$ 77,897 | \$ 81,013 | \$ 84,254 |
| Incremental wages | \$ (217,214) | \$ (4,344) | \$ 221,471 | \$ 460,839 |
| Incremental overtime | (10,861) | (217) | 11,074 | 23,042 |
| Incremental other fringes | (30,807) | (617) | 31,410 | 65,359 |
| \$250 signing bonus ² | \$ 33,250 | \$ - | \$ - | \$ - |
| Total incremental cost of contract | \$ (225,632) | \$ (5,178) | \$ 263,955 | \$ 549,240 |
| Construction Code Fund Revised Fee Schedule Resource³ | \$ - | \$ - | \$ 263,955 | \$ 549,240 |
| Net impact on Four-Year Financial Plan | \$ 225,632 | \$ 5,178 | \$ - | \$ - |

Notes:

FY24 Adopted Budget assumed a 2% annual wage increase in FY24-27, which results in a one-time FY24 cost savings, and neutral FY25 impact. Incremental costs begin to accrue in FY26-27 due to market adjustments, but can be supported by recent BSEED fee schedule changes that take effect January 1, 2024.

(1). FY25-27 includes 2% annual market rate adjustments on top of the 2% annual wage increase to provide more competitive wages with competing industry.

(2). All active members receive a one-time \$250 signing bonus upon ratification. Currently, there are 133 active Tripartite members eligible for the bonus.

(3). The expectation is the fee schedule change will result in \$1.8 million in additional annual revenue. This additional resource is sufficient to cover the incremental cost of the Tripartite contract in FY26-27.

APPROVED



Steven Watson, Deputy CFO / Budget Director

2023 - 2027 LABOR AGREEMENT
BETWEEN THE
CITY OF DETROIT
AND THE
AFSCME / BTC TRIPARTITE
SUMMARY OF CHANGES

Article 3 Wages

- ◆ Effective upon ratification and approval by City Council, the following bargaining unit classifications will transition to Step Code "D".
 - ◆ Boiler Inspector (19-95-21)
 - ◆ Building Inspector (19-92-21)
 - ◆ Elevator Inspector (19-95-23)
 - ◆ License Examiner Mechanical (19-95-30)
 - ◆ Mechanical Inspector (19-95-26)
 - ◆ Zoning Inspector – Zoning A (19-90-34)
 - ◆ Electrical Inspector (19-94-21)
 - ◆ Plumbing Inspector (19-93-21)

- ◆ All bargaining unit employees shall receive a 0% general wage increase effective July 1, 2023.

- ◆ All bargaining unit employees shall receive a 4% general wage increase effective July 1, 2024.

- ◆ All bargaining unit employees shall receive a 4% general wage increase effective July 1, 2025.

- ◆ All bargaining unit employees shall receive a 4% general wage increase effective July 1, 2026.

- ◆ Effective upon ratification and approval by City Council, each bargaining unit member will receive a \$250 signing bonus.

- ◆ If the City agrees to a higher general wage increase for AFSCME or Building Trades Council Master Agreement, effective 7/1/2024, 7/1/2025 or 7/1/2026, it will be considered for discussion for this bargaining unit. This discussion will not include any special adjustments.

- ◆ Goals and Objectives will be established annually by each Department manager and shall be a major component of the annual merit review.

**2023 - 2027 LABOR AGREEMENT
BETWEEN THE
CITY OF DETROIT
AND THE
AFSCME / BTC TRIPARTITE
*SUMMARY OF CHANGES***

Article 8 Confidential Employees

- ◆ Deleted

Article 9 Modification and Duration

- ◆ Contract expires 11:59 P.M., June 30, 2027.