August 27, 2019

HONORABLE CITY COUNCIL:

Re: Implementation of the 2019 – 2023 Labor Agreement between the City of Detroit and the employees represented by the Michigan Building Trades Council

The Labor Relations Division is recommending your Honorable Body’s official approval of the 2019 - 2023 Master Agreement between the City of Detroit and the Michigan Building Trades Council.

The Master Agreement covers wages, hours and other basic conditions of employment from January 1, 2019 through June 30, 2023. 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,

[Signature]

Hakim W. Berry
Chief Operating Officer
By Council Member ____________________________:

WHEREAS, the City of Detroit and the Michigan Building Trades Council 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 the Michigan Building Trades Council have met and negotiated this labor agreement which cover wages, hours and other economic conditions of employment through June 30, 2023.

NOW, THEREFORE, BE IT RESOLVED, that the Master Agreement between the City of Detroit and the Michigan Building Trades Council, be and is hereby approved and confirmed in accordance with the foregoing communication.
Article 5  Agency Shop
  ♦ Deleted this Article in its entirety based on change in law.

Article 7  Service Fee Check-Off
  ♦ Deleted this Article in its entirety based on change in law.

Article 9  Grievance and Arbitration Procedures
  ♦ Added language to introduce an expedited arbitration process.

Article 13  Seniority
  ♦ Reduced the time considered as a not a break in service from a layoffs from four (4) years to three (3) years.

Article 18  Leaves of Absence
  ♦ Deleted language that referenced a full explanation of FMLA being included in New Employee Orientation. Added language to direct employees to the Human Resources Department for information regarding FMLA rights.

Article 29  Sick Leave
  ♦ Increased the number of hours for the sick leave cap, from 300 hours to 480 hours.

Article 31  Overtime
  ♦ Added language that provides for a forty (40) hour work week qualifier before overtime is paid, with the exception of vacation and holidays.

Article 32  Holidays and Excused Time Off
  ♦ Deleted all references to swing holidays.

Article 34  Vacations
  ♦ Removed the two - tier vacation schedule. All employees will be covered under the same vacation accrual schedule.

Article 36  Jury Duty
  ♦ Added language to provide bargaining unit members with his/her regular compensation when serving in Jury Duty, less monies received from the court.
2019 - 2023 LABOR AGREEMENT
BETWEEN THE
CITY OF DETROIT
AND THE
MICHIGAN BUILDING TRADES COUNCIL
SUMMARY OF CHANGES

Article 38  Workers’ Compensation
♦ Deleted language which referenced employees having the opportunity to supplement his/her compensation, through sick time usage, when receiving Workers' Compensation benefits.

Article 40  Wages
♦ Bargaining unit employees will transition to Step code “R” upon approval of the agreement by City Council.
♦ Bargaining unit employees at the maximum of the range shall receive a 2% wage increase annually on July 1st for the life of the agreement.
♦ Effective each July 1, for the life of the agreement, the classifications of Plumber (62-60-41) and Electrical Worker General (73-83-41) shall receive a 50¢ per hour special wage adjustment.

Article 41  Clothing, Tool and Uniform Allowance
♦ Added language to provide a tool allowance to all bargaining unit employees of $150 per year, which shall be paid every two years, on the same pay cycle as the current clothing and uniform allowance.

Article 42  Retirement
♦ Added language to clarify the vesting for both the Legacy Pension System and the Hybrid Pension System are both ten (10) years of service.

Article 45  No Disadvantage
♦ Updated the language and changed the Article name for protection provisions for Unions that settle subsequent to the Michigan Building Trades.

Article 46  Modification and Duration
♦ Contract expires 11:59 P.M., June 30, 2023

Letter of Understanding – Retiree Medical Benefits
♦ Added letter detailing the terms of the retiree medical benefits; referred to as the VEBA
To: Michael E. Duggan, Mayor; Honorable Detroit City Council
From: David P. Massaron, Chief Financial Officer
Subject: Fiscal Impact of Proposed Contract between the City of Detroit and the Building Trades Council (BTC)
Date: July 19, 2019

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 for all items requiring fiscal impact statements, as defined in that Directive, 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 action on the proposed contract between the City of Detroit (the “City”) and the Building Trades Council (the “BTC”).

3. Objective

3.1. This Memorandum serves as the report on the fiscal impact of the proposed contract in relation to the City’s annual budget for FY 2020 and four-year financial plan for FY 2020 – FY 2023 (the “City budget”).

4. Scope

4.1. This Memorandum is not intended to convey any statements nor opinions on the advisability of entering into the provisions in the proposed contract, including but not limited to Work Rules, except for those components of the proposed contract that have or may have a fiscal impact on the City budget.

4.2. This fiscal impact analysis is based on the proposed BTC contract submitted to the City Council on the week of July 22, 2019. Should the proposal change prior to final approval, an updated CFO Memorandum on its fiscal impact would need to be issued.

5. Statement

5.1. Conclusion: The proposed contract has no net negative impact on the City budget.

5.2. Background: The proposed contract’s financial provisions would impact the budget for the General Services and Public Works departments, providing annual wage increases of

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2% for all bargaining unit members from FY 2020 through FY 2023. Additionally, positions under the Plumber and Electrical Worker – General titles will receive an annual $0.50/hour special wage adjustment on top of the 2% annual wage increase from FY 2020 through FY 2023.

5.3. Fiscal Impact: The proposed 2% wage increases are factored in the City budget, so there is no incremental cost associated with the base increase. The special wage adjustment is not budgeted; however, given the minimal financial impact, the incremental costs can be absorbed within the General Services and Public Works departments through a combination of operational efficiencies and historic underspending. Thus, there is no net negative impact on the City budget.

City of Detroit
Building Trades Council

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<th>$ in thousands</th>
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| **Proposed wages** |      |      |      |      |
| Proposed annual wages | $1,861 | $1,910 | $1,960 | $2,012 |
| 2.0% | 2.0% | 2.0% | 2.0% |
| Market rate adjustment | 0.6% | 0.6% | 0.6% | 0.6% |
| Incremental wages | $11 | $23 | $35 | $49 |
| Incremental overtime | 1 | 1 | 2 | 2 |
| Incremental other fringes | 2 | 4 | 7 | 9 |
| **Total incremental cost of wage increase** | $14 | $28 | $44 | $60 |

| **Cost savings from operational efficiencies** |      |      |      |      |
| $14 | $28 | $44 | $60 |

| **Total savings utilized** |      |      |      |      |
| $14 | $28 | $44 | $60 |

| **Net impact on Four-Year Financial Plan** |      |      |      |      |
| $- | $- | $- | $- |

**Notes:**
1. Includes an annual $0.50/hour wage increase for Plumbers and Electrical Workers- General positions on top of the across-the-board 2% annual wage growth. The special wage adjustments for these positions is equivalent to a 0.6% overall market rate adjustment.
2. Overtime calculated utilizing historical actual data
3. Comprised of 5% for hybrid pension and 13% for other fringes
4. The incremental cost increase can be supported through a combination of operational efficiencies and historic underspending within the Departments of General Services (General Fund) and Public Works (Street Fund).

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