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DATE: AUGUST 2, 2002  
TO: MTA BOARD OF DIRECTORS  
FROM: ROGER SNOBLE  
*for Mano A. Suarez*  
SUBJECT: UPDATE ON AFSCME BARGAINING TALKS



The MTA Labor Relations Department today distributed the attached update on AFSCME negotiations to the 500+ employees represented by the AFSCME bargaining unit. It was sent to the operating divisions and also will be mailed to employees' homes.

Management determined it was critical at this juncture to give employees a complete update on the status of negotiations, which have been ongoing for 20 months. Recently, MTA offered and AFSCME rejected a last, best and final 7 year contract offer. In an effort to bring negotiations to closure, MTA has now made a last, best and final one year offer, which AFSCME must respond to next week, however, the multi-year offer also is still on the table.

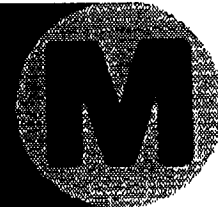
The attached Communicator gives full details. If you have any questions, please call me at (213) 922.2202 or Brenda Diederichs, MTA's Labor Relations chief, at (213) 922-7475.

Thank you.

Attachment

# Communicator

a management update on labor and employee relations



August 2, 2002

## UPDATE ON AFSCME BARGAINING TALKS

MTA and AFSCME have been in continuous negotiations for 20 months. Meeting weekly, we have been trying to hammer out a mutually acceptable contract for the 540-plus employees represented by the union. The MTA Board of Directors has been fully apprised of the status of negotiations and has directed the MTA's chief negotiator throughout the negotiations.

AFSCME has been offered a compensation package that is consistent with contracts MTA has with its other labor unions that represent MTA operators, maintenance employees and clerks, who, combined, represent more than 7,000 employees.

MTA recently offered and AFSCME negotiators rejected a last, best and final 7 year contract offer that includes the following major provisions:

- Implements the wage step proposal made by AFSCME's bargaining team. This contract provision would bring your union's step compensation into conformance with those of UTU and ATU members.
- An average 23 percent increase in wages during the seven-year contract period. This includes an average 17 percent pay hike achieved through the five-step system and another 6.2 percent in general wage increases during the sixth and seventh year of the contract. (This proposal will, especially, benefit TDDs, whose hourly pay would be increased to a top wage of \$29.66, and TODs, who would be reclassified to the same wage band as TOSs with top pay of \$31.81 an hour.
- A lump sum payment of \$500 for each of the first three years of the contract to those employees at or above the new top step of their range of pay.
- One additional floating holiday.
- Improvements to the health insurance premium will match those given to non-represented employees.
- Improvements in the retiree medical program to match the current non-contract retiree medical plan.
- A seven year contract expiring on March 31, 2008.

The MTA, after 20 months of negotiations and in an effort to bring this negotiations to closure, has made a last, best and final one year offer that includes the following:

- A 3 percent wage increase for employees who are within their current classifications' salary range.
- A fixed payment of \$250 for employees at or over the maximum salary range.

If AFSCME rejects both the 7 year and one year last, best and final offers, the MTA may not unilaterally implement a change in salary and benefits for a period to exceed one year.

Prior to implementation of the MTA's one year offer, the seven year offer may still be accepted by AFSCME.

The AFSCME negotiating committee turned down the Agency's seven year offer because negotiators insisted on securing their retroactive retirement proposal.

Both the one year and multi-year offers are still available. If AFSCME negotiators continue to reject the Agency's latest offers, MTA will have no choice but to formally end the impasse by imposing its one year offer. MTA hopes the AFSCME negotiators will reconsider their position and accept the multi-year offer.

### ADDITIONAL DETAIL

The MTA's seven year proposal fully accepts AFSCME's step-pay plan. The MTA has not accepted AFSCME's pension proposal because it is extremely costly and the retroactive provision would give AFSCME members pension benefits for prior years service far in excess of the benefits promised to them during those years.

Indeed, the AFSCME proposal would result in a "golden handshake," worth more than \$100,000 per employee in some cases, for individuals who have only a few more years left with the Agency. It does nothing to improve the pension benefits of any employee hired after 1997 and imposes very large costs (in excess of \$15 million) for a very small number of employees.

AFSCME wants a 50 percent annuity or a lump sum payment based on that annuity at 27 years of service. The existing MTA old plan provides a 50 percent annuity after 30 years of service, AFSCME is demanding that MTA change the existing retirement system retroactively.

Moreover, AFSCME wants a fixed 3 percent annual cost-of-living (COLA) adjustment for future retirees with old and new plan service credit who select an annuity. The old and new pension plans do not offer COLA. AFSCME also wants elimination of the Social Security offset.

AFSCME represents about 5 percent of MTA employees. Changes in the pension benefits cannot, as a practical matter, be limited to this group.