

# CC22.4 - Confidential Attachment 3 - made public on July 7, 2020

## **CONFIDENTIAL INFORMATION OR ADVICE**

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### **ISSUE BACKGROUND**

The Collective Agreements between the City and CUPE, Local 79 ("Local 79") expired on December 31, 2019.

The City's bargaining mandate was approved by the Collective Bargaining Subcommittee on September 6, 2019.

The City's goal in collective bargaining was focussed on achieving additional flexibility in service delivery, improve operational efficiency and achieving long-term cost containment, in order to allow the City to manage its operations more effectively.

The Parties commenced bargaining on December 5, 2019.

During the bargaining period, the City and Local 79 had a total of 39 bargaining sessions including 1 day of mediation with William Kaplan, reaching a tentative agreement and signed Memorandum of Agreement at 11:45 p.m. on March 13, 2020.

**FINANCIAL IMPACT:**

The financial impacts of this negotiated Memorandum of Settlement with CUPE, Local 79 are set out below. The following sections compare salary and benefits impact to comparable municipal settlements that average 1.83%:

**PART A - Full-Time Unit**

Salaries (in \$millions):

Year	Effective Date	Wage Increase*	Gross Cost	Comparison to average 1.83% per year for other municipalities
2020	January 1	1.0% Base Pay	\$9.20M	\$16.83M
2021	January 1	1.0% Base Pay	\$9.29M	\$17.15M
2022	January 1	1.0% Base Pay	\$9.39M	\$17.47M
2023	January 1	1.5% Base Pay	\$16.63M	\$17.80M
	July 1	0.25% Base Pay		
2024	January 1	1.75% Base Pay	\$16.90M	\$18.13M
<b>Total Base Cost (2020 – 2024)</b>			<b>\$61.41M</b>	<b>\$87.38M</b>

Note: Total wage increase of 6.50% (6.67% compounded) base pay increase over five years/ 5 year average of 1.3% per year

Incremental Additional Benefit Costs (in \$millions):

Item	Explanation	Effective Date	Gross Cost
Psychologist Services	<p>Effective the date of ratification, increased the maximum amount from \$300 per person per benefit year to \$1,000 per person per benefit year.</p> <p>Expanded the psychologist services providers to include registered psychotherapist or a registered Masters of Social Work (MSW) practitioner who are members in good standing with their respective Colleges.</p> <p><i>To address the impacts of COVID-19 on the mental wellbeing of City employees, the City Manager approved the implementation of this increase in April 2020.</i></p>	April 16, 2020	\$0.73M

<b>Item</b>	<b>Explanation</b>	<b>Effective Date</b>	<b>Gross Cost</b>
Vision	Effective the date of ratification, provided an additional \$80 for one routine eye exam for every twenty-four (24) consecutive months.	Date of Ratification	\$0.31M
Medical Certificates	Effective the date of ratification, enhanced the information to be provided at 20 days and each 24 days of absence thereafter and will pay up to \$60 for completion of the City's Return to Work form.	Date of Ratification	\$0.07M
Dispensing Fee Cap	Effective the date of ratification, the dispensing fee cap remains at \$9.00, with the exception of the dispensing fee cap for eligible compound drugs which shall be twenty-five (\$25) per prescription.  The \$25 dispensing fee cap is the City's current practice, so there is no increase in costs	Date of Ratification	N/A
Kilometrage	Effective the date of ratification, increased kilometrage rate from \$0.52 per km to the rate established by the CRA, which currently \$0.59 for 2020.	Date of Ratification	\$0.20M
Union Leave	Effective the date of ratification, the City will pay wages and benefits for eight (8) Unit Officers on Union Leave with Local 79	Date of Ratification	\$0.54M
<b>Incremental Additional Benefit Costs</b>			<b>\$1.85M</b>

Incremental Benefit Cost Savings (in \$millions):

Item	Explanation	Effective Date	Gross Cost
Parental Leave	<p>Amended Supplemental Employment Benefits payments for pregnancy/parental leave – Following ratification, the amount of the top-up for employees who take pregnancy and parental leave will increase from 75% of wages to 85% of wages (less EI benefits).</p> <p>Employees can receive the 85% top-up for up to 12 months or elect to spread the same dollar value of the top-up payments over a period of up to 18 months, so that all employees will have access to the same total amount of top-up entitlement. Currently, as a result of the 2017 change in Federal EI benefits, employees can receive the 75% top-up for the full 18-month period.</p>	Date of Ratification	(\$4.86M)
Erectile Dysfunction Drugs	<p>Effective the date of ratification, the Erectile Dysfunction medication will be limited to 40 tablets every 3 months based on the first paid claim, unless there is a medically supported requirement that an employee receive a greater number of tablets.</p> <p>The benefit is currently unlimited.</p>	Date of Ratification	(\$0.07M)
Orthotics and Orthopedic Shoes for dependents under 18 years of age	<p>Effective the date of ratification, the number of Orthotics and Orthopedic Shoes for dependents 18 years of age and under is limited to 3 pairs per dependent per benefit year.</p> <p>The benefit is currently unlimited.</p>	Date of Ratification	(\$0.01M)
<b>Incremental Benefit Cost Savings</b>			<b>(\$4.94M)</b>

**Additional Item**

Item	Explanation	Effective Date	Cost
One additional Float Day	Effective the date of ratification, increased the number of Float Days from 2 to 3.	Date of Ratification	\$3.24M Notional Cost within approved annual salaries (May require some incremental staffing to back-fill resources)

**PART B - Unit B Part-Time**

Salaries (in \$millions):

Year	Effective Date	Wage Increase*	Gross Cost	Comparison to average 1.83% per year for other municipalities
2020	January 1	1.0% Base Pay	\$.55M	\$1.01M
2021	January 1	1.0% Base Pay	\$.56M	\$1.03M
2022	January 1	1.0% Base Pay	\$.56M	\$1.05M
2023	January 1	1.5% Base Pay		
	July 1	0.25% Base Pay	\$1.00M	\$1.07M
2024	January 1	1.75% Base Pay	\$1.02M	\$1.09M
<b>Total Base Cost (2020 – 2024)</b>			<b>\$3.69M</b>	<b>\$5.25M</b>

Note: Total wage increase of 6.50% (6.67% compounded) base pay increase over five years/ 5 year average of 1.3% per year

Incremental Additional Benefit Costs (in \$millions):

Item	Explanation	Effective Date	Gross Cost
Psychologist Services	Effective the date of ratification, increased the maximum amount from \$300 per person per benefit year to \$1,000 per person per benefit year.  Expanded the psychologist services providers to include registered psychotherapist or a registered Masters of Social Work (MSW) practitioner who are members in good standing with their respective Colleges.	April 16, 2020	\$0.02M

Item	Explanation	Effective Date	Gross Cost
	<i>To address the impacts of COVID-19 on the mental wellbeing of City employees, the City Manager approved the implementation of this increase in April 2020.</i>		
Vision	Effective the date of ratification, provided an additional \$80 for one routine eye exam for every twenty-four (24) consecutive months.	Date of Ratification	\$0.02M
Medical Certificates	Effective the date of ratification, enhanced the information to be provided at 30 calendar days and each subsequent 30 calendar days of absence and will pay up to \$60 for completion of the City's Return to Work form.	Date of Ratification	\$0.005M
Dispensing Fee Cap	Effective the date of ratification, the dispensing fee cap remains at \$9.00, with the exception of the dispensing fee cap for eligible compound drugs which shall be twenty-five (\$25) per prescription.  The \$25 dispensing fee cap is the City's current practice, so there is no increase in costs	Date of Ratification	N/A
Kilometrage	Effective the date of ratification, increased kilometrage rate from \$0.52 per km to the rate established by the CRA, which currently \$0.59 for 2020.	Date of Ratification	\$0.002M
Ill Dependant Leave	Effective the date of ratification, provide up to 32 hours of Ill Dependant Leave for employees who are enrolled in the Illness or Injury Plan	Date of Ratification	\$0.86M
AD&D Coverage	Effective the date of ratification, provide employees with Accidental Death & Dismemberment coverage of \$3,000	Date of Ratification	\$0.001M
Orthotics and Orthopedic Shoes	Effective the date of ratification, provide coverage for Orthotics and Orthopedic Shoes for employees in the Unit B Part-time Unit.	Date of Ratification	\$0.08M
<b>Incremental Additional Benefit Costs</b>			<b>\$0.98M</b>

Incremental Benefit Cost Savings (in \$millions):

Item	Explanation	Effective Date	Gross Cost
Parental Leave	<p>Amended Supplemental Employment Benefits payments for pregnancy/parental leave – Following ratification, the amount of the top-up for employees who take pregnancy and parental leave will increase from 75% of wages to 85% of wages (less EI benefits).</p> <p>Employees can receive the 85% top-up for up to 12 months or elect to spread the same dollar value of the top-up payments over a period of up to 18 months, so that all employees will have access to the same total amount of top-up entitlement. Currently, as a result of the 2017 change in Federal EI benefits, employees can receive the 75% top-up for the full 18-month period.</p>	Date of Ratification	(\$0.19M)
Erectile Dysfunction Drugs	<p>Effective the date of ratification, the Erectile Dysfunction medication will be limited to 40 tablets every 3 months based on the first paid claim, unless there is a medically supported requirement that an employee receive a greater number of tablets.</p> <p>The benefit is currently unlimited.</p>	Date of Ratification	(\$0.0003M)
<b>Incremental Benefit Cost Savings</b>			<b>(\$0.19M)</b>

**Additional Item**

Item	Explanation	Effective Date	Cost
One additional Float Day	Effective the date of ratification, increased the number of Float Days from 1 to 2.	Date of Ratification	\$0.07M Notional Cost within approved annual salaries (May require some incremental staffing to back-fill resources)

## PART C - Long Term Care Homes & Services Part-Time Unit

Salaries (in \$millions):

Year	Effective Date	Wage Increase*	Gross Cost	Comparison to average 1.83% per year for other municipalities
2020	January 1	1.0% Base Pay	\$.88M	\$1.60M
2021	January 1	1.0% Base Pay	\$.88M	\$1.63M
2022	January 1	1.0% Base Pay	\$.89M	\$1.66M
2023	January 1	1.5% Base Pay	\$1.58M	\$1.69M
	July 1	0.25% Base Pay		
2024	January 1	1.75% Base Pay	\$1.61M	\$1.73M
<b>Total Base Cost (2020 – 2024)</b>			<b>\$5.84M</b>	<b>\$8.31M</b>

Note: Total wage increase of 6.50% (6.67% compounded) base pay increase over five years/ 5 year average of 1.3% per year

Incremental Additional Benefit Costs (in \$millions):

Item	Explanation	Effective Date	Gross Cost
Psychologist Services	<p>Effective the date of ratification, increased the maximum amount from \$300 per person per benefit year to \$1,000 per person per benefit year.</p> <p>Expanded the psychologist services providers to include registered psychotherapist or a registered Masters of Social Work (MSW) practitioner who are members in good standing with their respective Colleges.</p> <p><i>To address the impacts of COVID-19 on the mental wellbeing of City employees, the City Manager approved the implementation of this increase in April 2020.</i></p>	April 16, 2020	\$0.06M
Vision	Effective the date of ratification, provided an additional \$80 for one routine eye exam for every twenty-four (24) consecutive months.	Date of Ratification	\$0.03M
Medical Certificates	Effective the date of ratification, enhanced the information to be provided at 30 calendar days and each subsequent 30 calendar days of absence and will pay up to \$60 for completion of the City's Return to Work form.	Date of Ratification	\$0.01M



Item	Explanation	Effective Date	Gross Cost
Dispensing Fee Cap	<p>Effective the date of ratification, the dispensing fee cap remains at \$9.00, with the exception of the dispensing fee cap for eligible compound drugs which shall be twenty-five (\$25) per prescription.</p> <p>The \$25 dispensing fee cap is the City's current practice, so there is no increase in costs</p>	Date of Ratification	N/A
Kilometrage	Effective the date of ratification, increased kilometrage rate from \$0.52 per km to the rate established by the CRA, which currently \$0.59 for 2020.	Date of Ratification	\$0.001M
<b>Incremental Additional Benefit Costs</b>			<b>\$0.10M</b>

Incremental Benefit Cost Savings (in \$millions):

Item	Explanation	Effective Date	Gross Cost
Parental Leave	<p>Amended Supplemental Employment Benefits payments for pregnancy/parental leave – Following ratification, the amount of the top-up for employees who take pregnancy and parental leave will increase from 75% of wages to 85% of wages (less EI benefits).</p> <p>Employees can receive the 85% top-up for up to 12 months or elect to spread the same dollar value of the top-up payments over a period of up to 18 months, so that all employees will have access to the same total amount of top-up entitlement. Currently, as a result of the 2017 change in Federal EI benefits, employees can receive the 75% top-up for the full 18-month period.</p>	Date of Ratification	(\$0.24M)

Item	Explanation	Effective Date	Gross Cost
Erectile Dysfunction Drugs	Effective the date of ratification, the Erectile Dysfunction medication will be limited to 40 tablets every 3 months based on the first paid claim, unless there is a medically supported requirement that an employee receive a greater number of tablets.  The benefit is currently unlimited.	Date of Ratification	(\$0.001M)
Orthotics and Orthopedic Shoes for dependents under 18 years of age	Effective the date of ratification, the number of Orthotics and Orthopedic Shoes for dependents 18 years of age and under is limited to 3 pairs per dependent per benefit year.  The benefit is currently unlimited.	Date of Ratification	(\$0.001M)
<b>Incremental Benefit Cost Savings</b>			<b>(\$0.24M)</b>

#### Additional Item

Item	Explanation	Effective Date	Cost
One additional Float Day	Effective the date of ratification, increased the number of Float Days from 2 to 3.	Date of Ratification	\$.11M Notional Cost within approved annual salaries (May require some incremental staffing to back-fill resources)

#### PART D - Recreation Workers Part-Time

Salaries (in \$millions):

Year	Effective Date	Wage Increase*	Gross Cost	Comparison to average 1.83% per year for other municipalities
2020	January 1	1.0% Base Pay	\$.70M	\$1.29M

2021	January 1	1.0% Base Pay	\$0.71M	\$1.31M
2022	January 1	1.0% Base Pay	\$0.72M	\$1.33M
2023	January 1	1.5% Base Pay	\$1.27M	\$1.36M
	July 1	0.25% Base Pay		
2024	January 1	1.75% Base Pay	\$1.29M	\$1.38M
<b>Total Base Cost (2020 – 2024)</b>			<b>\$4.69M</b>	<b>\$6.67M</b>

Note: Total wage increase of 6.50% (6.67% compounded) base pay increase over five years/ 5 year average of 1.3% per year

Incremental Additional Benefit Costs (in \$millions):

Item	Explanation	Effective Date	Gross Cost
Vision	Effective the date of ratification, provided an additional \$80 for one routine eye exam for every twenty-four (24) consecutive months.	Date of Ratification	\$0.001M
Dispensing Fee Cap	Effective the date of ratification, the dispensing fee cap remains at \$9.00, with the exception of the dispensing fee cap for eligible compound drugs which shall be twenty-five (\$25) per prescription.  The \$25 dispensing fee cap is the City's current practice, so there is no increase in costs.	Date of Ratification	N/A
Personal Illness & Family Emergency Leave	Effective the date ratification, provide employees with up to 2 shifts per year to attend to matters of personal illness and family emergencies.	Date of Ratification	\$0.46M
Kilometrage	Effective the date of ratification, increased kilometrage rate from \$0.52 per km to the rate established by the CRA, which currently \$0.59 for 2020.	Date of Ratification	\$0.01M
<b>Incremental Additional Benefit Costs</b>			<b>\$0.47M</b>

Incremental Benefit Cost Savings (in \$millions):

Item	Explanation	Effective Date	Gross Cost
Parental Leave	<p>Amended Supplemental Employment Benefits payments for pregnancy/parental leave – Following ratification, the amount of the top-up for employees who take pregnancy and parental leave will increase from 75% of wages to 85% of wages (less EI benefits).</p> <p>Employees can receive the 85% top-up for up to 12 months or elect to spread the same dollar value of the top-up payments over a period of up to 18 months, so that all employees will have access to the same total amount of top-up entitlement. Currently, as a result of the 2017 change in Federal EI benefits, employees can receive the 75% top-up for the full 18-month period.</p>	Date of Ratification	(\$0.02M)
<b>Incremental Benefit Cost Savings</b>			<b>(\$0.02M)</b>

**PART E - Summary of Financial Impacts**

Incremental 5 Year Summary (in \$millions):

Components	2020 - 2024
Wage Increase	\$75.63M
<b>Additional Benefit Costs</b>	\$3.40M
<b>Benefit Cost Savings</b>	(\$5.39M)
<b>Total Salary and Benefits</b>	<b>\$73.64M</b>
Cost of comparable settlements at 1.83% per year	\$107.61M
<b>Savings to Comparable settlements (at 1.83% per year)</b>	<b>(\$33.97M)</b>

**Wages & Benefits**

The overall wage costs represent a gross 6.50% increase (6.67% compounded) to base salaries over five (5) years. This represents a 5 year annual average of 1.3% per year.

## 2020 Budget Impact

The Council Approved 2020 Operating Budget includes salary and benefits provision for Local 79 employees within Non Program Expenditure Budget.

The provision in Non Program Expenditure Budget is adequate to accommodate this settlement. Subject to City Council approval this report recommends that staff will make the necessary operating budget adjustments of \$11.33 million to the City Programs with Tax Supported amount from 2020 Non-Program Expenditure Budget. Rate Supported Programs have set aside individual provisions within their own respective budgets.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

### **Conclusion:**

A summary of the settlement is included in Confidential Attachment 2.

The parties entered this round of collective bargaining with the objective of reaching a timely settlement that is fair and reasonable to our valued employees and fair to the City's residents and businesses.

The salary and benefits settlement, excluding costs associated with an additional float day, results in average annual savings of \$26.0 million over the term of the negotiated Memorandum of Settlement, when compared to the average of comparable municipal settlements of 1.83%; and an overall 5 year savings of \$130.0 million and will reflect sustainable savings for future years.

This settlement has achieved the City's bargaining objective of providing additional flexibility in service delivery, improving operational efficiency and achieving long-term cost containment and is within the financial mandate provided by the Collective Bargaining Subcommittee.