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2002 DISTRICT COUNCIL 37 MEMORANDUM OF ECONOMIC AGREEMENT

MEMORANDUM OF ECONOMIC AGREEMENT made this ___ day of _____, 2004, ("*2002 DC 37 MEA*") by and between the undersigned District Council 37, AFSCME, AFL-CIO, and its affiliated locals (the "Union"); and the City of New York (the "City") and the undersigned employers (collectively the "Employers").

W I T N E S S E T H

WHEREAS, the undersigned parties desire to enter into collective bargaining agreements, including this *2002 DC 37 MEA* and agreements successor to those terminating on January 2, 2002; June 30, 2002; and September 8, 2002 ("*Successor Separate Unit Agreements*") to cover the employees represented by the Union ("Employees");

WHEREAS, the undersigned parties intend by this *2002 DC 37 MEA* to cover all economic matters and to incorporate the terms of this *2002 DC 37 MEA* into the *Successor Separate Unit Agreements* and the Citywide Agreement dated May 19, 2000, covering the period January 1, 1995 to June 30, 2001,

NOW, THEREFORE, it is jointly agreed as follows:

Section 1. <u>Term.</u>

a. The term of each *Successor Separate Unit Agreement* shall be thirty-six (36) months from the date of termination of the applicable existing separate unit agreement.

b. The term of this *2002 DC 37 MEA* shall be from the day following the termination of the applicable predecessor separate unit agreement to the date a *Successor Separate Unit Agreement* between the union and employer becomes final except as provided in Section 12, and except for Sections 9, 10, 11, 13, 15, 16, 17 and 18 which shall be coterminous with the applicable *Successor Separate Unit Agreement*, and except for Section 7 which shall be coterminous with the 1995-2001 Citywide Agreement.

Section 2. <u>Continuation of Terms.</u>

The terms of the predecessor separate unit agreements shall be continued except as modified pursuant to this *2002 DC 37 MEA* and the *Appendices*.

Section 3. <u>Prohibition of Further Economic Demands.</u>

No Party to this agreement shall make additional economic demands during the term of the *2002 DC 37 MEA* or during the negotiations for the applicable *Successor Separate Unit Agreement*, except as provided in Sections 4(d). Any disputes hereunder shall be promptly submitted and resolved.

Section 4. Wage Increases.

A. Lump Sum Cash Payment

i. Effective upon ratification of this *2002 DC 37 MEA*, a lump sum cash payment in the amount of $1,000 shall be paid in accordance with the established eligibility guidelines contained in Appendix C.

ii. Part-time per annum, part-time per diem (including seasonal appointees), per session and hourly paid Employees and Employees whose normal work year is less than a full calendar year shall receive a pro-rata portion of the lump sum cash payment set forth in Section 4. A. i. on the basis of computations heretofore utilized by the parties for all such Employees.

iii. The lump sum cash payment provided in Section 4. A. shall be pensionable, consistent with applicable law, and shall be paid as soon as practicable upon ratification of this *2002 DC 37 MEA*.

iv. The lump sum cash payments provided for in this Section shall not become part of the Employee's basic salary rate nor be added to the Employee's basic salary for the calculation of any salary based benefits including the calculation of future collective bargaining increases.

B. General Wage Increase

a. The general wage increases, effective as indicated, shall be:

i. Effective on the first day of the thirteenth month of the applicable *Successor Separate Unit Agreement*, Employees shall receive a general increase of three percent (3%).

ii. Effective on the first day of the twenty-fifth month of the applicable *Successor Separate Unit Agreement*, Employees shall receive an additional general increase of two percent (2%).

iii. Part-time per annum, part-time per diem (including seasonal appointees), per session and hourly paid Employees and Employees whose normal work year is less than a full calendar year shall receive the increases provided in subsections 4. B. (a)(i) and 4. B. (a)(ii) on the basis of computations heretofore utilized by the parties for all such Employees.

b. The increases provided for in Section 4. B.(a) shall be calculated as follows:

i. The general increase in Section 4. B (a)(i) shall be upon the base rates (including salary or incremental salary schedules) of the applicable titles in effect on the last day of the applicable predecessor separate unit agreement;

ii. The general increase in Section 4. B (a)(ii) shall be based upon the base rates (including salary or increment salary schedules) of the applicable titles in effect on the last day of the twenty-fourth month of the applicable *Successor Separate Unit Agreement*.

iii. Notwithstanding the provisions set forth in Sections 4 B. a., the appointment rate for any Employee newly hired on or after July 1, 2004 shall be in accordance with Section 6 ("New Hires") of this *2002 DC 37 MEA*.

c. **i.** The general increases provided for in Section 4. B (a) shall be applied to the base rates, incremental salary levels and the minimum and maximum rates (including levels) if any, fixed for the applicable titles, and to "additions to gross." "Additions to gross" shall be defined to include uniform allowances, equipment allowances, transportation allowances, uniform maintenance allowance, assignment differentials, service increments, longevity differentials, longevity increments, recurring increment payments, advancement increases, assignment (level) increases, and experience, certification, educational, license, evening, or night shift differentials.

ii. Notwithstanding Section 4 (c)(i) above, the total cost of the increase set forth in 4(c)(i) as it applies to "additions to gross" shall not exceed a cost of 0.11 percent of the December 31, 2001 payroll, including spinoffs and pensions. Recurring increment payments are excluded from this provision.

d. The general increase provided for in the subsections 4. B (a) (ii) may be subject to revision or modification in the *Successor Separate Unit Agreements*, provided, however, that such revision or modification in wages or fringe benefits shall not result in any current or future cost increase or decrease as compared with the cost required to pay the increases provided for in this Section 4.

Section 5. <u>Joint Labor Management Committee on Productivity Initiatives</u>

An additional one percent (1%) shall be paid to employees subject to the identification of funding by the "Joint Labor Management Committee on Productivity Initiatives." The Committee, which shall include representatives of the Deputy Mayor for Operations, the Law Department, the Office of Labor Relations, the Office of Management and Budget, the Office of Operations and District Council 37, shall work to identify and apply measurable savings to be used to fund additional employee compensation by the development of initiatives to generate workplace savings, maximize the potential of the City workforce, and ensure the provision of essential services. The Committee procedures shall be set forth in a letter agreement, Appendix A, hereto.

Section 6. New Hires.

a. Effective upon the execution of this *2002 DC 37 MEA*, the following provisions shall apply to Employees newly hired on or after July 1, 2004:

b. During the first two (2) years of service, the "appointment rate" for a newly hired employee shall be fifteen percent (15%) less than the applicable "incumbent minimum" for said title that is in effect on the date of such appointment as set forth in the applicable *Successor Separate Unit Agreement.* The general increases provided for in subsections 4B(a)(i) and 4B(a)(ii) shall be applied to the "appointment rate."

c. Upon completion of two (2) years of service such employees shall be paid the indicated "incumbent minimum" for the applicable title that is in effect on the two (2) year anniversary of their original date of appointment as set forth in the applicable *Successor Separate Unit Agreement.*

Section 7. Citywide Agreement Modifications

The terms of the Citywide Agreement dated May 19, 2000, covering the period January 1, 1995 to June 30, 2001, shall continue in full force and effect except as modified below:

a. Article III, Section 1. a. of the *1995-2001 Citywide Agreement* shall be amended by this *2002 DC 37 MEA* by the addition of a new subsection as follows:

i. For any employees newly hired on or after July 1, 2004, during their first three (3) years of employment only, this provision shall apply to scheduled hours of work between 8:00 P.M. and 8:00 A.M.

b. Article V, Section 1. b. of the *1995-2001 Citywide Agreement* shall be amended by this *2002 DC 37 MEA* by the addition of a new subsection as follows:

The following modifications shall apply to employees newly hired on or after July 1, 2004:

Work Week	Years of Service	Monthly Accrual	Allowance
	Beginning with 17th Year	27:00 hours	324:00 hours
	Beginning with 14th Year	25:00 hours	300:00 hours
	Beginning with 13th Year	24:00 hours	288:00 hours
	Beginning with 12th Year	23:00 hours	276:00 hours
	Beginning with 11th Year	22:00 hours	264:00 hours
60	Beginning with 10th Year	21:00 hours	252:00 hours
	Beginning with 9th Year	20:00 hours	240:00 hours
	Beginning with 8th Year	19:00 hours	228:00 hours
	Beginning with 7th Year	18:00 hours	216:00 hours
	Beginning with 6th Year	17:00 hours	204:00 hours
	Beginning with 5th Year	16:00 hours	192:00 hours
	First Year	15:00 hours	180:00 hours
	Beginning with 17th Year	18:00 hours	216:00 hours
	Beginning with 14th Year	16:40 hours	200:00 hours
	Beginning with 13thYear	16:00 hours	192:00 hours
	Beginning with 12th Year	15:20 hours	184:00 hours
	Beginning with 11th Year	14:40 hours	176:00 hours
40	Beginning with 10th Year	14:00 hours	168:00 hours
	Beginning with 9th Year	13:20 hours	160:00 hours
	Beginning with 8th Year	12:40 hours	152:00 hours
	Beginning with 7th Year	12:00 hours	144:00 hours
	Beginning with 6th Year	11:20 hours	136:00 hours
	Beginning with 5th Year	10:40 hours	128:00 hours
	First Year	10:00 hours	120:00 hours
	Beginning with 17th Year	16:53 hours	202:30 hours
	Beginning with 14th Year	15:38 hours	187:30 hours
	Beginning with 13th Year	15:00 hours	180:00 hours
	Beginning with 12th Year	14:23 hours	172:30 hours
	Beginning with 11th Year	13:45 hours	165:00 hours
37 ½	Beginning with 10th Year	13:08 hours	157:30 hours
	Beginning with 9th Year	12:30 hours	150:00 hours
	Beginning with 8th Year	11:53 hours	142:30 hours
	Beginning with 7th Year	11:15 hours	135:00 hours
	Beginning with 6th Year	10:38 hours	127:30 hours
	Beginning with 5th Year	10:00 hours	120:00 hours
	First Year	9:23 hours	112:30 hours
	Beginning with 17th Year	15:45 hours	189:00 hours
	Beginning with 14th Year	14:35 hours	175:00 hours
	Beginning with 13th Year	14:00 hours	168:00 hours
	Beginning with 12th Year	13:25 hours	161:00 hours
	Beginning with 11th Year	12:50 hours	154:00 hours
35	Beginning with 10th Year	12:15 hours	147:00 hours
	Beginning with 9th Year	11:40 hours	140:00 hours
	Beginning with 8th Year	11:05 hours	133:00 hours
	Beginning with 7th Year	10:30 hours	126:00 hours
	Beginning with 6th Year	9:55 hours	119:00 hours
	Beginning with 5th Year	9:20 hours	112:00 hours
	First Year	8:45 hours	105:00 hours

c. Article V, Section 19. a. of the *1995-2001 Citywide Agreement* shall be amended by this *2002 DC 37 MEA* by the inclusion of a new subsection as follows:

a. i. For all employees newly hired on or after July 1, 2004,

Years of Service	Accrual
At the beginning of the 1st year	1 hour for 15 hours worked (154 hours maximum)
At the beginning of the 5th year	1 hour for 14 hours worked (165 hours maximum)
At the beginning of the 6th year	1 hour for 13 hours worked (176 hours maximum)
At the beginning of the 7th year	1 hour for 12 hours worked (199 hours maximum)
At the beginning of the 9th year	1 hour for 11 hours worked (210 hours maximum)

d. Article V, Section 3. b. of the *1995-2001 Citywide Agreement* shall be amended by this *2002 DC 37 MEA* by the addition of a new subsection as follows:

Except as provided below, employees shall be credited with one day of sick leave per month. Approved sick leave may be used as it accrues. This section shall not alter the provisions of any existing unit agreement which contains a more beneficial procedure.

i. For any employees newly hired on or after July 1, 2004, a maximum sick leave accrual of ten (10) days per annum for the first five (5) years of service shall apply. At the beginning of the sixth year of service, the maximum sick leave accrual shall be twelve (12) days per annum.

e. Article V, Section 19. b. of the *1995-2001 Citywide Agreement* shall be amended by this *2002 DC 37 MEA* by the inclusion of a new subsection as follows:

b. iv. Effective July 1, 2004, all employees newly hired on or after July 1, 2004 shall accrue sick leave at the rate of one (1) hour of sick leave for each 24 hours actually worked for the first five (5) years of service.

f. Article V, Section 5 of the *1995-2001 Citywide Agreement* shall be amended by this *2002 DC 37 MEA* by the addition of new subsections as follows:

a. (ii) (2) Effective July 1, 2004, employees may use three (3) days per year from their sick leave balances for the care of ill family members.

(5) (i) Effective July 1, 2004, the use of sick leave for care of ill family members shall be limited to a maximum of one-fourth (1/4) of the amount of sick leave hours accruable by an eligible employee during the current leave year or one-fourth (1/4) of the sick leave hours accruable by a full time employee in the same title during a leave year, whichever is less. Approved usage of sick leave for care of ill family members may be charged in units of one (1) hour.

g. Article V, Section 9. c. of the *1995-2001 Citywide Agreement* shall be amended by this *2002 DC 37 MEA* by the addition of a new subsection as follows:

vi. Employees newly hired on or after July 1, 2004 shall not be entitled to the floating holiday.

h. Article V, Section 17. a. of the *1995-2001 Citywide Agreement* shall be amended by this *2002 DC 37 MEA* by the addition of a new subsection as follows:

For Employees Newly Hired on or After July 1, 2004

Terminal leave with pay shall be granted prior to final separation to employees who have completed at least ten (10) years of service on the basis of one (1) day of terminal leave for each three (3) days of accumulated sick leave up to a maximum of one hundred-twenty (120) days of terminal leave. Such leave shall be computed on the basis of workdays rather than calendar days.

i. Article VI, Sections 5 and 6 of the *1995-2001 Citywide Agreement* shall be amended by this *2002 DC 37 MEA* accordingly.

Section 8. Conditions of Payment.

a. The lump sum cash payment pursuant to Section 4. A. of this *2002 DC 37 MEA* shall be payable as soon as practicable upon ratification of this *2002 DC 37 MEA*.

b. The general increase provided in Section 4 B (a)(i) shall be payable as soon as practicable upon the execution of this *2002 DC 37 MEA*.

c. If there is no unresolved dispute under Section 3, and the unit elects in writing not to pursue its rights under Section 4(d), the general increase provided in Section 4 B (a)(ii) shall be payable as soon as practicable upon the execution of the *Successor Separate Unit Agreement.*

d. If there is an unresolved dispute under Section 3 and/or the Union exercises its rights under Section 4(d), the payment provided in Section 4 B (a)(ii) shall not be made until the certification of the *Successor Separate Unit Agreement.*

Section 9. Labor Management Committee on Pension Issues

There shall be a joint Labor Management Committee on Pensions. The committee shall analyze the actual costs and additional contribution rate(s) for members of the New York City Employees' Retirement System (NYCERS) and the Board of Education Retirement System (BERS) associated with Chapter 96 of the Laws of 1995. Such analysis shall be based on, among other factors, the actual number of people who elected to participate under the provisions of said Chapter 96 of the Laws of 1995 as of September 26, 1995. The committee shall make recommendations regarding the establishment of revised additional contribution rate(s) and other

remedies it deems appropriate so as to reflect the actual cost to members of NYCERS and BERS. Regardless of the comparison of actual costs to additional contributions for members of NYCERS and BERS, there shall be no adjustment to contributions under Chapter 96 without first considering the contributions by the employer to NYCERS and BERS on behalf of all employees, and the comparison of those contributions to actual costs.

The joint Labor Management Committee on Pension Issues will discuss possible modifications to the "Official List of Physically Taxing Positions", make recommendations, and discuss the feasibility of actualizing such recommendations.

Section 10. <u>Labor Management Committees.</u>

The parties recognize that, in order to ensure continued discussion of new programs, new labor management committees shall be formed in order to investigate, discuss and consider the feasibility of such programs and to address on-going issues as they pertain to current employee benefits. Therefore, the parties agree that the following Labor Management Committees shall be established:

1. A committee to explore resources for Child Care
2. A committee on Telecommuting and alternate work schedules.

Section 11. <u>Privatization/Contracting-Out/Contracting-In.</u>

a. It is the Employer's policy to have advance discussions with the Union to review its plans for letting a particular contract which may adversely affect employees covered by this *2002 DC 37 MEA*. The Union shall be advised as early as possible, but in no case later than 90 days in advance of the contract being let, of the nature, scope, and approximate dates of the contract and the reasons therefor.

b. The Employer will provide the Union as soon as practicable with information, in sufficient detail, so that the Union may prepare a proposal designed to demonstrate the cost effectiveness of keeping the work in-house. Such information, consistent with the applicable provisions of Section 312(a) of the New York City Charter, shall include but not be limited to, applicable solicitations to vendors, winning bids, descriptions of services to be provided by vendors, cost comparison analyses, and the agency's estimated direct operating and administrative costs of contracting out the work.

c. Not less than 45 days prior to submission to the Comptroller of a recommendation for the award of the contract, the union shall have an opportunity to make a formal proposal to the employer demonstrating that it is cost effective or that it is in the best interest of the employer to continue to perform such work in house. The Employer agrees to consider such proposal before making a final determination. Such final determination shall be made in writing and submitted to the Union as soon as practicable.

d. The parties agree to set up a labor-management study committee to discuss and review processes for the contracting-in of public services. The study committee will consider:

i. the conditions under which "contracting in" should be considered and the method by which it should be determined that City services should be contracted in;

ii. the establishment of pilot projects in mutually agreed upon targeted areas to determine the feasibility of providing such services in-house; and

iii. if the parties mutually agree to the study committee's recommendations, the City will examine the feasibility of contracting-in services during the period covered by this *2002 DC 37 MEA*.

Section 12. <u>Resolution of Disputes.</u>

a. Subject to the subsequent provisions of this Section 12(b), any dispute, controversy, or claim concerning or arising out of the execution, application, interpretation or performance of any of the terms or conditions of this *2002 DC 37 MEA* shall be submitted to arbitration upon written notice therefor by any of the parties to this *2002 DC 37 MEA* to the party with whom such dispute or controversy exists. The matter submitted for arbitration shall be submitted to an arbitration panel consisting of the three impartial members of the Board of Collective Bargaining pursuant to Title 61 of the Rules of the City of New York. Any award in such arbitration proceeding shall be final and binding and shall be enforceable pursuant to Article 75 of the CPLR.

b. After incorporation of this *2002 DC 37 MEA* into an applicable *Successor Separate Unit Agreement*, any dispute, controversy or claim referred to in Section 12(a) which arises between the parties to such separate unit agreement shall be submitted in accordance with the dispute resolution provisions of such applicable *Successor Separate Unit Agreement* except that any dispute, controversy or claim arising under Section 7 shall be resolved pursuant to the Citywide or other similar applicable agreements with the Employers, and except as provided in Section 12(c) below.

c. Any dispute, controversy or claim arising under Sections 5, 9, 10, 11 and 13 shall continue to be submitted under Section 12(a) above.

d. The term of this Section 12 shall be from the date of execution of this *2002 DC 37 MEA* to the date of execution of any successor agreement(s) to this *2002 DC 37 MEA*.

Section 13. <u>Continuation of Certain Health Benefits.</u>

The parties agree that the following provisions of the 1993 Municipal Coalition Agreement shall remain in full force and effect except as otherwise modified by provisions of this *2002 DC 37 MEA* and the Appendices.

Health Care Flexible Spending Account.

a. A flexible health care spending account shall be established pursuant to Section 125 of the IRS code after July 1993. Those employees eligible for New York City health plan coverage as defined on page 32, section 4(B) of the 1992 New York City Health Summary Program Description shall be eligible to participate

in the account. Participating employees shall contribute at least 260 dollars per year up to a maximum of $5,000 per year. Said contribution minimum and maximum levels may be modified by the MLC Health Advisory Committee based on experience of the plan. Any unfunded balance may be deducted from final salary payments due an employee.

b. Expenses of the account shall include but not be limited to deductibles, co-insurance, co-payments, excess expenses beyond plan limits, physical exams and health related transportation costs for vision, dental, medical and prescription drug plans where the employee and dependents are covered. In no case will any of the above expenses include those non-deductible expenses as defined as non-deductible in IRS Publication 502.

c. An administrative fee of $4.00 per month shall be charged for participation in the program. An employee's participation in the account is irrevocable during a plan year. At the close of the plan year any excess balance in an employee's account will not be refunded.

Health Insurance.

a. Effective April 1, 1995 and thereafter, the Employer's cost for each contract for each Employee and for each retiree (under age 65) shall be equalized at the community rated basic HIP/HMO plan payment rate as approved by the State Department of Insurance on a category basis of individual or family, (*e.g.* the payment for GHI-CBP/Blue Cross family coverage shall be equal to the payment for HIP/HMO family coverage).

b. The Employers shall continue to contribute on a City employee benefits program-wide basis the additional annual amount of $35 million to maintain the health insurance stabilization reserve fund created in Section 7 of the 1984-87 Municipal Coalition Economic Agreement. Said funds shall be paid in two installments of seventeen million five hundred thousand in January and July of each year.

c. Pursuant to paragraph 7 of MLC Health Benefits Agreement, notwithstanding the above, in each of the fiscal years 2001 and 2002, the City shall not make the annual $35 million contributions to the health insurance stabilization fund.

d. In the event that there is a citywide or program-wide health insurance package which exceeds the cost of the equalization and stabilization fund described above, the parties may negotiate a reconfiguration of this package which in no event will provide for costs in excess of the total costs of this *2000 DC 37 MEA* as set forth herein. However, it is understood that no union will be treated any better or any worse than any other union participating in the citywide or program-wide Health Program with regard to increased health insurance costs.

Section 14. Retroactivity.

In the event that any payment is not paid on the date due under this *2002 DC 37 MEA*, such payment when made shall be paid retroactive to such date due.

Section 15. Approval of Agreements.

This *2002 DC 37 MEA* and the separate unit agreements are subject to approval in accordance with applicable law.

Section 16. Letter Agreements.

The executed letter agreements attached hereto are deemed to be part of this *2002 DC 37 MEA*.

Section 17. Incorporation of Certain Provisions into Other Agreements.

Section 7 shall be incorporated into the *Citywide Agreement* and all other similar agreements with the Employers or into the applicable *Separate Unit Agreement*, whichever contains the subject matter. All other provisions of this *2002 DC 37 MEA* shall be incorporated into the *Successor Separate Unit Agreements* except for Sections 9, 10, 11, 12, 13, 15, 16 (Appendix A, Appendix B, Appendix C, Appendix D, Appendix E), 17 and 18.

Section 18. Savings Clause.

In the event that any provision of this *2002 DC 37 MEA* is found to be invalid, such invalidity shall not impair the validity and enforceability of the remaining provisions of this *2002 DC 37 MEA*.

WHEREFORE, we have hereunto set our hands and seals this ____ day of

_____, 2004.

FOR THE CITY OF NEW YORK

BY: _____
JAMES F. HANLEY
Commissioner of Labor Relations

FOR DISTRICT COUNCIL 37, AFSCME, AFL-CIO

BY: _____
LILLIAN ROBERTS
Executive Director

NEW YORK CITY HEALTH & HOSPITALS CORPORATION

BY: _____
FRANK J. CIRILLO
Senior Vice President

LOCAL 372, DISTRICT COUNCIL 37, AFSCME, AFL-CIO

BY: _____
VERONICA MONTGOMERY-COSTA
President

NEW YORK CITY DEPARTMENT OF EDUCATION

BY: _____
JOEL I. KLEIN
Chancellor

CIVIL SERVICE TECHNICAL GUILD LOCAL 375, AFSCME, AFL-CIO

BY: _____
CLAUDE FORT
President

NEW YORK CITY OFF TRACK BETTING CORPORATION

BY: _____
RAYMOND CASEY
Executive Director

APPROVED AS TO FORM:

BY:

_____
PAUL T. REPHEN
Acting Corporation Counsel

SUBMITTED TO THE FINANCIAL CONTROL BOARD: _____, 2004

THE CITY OF NEW YORK
OFFICE OF LABOR RELATIONS
40 Rector Street, New York, NY 10006-1705
http://nyc.gov/html/olr

JAMES F. HANLEY
Commissioner
PAMELA S. SILVERBLATT
First Deputy Commissioner

Appendix A

April 21, 2004

Lillian Roberts
Executive Director
District Council 37, AFSCME, AFL-CIO
125 Barclay Street
New York, New York 10007

Re: 2002 District Council 37 Memorandum of Economic Agreement

Dear Ms. Roberts:

This letter is to confirm certain mutual understandings and agreements regarding the above-captioned agreement.

As set forth in Section 5 of the *2002 District Council 37 Memorandum of Economic Agreement*, (*"2002 DC 37 MEA")* the parties agree to establish the "Joint Labor Management Committee on Productivity Initiatives" ("*Committee*").

Composition of the Committee

The Committee shall comprise representatives designated by: the Deputy Mayor for Operations, the Law Department, the Office of Labor Relations, the Office of Management and Budget, the Office of Operations, and District Council 37.

Goals and Objectives

The Committee shall work to identify efficiencies in the administration and delivery of governmental services which shall in turn be utilized to provide additional compensation to employees. This agreement expresses the joint labor and management commitment to associate improved City service and performance with appropriate compensation for the workforce.

The goal of the Committee's work shall be to identify, review, recommend and develop initiatives that generate workplace savings, maximize the potential of the City workforce and ensure the provision of essential services while at the same time improving compensation for the City workforce. To that end,

the parties will seek to identify quantifiable savings while at the same time maintaining or improving City services.

The Committee shall make all reasonable efforts to issue a report or reports on or about October 1, 2004 which propose initiatives representing meaningful, quantifiable, recurring savings to the City and which generate funding to be utilized to compensate employees. Upon completion and acceptance of all committee members of the report, an additional one percent (1%) increase shall be paid to employees covered by this agreement.

The parties agree to meet and negotiate the application of any additional savings above 1% generated by the programs developed by the Committee.

Areas for Consideration

The Committee's study may encompass such matters, including, but not limited to, absence control, contracting in, workers compensation and other efficiencies.

1. Sick leave usage. The Committee will seek to design a program to examine baseline data as to sick leave usage as a benchmark for comparison. The goal will be to reduce employee sick leave usage on an ongoing basis as a productivity enhancement.

2. Contracting-in. The Committee shall identify areas wherein City services are now being outsourced with the goal of providing those services by City employees with a cost savings to the City.

3. Workers Compensation Cost Containment Task Force. The Committee shall create a special task force, requesting such assistance of cost containment experts as necessary, with the goal of developing reforms that emphasize effective treatments and speed the return to work; that explore the manner in which treatment services are provided; that set specific standards of evaluation and treatment; and that serve to root out fraudulent claims.

4. Such other areas as the Committee may mutually agree.

Implementation of Savings

The initiatives and programs developed pursuant to this Committee must be unanimously agreed upon. In the event there is a dispute as to the amount of savings generated by an initiative or the implementation of a program, or the savings generated by a program are not paid pursuant to this agreement, a party may file for final and binding arbitration pursuant to Section 12(a) of the *2002 DC 37 MEA*.

If the above accords with your understanding, kindly execute the signature line provided below.

Very truly yours,

JAMES F. HANLEY

AGREED AND ACCEPTED ON BEHALF OF
District Council 37, AFSCME, AFL-CIO

BY:_____
LILLIAN ROBERTS
Executive Director

THE CITY OF NEW YORK
OFFICE OF LABOR RELATIONS
40 Rector Street, New York, NY 10006-1705
http://nyc.gov/html/olr

JAMES F. HANLEY
Commissioner
PAMELA S. SILVERBLATT
First Deputy Commissioner

Appendix B

April 21, 2004

Lillian Roberts
Executive Director
District Council 37, AFSCME, AFL-CIO
125 Barclay Street
New York, New York 10007

Re: 2002 District Council 37 Memorandum of Economic Agreement

Dear Ms. Roberts:

This is to confirm certain mutual understandings and agreements regarding the above captioned Agreement.

1. The First Deputy Commissioner of Labor Relations may, after notification to the affected union(s), exempt certain hard to recruit titles, as defined in relevant cases by DCAS and by HHC, from the provisions of Section 6 of the *2002 DC 37 MEA*.

2. For the purposes of Section 6 of the *2002 DC 37 MEA*, employees who were in active pay status prior to the date of execution of the *2002 DC 37 MEA* who are affected by the following personnel actions after said date shall not be treated as "newly hired" employees and shall be entitled to receive the minimum incumbent salary set forth in Section 4 on the dates indicated therein.

   a. Employees who return to active pay status from an approved leave of absence.

   b. Employees in active pay status (whether full or part-time) appointed to permanent status from a civil service list or to a new title (regardless of jurisdictional class or civil service status) without a break in service of more than 31 days.

c. Employees who were laid off or terminated for economic reasons who are appointed from a recall/preferred list or who were subject to involuntary redeployment.

d. Provisional employees who were terminated due to a civil service list who are appointed from a civil service list within one year of such termination.

e. Permanent employees who resign and are reinstated within one year of such resignation.

f. Employees (regardless of jurisdictional class or civil service status) who resign and return within 31 days of such resignation.

g. A provisional employee who is appointed directly from one provisional appointment to another.

h. For circumstances that were not anticipated by the parties, the First Deputy Commissioner of Labor Relations may elect to issue, on a case-by-case basis, interpretations concerning the application of Section 6 of the *2002 DC 37 MEA*. Such interpretations shall not be subject to the dispute resolution procedures set forth in Section 12 of the *2002 DC 37 MEA*.

3. For the purposes of Section 2(a), "approved leave" is further defined to include:

a. maternity/childcare leave

b. military leave

c. unpaid time while on jury duty

d. unpaid leave for union business pursuant to Executive Order 75

e. unpaid leave pending workers' compensation determination

f. unpaid leave while on workers' compensation option 2

g. approved unpaid time off due to illness or exhaustion of paid sick leave

h. approved unpaid time off due to family illness

i. other pre-approved leaves without pay

If the above accords with your understanding, please execute the signature line provided below.

Very truly yours,

JAMES F. HANLEY

AGREED AND ACCEPTED ON BEHALF OF
District Council 37, AFSCME, AFL-CIO

BY:_____
LILLIAN ROBERTS
Executive Director

THE CITY OF NEW YORK
OFFICE OF LABOR RELATIONS
40 Rector Street, New York, NY 10006-1705
http://nyc.gov/html/olr

JAMES F. HANLEY
Commissioner
PAMELA S. SILVERBLATT
First Deputy Commissioner

Appendix C

Lump Sum Cash Payment Guidelines

April 21, 2004

Lillian Roberts
Executive Director
District Council 37, AFSCME, AFL-CIO
125 Barclay Street
New York, New York 10007

Re: 2002 District Council 37 Memorandum of Economic Agreement

Dear Ms. Roberts:

This is to confirm the understanding and agreement of the parties concerning the guidelines for receipt of the lump sum cash payment provided in Section 4. A. of the 2002 District Council 37 Memorandum of Economic Agreement.

A. Eligibility Guidelines

The following categories of Employees shall be eligible to receive a lump sum cash payment in the amount of $1,000, or a pro-rata portion thereof, in accordance with the further provisions of paragraph B, below.

i. Employees who are in active pay status between April 20, 2004 and the date of ratification of the *2002 DC 37 MEA*.

ii. Employees who worked the full period from July 1, 2002 through June 30, 2003 and who retired on or after June 30, 2003.

iii. Employees who had at least one year of service and who had been in service during the period from July 1, 2002 through June 30, 2003 and who were laid-off/terminated for economic reasons.

iv. Employees on active Military Duty pursuant to "Operation Enduring Freedom."

v. Employees who are in pay status between April 20, 2004 and the date of ratification of the *2002 DC 37 MEA*, albeit on approved leave without pay, will receive the applicable lump sum payment upon their return to work.

Note: It is understood that Employees who were terminated for cause or who resigned shall not be eligible for the lump sum cash payment.

B. Proration of Lump Sum Cash Payment

i. Full-time per annum and full-time per diem Employees shall receive a lump sum cash payment in the amount of $1,000.

ii. Part-time per annum, part-time per diem (including seasonal appointees), per session, hourly paid Employees and Employees whose normal work year is less than a full calendar year shall receive a pro-rata portion of the lump sum cash payment on the basis of computations heretofore utilized by the parties for all such Employees.

C. The lump sum cash payments shall not become part of the Employee's basic salary rate nor be added to the Employee's basic salary for the calculation of any salary based benefits including the calculation of future collective bargaining increases.

D. The lump sum cash payment shall be pensionable, consistent with applicable law, and shall be paid as soon as practicable upon ratification of the *2002 DC 37 MEA*.

E. For circumstances that were not anticipated by the parties, the First Deputy Commissioner of Labor Relations may elect to issue, on a case-by-case basis, interpretations concerning the application of Section 4. A. of the *2002 DC 37 MEA*. Such interpretations shall not be subject to the dispute resolution procedures set forth in Section 12 of the *2002 DC 37 MEA*.

If the above accords with your understanding, kindly execute the signature line provided below.

Very truly yours,

JAMES F. HANLEY

AGREED AND ACCEPTED ON BEHALF OF
District Council 37, AFSCME, AFL-CIO

BY:_____
LILLIAN ROBERTS
Executive Director

THE CITY OF NEW YORK
OFFICE OF LABOR RELATIONS
40 Rector Street, New York, NY 10006-1705
http://nyc.gov/html/olr

JAMES F. HANLEY
Commissioner
PAMELA S. SILVERBLATT
First Deputy Commissioner

Appendix D

April 21, 2004

Lillian Roberts
Executive Director
District Council 37, AFSCME, AFL-CIO
125 Barclay Street
New York, New York 10007

Re: 2002 District Council 37 Memorandum of Economic Agreement

Dear Ms. Roberts:

This is to confirm certain mutual understandings and agreements regarding the above captioned Agreement.

a. Funding was not provided to permit the application of the general increases to the 15-year longevity increments provided in various separate unit agreements. Therefore the provisions of Section 4 B (a)(i) and 4 B (a) (ii) of the *2002 DC 37 MEA* shall *not* apply to such longevity increments.

b. Notwithstanding the above, once an employee has completed the 15 years of "City" service in pay status and is eligible to receive the $800 longevity increment, the $800 shall become part of the employee's base rate for all purposes except as provided in paragraph c. below.

c. The $800 longevity increment shall not become pensionable until fifteen months after the employee begins to receive such $800 increment. Fifteen months after the employee begins to receive the $800 longevity increment, such $800 longevity increment shall

become pensionable and as part of the employee's base rate, the $800 longevity increment shall be subject to the general increases provided in Section 4B(a) of this Agreement.

If the above accords with your understanding, please execute the signature line provided below.

Very truly yours,

JAMES F. HANLEY

AGREED AND ACCEPTED ON BEHALF OF
District Council 37, AFSCME, AFL-CIO

BY:_____
LILLIAN ROBERTS
Executive Director

THE CITY OF NEW YORK
OFFICE OF LABOR RELATIONS
40 Rector Street, New York, NY 10006-1705
http://nyc.gov/html/olr

JAMES F. HANLEY
Commissioner
PAMELA S. SILVERBLATT
First Deputy Commissioner

Appendix E

April 21, 2004

Lillian Roberts
Executive Director
District Council 37, AFSCME, AFL-CIO
125 Barclay Street
New York, New York 10007

Re: 2002 District Council 37 Memorandum of Economic Agreement

Dear Ms. Roberts:

This is to confirm certain mutual understandings and agreements regarding the above captioned Agreement.

For those employees hired between July 15, 1996 through March 31, 2000, upon completion of four (4) years of active or qualified inactive service, an employee in active pay status appointed pursuant to the provisions set forth in Section 5(b) of the 1995 MCMEA shall receive a one-time lump sum payment calculated by taking the difference between the "hiring rate" received by the employee and the indicated minimum for the applicable title set forth in the applicable *Successor Separate Unit Agreement* that was in effect on the one year anniversary of the employee's original date of appointment to their title. Such one-time lump sum payment shall be equivalent to the difference between the annual salary rate the employee would have actually earned during the employee's second year of service had the higher salary rate been in effect and the annual salary rate they did earn.

"Qualified inactive service" is defined for the purposes of this agreement to include the following employees:

1. those who are on preferred or recall lists; or

2. those who are on an approved leave.

"Approved leave" is further defined to include:

a. maternity/childcare leave

b. military leave

c. unpaid time while on jury duty

d. unpaid leave for union business pursuant to Executive Order 75

e. unpaid leave pending workers' compensation determination

f. unpaid leave while on workers' compensation option 2

g. approved unpaid time off due to illness or exhaustion of paid sick leave

h. approved unpaid time off due to family illness

i. other pre-approved leaves without pay

If the above accords with your understanding, please execute the signature line provided below.

Very truly yours,

JAMES F. HANLEY

AGREED AND ACCEPTED ON BEHALF OF
District Council 37, AFSCME, AFL-CIO

BY:_____
LILLIAN ROBERTS
Executive Director

2002 DISTRICT COUNCIL 37 MEMORANDUM OF ECONOMIC AGREEMENT

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