

Bond Case Briefs

Municipal Finance Law Since 1971

Philadelphia City Workers Get Closer to a Contract, Finally.

A five-year stalemate, Mayor Nutter yesterday signed a tentative agreement for a new contract with the city's white-collar union. Nutter announced the deal last night with Fred Wright, the recently elected president of the American Federation of State, County and Municipal Employees' District Council 47. Nutter cited Wright's replacing union president Cathy Scott as a reason the negotiations moved forward.

"This agreement, as everyone knows, has been a long time in coming, and not for a moment would I suggest that it's been an easy process because it has not been," Nutter said at a news conference. "The events of the last few days and months with Mr. Wright and his leadership team quite frankly have accelerated the process."

The deal — which Wright said DC 47 would vote to ratify next week — goes until July 2017, or 18 months into the next mayor's term. The city estimates that it will cost \$122 million over the next five years, which Nutter called "a substantial challenge for our budget, but one that we believe is warranted on behalf of our employees and taxpayers."

The 2,700 members in the union's main bargaining unit have been working without a contract and without raises since July 2009. The city has been calling for savings through pension, health-care and work-rule changes, and Scott refused to negotiate changes she described as "givebacks."

Wright unseated Scott in a September election by pledging to reach a deal with the city quickly and to secure wage increases. She contested his election and forced a January rerun, which Wright won by an even greater margin.

"We wanted to get in and get a deal," Wright said yesterday. "This was a very long process, both sides have come together, they heard each other, and they came to a fair contract."

Nutter achieved several of the major changes he sought, including a new health-care-funding arrangement and a rule that prevents employees from earning overtime during weeks when they took paid sick leave and worked fewer than 40 hours.

But he made substantial compromises as well. For instance, new employees will not automatically enter into a less-costly pension plan that his administration designed. Instead, they will have the option of choosing the new plan or paying 1 percent more of their pay into the pension fund.

The deal could put pressure on the leadership of blue-collar District Council 33, the city's largest union, which has been without a contract or raises for the same period. DC 33 president Pete Matthews, whose union last week returned to the bargaining table for the first time in a year, was not available for comment. Here are the major terms of the DC 47 agreement, according to the Mayor's Office:

Wages: The deal includes \$2,000 bonuses and 3.5 percent raises to all DC 47 members. They get an additional 2.5 percent raise in July 2015 and a 3 percent raise in July 2016. Step and longevity

increases that were frozen during the impasse will be restored.

Pensions: Current employees will pay an additional 1 percent of their pay to the pension fund. New employees will have the option of enrolling in a new plan that saves the city money. If they choose not to — as members of other unions with this option have done — the new employees will pay an additional 1 percent of their pay into the fund.

Health care: The city will give the union's health fund a \$5 million cash infusion, on top of a \$2.5 million payment in December. The city also will increase its monthly contributions to the fund from \$975 per employee to \$1,100 per employee. In 2015, the union will switch to a "self-funding" model that the city says will result in substantial savings.

Furloughs: Nutter had sought the right to furlough workers during economic downturns. The agreement does not include a new provision for furloughs but eases the rules for temporary layoffs, which the administration says will give the city greater flexibility.

Negotiations with DC 33 are expected to resume later this week. The city is in arbitration with the firefighters union over the current contract period and soon will enter arbitration with the police officers union to replace a contract that expires in July.

(c)2014 the Philadelphia Daily News

By Sean Collins Walsh

BY MCCLATCHY NEWS | FEBRUARY 26, 2014