

**MEMORANDUM OF AGREEMENT BETWEEN  
CITY OF PHILADELPHIA AND DC 47 LOCAL 2187  
FEBRUARY 25, 2014**

**TERM:** July 1, 2009 – June 30, 2017

**OVERTIME:**

(a) Effective July 1, 2014, the overtime rate for all employees who are entitled to cash overtime will be based on their EP pay range and step.

(b) Effective January 1, 2015, sick time will not be counted as hours worked for purposes of determining when overtime is due on a weekly basis.

**STEP AND LONGEVITY:**

The freeze on step and longevity increment increases that was implemented in July 2009 will be lifted effective 30 days after ratification. Employees will be placed prospectively at the appropriate step had such movement been permitted between 2009 and the time the freeze is lifted, including any adjustments for promotions that occurred during that time. A joint committee shall be formed to oversee implementation and resolve disputes.

**WAGES:**

(a) All permanent full-time employees in classes represented by District Council 47 Local 2187 who are on the active payroll as of the date of ratification of this Memorandum of Agreement shall receive a \$2,000 lump sum ratification bonus.

(i) The bonus will not be added to employees' base pay rates.

(ii) The payment of the bonus will be made within 30 days after written notification to the City of the Union's ratification of the Memorandum of Agreement.

(iii) A permanent employee who is on a leave of absence without pay as of March 1, 2014 will be eligible for the lump sum ratification bonus only if he/she returns to the active payroll before September 1, 2014 and remains on the active payroll for at least 60 consecutive calendar days.

(iv) Bonuses for part-time employees shall be paid in accordance with the parties' practice from 2008.

(b) Effective 30 days after ratification, there shall be an increase of 3.5% in each step of each pay range in the DC 47 pay plan.

(c) Effective July 1, 2015, there shall be an increase of 2.5% in each step of each pay range in the DC 47 pay plan.

(d) Effective July 1, 2016, there shall be an increase of 3% in each step of each pay range in the DC 47 pay plan.

### **PENSION:**

(a) Effective January 1, 2015, the employee contribution towards the pension fund for all employees participating in Plan 87 (Plan Y) and Plan 67 (Plan J) shall increase by .5% of pay over the employee contribution otherwise in effect for the employee's plan under the pension ordinance as it currently exists, including any adjustments that occur annually to the employee contribution under Plan 87 as a result of the annual valuation report.

(b) Effective January 1, 2016, the employee contribution towards the pension fund for all employees participating in Plan 87 (Plan Y) and Plan 67 (Plan J) shall increase by an additional .5% of pay over any contribution otherwise required.

(c) Employees hired after ratification must make an irrevocable election at the time of hire to participate in Plan 10 (subject to the terms of Plan 10 as it is currently enacted for municipal employees) or in Plan 87 (Plan Y). Employees who elect to participate in Plan 87 (Plan Y) will pay an additional 1% of pay over the employee contribution otherwise in effect for Plan 87 (Plan Y), including any adjustments that occur as a result of the annual valuation report or this Memorandum of Agreement. The employee shall have the opportunity to speak with a representative of District Council 47 before making this election.

(d) Current employees will have a window of 90 days following ratification to make an irrevocable election to move into Plan 10.

### **HEALTH & WELFARE:**

(a) Effective with the first payment by the City to the DC 47 Health Fund ("health fund") which falls no less than 30 days after ratification of a new collective bargaining agreement, the City's contribution to the health fund will increase to \$1,100 per member per month. In addition, the City will make a one-time lump sum payment to the health fund of \$5 million within 30 days following ratification of the Memorandum of Agreement, which is in addition to the \$2.5 million lump sum payment made by the City to the health fund in December 2013.

(b) The parties acknowledge that the City enacted an ordinance in 2013 which provides coverage for expenses associated with sexual reassignment for transgendered City employees beginning in 2014. If the health fund incurs any expenses between the date of ratification of the Memorandum of Agreement and December 31, 2014 which are not covered by its existing insurance policies as a result of this ordinance, the City will be responsible for payment of those expenses.

(c) The health fund will move to self-insurance effective January 1, 2015 for medical benefits. Under the self-funded arrangement, the health fund shall continue to be responsible for the administration of the health fund, including the self-funded medical and prescription drug plans, as well as the insured dental plan. Effective January 1, 2015, the City shall be responsible for the payment of health claim and administrative expenses incurred in providing benefits to

employees and eligible retirees of the City of Philadelphia pursuant to this Memorandum of Agreement. The City shall not be responsible for the payment of claims or expenses related to non-City employees and non-City-eligible retirees, except that the cost of health benefits for employees of the health fund shall continue to be considered an administrative expense of the health fund.

(i) The health fund will use its best efforts to secure the best possible financial arrangements with any third-party administrator or vendor for the provision of any services provided or administered by the health fund. The health fund is expected to use competitive bidding and/or other comparable means, including aggressive negotiation with vendors, to ensure that it has achieved the best possible financial arrangements for all services.

(ii) The health fund will purchase stop loss insurance at levels appropriate for the fund's claims experience and at an attachment point acceptable to the City. The cost of such insurance shall be borne by the City when submitted for payment consistent with the procedures of paragraph (d). If more economical to do so, the health fund may purchase stop loss under the umbrella of the City's stop loss contract or through coalition pricing with the City.

(d) Commencing with the first billing for medical, drug, dental and vision benefits and other covered charges (e.g., stop loss premiums) received after January 1, 2015 from the selected providers, the health fund shall transmit the bill thus received by the most expeditious means possible to a designated City official. Unless other procedures or time limits are agreed upon by the parties, the procedures of this paragraph will apply. Within 3 business days after presentation of the bill for prescription drug claims and within 15 calendar days after presentation of the bills for other expenses provided for in this paragraph, the City shall transmit directly to the health fund by wire transfer or other agreed-upon method the entire amount necessary to pay the bill as presented in a timely and businesslike manner. The health fund shall be responsible for forwarding the money to the provider with proof of payment being made to the City.

(e) The health fund will submit to the City a projected budget for administrative expenses for the upcoming calendar year no later than November 15, 2014 and each successive year at the same time. The City will pay a proportional share of the projected administrative expenses on a monthly basis and will be entitled to a credit against expenses if the actual expenses for the year are less than the proposed budget. If the actual expenses exceed the proposed budget, the City will pay the difference at the end of the year. The City agrees that an increase in the administrative expenses of 3% or less over the previous year will be considered presumptively reasonable. Any objections to the reasonableness of the projected budget must be raised by the City within 30 days of receiving the budget. Any dispute over the reasonableness of the projected administrative costs that are not resolved by the parties within 30 days after receipt of the City's objections may be submitted by the Union for resolution through the contractual grievance and arbitration procedure. A similar procedure will be used to resolve any disputes regarding actual expenses that exceed budget.

(f) The City will pay the cost of up-front payments required by the third party administrator and other necessary vendors as a result of the transition to self-insurance. The City

will be responsible for payment of any adjustments to the advance deposit required by the third-party administrator.

(g) The City will establish an escrow account equal to 15 days of projected claims and expenses which will be subject to an escrow agreement.

(h) The health fund will maintain an aggressive wellness and disease management program for employees and spouses with financial incentives tied to employee (not spouse) participation. Terms of any changes to the existing financial incentives which will add to the expenses of the health fund may be made only with the City's agreement.

(i) The health fund may make changes to plan design, including employee contributions, or eligibility provided that the changes do not increase costs to the health fund without the agreement of the City.

(j) The health fund will credit the City, without delay, any financial amounts that are credited to the health fund throughout the year from vendors, such as stop loss reimbursements and prescription drug rebates.

(k) Effective January 1, 2015, the employee contributions to the health fund will be set so that, in the aggregate, employees are paying no less than 9% of the projected total cost of the health fund (benefits and administrative costs) for the calendar year, as determined by the actuaries selected by the City and DC 47 (method of resolving any dispute between the actuaries to be agreed to).

(i) To facilitate this, the health fund will submit its projected budget for the successive year to the City by no later than November 1 of each year beginning November 1, 2014. The projected costs shall be based on the claims and administrative expenses for the health fund for the most recent 12 month period available.

(ii) The contributions may be tiered by the health fund based on plan and coverage tier, as they currently are, but the contribution levels must be set so that the total expected contributions are no less than 9% of the total projected plan costs for that year. Thereafter, the employee contributions will be adjusted annually effective January 1<sup>st</sup> of each successive year to remain at no less than 9% of the total projected cost of the plan for that year.

(l) The health fund shall, at least each calendar quarter, as soon as reasonably possible after the end of the quarter, provide the City with periodic reports of de-identified information regarding usage and experience in such detail as is reasonably necessary for the City to audit the claims being made. This information shall be considered highly confidential and shall be provided to a designated City representative. It shall be used solely to monitor the aggregate utilization of health fund participants and their eligible dependents under the terms of this Memorandum of Agreement.

(m) The parties will discuss the impact of self-insurance on the calculation of the time allocated for retiree health benefits for retirees who have chosen to defer their five years of post-retirement health benefits.

### **CONTRACTING OUT:**

The parties agree to a pilot program to evaluate the use of contract employees in the Department of Public Health. The City and the Union will jointly draft an RFP for an independent entity who will evaluate the Department of Public Health's contracts in the area of pharmacy services.

Following the RFP, the City and the Union will choose a mutually agreeable entity to undertake the evaluation. The independent evaluation may examine the cost effectiveness, feasibility, and efficiency of the current contract arrangements and will examine the cost effectiveness, feasibility, and efficiency of civil service staff to provide services that meet the highest standards of care, based on criteria determined by the parties in conjunction with the independent evaluator, and offer alternative suggestions, if appropriate. Following receipt of the independent evaluation, the parties will create a committee to discuss the analysis and recommendations of the report. Neither party will be bound to accept any recommendation of the independent evaluator.

### **LAYOFF:**

The employee's longevity date as maintained by the Office of Human Resources Information System will be used to compute the employee's seniority credit under Civil Service Regulation 16.012 in order to automate the calculation of layoff scores.

In lieu of creating a separate mechanism for furloughs or temporary layoffs, the Union agrees to support the change to civil service regulations to allow the City to streamline the layoff process (through the change in calculation of the score agreed to above) and to change the pension ordinance to provide that a layoff of fewer than 15 consecutive days will not be considered a separation for purposes of the DROP to prevent employees who are in the DROP from experiencing a permanent separation as a result of a temporary layoff. The draft revised ordinance is attached.

### **WORKPLACE VIOLENCE PROGRAM:**

The City will contribute \$50,000 to the AFSCME DC 47 Health and Welfare Fund within 30 days of ratification to continue the Workplace Violence Prevention Program. The City will contribute \$50,000 to the AFSCME DC 47 Health and Welfare Fund for this purpose on July 1, 2014 and on July 1, 2015 and on July 1, 2016.

### **GRANT-FUNDED POSITIONS:**

During the term of this contract, the City and the Union agree to continue the pilot program in the Health Department which was initiated in the 2008 contract to promote efficient operations in grant funded projects. This program will be monitored by the Union, the Health Department, the Director of Human Resources, and the Civil Service Commission.

The parties will establish a joint committee to discuss the expansion of this pilot program to OIT and the Library.

When it is necessary to hire additional employees to perform bargaining unit work under grant funded projects, and it is anticipated that employees will work more than six (6) months but less than three (3) years (provided that if the term of the initial grant is for more than three (3) years, then this provision will extend for the term of the grant up to a maximum of five (5) years), and be terminated at the end of the grant, the City may hire such employees as limited term non-Civil Service employees. The Director of Human Resources and the Civil Service Commission will decide which positions may be included in the program, and the classification and pay rates of the positions.

Employees in the program will be subject to the following terms and conditions of employment:

- Employees will be represented by the appropriate local of District Council 47, including representation through the grievance procedure.
- Only disciplinary discharges will be subject to arbitration. No other matter will be processed through the grievance and arbitration process.
- If an employee is reinstated after arbitration, any remedy, including back pay, may not exceed the term of the grant.
- Employees will receive health medical coverage, life insurance, and pension and leave benefits as provided under the current collective bargaining agreement.
- Employees will be subject to dues deduction and/or agency fee provisions of the appropriate local.
- Notwithstanding paragraphs A (3)-(7), B and C of the No-Layoff clause of the Collective Bargaining Agreement the City shall have no obligations in connection with lay off of employees employed under this program

Employees in the program will be permitted to compete for open competitive tests. If an employee is appointed from an open competitive list immediately after having worked in a limited term non-Civil Service grant funded position, the previous employment shall be credited as continuous City service. If the appointment is to an identical position within the Health Department and the previous employment was more than 6 months, the employee will be considered to have completed the required probation of the position appointed to.

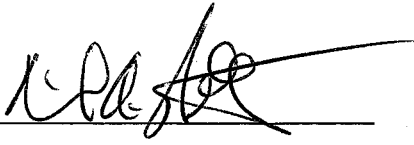
#### **RGI:**

The RGI initiative, including the provisions regarding layoffs in paragraph 6 of that section of the 1996 Memorandum of Agreement, will continue for the term of this Agreement.

#### **CONTINUITY OF BENEFITS:**

Except as modified by the agreement, all terms and conditions of the collective bargaining agreement between the City and District Council 47 Local 2187 covering the period July 1, 2008 through June 30, 2009 which do not contain specific expiration dates shall remain in full force and effect for the term of this agreement, July 1, 2009 through June 30, 2017.

FOR THE CITY:







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FOR THE UNION:





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AN ORDINANCE

Amending Section 22-310 of The Philadelphia Code, entitled "Deferred Retirement Option Plan (DROP)," by revising and clarifying requirements relating to separation from employment, under certain terms and conditions.

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Section 22-310 of The Philadelphia Code is amended to read as follows:

§ 22-310. Deferred Retirement Option Plan (DROP).

\* \* \*

(5) Benefit Requirements and Calculation.

\* \* \*

(f) Separation and Payment of DROP benefit. A DROP participant who separates from active service with the City (*including a layoff or furlough of fifteen or more consecutive days, but not including a layoff or furlough of fewer than fifteen consecutive days*) is entitled to receive the member's DROP benefit in a lump sum. In addition, upon the effective date of such separation, the member shall be retired, and becomes eligible to receive a service retirement benefit, in the monthly amount calculated in Section 22-310(5)(b)(.1) above.

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