DATE: August 20, 2013
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 13-33
Authorizing the Executive Director to Execute the Collective Bargaining Agreement between the Portland Development Commission and American Federation of State, County and Municipal Employees, Council 75, Local 3769

BOARD ACTION REQUESTED
Adopt Resolution No. 7021

ACTION DESCRIPTION
This action will authorize execution of the successor collective bargaining agreement (CBA) between the Portland Development Commission (PDC) and American Federation of State, County and Municipal Employees, Council 75, Local 3769 (AFSCME or union). The CBA sets forth the terms of employment for PDC’s represented employees and sets forth the wages and salaries for the period between August 2013 and June 2016. Attachment A describes the material changes that have been made from the current CBA. Attachment B describes the primary economic terms of the proposed CBA.

BACKGROUND AND CONTEXT
On May 1, 2007, in a vote conducted by the State of Oregon Employment Relations Board, eligible PDC employees elected to be represented by AFSCME. A successor CBA was reached and approved by the PDC Board of Commissioners (Board) through resolution no. 6899 on July 27, 2011. This CBA has been in place and expired according to its terms on June 30, 2013. Pursuant to state and federal labor laws, PDC continued to use the current CBA as the basis for its contractual relationship with its represented employees, until such time as a new CBA was reached. After more than eight months of negotiations, PDC management and the union have reached agreement on the terms of a proposed new CBA, which is being submitted to the Board for approval.

COMMUNITY AND PUBLIC BENEFIT
Both AFSCME and management have reached mutual agreement on the terms of this proposed CBA. PDC management believes that the proposed CBA preserves management rights, sets forth fair and sound terms of employment, and provides for wages, salaries, and benefits that are both fair and financially prudent.

PUBLIC PARTICIPATION AND FEEDBACK
Represented employees of AFSCME voted to ratify the proposed CBA on August 16 and 19, 2013. There was no other formal public participation.
**BUDGET AND FINANCIAL INFORMATION**

The wages, salaries, benefits, and other economic terms of this proposed CBA are consistent with PDC’s adopted budget for fiscal year (FY) 2013-14 and the anticipated revenues and budget for FY 2014-15. The salary and benefit provisions of the proposed CBA, when combined with PDC’s intent to implement similar salary and benefit packages for non-represented employees, are projected to achieve the 30 percent reduction in annual personnel services expenditures by FY 2014-15, as directed by the Board in resolution no. 7000 on April 9, 2013.

**RISK ASSESSMENT**

There are no risks associated with this proposed action, as economic impacts are already contemplated in PDC’s budget.

**ALTERNATIVE ACTIONS**

The Board could choose to not approve the proposed CBA, or request modifications, in which case PDC management and the union would recommence negotiations.

**ATTACHMENTS**

A. Summary of Primary Changes to Provisions of the Collective Bargaining Agreement

B. Summary of Primary Economic Changes to Provisions of the Collective Bargaining Agreement
## Summary of Primary Changes to Provisions of the Collective Bargaining Agreement

<table>
<thead>
<tr>
<th>NO.</th>
<th>ARTICLE</th>
<th>CHANGES/UPDATES</th>
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<tbody>
<tr>
<td>11</td>
<td>Evaluations &amp; Counseling</td>
<td>• <strong>CHANGE:</strong> Employee may request union representation at discussions, evaluations, and counseling if more than one manager and/or human resources representative is present.</td>
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<td>12</td>
<td>Discipline</td>
<td>• <strong>CHANGE:</strong> Remove automatic right to 10 days paid administrative leave while under investigation.</td>
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<td>13</td>
<td>Grievances, Complaints and Arbitration</td>
<td>• <strong>CHANGE:</strong> Expedited grievance timelines</td>
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<td>15</td>
<td>Interim Position</td>
<td>• <strong>CHANGE:</strong> Managers must give “feedback,” rather than written performance reviews, after 90 days</td>
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<tr>
<td>22</td>
<td>Bereavement Leave</td>
<td>• <strong>New Law:</strong> Legal right to up to 14 days leave (Employer may decide whether paid or unpaid).</td>
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| 24  | Promotions                                   | • **REMOVED:** Promoted employees no longer subject to Trial Service Period  
• **Added:** Promotion Plans, with performance standards. Either Manager or Employee may discontinue if not working.                                                                                       |
| 29  | Education Fund                               | **CHANGE:**  
- Max allocation per employee increased from $2,000 to $3,000 per FY, expand definition of eligible training.                                                                                              
- Amount changed from $45,000 to $45,000 first year and $30,000 second and third year of CBA.                                                                                                             |
| 31  | Compensatory Time (in lieu of overtime)      | • **CHANGE:** May not lose compensatory time, but must use compensatory time before using vacation.                                                                                                          |
| 34  | Wages & Salaries                             | **CHANGE:**  
- Effective 7/1/13 all classifications in “Schedule A” will be adjusted based on the Classification/Compensation Study                                                                                   
- Class/Compensation adjustments will be made as follows:  
  - Classifications with a midpoint greater than or less than 5% of the market weighted midpoint will be adjusted to 5%  
  - Classification within 5% of weighted market and classifications with no comparable data will be adjusted .09%  
- No employees will receive a decrease in pay; employees outside of their current ranges will be red-circled  
- Step increases 2014 and 2015  
- Cost of Living Adjustment (COLA) in 2015, 1.5%; no COLA 2013 & 2014  
- Performance Bonus: Beginning 2013, employees with annual review ratings of 4 or 5 will have a choice of |
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<td>receiving a 2% lump sum bonus or the equivalent in additional vacation hours</td>
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<td>35</td>
<td>Sick Leave</td>
<td>• <strong>CHANGE</strong>: Employees may now donate up to a max of 24 hours sick leave to employees on qualified Family Medical Leave Act (FMLA)/Oregon Family Leave Act (OFLA)</td>
</tr>
</tbody>
</table>
| 37 | Vacation Leave | • **CHANGE**: Increased annual accruals  
• **CHANGE**: Caps increase to 280 hours; 320 hours for employees with 15 or more years of service |
| 38 | Employee Benefits | • **CHANGE**: Regence BCBS plan will change to a High Deductible Health Plan (HDHP) effective 1/1/2014  
• **CHANGE**: Regence HDHP members will receive funding of the high deductible through an Health Reimbursement Account (HRA) or Health Savings Account (HSA) as follows:  
  • 2014 (funded monthly)  
    o $2300 annual for employee only coverage  
    o $5050 annual for two or more coverage  
  • 2015 Plan Year (funded monthly)  
    o $1800 annual for employee only coverage  
    o $4050 annual for two or more coverage  
  • 2016 Plan Year (funded monthly)  
    o $1500 annual for employee only coverage  
    o $3000 annual for two or more coverage  
• **CHANGE**: Bike/Walk increased to $41 per month |
| 40 | Merit Leave | • **CHANGE**: Replaces “Management Leave: Non-exempt employees now eligible” |
Summary of Primary Economic Changes to Provisions of the Collective Bargaining Agreement

“Schedule A” Pay Range Adjustments:
Effective 7/1/13 all classifications in “Schedule A” will be adjusted based on the Classification/Compensation Study as described above.

Step Increases:
- 2013-2014: none
- 2014-2015: 3.5% step increase for those rated “fully successful” or better and who
  i) are not already at the top of their pay range and ii) have been in their current position for at least 4 months.
- 2015-2016: 3.5% step increase for those rated “fully successful” or better and who
  i) are not already at the top of their pay range and ii) have been in their current position for at least 4 months.

Cost of Living Increases:
- 2013-2014: none
- 2014-2015: none
- 2015-2016: 1.5%

Performance Bonus:
Beginning 2013, employees with annual review ratings of ‘4’ or ‘5’ will have a choice of receiving a 2% lump sum bonus or the equivalent in additional vacation hours.

Benefits:
Regence BCBS plan will change to a High Deductible Health Plan (HDHP) effective 1/1/2014 with HSAs and HRAs as outlined above.

Vacation:
Increased annual accruals.