

"2011 – 2019" Uniform Superior Officers Coalition Economic Agreement ("USOCEA")

**MEMORANDUM OF ECONOMIC AGREEMENT** made this 1<sup>st</sup> day of December, 2014, ("2011 – 2019" *Uniform Superior Officers Coalition Economic Agreement*) by and between the undersigned Unions ("the Unions") and the City of New York ("the Employer");

**WITNESSETH**

**WHEREAS**, the undersigned parties desire to enter into collective bargaining agreements, including this *USOCEA* and agreements successor to existing unit agreements expiring on: March 19, 2011 (UFOA); October 9, 2011 (USCA); October 31, 2011 (LBA); March 31, 2012 (CEA and DEA); June 30, 2012 (CCA); June 30, 2011 (ADW/DWA); and July 1, 2012 (SOA), respectively, to cover the employees represented by the Unions ("Employees"); and

**WHEREAS**, the undersigned parties intend by this *USOCEA* to cover all cost-related matters and to incorporate the terms of this *USOCEA* into the Separate Unit Agreements,

**NOW, THEREFORE**, it is jointly agreed as follows:

Section 1.     Term.

The term of each Separate Unit Agreement shall be eighty-four (84) months from the expiration date of the Predecessor Separate Unit Agreements.

Section 2.     Continuation of Terms.

The cost-related terms of the Predecessor Separate Unit Agreements shall be continued except as modified pursuant to this *USOCEA*.

Section 3. Prohibition of Further Cost-Related Demands.

No party to this *USOCEA* shall make further cost-related demands during the term of this *USOCEA* or during the negotiations for the applicable Separate Unit Agreement except as provided for in Section 8.

Section 4. General Wage Increase

- a. The general increases, effective as indicated, shall be:
- (i) Effective on the first day of the 12th month of the applicable Successor Separate Unit Agreement, Employees shall receive a rate increase of 1%.
  - (ii) Effective on the first day of the 19th month of the applicable Successor Separate Unit Agreement, Employees shall receive an additional rate increase of 1%.
  - (iii) Effective on the first day of the 31st month of the applicable Successor Separate Unit Agreement, Employees shall receive an additional rate increase of 1%.
  - (iv) Effective on the first day of the 43<sup>rd</sup> month of the applicable Successor Separate Unit Agreement, Employees shall receive an additional rate increase of 1%.
  - (v) Effective on the first day of the 55<sup>th</sup> month of the applicable Successor Separate Unit Agreement, Employees shall receive an additional rate increase of 1.5%.
  - (vi) Effective on the first day of the 67<sup>th</sup> month of the applicable Successor Separate Unit Agreement, Employees shall receive an additional rate increase of 2.5%.
  - (vii) Effective on the first day of the 79<sup>th</sup> month of the applicable Successor Separate Unit Agreement, Employees shall receive an additional rate increase of 3%.

- b. The increases provided for in this Section 4 a. shall be calculated as follows:
- (i) the increases in Section 4a. (i) shall be based upon the base rates (which shall include salary or incremental schedules) of the applicable titles in effect on the last day of the 11th month of the applicable Successor Separate Unit Agreement.
  - (ii) the increases in Section 4a. (ii) shall be based upon the base rates (which shall include salary or incremental schedules) of the applicable titles in effect on the last day of the 18<sup>th</sup> month of the applicable Successor Separate Unit Agreement.
  - (iii) the increases in Section 4a. (iii) shall be based upon the base rates (which shall include salary or incremental schedules) of the applicable titles in effect on the last day of the 30<sup>th</sup> month of the applicable Successor Separate Unit Agreement.
  - (iv) the increases in Section 4a. (iv) shall be based upon the base rates (which shall include salary or incremental schedules) of the applicable titles in effect on the last day of the 42<sup>nd</sup> month of the applicable Successor Separate Unit Agreement.
  - (v) the increases in Section 4a. (v) shall be based upon the base rates (which shall include salary or incremental schedules) of the applicable titles in effect on the last day of the 54<sup>th</sup> month of the applicable Successor Separate Unit Agreement.
  - (vi) the increases in Section 4a. (vi) shall be based upon the base rates (which shall include salary or incremental schedules) of the applicable titles in effect on the last day of the 66<sup>th</sup> month of the applicable Successor Separate Unit Agreement.
  - (vii) the increases in Section 4a. (vii) shall be based upon the base rates (which shall include salary or incremental schedules) of the applicable titles in effect on the last day of the 78<sup>th</sup> month of the applicable Successor Separate Unit Agreement.



- c. The increases provided in this Section 4 shall be applied to the base rates and salary grades fixed for the applicable titles, except as may be modified in the separate Unit Agreement (other than basic maximum salary).

#### Section 5. Health Savings and Welfare Fund Contributions

The May 5, 2014 Letter Agreement regarding health savings and welfare fund contributions between the City of New York and the Municipal Labor Committee, will be attached as an Appendix, and is deemed part of this *USOCEA* and incorporated in each Successor Separate Unit Agreement.

#### Section 6. Terminal Leave Lump Sum Payment

A.

The resolution of the Board of Estimate of the City of New York dated June 27, 1957, states the following:

*Members of the Force shall be granted terminal leave with pay upon retirement not to exceed one month for every ten years of service, pro-rated for a fractional part thereof, provided, however, that no terminal leave shall be granted to an employee against whom departmental disciplinary charges are pending.*

Effective 2/1/15, the parties agree that such employees as described in the Resolution above and are entitled to payment and who are members of this coalition shall now be entitled to voluntarily choose the option of a one-time lump sum payment as their terminal leave benefit in lieu of their current terminal leave benefit prior to retirement. Such payments shall be made as soon as practicable after retirement.

In the event that a change in legislation is needed to effectuate this agreement, the parties agree to jointly support the necessary legislation to implement the terms of this Section 6.

B.

In addition, the unions agree to fund 0.36% of recurring rate savings. The source of these saving shall be agreed to by the parties by 12/31/14 and shall be achieved from the following options: annuity fund/401a contributions, welfare fund, uniform allowance, an additional workday or a delay in wage increases. In the event the unit does not provide the required 0.36%, the terminal leave lump sum payment specified in Section 6 A. shall not be implemented for that unit and the parties will meet to agree to a benefit that is equal to the amount funded.

#### Section 7. Retiree Health Sub-Committee

There shall be a sub-committee with representatives of both the City and the Uniformed Superior Officers Coalition ("*USOC*") to meet and discuss issues of health coverage for employees who retire prior to the age of 55 and have health benefits coverage from another employer. The parties shall share in the savings generated. The parties may agree to expand their discussion of issues regarding retiree health subject to mutual agreement.

#### Section 8. Committee for Unit Specific Proposals

- A. Each member of the *USOC* shall have a committee to discuss their own individual unit's non-economic issues (both employer and employee). Such non-economic issues shall be cost-neutral.
- B. The parties may mutually agree to additional savings needed to fund any additional economic proposals.
- C. The committees shall have 4 months to come to any agreements and at the end of the 4 month period, the discussions will end and any mutually agreed upon terms shall be codified in a Letter Agreement. The parties may mutually agree to extend the 4 month time period.

#### Section 9. Conditions of Payment.

The general wage increases provided for in Section 4 of the *USOCEA* shall be payable as soon as practicable upon execution of the *USOCEA* and after the effective date of such increases.

#### Section 10. Approval of Agreements.

This *USOCEA* and the separate unit agreements are subject to approval in accordance with applicable law.

#### Section 11. Incorporation of Certain Provisions into Other Agreements.

All applicable provisions of this *USOCEA* shall be incorporated into the *Successor Separate Unit Agreements*.

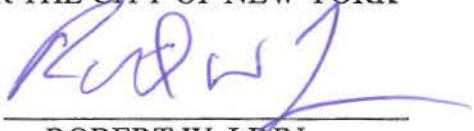
Section 12. Savings Clause.

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


The failure of any Union to ratify this *USOCEA*, or the successor Unit Agreement, whichever is placed for ratification, shall not impair the validity and enforceability of this *USOCEA* with regard to any Union ratifying.

**WHEREFORE**, we have hereunto set our hands and seals this 9<sup>th</sup> day of December 2014.

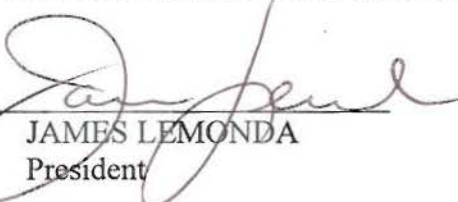
FOR THE CITY OF NEW YORK

By:   
ROBERT W. LINN  
Commissioner of Labor Relations


FOR THE CAPTAINS ENDOWMENT ASSOCIATION

By:   
ROY T. RICHTER  
President

FOR THE UNIFORMED FIRE OFFICERS ASSOCIATION

By:   
JAMES LEMONDA  
President

FOR THE DETECTIVES ENDOWMENT ASSOCIATION

By:   
MICHAEL J. PALLADINO  
President



FOR THE SANITATION OFFICERS ASSOCIATION

By: Joseph Mannion  
JOSEPH MANNION  
President

FOR THE LIEUTENANTS BENEVOLENT ASSOCIATION

By: [Signature]  
LOUIS TURCO  
President

FOR THE CORRECTION CAPTAINS ASSOCIATION

By: Patrick Ferraiuolo  
PATRICK FERRAIUOLO  
President

FOR THE ASSISTANT DEPUTY WARDENS/  
DEPUTY WARDENS ASSOCIATION

By: [Signature]  
SIDNEY SCHWARTZBAUM  
President

FOR THE UNIFORMED SANITATION CHIEFS ASSOCIATION

By: Russ Taormina  
RUSS TAORMINA  
President



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

**ROBERT W. LINN**  
*Commissioner*

May 5, 2014

Harry Nespoli  
Chair, Municipal Labor Committee  
125 Barclay Street  
New York, NY 10007

Dear Mr. Nespoli:

This is to confirm the parties' mutual understanding concerning the following issues:

1. Unless otherwise agreed to by the parties, the Welfare Fund contribution will remain constant for the length of the successor unit agreements, including the \$65 funded from the Stabilization Fund pursuant to the 2005 Health Benefits Agreement between the City of New York and the Municipal Labor Committee.
2. Effective July 1, 2014, the Stabilization Fund shall convey \$1 Billion to the City of New York to be used to support wage increases and other economic items for the current round of collective bargaining (for the period up to and including fiscal year 2018). Up to an additional total amount of \$150 million will be available over the four year period from the Stabilization Fund for the welfare funds, the allocation of which shall be determined by the parties. Thereafter, \$ 60 million per year will be available from the Stabilization Fund for the welfare funds, the allocation of which shall be determined by the parties.
3. If the parties decide to engage in a centralized purchase of Prescription Drugs, and savings and efficiencies are identified therefrom, there shall not be any reduction in welfare fund contributions.
4. There shall be a joint committee formed that will engage in a process to select an independent healthcare actuary, and any other mutually agreed upon additional outside expertise, to develop an accounting system to measure and calculate savings.



5. The MLC agrees to generate cumulative healthcare savings of \$3.4 billion over the course of Fiscal Years 2015 through 2018, said savings to be exclusive of the monies referenced in Paragraph 2 above and generated in the individual fiscal years as follows: (i) \$400 million in Fiscal Year 2015; (ii) \$700 million in Fiscal Year 2016; (iii) \$1 billion in Fiscal Year 2017; (iv) \$1.3 billion in Fiscal Year 2018; and (v) for every fiscal year thereafter, the savings on a citywide basis in health care costs shall continue on a recurring basis. At the conclusion of Fiscal Year 2018, the parties shall calculate the savings realized during the prior four-year period. In the event that the MLC has generated more than \$3.4 billion in cumulative healthcare savings during the four-year period, as determined by the jointly selected healthcare actuary, up to the first \$365 million of such additional savings shall be credited proportionately to each union as a one-time lump sum pensionable bonus payment for its members. Should the union desire to use these funds for other purposes, the parties shall negotiate in good faith to attempt to agree on an appropriate alternative use. Any additional savings generated for the four-year period beyond the first \$365 million will be shared equally with the City and the MLC for the same purposes and subject to the same procedure as the first \$365 million. Additional savings beyond \$1.3 billion in FY 2018 that carry over into FY 2019 shall be subject to negotiations between the parties.

6. The following initiatives are among those that the MLC and the City could consider in their joint efforts to meet the aforementioned annual and four-year cumulative savings figures: minimum premium, self-insurance, dependent eligibility verification audits, the capping of the HIP HMO rate, the capping of the Senior Care rate, the equalization formula, marketing plans, Medicare Advantage, and the more effective delivery of health care.

7. Dispute Resolution

- a. In the event of any dispute under this agreement, the parties shall meet and confer in an attempt to resolve the dispute. If the parties cannot resolve the dispute, such dispute shall be referred to Arbitrator Martin F. Scheinman for resolution.
- b. Such dispute shall be resolved within 90 days.
- c. The arbitrator shall have the authority to impose interim relief that is consistent with the parties' intent.
- d. The arbitrator shall have the authority to meet with the parties at such times as the arbitrator determines is appropriate to enforce the terms of this agreement.
- e. If the parties are unable to agree on the independent health care actuary described above, the arbitrator shall select the impartial health care actuary to be retained by the parties.
- f. The parties shall share the costs for the arbitrator and the actuary the arbitrator selects.

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

Sincerely,

A handwritten signature in dark ink, appearing to read "R. W. Linn", written over a horizontal line.

Robert W. Linn  
Commissioner

Agreed and Accepted on behalf of the Municipal Labor Committee

BY:   
Harry Nespoli, Chair