

**TENTATIVE AGREEMENT**

**CITY OF ROYAL OAK**

**AND**

**DEPARTMENT HEAD & DEPUTY  
DEPARTMENT HEADS ASSOCIATION**

**July 15, 2008**

# TENTATIVE AGREEMENT

## CITY OF ROYAL OAK AND DEPARTMENT HEAD & DEPUTY DEPARTMENT HEADS ASSOCIATION

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1. Duration: July 1, 2006 through June 30, 2011 – (5 years).
  
2. Section 7.0 – Recognition – Employees Covered:  
  
Add: Controller to the list per Letter of Agreement.
  
3. Section 33.0 – Insurance:
  - A: Section 33.1 – Add to end of first sentence of paragraph:  
  
“if available from the Carrier.”
  
  - B. Section 33.2(a) – Change to read:
    - I. i. Health Insurance for existing employees who are not in an HMO will be Community Blue Option II or equivalent with a \$10.00 generic drug card and a \$20.00 brand drug card. Effective January 1, 2008 and thereafter, the City may put into effect a formulary drug card with a \$10.00 generic/\$20.00 and \$30.00 brand drug co-payment.
  
    - ii. For employees in an HMO, the drug card above will apply. There will be two designated HMOs by the City. Those are HAP (two plans) and BCN. Individuals who are presently in an HMO and were hired prior to July 1, 2008 will be provided with an option to be in Community Blue II. That election must occur within a thirty (30) day open enrollment period

immediately after ratification of the collective bargaining agreement. Should they choose not to enroll in Community Blue II, they will remain in the HMO. Thereafter, individuals who are in an HMO and were hired prior to July 1, 2008, may elect during an open enrollment period to have Community Blue – II at no cost to the member.

- iii. Mandatory mail-in for maintenance drugs MOPD 2.
- iv. The City is authorized to utilize self insurance, wrap plans and/or consolidating carriers as long as equivalent benefits are provided.
- v. Health Care Options: - last line shall read: Employees hired on or after 7-1-2008 shall make payroll contributions to cover 10% of the cost of health care premiums.

## II. Health Insurance at Retirement

- i. Effective January 22, 2008, to be eligible for retiree healthcare insurance, an individual must be age 55 with at least 20 years of service or age 50 with at least 25 years of service with the City. Any years of service purchased by the member for pension purposes under the contract will count toward eligibility under this provision. Any years of service purchased by the member under the Retirement Ordinance at the actuarial rate will not count towards eligibility under this provision.

Effective January 1, 2008, fifteen (15) years of service is required for retiree healthcare insurance at age 60 (regular retirement) for current employees hired prior to date of ratification.

- ii. The City will pay for the retiree, spouse and eligible dependants at the time of retirement only for employees hired before date of ratification.
  - iii. There is no City-paid Family Continuation Coverage at retirement which is the present status quo.
- III. The City may self insure or use a wrap plan on any of these policies. The City may also convert to 1 HMO.

4. Health Insurance at Retirement

Hired before date of July 1, 2008 only:

The offered plan at retirement will be Community Blue II, or its equivalent, with the drug card noted above. The City may afford retirees available equivalent options at its discretion.

5. Section 42.0 – Wage Adjustment:

Effective July 1, 2006	0%
Effective July 1, 2007	2.5% retroactive
Effective July 1, 2008	3.0% retroactive
Effective July 1, 2009	2.5%
Effective July 1, 2010	Wage Reopener

6. Family Medical Leave Act (FMLA) Leave:

Eligible unit employees will be accorded family and medical leave in accordance with the provisions of the Family Medical Leave Act of 1993, as amended. At the Employer's option sick, vacation and compensatory banks may be used prior to FMLA leave. In no event, however, will an Employee be required to reduce their vacation banks to less than forty (40) hours.

7. NEW HIRES -

A. ESTABLISH AN EMPLOYEE HEALTH RETIREMENT SAVINGS ACCOUNT FOR INDIVIDUALS HIRED BY THE CITY AFTER JULY 1, 2008.

All present insurance benefits for retirement will be eliminated for new hires.

A Health Retirement Savings Account is a program that allows employers to contribute monies on a tax free basis to accounts established by employees. It is designed to replace all retiree insurances for employees newly hired after date of ratification.

These accounts may be used by the employee, their spouse, or qualified dependents to help offset the cost of health care after the employee retires or separates from service.

The employee does not pay taxes on the contributions, investment earnings, or distributions for medical reimbursements.

The City at its sole discretion can determine which plan will be provided and the same plan will be provided to all non-union employees.

After death, any remaining account balance may be used by the employee's surviving spouse or surviving dependents for the reimbursement of qualified medical expenses.

Vesting will be seven (7) years under this plan.

The City will contribute one percent (1%) of base salary for each eligible member.

B. Vacation Time for new hires will be as follows:

1 to 5 years	10 days
6 to 14 years	15 days
15 years or more	20days

C. Sick Time

All new employees will have nine (9) sick days.

D. Longevity will be eliminated for new hires.

E. Article X – Personal Leave Days

Will be reduced to two (2) per year for new hires, which will be received after one (1) full year of service. Will be increased to four (4) days after five (5) years of service.

F. Article 38.0 - Pensions:

i. A Defined Contribution Plan will be established for all new hires as of date of ratification which will either be through MERS or ICMA or another carrier at the City's sole discretion. The contribution rate will be 7% for the Employer and 5% for the Employees.

Vesting will be five (5) years under this plan.

ii. Section 38.3 – Remove expiration dates.

## 8. **18.0 - OTHER EMPLOYMENT**

18.1 Employees of the City may take part-time jobs; provided, there is no conflict of working hours and no impairment of the employee's efficiency in his/her work or conflict with the interest of the City. Employees of the City may not engage in outside activities while on duty, nor may city property be used for any but City business. Employees must notify the City Manager prior to engaging in outside employment to avoid the possibility of conflict of interest. The City may deny the employee permission to engage in the outside employment if the employment poses a potential conflict of interest.

## 9. **Me-Too Provision -**

Add a Me-too Provision which states as follows:

“That should the City of Royal Oak grant members of AFSCME Local 2396 an across the board annual wage increase for all members of the bargaining unit above the wage increases contained

through June 30, 2010 members of this bargaining unit will be provided the same across the board wage increases. This will not apply in the wage reopener year.

10. The City may switch to the MERS pension system at its discretion. Prior notification will be provided to the bargaining unit. Such conversion will not result in the loss of benefits to members of the bargaining unit.

CITY OF ROYAL OAK

*James B. Collins* *8-19-08*  
BY: Mayor DATE

*Mary Ellen Gaver* *8/19/08*  
BY: City Clerk DATE

DEPARTMENT HEADS & DEPUTY  
DEPARTMENT HEADS ASS'N

*[Signature]* *8/19/08*  
BY: DATE

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BY: DATE