

(This packet was printed on recycled paper.)

Public notice was given to *The Register-Guard* for publication on November 19, 1996.

**LANE TRANSIT DISTRICT
SPECIAL BOARD MEETING/WORK SESSION**

**November 20, 1996
5:00 p.m.**

**LTD BOARD ROOM
3500 E. 17th Avenue, Eugene
(off Glenwood Blvd.)**

No public testimony will be heard at this meeting.

A G E N D A

Page No.

I. ROLL CALL

Bailey _____ Bennett _____ Hocken _____ Kleger _____
Montgomery _____ Murphy _____ Saydack _____

II. CALL TO ORDER

III. WORK SESSION ON LABOR NEGOTIATIONS

2

EXECUTIVE (NON-PUBLIC) SESSION PURSUANT TO ORS
192.660(1)(d), to conduct deliberations with persons designated by the
governing body to carry on labor negotiations

IV. ADJOURNMENT

Alternative formats of printed material (Braille, cassette tapes, or large print) are available upon request. A sign language interpreter will be made available with 48 hours' notice. The facility used for this meeting is wheelchair accessible. For more information, please call 741-6100 (voice) or 687-5552 (TTY, for persons with hearing impairments).

Response to Inquiries Developed During the November 1996 Board Workshop

During the Board Workshop conducted on November 2 and 3, there was a preliminary discussion regarding the District's relationship with ATU, Local 757. The following are questions (in bold) that were expressed by some of the members of LTD's Board of Directors along with responses prepared by the Finance Department and the Human Resources Department:

Q. What is the hypothetical result of applying the settlement parameters of the recently negotiated labor contract obtained between ATU and Salem Transit at LTD?

A. In preparing a response to this question, the potential impact of the components of the recent Salem contract settlement were considered:

- Implementation of a five-year contract running from July 1, 1997, to June 30, 2002.
- Increases in the wage schedule as follows:

07/01/97	2.0%
01/01/98	2.0%
07/01/98	1.5%
01/01/99	2.0%
07/01/99	1.5%
01/01/00	2.0%
07/01/00	1.5%
01/01/01	2.0%
07/01/01	1.5%
01/01/02	2.0%

- Add longevity steps to wage schedule as follows:
 - 01/01/00 - \$0.20 for employees with 10 or more years of service
 - 07/01/00 - \$0.20 for employees with 15 or more years of service
 - 07/01/01 - \$0.20 for employees with 20 or more years of service
- Maintain health, dental, and vision insurance that are fully-paid by the District. For the term of the contract, assume a 6 percent growth rate in the cost of such insurance.
- Increase retirement contribution as follows:

07/01/97	6% of wage
01/01/98	8% of wage
01/01/99	9% of wage
01/01/00	10% of wage

Note: The “Salem settlement” also reduces the retirement age from 62 to 55 for “full retirement.” However, this cost will presumably be addressed by the pension trust and underwritten by the increased contribution as provided above.

- For comparison purposes, a “static cost” was computed, assuming no changes in the total number of employees during the period of the contract.

The answer to the hypothetical as presented herein is as follows:

Lane Transit District

Projected Cost of the Salem Settlement

	<u>FY 1996-1997</u>	<u>FY 1997-1998</u>	<u>FY 1998-1999</u>	<u>FY 1999-2000</u>	<u>FY 2000-2001</u>	<u>FY 2001-2002</u>
Wages	6,957,740	7,318,039	7,670,906	8,006,691	8,369,970	8,696,836
Insurance and othe	1,080,710	1,145,554	1,214,286	1,287,144	1,364,371	1,446,236
Retirement benefit	337,860	451,822	574,553	670,661	738,078	767,304
Total compensator	8,376,310	8,915,415	9,459,745	9,964,496	10,472,418	10,910,376

	<u>FY 1996-1997</u>	<u>FY 1997-1998</u>	<u>FY 1998-1999</u>	<u>FY 1999-2000</u>	<u>FY 2000-2001</u>	<u>FY 2001-2002</u>
Wages	-	360,299	352,867	335,785	363,279	326,867
Insurance and othe	-	64,844	68,732	72,858	77,227	81,865
Retirement benefit	-	113,962	122,731	96,108	67,416	29,226
Total compensator	-	539,105	544,330	504,751	507,922	437,958

See also Attachments A and B.

Q. What is the potential impact of the organized labor’s’ support of projects such as the BRT?

- A. Given its longevity in the transit industry, ATU should be considered a major player in the transit projects such as the BRT.¹ It is reasonable to expect that ATU has a measure of political influence with the Clinton Administration on the national level as well as an ability to gain an audience on transit issues in Oregon with the Kitzhauber Administration. ATU can serve as a well informed and interested ally on such projects. However, ATU could also become a well informed counter-advocate if it chose to do so.

ATU’s support of LTD’s projects should assist in building a community consensus. However, if ATU challenged an LTD project, it is reasonable to expect that building such a community consensus would be much more difficult. It may even be impossible for LTD to secure support from certain local political action groups or community leaders.

It is unlikely that ATU’s support of a project such as the BRT would be granted without an expectation of a quid pro quo. Labor organizations

¹ ATU was initially organized in 1892.

seek the “bargained trade” in almost all endeavors. ATU understands that it has something of value to offer in terms of knowledge, political influence, and its credibility with certain interest groups. Further, ATU also understands that its challenge to any such project would have a chilling effect on the likelihood of the projects’ success. However, this “value” would be considered a commodity for “trade” and probably would not be given for “free.” In return for its support of such projects, ATU would probably seek the following:

- An improved labor-management environment.
- What it considers to be a “pattern contract” for its bargaining unit at LTD.
- An improvement in status in the eyes of LTD’s Board of Directors and managers.

Q. What potential costs might LTD have to incur for “labor peace?” What kinds of things would LTD be required to do over an extended period of time?

A. It is reasonable to expect that the “Salem Settlement” may have established the “price point” for “labor peace” in the shorter term. This property is geographically proximate, it is smaller and it has an “inferior” tax base. Further, it would likely be very difficult for ATU to convince the members of the LTD Bargaining Unit to accept terms which are not easily understood as comparable to that which was realized by union members in Salem.

The “costs” for long term “labor peace” could include expectations by the Local that the District would concede to some of the following:

- Fully paid time off for the Local Executive Board Officer representing the LTD bargaining unit.
- No rollbacks in contract negotiations.
- No contracting out of LTD services.
- No challenge to any attempt by ATU to accrete other LTD employees into the bargaining unit.
- Use of union contractors in LTD projects.
- A guaranteed, fixed compensation ratio between non-bargaining unit positions and positions in the bargaining unit.

Q. What is the possibility of securing a five year labor contract with ATU?

A. There are indications that ATU would be agreeable to negotiating a five year labor contract with the District. Consider the following:

- ATU recently completed a five-year agreement with Salem Transit.
- The ATU Executive Board Officer representing the LTD bargaining unit has mentioned the desirability of “getting a contract that will take us into the next century.”
- ATU’s national leadership appears to be promoting a period of “labor peace,” while Congress is controlled by those it considers to be “unfriendly” to transit issues. Part of ATU’s strategy may be to minimize the number of opportunities, such as contract negotiations, for disunity in the transit industry.

However, it is reasonable to expect that ATU’s perspective will be that the recent contract settlement in Salem established a “price point” for a five-year contract. It is unlikely that ATU would easily agree to another five-year labor contract that did not reflect the key economic factors of the Salem contract.

Q. What is the comparative labor market costs between localities in the region?

A. Reliable, comparative data showing the differences between locality-based labor markets may not be available. However, data recently prepared by Brad Angle, Regional Economist for the Oregon Employment Department indicates the following:

- Non-manufacturing employment in Lane County has risen sharply in the past five years. Non-manufacturing employment has increased from approximately 96,000 in 1991 to approximately 110,000 in 1995. See Attachment C.
- Concomitantly, unemployment indicators have fallen to their lowest levels in, at least, twelve years. Lane County’s jobless rate in 1995 was under 5 percent. See Attachment D.
- The annual average wage (AAW) for Lane County is lower than the state’s AAW and Oregon’s AAW is lower than the national AAW. The Lane County AAW in 1995 was just over \$23,000. See Attachment E.
- Average wage increases in Lane County between 1994 and 1995 varied from sector to sector. Retail trade employees realized an average wage increase of 0.7 percent while service employees experienced an average gain of 5.2 percent. Government employees in Lane County realized an average wage increase of 2.8 percent. The CPI increase for this period was 2.9 percent. See Attachment F.
- A projection of a “work force imbalance” shows the greatest potential disparity developing in those jobs requiring only completion of high school and some on-the-job training. This would be the labor pool from which LTD would, most likely, recruit for the positions of bus operator, general service worker, cleaner, and customer service representative. See Attachment G.

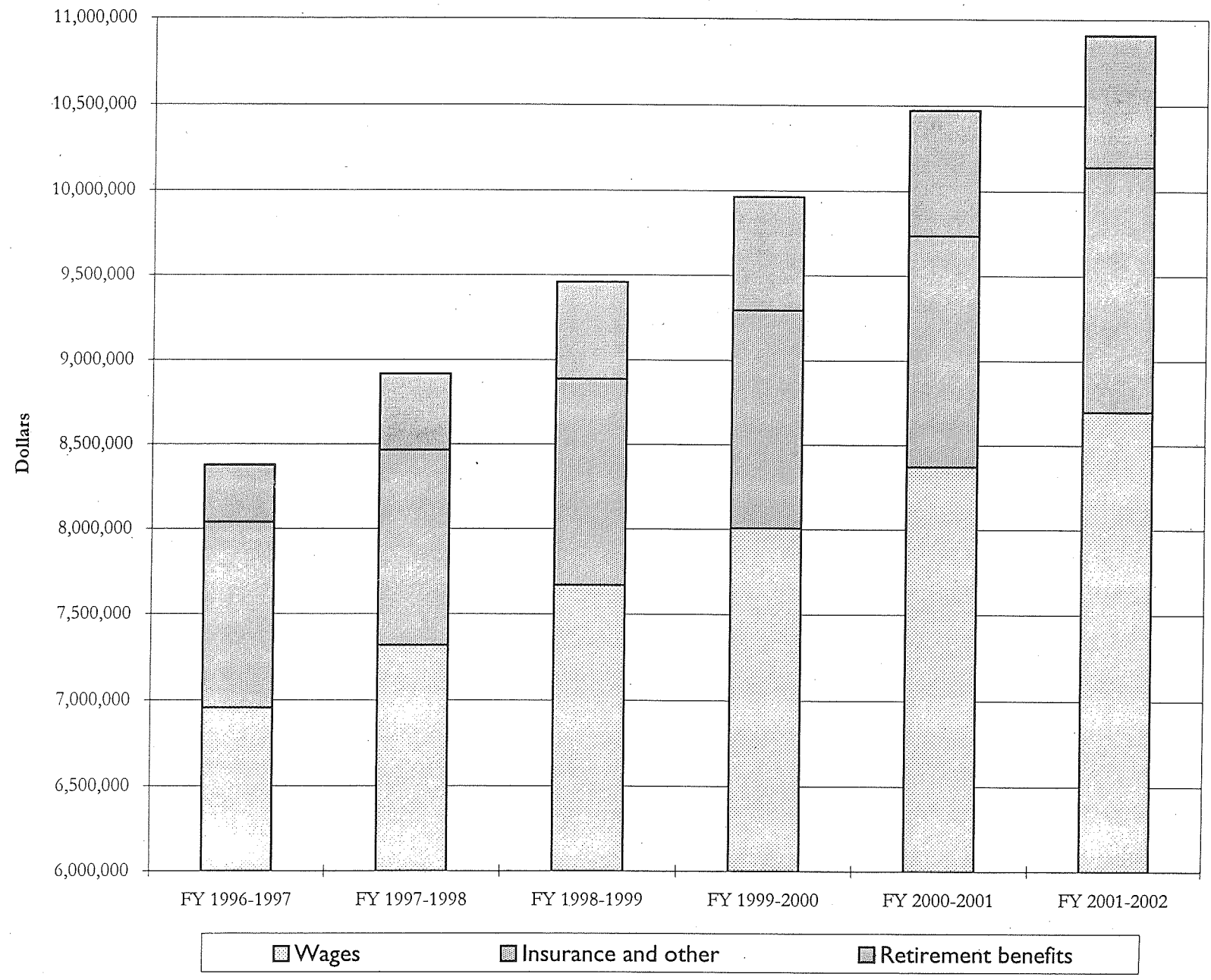
Q. What do other ATU contracts look like in the region?

A. The Human Resources Staff has obtained current wage data from the following transit properties:

- C-Tran (Vancouver)
- LTD
- Pierce (Tacoma)
- RVTD (Medford)
- Salem Transit
- Spokane Transit
- Tri-Med (Portland)
- Valley Transit (Walla Walla)

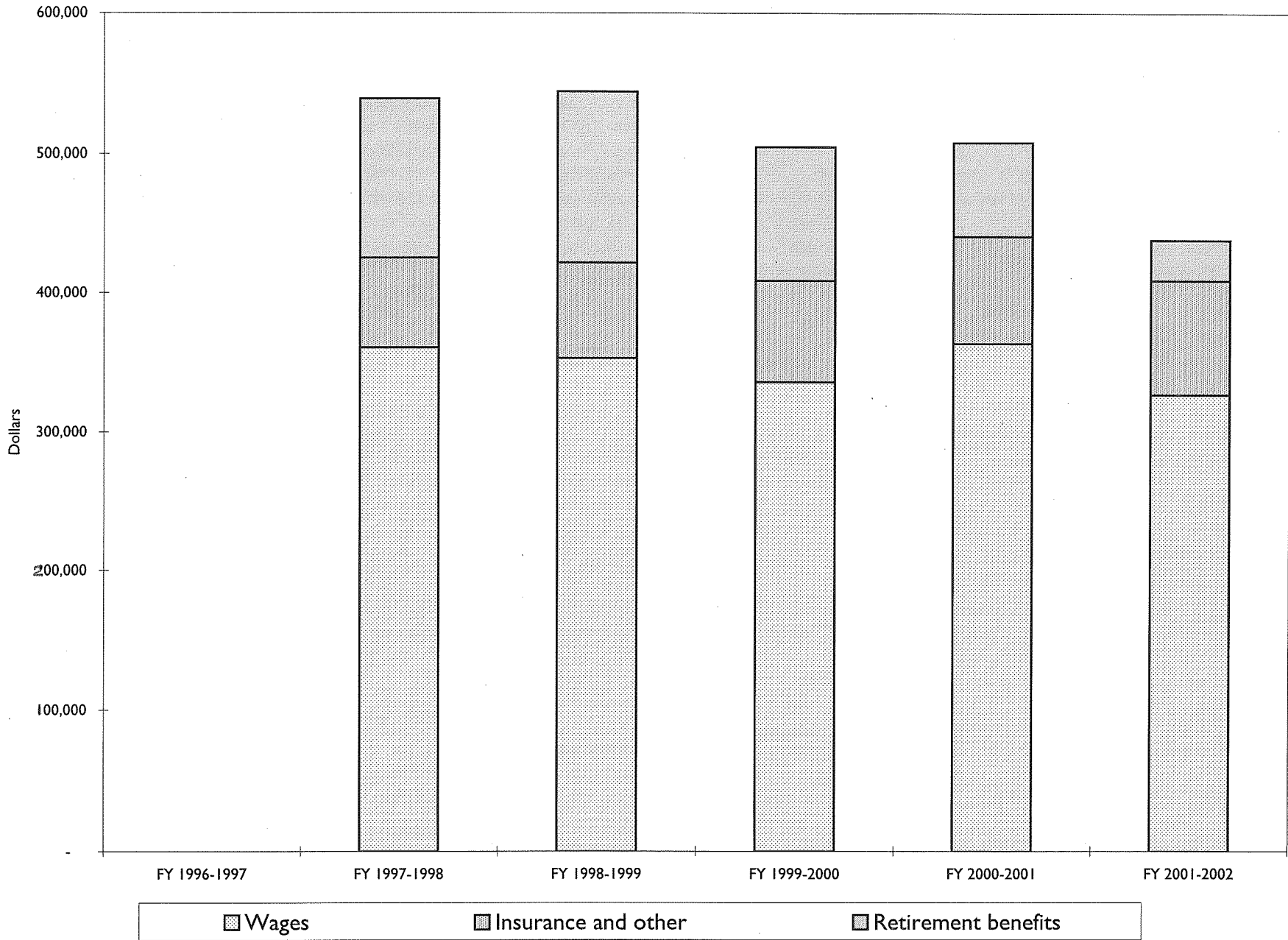
The comparison wage data is located on Attachments H and I.

Lane Transit District
 Projected Cost of "Salem Settlement"



Attachment A

Lane Transit District
 Incremental Projected Cost of the "Salem Settlement"

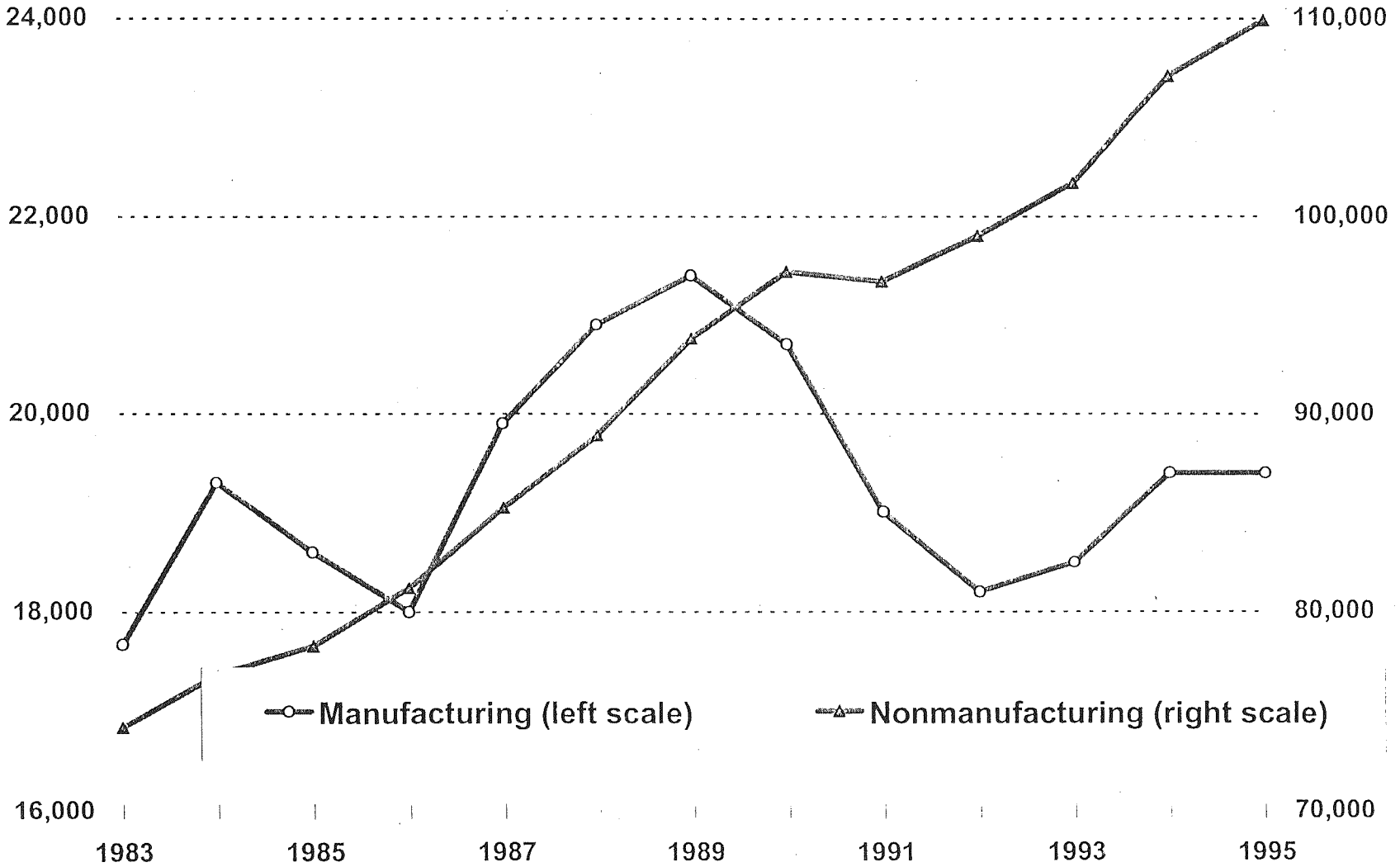


SPECIAL BOARD MEETING
 WORK SESSION
 11/20/96 Page 08

Attachment B

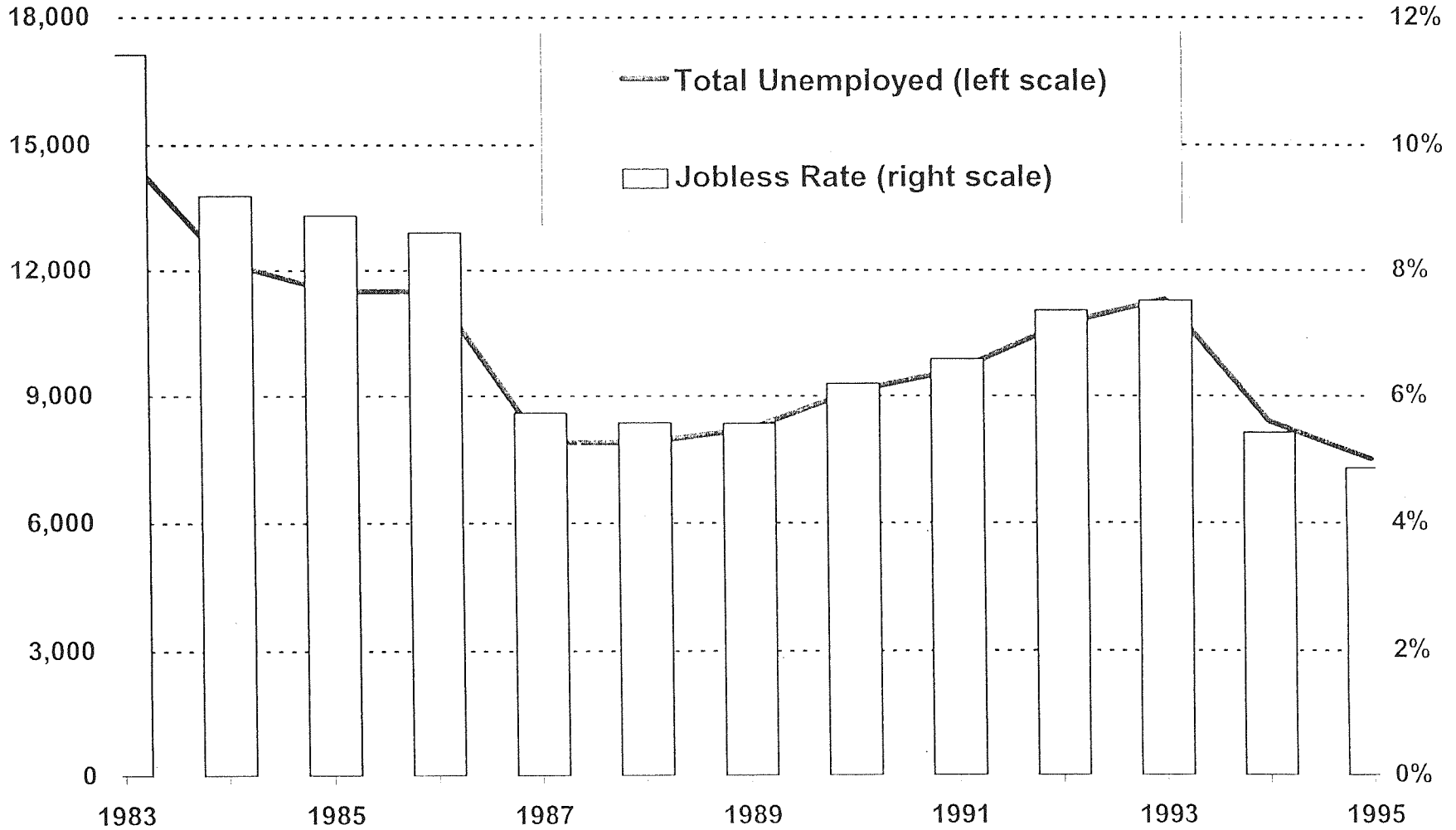
Lane County Industry Employment Trends

(Nonfarm Salary Employment)



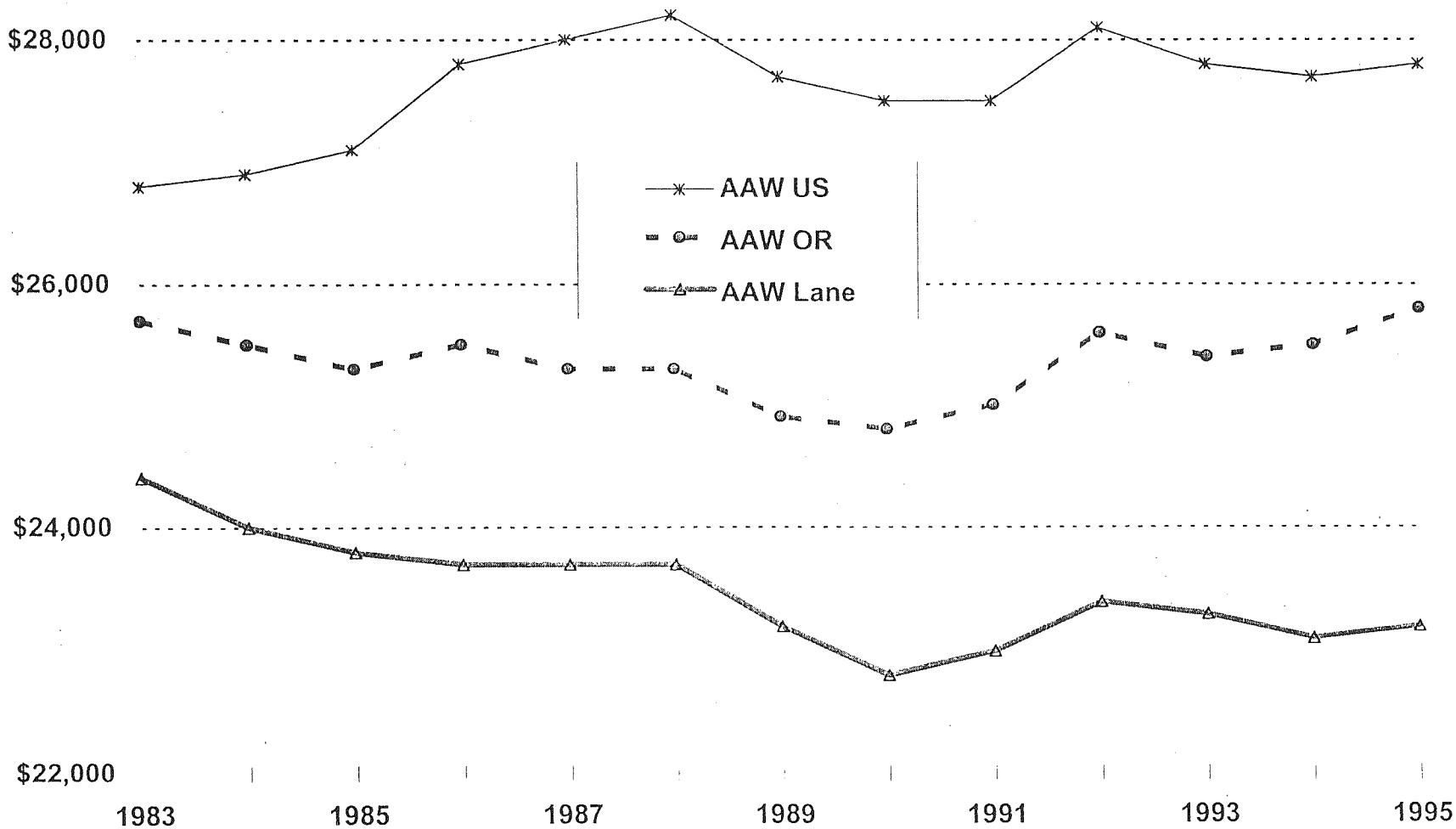
Unemployment Indicators in Lane County

(Average Annual Jobless Rate and Total Unemployed Persons)



Average Annual Wage Trends

(Inflation Adjusted, 1995 Dollars; Covered Employment and Payrolls)



Average Wage Increases in Lane County

(1994 to 1995; Covered Employment and Payroll Series)

