

The American Railway and Airway Supervisors Association TCU/IAM Lodge 5041



August 20, 2014

To: TCU/IAM ARASA MofE Members employed by MTA/Metro-North Commuter Railroad

Dear Brothers and Sisters:

On August 18, 2014, your TCU ARASA Negotiating Committee, comprised of myself and Financial Secretary-Treasurer Michael Hale, reached a tentative agreement with the MTA and Metro-North on a new contract. That agreement is now before you for ratification.

This letter summarizes the agreement. Included in this packet is an exact copy of the agreement, a ballot for your vote, and a postage-paid envelope for your convenience. Completed and signed ballots must be received at TCU Headquarters by September 5, 2014.

The agreement before you is basically identical to that just ratified on Long Island Rail Road. It improves on the recommendations of two Presidential Emergency Boards. It provides for more than 18% in compounded wage increases over a six and one-half year term. Wage increases are retroactive all the way back to January 2011, including overtime, and there will be no retroactive health insurance employee contributions. Straight time back pay alone will average around \$20,000. There are no work rule concessions. The current 3% pension contributions will continue to end after ten years. Prospective employee health insurance contributions will be equal to 2% of 40 hours straight time pay, less than what was recommended by two Presidential Emergency Boards.

How We Got Here

This agreement culminates four years of difficult negotiations. MTA pursued an identical bargaining strategy on both Long Island and Metro-North, insisting on a “net zero” state pattern: zero wage increases for three years, followed by 2% in years 4 and 5. That 4% would be paid for by increasing pension contributions, very high health insurance contributions, first-ever retiree contributions to pre-Medicare insurance, and drastic work rule concessions.



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TCU and most of the other unions on both railroads categorically rejected MTA's offer. However, one Metro-North union relented in 2013 and agreed to a deal that MTA said satisfied its net zero approach, including only 10% in wage increases over 6 years, increases in employee pension contributions that would last for an employee's entire working life, and first-ever retiree health insurance contributions.

At that point, TCU and several other unions on both railroads decided to press ahead on Long Island. We knew full well that success on Long Island would serve as a pattern for Metro-North, and we could not risk a Presidential Emergency Board on Metro-North giving any weight to the rejected ACRE agreement.

That strategy succeeded.

In December, 2013, Presidential Emergency Board 244 was convened. MTA, as expected, argued for its net zero proposal, including pension and work rule concessions, and pointed to the rejected ACRE deal as an acceptable outcome. TCU and the other seven rail unions put on a comprehensive case pointing to other commuter settlements. The PEB largely agreed with the unions. It rejected MTA's calls for pension, work rule, and retiree concessions. It proposed the wage package now before you. It did, however, propose 2.25% in employee health insurance contributions, retroactive on a graduated basis to the first wage increase.

MTA refused to accept the PEB's recommendations. A second PEB was appointed to decide between each side's last best offer. Two days before that PEB began, MTA reached a deal with 35,000 member TWU Local 100, providing for 8% in wage increases over five years. It argued to the Board that this should be the model for MTA commuter settlements. Again, TCU and the other unions prevailed. The Board recommended our proposal to accept the findings of the first PEB.

Still, MTA would not relent. You witnessed MTA's media campaign saying it could not afford the PEB's recommendations, that Long Island workers were overpaid, and that it was willing to take a strike. Finally, just two days before we were going on strike, Governor Cuomo intervened and brokered a settlement. We actually achieved MORE for current employees than the PEBs had recommended: no retroactive health insurance payments, which added on average more than \$5,500 to your back pay, and a reduction in the prospective contribution by a quarter percent. In return, we agreed to modest changes for employees hired after the date of the agreement: five additional years of pension contributions, and a 2-year change to their rate progression. Both changes were far less than what MTA had been demanding: lifetime contributions and five additional years of rate progression.

As we promised you all along, as the Long Island deal was being initialed, we immediately asked MTA to extend its terms to Metro-North. MTA agreed. We are very proud to bring you this agreement without further delay. The agreement mirrors the LIRR agreement and achieves even more money for Metro North workers than recommended by Presidential Emergency Boards 244 and 245.

Wage increases are as follows:

- January 16, 2011 2.0%
- July 16, 2011 1.5%
- January 16, 2012 1.5%
- July 16, 2012 1.5%
- January 16, 2013 1.5%
- July 16, 2013 1.5%
- January 16, 2014 1.5%
- July 16, 2014 1.5%
- January 16, 2015 1.5%
- July 16, 2015 1.5%
- January 16, 2016 1.5%

The above gives employees a **17% increase (18.4% compounded)** in general wages over 6 ½ years. The January 2011 – July 2014 increases are fully retroactive.

Health & Welfare

On the first pay period that implements the above wage increases, employees will begin making pre-tax health and welfare contributions of 2% of straight time earnings up to 40 hours per week. **There will be no retroactive health and welfare contributions.**

Pension

New hires will contribute to the MTA Defined Benefit Pension Plan for 15 years.

Wage Progression

New hires will have an additional two years of rate progression.

Under this agreement employees will gross on average over \$46,000 in additional straight time compensation over the life of the agreement. Your actual income gain will be based on your own starting rate and the amount of overtime you work.

For example, by the end of the contract a Mechanical and Structures Foreman starting hourly rate of \$32.92 will have increased \$6.05 to \$38.97.

Employees will receive full retroactive pay from January 16, 2011 forward. Based on straight time hours only, employees will receive retroactive pay averaging around \$20,000 upon the agreement being signed. Your actual retroactive payment will be based on your own starting rate and will be greater if you worked overtime.

Even after deducting the health and welfare contributions, members – making just the straight time wage – will realize an average net gain of \$43,000 over the life of the agreement. And any overtime worked will increase that amount dramatically, as the contribution amount is based on straight 40-hour earnings only.

The compromises reached on new hire pension contributions and rate progressions are modest, and far less than what MTA was publicly demanding.

There will be no retroactive health and welfare payments. This change alone is worth on average \$5,500 more to every Metro North member than recommended by the Emergency Boards.

To achieve this, the unions agreed to extend the contract by 6 months but with the wage increases coming on the same schedule as recommended by the PEBs. (MTA had publicly proposed a one year extension and up to nine month delays in the remaining wage increases).

Health insurance contributions will begin on the first pay period that implements the wage increases, at 2% of straight time wages. New hires will also only pay 2%. This is less than the 2.25% contributions recommended by the PEBs, and the 4% new hire contributions proposed by MTA.

New hires will pay 3% pension contribution for 15 instead of the current 10 years. MTA had been publicly demanding lifetime contributions.

New hires will also have two years added to their rate progression, not the five that MTA was demanding.

Together these modest compromises funded the lower health insurance contribution for all, and produced enough savings for MTA to agree to a settlement.

This agreement far exceeds the three so-called patterns MTA argued for: state, ACRE, and transit.

This agreement is worthy of your ratification. Compare it to the settlements all around you: state, city, transit. It is better than all of them. It took four years of hard bargaining, two Presidential Emergency Boards, and the threat of a strike to achieve.

We strongly recommend you vote FOR ratification.

Yours in solidarity,

A handwritten signature in black ink, appearing to read 'William Mills', with a large, stylized flourish at the end.

William Mills, General Chairman
Metro North Lodge 5041

Enclosed with this overview letter are the following:

MEMORANDUM OF AGREEMENT (Tentative agreement dated August 18, 2014)

BALLOT & Postage-Paid Return Envelope

Thank you for your patience and solidarity in this fight. Feel free to contact me:
Cell 914-204-0498 or Email GCBM5041@aol.com