

JOINT COMMITMENT and TENTATIVE AGREEMENT

The parties have been engaged in an ongoing discussion on matters of mutual concern and have a shared interest in addressing the following primary issues facing the City and members of the PPA:

- Health Care and Costs for Health Care
- Compensation
- Encouraging Collaborative Strategies to Mitigate Health Care Cost Trends
- Predictability and Stability for Employees and the City
- Continued Improvement of the Long-Term Labor-Management Relationship

JOINT COMMITMENT

In recognition of these overarching concerns, the parties hereby endorse the following activities that shall occur over the term of a four-year (2006-2010) labor *Agreement*:

- A. The PPA will work with the City on health/wellness/disease management strategies and programs that both improves enrollees' health and moderates medical and drug plans' cost increases.
- B. The PPA will work within a joint labor/management framework to help craft a wellness program.
- C. The PPA will work with the City in a multi-year joint Health and Wellness Strategy that is aimed at reducing self-insured health care cost trend increases by 3% to 5% over the next 4 years (See attached Addendum).
- D. The PPA will commit to educating its members on matters of health/wellness/disease management and health care costs.
- E. The PPA will work with the City to produce an annual work plan on wellness and health care cost mitigation.
- F. The PPA will work collaboratively with City and the Police Bureau to identify changes in work processes, systems, and other requirements that could result in cost savings and/or efficiencies to help offset fixed costs in the Bureau's budget.
- G. In conjunction with other labor organizations representing City employees, the PPA will meet with Council three times annually to discuss programs and review progress-to-date.
- H. The signatories to this agreement are committed to using the Labor Management Committee process to address operational issues that may arise during the term of the collective bargaining agreement. This committee is not engaged in bargaining nor does this commitment constitute an agreement by either party to re-open the contract should they be unable to resolve an issue within the Labor Management Committee.

TENTATIVE AGREEMENT

Further, in order to foster a period of time where the parties can focus and engage in the above referenced activities, by their signatures hereto, the parties hereby tentatively agree to resolve the 2006 negotiations for a successor labor *Agreement* as follows:

1. Term of Agreement – July 1, 2006 through June 30, 2010.
2. Wages – The "Salary Rates" for members of the PPA bargaining unit shall be adjusted annually during the term of the labor *Agreement* by the Portland-Salem, OR-WA CPI-W with a minimum of 2.0% and a maximum of 5.0%. See Attachment A.
3. Health Care – PPA affirms its commitment to the joint health/wellness/disease management activities referenced above. The parties shall continue the program and City-employee contribution formula contained in Article 48 of the 2002-2006 labor *Agreement* for the duration of the 2006-2010 labor *Agreement*.
4. All other terms and conditions of the 2006-2010 labor *Agreement* to remain as provided in the 2002-2006 labor *Agreement*.
5. This tentative agreement is subject to the parties' respective ratification procedures. Upon bilateral ratification, a 2006-2010 labor *Agreement* document reflecting this tentative agreement shall be prepared and executed by the parties authorized representatives for printing, distribution to and use by the PPA, its members and the City.

 For the City

 For the PPA

Date: Feb 17, 2006

Date: 02/17/06

Schedule A**SALARY RATES**

1. Effective July 1, 2006, Schedule "A" wage rates will be revised as follows:

Salary rates for classifications in Schedule "A" for the period July 1, 2005 to June 30, 2006 are to be increased by one hundred percent (100%) of the annual increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) (as measured by the annual change in the index between 2nd Half 2004 and 2nd Half 2005) for Portland-Salem, OR-WA, published by the Bureau of Labor Statistics, U.S. Department of Labor. However, in no event shall the salary increase be less than two percent (2.0%) or greater than five percent (5.0%).

2. Effective July 1, 2007, Schedule "A" wage rates will be revised as follows:

Salary rates for classifications in Schedule "A" for the period July 1, 2006 to June 30, 2007 are to be increased by one hundred percent (100%) of the annual increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) (as measured by the annual change in the index for between 2nd Half 2005 and 2nd Half 2006) for the Portland-Salem, OR-WA, published by the Bureau of Labor Statistics, U.S. Department of Labor. However, in no event shall the salary increase attributable to the CPI be less than two percent (2.0%) or greater than five percent (5.0%).

3. Effective July 1, 2008, Schedule "A" wage rates will be revised as follows:

Salary rates for classifications in Schedule "A" for the period July 1, 2007 to June 30, 2008 are to be increased by one hundred percent (100%) of the annual increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) (as measured by the annual change in the index between 2nd Half 2006 and 2nd Half 2007) for Portland-Salem, OR-WA, published by the Bureau of Labor Statistics, U.S. Department of Labor. However, in no event shall the salary increase attributable to the CPI be less than two percent (2.0%) or greater than five percent (5.0%).

4. Effective July 1, 2009, Schedule "A" wage rates will be revised as follows:

Salary rates for classifications in Schedule "A" for the period July 1, 2008 to June 30, 2009 are to be increased by one hundred percent (100%) of the annual increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) (as measured by the annual change in the index between 2nd Half 2007 and 2nd Half 2008) for the Portland-Salem, OR-WA, published by the Bureau of Labor Statistics, U.S. Department of Labor. However, in no event shall the salary increase be less than two percent (2.0%) or greater than five percent (5.0%).

5. In the event that City revenue sources should be decreased by the passage or impact of a tax limitation measure, legislatively mandated change, cut back in Federal and/or State revenue sharing, or any other conditions causing a worsening of the City's financial position, the City Council and the signatory labor organizations agree that they will meet and discuss the economic impact and, by mutual agreement, will put forth a good faith effort to arrive at alternatives to a reduction in the work force.

6. In the event that a current city employee is appointed to the Police Officer classification, the officer's pay rate shall be the step within the pay range which represents at least a 3% increase over the officer's regular rate in the officer's former classification, provided that in no event shall the new rate of pay exceed the maximum rate for Police Officer.