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 City of Portland Professional Employees Association (COPPEA)

- 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 three-year (2007-2010) labor *Agreement*:

A. COPPEA 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. COPPEA will work within a joint labor/management framework to help craft a wellness program.
C. COPPEA 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. COPPEA will commit to educating its members on matters of health/wellness/disease management and health care costs.
E. COPPEA will work with the City to produce an annual work plan on wellness and health care cost mitigation.
F. COPPEA will work collaboratively with City and all bureaus 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 bureaus' budgets.
G. In conjunction with other labor organizations representing City employees, COPPEA 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 2007 negotiations for a successor labor *Agreement* as follows:

1. Term of Agreement – July 1, 2007 through June 30, 2010.
2. Wages – The "Salary Rates" for members of the COPPEA 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%.
3. Professional Development – See Attachment A.
4. Health Care
    A. COPPEA affirms its commitment to the joint health/wellness/disease management activities referenced above. Further, the City shall contribute ninety-five percent (95.0%) of the combined total medical, vision and dental rates adopted by the City Council for the one party, two-party or family enrollees (whichever applies) for each of the medical, dental and

vision options provided. Each employee shall contribute five percent (5.0%) of the combined total medical, vision and dental rates adopted by the City Council for the one party, two-party or family enrollees (whichever applies).

B. To accomplish the statement contained in Section 4, A above, Article 16 would be amended accordingly. See Attachment B.

5. All other terms and conditions of the 2007-2010 labor *Agreement* to remain as provided in the 2004-2007 labor *Agreement*.
6. This tentative agreement is subject to the parties' respective ratification procedures. Upon bilateral ratification, a 2007-2010 labor *Agreement* document reflecting this tentative agreement shall be prepared and executed by the parties authorized representatives.

Patrick J. Ward
For the City

Date: 10/16/06

For COPPEA

Date: 10/16/06

ADDENDUM

PROPOSED

City of Portland

Three Year Health Plan & Wellness/Disease Management Strategies

Goal: Provision of appropriate health plans and wellness programs that are financially feasible for the City and collaboratively designed to improve the health and moderate the health care costs of its enrollees.

To meet this goal the issue of who pays what percentage of health care costs should be put to rest to allow the City and the unions time to work collaboratively on wellness programs designed to reduce the rate of increase in the cost of the City's self insured health benefits plan.

The desired outcome is to reduce the overall health care cost trend increases by 3% to 5% by 2009-10.

Strategy: Initiate Three Year Plan in collaboration between the City and Labor to address short and long term health care cost and wellness issues. Both the City and its employees are equally interested in a program that produces stable and predictable benefits and costs.

The parties shall settle the health plan benefit issues in outstanding labor contracts by the City offering a 95%/5% health plan funding model through FY 2009-2010 on the condition that the unions will join with the City to work on wellness strategies and programs that improve enrollee health status and moderate City health plan cost increases. The parties recognize that joint City and Labor participation is critical. Unions are essential to generating City employee commitment to these efforts. Unions also can assist in the communications with the City's retiree population.

In addition, during this period, City Bureaus and labor will be expected to work collaboratively in identifying changes in work processes, systems and other requirements that could result in cost savings and or efficiencies to help offset fixed costs in the Bureaus' budgets.

Outside evaluation of the programs will be conducted, including measurement of specific costs savings associated with the different components. At the end of the four years, a final report to the City Council will assess the overall outcomes and successes with recommendations for any necessary changes. As part of this process, the City Council and labor representatives will meet three times a year to discuss the programs and interim progress to date.

Wellness Programs

Objective:

Clearly establish Council and Labor joint commitment to work together on a set of wellness and disease management activities to help individuals and their families make or maintain voluntary behavior changes that help reduce their health risks, enhance their general health status and moderate City health plan costs increases.

Process:

- In concert with Labor and a broadly representative stakeholder group, the City will develop a work plan that outlines annual Wellness and Disease Management goals and a plan of services as well as assignments and responsibilities.

- The 2007 program should include, but is not limited to, the following components:
  - *City and Labor announcements of joint commitment* to wellness and disease management efforts
  - *Enrollee education* on the Council and Labor joint commitment to wellness and disease management and the program objectives.
  - *Voluntary wellness and disease management activities* designed to engage enrollees in programs promoting health living and awareness (e.g., weight management and walking programs).
  - Assessment and identification of core program needs and priorities, special program needs and priorities, current City programs and resources and proposed new program and resource requirements.
  - If financially feasible, implementation of on-site blood pressure and cholesterol screenings at various locations throughout the City.
- As part of the initial planning activities, the stakeholder committee will:
  - Review available data on demographics, medical claims, prescription drugs etc. to identify major cost areas and potential program targets
  - Review ideas developed as result of Council and Labor "brainstorming" on health care for potential inclusion in program.
  - Establish data benchmarks for future analyses and evaluation of program accomplishments.
  - Identify current City programs, resources and responsibilities related to wellness and disease management programs
  - City and Labor will jointly survey enrollees on their knowledge of health plan cost considerations, wellness issues and disease management program preferences
  - Based on survey findings and data analysis, City and Labor will sponsor of focus groups to assist in development of programs, priorities and communication strategies
  - Identify costs and benefits of currently available resources with special attention on options to integrate current services into overall program
  - Identify new services and resources required to satisfy unmet program needs/objectives.
  - Each union will be asked to officially sign off on the program
- An annual report on the Wellness and Disease Management program goals and plan of services will be published and made generally available. While the targeted disease conditions or special program may vary each year, ongoing program components will include:
  - Health information and counseling through Employee Assistance Program and other sources
  - Individual goal setting
  - Routine preventive screenings and physicals
  - Lifestyle changes
  - Chronic condition management
  - Behavioral change
  - Consideration of mandatory measures/incentives to promote change
  - Each union will be asked to officially endorse the program and promote it within its membership
- An annual marketing campaign, including employee incentives and measurements for success will be prepared that is designed to:
  - Promote learning
  - Encourage participation in program
  - Encourage healthy lifestyle changes
  - Encourage compliance with professional health advice
  - Encourage initiation and/or maintenance of healthy behaviors
  - Recognize individual/ group accomplishments
  - Each union will be asked to sign off on the program and promote it within its membership

Program Measurement & Evaluation

Overall **Establish an internal and external monitoring and evaluation process**

- City Council and the union leaders meet three times each year to discuss program, review progress and set direction for next year. (The meetings will be scheduled in October, January and April.)
- Continue discussion with OHSU (or other appropriate entities, if necessary) about potential role as out-side evaluator of program components and structure
- Establish aggregate target reductions of 3%-5% in rate of increase in medical trends by 2009-2010. The self-insured 2006-07 medical trends will be used as the benchmark. (Due to differences in rating methods, other appropriate measures will be established for Kaiser likely based on preventive and screening utilizations.)

Wellness

- Establish baseline data on utilization of routine screenings and exams and monitor change over four years
- Measure annual participation in annual "Trim the Fat' weight management programs
- Measure participation in walking programs
- Measure participation in City fitness facilities
- Measure utilization of employee assistance program

Disease Management

- Measure participation in special programs for chronic conditions
- Monitor change in annual claim costs for chronic conditions (e.g., heart conditions, diabetes etc)
- Monitor participation in case management

State & Federal legislative Policy Initiatives

- Measure reduction in hospital uncompensated care (reduces cost shift to City health plan costs). *Note: this is an indicator Gov Kulongski is tracking as part of his health care initiatives.*
- Measure change in the number of uninsured in Oregon (reduces cost shift to City health plan costs).

Other Measurements

- Monitor changes in absenteeism
- Request that Risk Management annually report on changes in workers compensation claims
- Request that FPD&R annually report on changes in loss of service claims

Attachment A

Article 23, Section 1 to read as follows:

The City shall fund a Professional Development account in the amount of $125,000 beginning July 1, ~~2004~~ 2007, an additional amount of $125,000 beginning July 1, ~~2005~~ 2008, and an additional amount of $125,000 beginning July 1, ~~2006~~ 2009. Unexpended account monies from FY 06/07 shall be carried over and added to FY 07/08 appropriation. Unexpended account monies from FY ~~04/05~~ 07/08 shall be carried over and added to FY ~~05/06~~ 08/09 appropriation. Unexpended account monies from FY ~~05/06~~ 08/09 shall be carried over and added to the FY ~~06/07~~ 09/10 appropriation. Any portion of the $375,000 established as the Professional Development account which remains, or has not been spent by the committee, by June 30, ~~2007~~ 2010 shall return to the City. Professional Development training must commence no later than June 30, ~~2007~~ 2010. Administrative assistance for administering the fund up to $18,000 annually may be deducted from the fund to cover those costs provided, however, that all such funds must be accounted for and a report of expenditures for this purpose will be provided annually to COPPEA. In addition the City will confer with COPPEA about measures to reduce these administrative costs and implement measures as agreed.

Remainder of article to read per the current *Agreement.*

ARTICLE 16
HEALTH AND WELFARE

Section 1, Labor/Management Benefits Committee.

a. The parties agree to the continuation of the citywide Labor/Management Benefits committee. The committee will consist of 12 members. One member shall be appointed from each of the following labor organizations: the District Council of Trade Unions (DCTU), the Portland Fire Fighters' Association (PFFA), the City of Portland Professional Employees Association (COPPEA), AFSCME, Local 189 representing Emergency Communications Operators (BOEC), Municipal Employees, Local 483 representing Recreation Instructors (Recreation) and the Portland Police Commanding Officers Association (PPCOA). The remaining six members shall be appointed by the city.

b. A quorum of ten (10) voting members is required for the committee to take action. An absent committee member may designate a substitute with full voting authority. Any committee member may invite one or more visitors to attend committee meetings.

c. The committee shall select its chairperson, who shall serve at the will of the committee.

d. In order to make a recommendation to the City Council, at least ten (10) committee members must vote in favor of the recommendation. The committee shall be responsible for establishing internal committee voting and decision-making processes.

e. Members of the committee shall be allowed to attend committee meetings on on-duty time. In the event meetings are scheduled outside the regular shift hours of a committee member, the city shall make every effort to adjust the shift of the member to allow the member to attend while on duty.

f. The committee shall meet at least quarterly, and shall make written recommendations regarding plan design changes in the employee benefits program to the City Council no later than April 1st of each year.

g. The City Council shall retain the discretion to implement or reject any of the committee's recommendations. In the event the committee makes a recommendation that is consistent with the committee's authority, is actuarially sound and meets all the requirements of federal, state and local laws, and Council rejects the recommendation, any reductions in plan costs that may have occurred due to the change in plan design, will be treated as having occurred for the purposes of calculating the maximum city contribution under this agreement. These costs will be calculated by evaluating the premiums and/or rates as if the changes had occurred, the rates and/or premiums absent the changes, and the number of participants under the plan(s) involved. (For example, if the self-insured plan two party rate would be $298 per employee per month with the addition of a benefit design change "X," but Council rejects the design change and therefore the two party rate is $350 per month per employee, the city contribution will be increased $52 per month per employee on the self-insured plan to give credit for the change.)

Section 2, Benefits Eligibility.

Section 2, Benefits Eligibility.

a. Permanent full-time employees shall be eligible for medical, dental, vision and life insurance coverage the first of the month following the date of hire. Permanent full-time employees shall cease to be eligible as provided herein for medical, dental, vision and life insurance coverage as of the last day of the month following the date of unpaid leave status or their separation from active employment. Medical, dental, vision and life insurance benefits will be paid at 100% of the city contribution for those employees who have a Standard Hours designation of at least seventy-two hours in a pay period in a benefits eligible, budgeted position. For purposes of this agreement, full-time is defined as a position normally requiring the full services of an employee for at least nine-tenths of the normal working hours of a biweekly payroll period, or other work period established pursuant to FLSA, on a continuing basis.

Following an authorized unpaid leave, a permanent full-time employee shall be eligible for medical, dental, vision and life insurance as provided herein on the first calendar day of the month in which the employee returned to active employment.

b. Permanent part-time employees will be eligible for medical, dental, vision and life insurance coverage the first of the month following the date of hire. Permanent part-time employees shall cease to be eligible as provided herein for medical, dental, vision and life insurance coverage as of the last day of the month following the date of unpaid leave status or their separation from active employment. The amount of non-elective contributions which the City will make on behalf of permanent part-time employees for medical, dental, vision and life insurance benefits shall be as follows:

Standard Hours Per Bi-Weekly Pay Period	Percentage of Full-Time Employee Contribution
40 - 45	50%
46 - 55	63%
56 - 63	75%
64 – 71	88%
72 – 80	100%

The percentage of benefits shall be based on the employee's Standard Hours as of May 1 of each year. Changes to that status will only be made in the event that there is a change in position and/or a change in Standard Hours that will exceed six months. For purposes of this agreement, part-time is defined as a position requiring the full services of an employee for at least half but less than nine-tenths of the normal working hours of a biweekly payroll period, or other work period as established pursuant to FLSA, on a continuing basis.

Following an authorized unpaid leave, a permanent part-time employee shall be eligible for medical, dental, vision and life insurance as provided herein on the first calendar day of the month in which the employee returned to active employment.

c. Job-share is defined as a full-time position designated by the appointing authority that is or may be shared by two employees. The amount of non-elective contributions that the City will make on behalf of its permanent job-share employees shall be fifty percent (50%) of the maximum amount it makes on behalf of full time employees.

d. Medical, dental, vision and life insurance benefits may be denied to employees who are in a pay status for less than eighty (80) hours during a calendar month by the withholding of city-paid premiums for the subsequent month. Employees who become ineligible for City paid benefits will have the right to continue coverage on a self-pay basis in accordance with state and federal law.

Section 3, City Contributions.

a. For the term of the Agreement a benefits eligible employee who has alternate group medical coverage may choose to opt out of City provided medical coverage. A full-time employee who chooses to opt out shall not be required to pay the contribution in Clause 16.3 (c) and shall receive a cash payment every payday (except for the third payday in a month) as follows:

Cash Payment	One Party	$25.00 per payday
	Two Party	$45.00 per payday
	Family	$62.50 per payday

b. Employees may elect to receive the cash payment as cash (subject to withholding) or as a pre-tax contribution into a Flexible Spending Account (MERP or DCAP). In addition to the cash payment to the employee, the City shall contribute for each full-time employee who opts out of medical coverage an additional amount to the Health Fund as follows:

City Contribution	One Party	$xxx.xx per payday
	Two Party	$xx.xx per payday
	Family	$xx.xx per payday

Amounts to be inserted when data is available.

c. Effective July 1 of each year of this Agreement, the City contribution rate provided in previous year of the Agreement shall be adjusted to reflect the full annual percentage increase in the medical care component in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) current base period measured by the reported percentage change between the 2nd Half of the most recent calendar year and the second half of the second most recent calendar year as published by the federal Bureau of Labor Statistics. However, in no event shall the contribution rate increase be less than two percent (2%) or greater than ten percent (10.0%).

d. For the term of the Agreement the City shall contribute ninety-five percent (95.0%) of the combined total medical, vision and dental rates adopted by the City Council for the one party, two-party or family enrollees (whichever applies) for each of the medical,

dental and vision options provided. Each employee shall contribute five percent (5.0%) of the combined total medical, vision and dental rates adopted by the City Council for the one party, two-party or family enrollees (whichever applies). Once plan rates for each benefit year have been adopted by the City Council, the respective City and Employee contribution amounts shall be computed and the information forwarded to the Association president.

e. The City shall pro-rate the cash payment and City contribution in Section 3 (c) and (d) above for part-time benefits eligible employees based on the standard hours schedule. (See Section 2.)

f. Benefit coverage for domestic partners will continue. Availability of domestic partner benefit is subject to continuing availability from the City's employee benefit insurance carriers. The Committee will recommend eligibility rules governing domestic partner benefit coverage to the City Council.

Section 4, Health Fund Reserves.

a. The Health Fund shall be maintained with adequate reserves to meet fund obligations, which include claims, Incurred But Not Reported Claims Reserves, and Large Claim Reserves. The committee shall make recommendations to the city Council on creating other reserves as appropriate.

b. The term "excess reserves", as used in this agreement, shall be defined as the monies in the Health Fund which are not needed to meet fund obligations. Excess reserves shall remain in the Health Fund, but shall be subject to separate reporting to the committee.

c. The Health Fund and all reserves associated with the Fund must be maintained in an interest bearing account. Fund reserves shall be pooled, and shall not be allocated on an individual employee or employee group basis.

Section 5, Retiree and Survivor Benefits.

a. The City shall make available to a retired employee, spouse (or domestic partner) and children, or to the surviving spouse (or domestic partner) and children, or to a surviving spouse or domestic partner, the same medical, dental, and vision benefits offered to active employees. The cost of the plans shall be borne by the retiree, surviving spouse, or surviving domestic partner. Such coverage shall be made available through the City until the retiree and/or the spouse (or domestic partner) becomes eligible for federal Medicare coverage.

b. The City shall provide to the spouse (or domestic partner) and eligible dependent children of an employee who is killed on the job, the same medical, dental and vision benefit plans available to active employees. The City agrees to continue the City contribution for the spouse (or domestic partner) and eligible dependent children until the

spouse (or domestic partner) becomes eligible for federal Medicare or remarries (or establishes a new domestic partnership) and for each dependent child to the age which meets the eligibility requirements of the health plan in which they are enrolled.

c. The promise of the City to provide insured plans is dependent upon the continuing availability of such plans from an insurance carrier and the qualification by the retired employee with the plan while the retiree was employed with the City. Should an insurance carrier terminate the plan, the City shall attempt to replace it.

Section 6, Life Insurance.
a. The City shall provide each employee with a life insurance policy; said policy shall be secured and maintained in accordance with the City's existing practices.

b. The City shall make available supplemental life coverage on a voluntary, employee paid basis.

Section 7, Deferred Compensation. The City shall allow employees under this contract to participate in the Deferred Compensation Program that is currently available to employees. However, if the program is determined not to be allowable as a tax deferral under the Internal Revenue Code, the participating employee shall hold the City and the association harmless against any and all claims, demands, or other forms of liability arising as a result of any invalidation of the terms and conditions of the Program.

Section 8, Federal Health Legislation. If the Federal Government enacts Federal Health Legislation, or if any taxing authority taxes or otherwise limits or restricts health care benefits paid by the City, the City and the association will immediately negotiate on the effect of that legislation as it pertains to this Article.

Section 9, Disability Insurance. The City shall continue to provide Long Term Disability plan coverage as an election under the Plan.

Section 10, Retirement. Throughout the term of this agreement, the City agrees to maintain its membership in the State of Oregon Public Employees Retirement System (PERS) and the Oregon Public Service Retirement Plan (OPSRP), and shall continue to "pick-up," assume and pay the average employee contribution to the Public Employees Retirement System, currently six percent (6%), as specified in Chapter 238 or 238A of the Oregon Revised Statutes.

Section 11, Liability Insurance. The City shall continue not less than its present practices with reference to liability insurance or the protection of employees against claims against them incurred in or arising out of the performance of their duties.