

AGREEMENT IN PRINCIPLE

OVERVIEW:

THIS AGREEMENT IN PRINCIPLE is being entered into by two parties, the Mayor and the Administration for the City of Memphis ("the CITY ADMINISTRATION") and the Local 1733 Memphis Chapter of American Federation of State County and Municipal Employees (AFSCME) ("the UNION") to signify their agreement to proposed changes to Solid Waste Services Offered by the City of Memphis. Hereinafter, the City Administration and the Union may be referred to collectively as "the Parties."

PENDING APPROVAL BY THE MEMPHIS CITY COUNCIL, the principles outlined in this document will also allow for the creation of a supplemental retirement benefit for sanitation workers who meet the criteria as outlined.

RECITALS

WHEREAS, the Parties to this Agreement in Principle have entered into negotiations to address changes and a restructure to the current plan and level of Solid Waste services offered by the City of Memphis, and

WHEREAS, this Agreement in Principle memorializes broad principles agreed to by both the CITY ADMINISTRATION and the UNION that will serve as the basis and framework of a Final Agreement which must be approved by the Memphis City Council; and

WHEREAS, if approved, this Agreement will be the first phase of a multi-year implementation plan of revised services and departmental restructuring developed to transition current aged solid waste collection practices and equipment to a more cost effective and environmentally efficient operation; and

WHEREAS, restoring the monthly solid waste fee to the FY 2013 rate of \$25.05 will provide the necessary funding to accommodate these changes; and

WHEREAS, with the cuts to be implemented, the recommended restructure, and the additional revenue achieved from the \$25.05 solid waste fee, the CITY ADMINISTRATION and the UNION have drafted a plan which provides a supplemental retirement benefit, particularly those most senior Sanitation Workers who meet certain outlined, agreed upon criteria; and

WHEREAS, it is a matter of historical fact that Dr. Martin Luther King, Jr. was assassinated in Memphis supporting black city sanitation employees who had gone on strike to demand fair wages, benefits, safety standards, and basic human dignity; and

WHEREAS, prior to the 1968 Sanitation Strike, the union recognized by these employees made the choice to opt out of the City's pension system and to rely on Social Security due to the promise of what would be a "new" program for the sanitation workers;

WHEREAS, through the years, many of the senior citizen employees within the Sanitation Department have remained on the job based on their lack of a city pension and their inability to live on Social Security benefits alone; and

WHEREAS, despite valiant efforts from former Administration Officials, Council Members, and Union Officials, this issue has remained unresolved for various reasons; and

WHEREAS, if approved by Council this overall proposal will allow the Parties and the Council to correct an historical issue and provide retirement benefits, especially to our most senior Sanitation employees, while restructuring the Sanitation Department to a more efficient and effective level; and

WHEREAS, the Parties agree that it appears to be in the public's interest and the City's interest in advancing a legacy of fairness, therefore, the Parties seek Council approval of a Final Agreement consistent with this Agreement in Principle.

NOW, THEREFORE, the Parties agree as follows:

REVISIONS TO SOLIDWASTE OPERATIONS:

Based on a restoration of the Solid Waste fee to \$25.05, which will allow Solid Waste Management to upgrade its fleet and equipment, the following conditions are agreed upon:

- Garbage collection routes will be increased by approximately 100 stops (from 467 to 567 per day) requiring employees to work longer hours;
- Excess trash collection will remain weekly with dedicated trash crews being eliminated;
- Garbage crews will be increased from 2 man to 3 man crews and garbage and trash will be collected by the garbage crew;
- 96 gallon recycling roll carts will be phased in beginning with the contract area since the contract expires on June 30, 2014. Other areas of the city will be added as carts become available in subsequent years of before, if other sources become available;
- A Pay-As-You-Throw volume based pricing program for excess trash and yard debris placed out side carts will be phased in citywide as single stream recycling with 96 gallon carts is phased in citywide. Implementation schedule will be contingent on cart and vehicle purchases.

REGARDING CURRENT EMPLOYEES

No city employee shall be involuntarily terminated, involuntarily transferred to a new classification, or have a reduction in salary or benefits as a result of a reorganization and change in the provision of solid waste services outlined in this document/current agreement.

City Solid Waste employees shall exclusively provide solid waste services, including but not limited to garbage, recycling, yard debris and excess trash collection to current solid waste accounts within the existing area serviced by Solid Waste employees covered by the AFSCME MOU.

SUPPLEMENTAL RETIRMENT BENEFIT

The savings realized from this proposal will be used to initiate the implementation of a retirement benefit fund for AFSCME members with the following parameters:

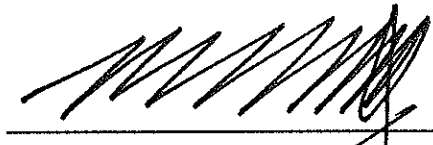
- Eligibility
 - Normal Retirement Eligibility: Age 65

- Early Retirement: Eligible at age 62, actuarially reduced (cost-neutral to plan)
- Benefit Description
 - Benefit Amount: \$400 times years of service (partial years calculated by completed months)
 - COLA: None
 - Spouse receives 50% of member's benefit (if the member passes away before his or her spouse), with an ability to "buy-up" to a 100% spouse benefit (actuarially reduced, on basis which is cost-neutral to plan)
- Maximum Benefit
 - Service capped at 30 years, thus the maximum benefit would be \$12,000 per year (\$400 x 30 years)
- Forms of Payment
 - Single: Straight-life annuity
 - Married: 50% of member benefit with option to "buy-up"

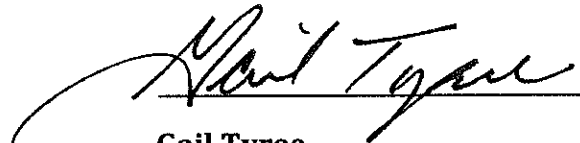
NOW THEREFORE, the Parties hereto have signed this Agreement in Principle in recognition of their pledge of mutual best efforts to achieve the understanding set forth above pending Council approval.

FOR THE ADMINISTRATION

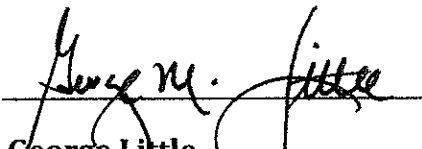
FOR THE UNION




A C Wharton, Jr,
Mayor of Memphis



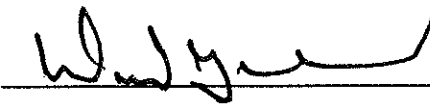
Gail Tyree
Local 1733, Exec. Director




George Little
Chief Administrative Officer



Keith Johnson
Local 1733, Vice-President



Dwan Gilliom
Public Works Director



Elmore Nickelberry
1968 Sanitation Striker



Cleo Smith
1968 Sanitation Striker