



## For Action with Confidential Attachment

# Interest Arbitration Results and Non-Union Benefits/Cost-of-Living Adjustment

**Date:** January 24, 2019  
**To:** TTC Board  
**From:** Chief People Officer

## Reason for Confidential Information

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This report is about labour relations or employee negotiations.

## Summary

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The purpose of this report is to:

- 1) Provide a summary of the interest arbitration outcomes for the Canadian Union of Public Employees (CUPE) Local 2 and the Amalgamated Transit Union (ATU) Local 113
- 2) Provide a recommendation for staff to consider extending the long-term disability (LTD) benefits awarded to ATU to other bargaining units that did not receive any increases to this benefit through negotiation/interest arbitration.
- 3) Provide a recommendation regarding the general salary/benefit increases for management/non-union employees.

## Recommendations

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It is recommended that:

1. The TTC Board direct staff to report back on the potential benefits of increasing LTD benefits for the CUPE Local 5089, CUPE Local 2 and the International Association of Machinists and Aerospace Workers (IAMAW) Lodge 235 bargaining units, in line with those awarded to ATU, and;
2. The TTC Board approve the proposed wage and benefit increases for TTC management/non-union employees in accordance with Table 1 (below).
3. Authorize that the information provided in Confidential Attachment 1 remain confidential in its entirety, as it contains information about labour relations or employee negotiations.

## Implementation Points

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Highlights of the changes to the CUPE Local 2 and ATU Local 113 collective agreements as a result of interest arbitration are attached as Appendix "A" and "B" to this report. It should be noted that the CUPE Local 2 arbitrator imposed an agreement reached by the parties through collective bargaining but not ratified by union membership.

Health benefit improvements awarded to ATU Local 113 pensioners must flow to all TTC pensioners at this time due to certain administrative limitations. The TTC Pension Fund Society (PFS) records do not distinguish between former TTC employees (i.e. whether non-union or union, and if unionized which union affiliation), accordingly, it cannot administer different levels of pensioner benefits in accordance with the different collective agreements. Two contracts negotiated by TTC introduced specific pensioner benefits in 2021, however, the ATU Local 113 interest arbitration did not include a delayed implementation. Due to the requirement to implement the pensioner benefits improvements awarded to ATU, the TTC has no choice but to provide these benefits to all pensioners as a result of the fact the PFS does not distinguish pensioners. The TTC will work to delineate pensioners by bargaining unit in advance of 2021, and will provide notice to all pensioners of the time-limited nature of these improvements being awarded to anyone other than a former ATU member. A mail out will be done for all approximately 9,050 pensioners. Notices will be distributed at the TTC to inform current employees.

Once the TTC concludes collective bargaining with its bargaining units it typically brings forward any proposed salary and benefit increases for non-union/management employees. The proposed salary and benefit increases are contained in Table 1.

The TTC employs approximately 3,100 non-union/management employees. Approximately 3,030 occupy positions in wage group 1-12 and approximately 70 are in positions wage group 13-18.

**Table 1**

<b>Effective Date</b>	<b>General Increase for Wage Groups 1-12</b>	<b>General Increase for Wage Groups 13-18</b>
April 1, 2018	2%	1.25%
April 1, 2019	2%	1.25%
April 1, 2020	2%	1.25%
<b>Benefit Improvements (Effective April 1, 2019)</b>		
<ul style="list-style-type: none"> <li>• Psychological services increased by \$500/year to a new maximum of \$1500.</li> <li>• Paramedical benefits increase to \$2000 a year and removal of per visit caps (currently \$1500).</li> <li>• \$50 increase to vision coverage (currently \$450 every two years).</li> <li>• Shingles vaccine to be covered without restriction.</li> <li>• Smoking cessation drugs to a lifetime maximum of five prescriptions (currently \$300 maximum)</li> </ul>		

## **Financial Summary**

The cost of the wage and benefit increases imposed at interest arbitration for ATU Local 113 is \$139.3 million over 3 years and \$10.1 million for CUPE Local 2 over four years.

The recommended wage and benefit increases for management/non-union employees are expected to result in a cumulative budget impact of \$52.2 million over three years. As reflected in Table 2 below, this impacts both the capital budget (\$17.0 million) and operating budget (\$35.2 million) between April 1, 2018 to March 31, 2021:

**Table 2**

<b>Cumulative Budget Impact</b>	<b>APR – DEC 2018</b>	<b>JAN – DEC 2019</b>	<b>JAN – DEC 2020</b>	<b>JAN – MAR 2021<sup>1</sup></b>	<b>TOTAL</b>
Total (all budgets)	\$6.2M	\$15.6M	\$23.9M	\$6.5M	\$52.2M
Capital Budget	\$2.0M	\$5.1M	\$7.8M	\$2.1M	\$17.0M
TTC / Wheel-Trans Operating	\$4.2M	\$10.5M	\$16.1M	\$4.4M	\$35.2M

1) First three months of the year (Jan-March 2021)

The recommendations also result in an increase in post-retirement liabilities (no immediate direct budget impact) of approximately \$0.4 million for pensioner benefits consistent with those awarded to Local 113 employees. Including this change, the overall cumulative cost associated with staff recommendations is \$52.6 million over three years.

The cumulative operating and capital costs of the combined wage and benefit increases for all employees is estimated at \$203.7 million:

- ATU Local 113 - total cost of \$139.3 million over three years, imposed at interest arbitration for approximately 11,300 unionized employees;
- CUPE Local 2 - total cost of \$10.1 million over four years, imposed at interest arbitration for approximately 640 unionized employees;
- CUPE Local 5089 and Lodge 235 – total cost of \$1.7 million based on four year settlements for approximately 160 unionized employees; and
- Management / Non-Union Employees – total cost of \$52.6 million over three years for approximately 3,100 employees;

After adjusting for post-retirement liabilities (no immediate direct budget impact) and the elimination of two paid emergency leave days for CUPE Local 2 and CUPE Local 5089 (negotiated at the time of settlement/award), the cumulative budget impact of \$204.1 million is summarized in Table 3 below:

**Table 3**

Cumulative Budget Impact	APR – DEC 2018	JAN – DEC 2019	JAN – DEC 2020	JAN – MAR <sup>1</sup> 2021 JAN - DEC <sup>2</sup> 2021	JAN – MAR 2022 <sup>2</sup>	TOTAL
Total (all budgets)	\$28.3M	\$57.7M	\$88.4M	\$28.3M	\$1.4M	\$204.1M
Capital Budget	\$3.6M	\$8.5M	\$12.9M	\$4.9M	\$0.5M	\$30.4M
TTC / Wheel-Trans Operating	\$24.7M	\$49.2M	\$75.5M	\$23.4M	\$0.9M	\$173.7M
City 2018 Non-Program Provision	\$(18.6M)	\$(18.6M)	\$(18.6M)			
TTC / Wheel-Trans Funding Required	\$6.1M	\$30.6M	\$56.9M			

**Notes:**

1) Applicable to three year term (Local 113 and Staff) Jan - Mar 2021

2) Applicable to four year term (Local 2, Local 5089 and Lodge 235) - third year: Jan - Dec 2021 and final year Jan - Mar 2022.

The 2018 budget impact of \$28.3 million will be accommodated through a combination of existing approved capital funding (\$3.6 million); provisional funding transferred to the TTC from the City's Non-Program account (\$18.6 million); and 2018 operating funding available within existing subsidy levels through under spending (\$6.1 million).

The \$30.6 million required for 2019 has been incorporated into the 2019 operating budget request to be considered by the TTC Board on January 24, 2019.

The \$26.3 million impact for 2020 and future year costs will be brought forward for TTC Board consideration as part of the 2020 and future year budget processes.

The Chief Financial Officer has reviewed this report and agrees with the financial summary information.

### **Equity/Accessibility Matters**

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No equity or accessibility impacts were identified.

### **Decision History**

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The mandate request presentation for collective bargaining was delivered to the board on December 11, 2017 and approved on that date. The materials are available online at:

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2017/December 11/Reports/7 Presentation Collective Bargaining Mandate.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2017/December%2011/Reports/7%20Presentation%20Collective%20Bargaining%20Mandate.pdf)

## **Issue Background**

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The TTC is subject to interest arbitration in accordance with the *Toronto Transit Commission Labour Disputes Resolution Act*. The TTC and CUPE Local 2 negotiated a collective agreement but it was not ratified by the membership. Accordingly, the matter was referred to interest arbitration for a resolution.

The TTC and ATU Local 113 were unable to negotiate a collective agreement and the matter was referred to interest arbitration for resolution.

## **Comments**

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The TTC engaged in collective bargaining to resolve four contracts in 2018. Two collective agreements were resolved through negotiation and two were resolved through interest arbitration. On October 23, 2018, the last contract was resolved through interest arbitration. It provided members of ATU Local 113 general increases of 2% per year in 2018, 2019 and 2020, as well as certain benefit improvements.

The four new collective agreements provided for compensation increases between 0% and 2% per year depending on the specific occupation and bargaining unit. The provision of similar general salary and benefit increases for management/non-union staff as provided for unionized employees ensures that increases in unionized salaries do not result in salary compression issues (i.e., an inequity in salary as a result of on-going disproportionate salary increases between two groups of employees).

The distinction across wage groups in recommended levels of increases for non-union/management employees reflects the fact that the TTC had proposed increases of 1.25% to all bargaining units because it believes such increases to be fair and consistent with the City of Toronto.

The TTC has a relatively low LTD benefit for unionized employees compared to other large, public-sector employers. Any current unionized employee who is in receipt of LTD benefits cannot receive more than \$2,550 a month in benefits, which is subject to all statutory deductions. Employees take home approximately \$1,975/month, which is slightly higher than the \$1,621 per month take home of an individual meeting the “Low-Income Measure – After Tax” threshold, as measured by Statistics Canada in 2011, the last year data was available.

The ATU Local 113, through interest arbitration, was awarded increases to the monthly maximum benefit cap applied to LTD benefits as follows: \$125 in 2019, to a total of \$2,675 and \$125 in 2020, to a total of \$2,800. Persons in receipt of LTD benefits in the various bargaining units are a minority. The TTC recognizes that its low LTD benefit can

unduly impact this group. Furthermore, the low nature of this benefit risks the unintended consequences of employees attempting to return to work when they are not equipped to do so, as they cannot afford to remain on LTD. This risks having negative impacts on our attendance levels and workforce planning, resulting in greater costs. While the TTC feels it is important for each bargaining unit to negotiate their own health and fringe benefits, the aforementioned risk to attendance levels causes concern that merits further exploration in an effort to quantify.

## **Contact**

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Sean Milloy, Director – Employee Relations  
(416) 393-2944  
[sean.milloy@ttc.ca](mailto:sean.milloy@ttc.ca)

Megan MacRae, Executive Director – Human Resources  
(416) 393-3767  
[megan.macrae@ttc.ca](mailto:megan.macrae@ttc.ca)

Gemma Piemontese, Chief People Officer  
(416) 393-3394  
[gemma.piemontese@ttc.ca](mailto:gemma.piemontese@ttc.ca)

## **Signature**

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Gemma Piemontese  
Chief People Officer

## **Attachments**

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Attachment 1 – Appendix “A” – CUPE Local 2 Collective Agreement Highlights  
Attachment 2 – Appendix “B” – ATU Local 113 Collective Agreement Highlights  
Confidential Attachment 1 – Supporting Document for Non-Union Benefits and Cost-of-Living Adjustment

## Appendix "A"

### **CUPE Local 2 New Collective Agreement Details**

- Four-year term (ending March 31, 2022)
- Across the Board Wage Increases:
  - 2018 – 1.25% ATB increase April 1, 2018
  - 2019 – 1.25% ATB increase April 1, 2019
  - 2020 – 1.25% ATB increase April 1, 2020
  - 2021 – 1.25% ATB increase + 0.25% Lump Sum ATB April 1, 2021
- Benefits:
  - Permanent implementation of \$9.00 prescription drug dispensing fee cap for employees upon ratification and extension to retirees effective January 1, 2021 (This cap had previously been a time limited agreement for active employees which expired on March 30, 2018).
  - \$800 annual cap on erectile dysfunction medication effective April 1, 2019 for active employees and January 1, 2021 for pensioners.
  - Material exclusion of medicinal marijuana products from benefit drug plan for the life of the collective agreement.
  - Massage Therapy – removal of per visit cap and replaced with Green Shield Canada's reasonable and customary limits, effective April 1, 2019. This is not extended to Pensioners.
  - Physiotherapy and Chiropractor – removal of per visit cap for Chiropractor and replaced with Green Shield Canada's reasonable & customary limits, effective April 1, 2019. This is not extended to Pensioners.
- Effective January 1, 2019, earlier access to vacation entitlements as follows:
  - 6 weeks entitlement after 22 years (currently 23 years)
  - 5 weeks entitlement after 16 years (currently 17 years)
  - 4 weeks entitlement after 8 years (currently 9 years)
- A revised STD plan:
  - Elimination of two paid Personal Emergency Leave Days (these days were introduced by the Province through recent amendments to the *Employments Standards Act*).
  - First five sick days paid at 100% (up from 75%).
  - No need to produce a doctor's note for first five days of sickness per year.
- 15 cent increase in skilled-trade premium to a total of 50 cents per hour. This premium is now rolled into employees' base rate and subject to ATB wage increases.
- Salary continuance for a maximum of 30 days for employees injured at work and seeking compensation from WSIB. New caps/limits on WSIB salary top-up.
- Other general language changes and improvements.

## Appendix "B"

### **ATU Local 113 New Collective Agreement Details**

- Three-year term (April 1, 2018 – March 31, 2021)
- Across-the-board wage increases of 2% per year for all occupations.
- \$0.25/hour increase to skilled-trade premium.
- Benefit Improvements:
  - Monthly LTD Cap Increase - \$125 in 2019 and \$125 in 2020.
  - Psychological services increased by \$500/year to a new maximum of \$1500.
  - Paramedical benefits increase to \$2000 a year and removal of per visit caps (currently \$1500).
  - \$50 increase to vision coverage (currently \$450.00 every 2 years, \$325 for pensioners)
  - Shingles Vaccine to be covered.
  - Smoking cessation drugs to a lifetime maximum of 5 prescriptions.
- Establishment of a joint benefits review committee to discuss plans, administration, carriers and other matters of mutual interest.
- Establishment of a joint committee to discuss mobility, digital ride-hailing/ride-sharing, micro-transit and regional integration.
- Appendix E-27 renewed. This appendix prohibits the contracting out of Operator work.
- Schedule "C" to the 2014 collective agreement was not renewed. This schedule prohibited contracting out any work.