



For Action with Confidential Attachment

TTC Collective Bargaining and Non-Union Salary Updates

Date: February 10, 2022

To: TTC Board

From: Chief of Diversity & Culture, Chief People Officer, & Executive Director of HR

Reason for Confidential Information

This report is about labour relations or employee negotiations.

Summary

The TTC has six bargaining units representing employees. Due to a variety of factors, including more recently certified groups, the collective agreements between the TTC and the bargaining units have varying expiration dates. This report will provide an overview of the respective bargaining units, the status of bargaining within these groups and contractual timelines and a related recommendation for non-bargaining unit staff economic increases.

TTC's largest bargaining unit, the Amalgamated Transit Union ("ATU"), Local 113's (which represents transit operators and maintenance workers) collective agreement with the TTC expired March 31, 2021. The parties engaged in collective bargaining and reached an impasse. Pursuant the *Toronto Transit Commission Labour Dispute Resolution Act, 2011*, the parties engaged in Interest Arbitration. This took place during the fall of 2021 and an arbitration award was issued January 4, 2022 by Arbitrator William Kaplan. This report will review the outcome and associated costs of that award.

This report will also provide the TTC Board with details regarding the ongoing, and first, contract negotiations between the TTC and CUPE, Local 470 (TTC's most recently certified bargaining unit), including the details of the memorandum of settlement agreed to but which the membership did not ratify.

Finally, as a result of the pandemic's impact on economic adjustment decisions and progress on program development of performance management systems, non - bargaining unit employees have not received economic adjustments since April 1, 2019. Approval is being sought from the Board to provide economic adjustments for non-union employees for 2021/2022 and 2022/2023, retroactive to April 2021 and for 2022, effective April 2022, respectively. This increase is to address base pay erosion impacting our comparability to other municipalities, competitiveness in the marketplace and resulting pay compression between staff and union members.

Recommendations

It is recommended that the Board:

1. Direct staff to report back on outcomes of ongoing interest arbitrations and upcoming bargaining.
2. Approve an economic adjustment of 2.17% for Non-Union staff levels 1 through 18 effective April 1, 2021 and 2% effective April 1, 2022.
3. Receive the confidential attachment and staff presentation for information, noting that the information is to remain confidential in its entirety as it relates to labour relations or employee negotiations.

Financial Summary

This report includes an update on the Local 113 Arbitrated Settlement and recommendations for staff economic wage increases.

ATU 113 Arbitrated Settlement

The arbitrated settlement with Local 113 will have a cumulative cost of \$166.5 million over the 3 year term of the contract, as summarized in the following table:

ATU 113 Total Cost of Contract (April 1, 2021 – March 31, 2024)					
Item (\$ Millions)	April – Dec 2021	Jan-Dec 2022	Jan-Dec 2023	Jan- Mar 2024	Total April 2021- Mar 2024
Wages	17.8	40.8	63.6	17.3	139.5
Premiums & Allowances	0	1.2	1.2	0.3	2.7
LTD	14.8	2.6	2.8	0.7	20.9
Benefit Changes	1.2	0.7	1.2	0.3	3.4
Total cost (All Budgets)	33.8	45.3	68.8	18.6	166.5
Operating	31.2	41.8	63.5	17.2	153.7
Capital	2.6	3.5	5.3	1.4	12.8

The ATU 113 arbitrated award refers certain matters back to the parties for resolution and therefore these items are not included in the above cost summary at this time due to ongoing negotiations between the parties.

As part of the arbitrated award, Sunday premium payments which were previously 25% of base wage rate, will be fixed at March 31, 2021 rates. This provision will save \$1.7 million over the three-year term. These savings are included in the above table and the value of the associated future cost avoidance will increase with future inflationary wage increases.

Staff Economic Wage increases

In alignment with the ATU 113 (TTC's largest bargaining unit) award, this report recommends that non- union staff receive a 2.17% increase effective April 1, 2021 and 2% effective April 1, 2022. Cumulative costs of these increases over the two year time period of April 1, 2021 to March 31, 2023, are summarized in the following table:

Staff Economic Wage increase (April 1, 2021 – March 31, 2023)				
Item (\$ Millions)	April – Dec 2021	Jan-Dec 2022	Jan-Mar 2023	Total April 2021- Mar 2023
Total cost of Economic Adjustments (All Budgets)	7.1	17.1	4.9	29.1
Operating	5.0	12.0	3.4	20.4
Capital	2.1	5.1	1.5	8.7

A review of pay practices and the development of pay for performance management systems for management/non-union staff will inform staff economic adjustment recommendations for 2023 and beyond.

Operating Budget Impact

The financial impact of the ATU 113 settlement and the staff economic increases for 2021 and 2022 on the operating budget is summarized in the following table.

	2021	2022	Total
Operating Budget			
ATU	31.2	41.8	73.0
Staff	5.0	12.0	17.0
Total Operating Budget Impact	36.2	53.8	90.0

2021 impact will be included in 2021 year-end results, with the 2021 operating funding requirement to be addressed through a combination of the amount available in the City's Non-Program provision and 2021 under-expenditures.

Sufficient funding is available to address 2022 requirements, in the City Non-Program provision.

Capital Budget Impact

The financial impact of the ATU 113 settlement and the staff economic increases for 2021 and 2022 on the capital budget is summarized in the following table.

	2021	2022	Total
Capital Budget			
ATU	2.6	3.5	6.1
Staff	2.1	5.1	7.2
Total Capital Budget Impact	4.7	8.6	13.3

Sufficient funding to address the capital budget impact is included in the 2022-2031 Capital Budget and Plan approved by the TTC Board on December 20, 2021 and will be considered by City Council on February 17, 2022.

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

Equity/Accessibility Matters

The agreements and associated terms and conditions of employment are applied equitably to all employees who are represented by the bargaining units and there are no identified impacts on accessibility or equity matters.

Decision History

ATU Local 113 (large bargaining unit) and CUPE Local 470

At the April 14, 2021 TTC Board Meeting, the TTC Board adopted staff recommendations with the commitment that staff would report to the TTC Board with the outcome of these negotiations.

https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2021/April_14/4_Ongoing_Negotiations_Update_ATU_Local_113_and_CUPE.pdf?rev=d025a5ed61824752aa33e017f1a0a73b&hash=ACAFF7BCEE759E889BBFEEE0327FB4A2

Customer Service Centre (“CSC”) - Local 113

At the April 14, 2021 Board Meeting the TTC reported on the interest arbitration decision from Arbitrator Herman dated December 21, 2020 and the implications of this award.

https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2021/April_14/3_Customer_Service_Centre_Interest_Arbitration_Award.pdf?rev=8a72171828a345afa61e46a04a795e1c&hash=8FA3BB4D524E801A5C3DF7B926D8FC2

Upcoming Bargaining

The remaining bargaining units each have a collective agreement expiring March 31, 2022. Each of these arose out of negotiated settlements in 2018 which were for four year terms.

The TTC Board approved the International Association of Machinists and Aerospace Workers, (“IAMAW”) Lodge 235 agreement on February 15, 2018. The link to staff report follows:

https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2018/February-15/10_Collective_Bargaining_Agreement_Ratification_IAMAW_Lodge_.pdf?rev=546de0791e964717b3b5a31116905f4f&hash=729B7114870DD56347885B2538CF1E39

The TTC Board approved the Canadian Union of Public Employees, (“CUPE”), Local 5089 agreement on April 14, 2018. The link to staff report follows:

https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2018/April-11/Reports/10_Collective_Bargaining_Agreement_Ratification_CUPE_Local_5.pdf?rev=035808ebefb64d13bc96c7acc3bc287d&hash=38CDEE22A39E39AA95FA8C0B500E52B0

The agreement reached between TTC and CUPE Local 2 on April 17, 2018 was not ratified by the membership however was imposed at interest arbitration on October 2, 2018. The award is attached as Appendix B.

Issue Background

ATU Local 113 (Operators/Maintenance)

In the 2018 bargaining round the parties were unable to reach a negotiated settlement. The matters went to interest arbitration pursuant the *TTCLDRA*. The interest arbitrator, William Kaplan, issued an interest arbitration decision following the parties submissions which were brought to the Board January 24, 2019 <https://www.ttc.ca/public-meetings/board/2019/board-meetings-jan-24?tab=0>. This award was for a term of three years, in contrast to the four year terms negotiated for all non ATU contracts at the time.

The TTC began preparing for collective bargaining with ATU well in advance of the contract expiration on March 31, 2021. A working committee of the Board was compiled

by the Chair of the TTC Board in order to oversee and assist staff in arriving at a strategy and mandate for bargaining.

TTC and ATU began bargaining on February 26, 2021. They met over the course of 11 dates in an effort to arrive at a negotiated settlement. Amongst other elements, the ATU sought a 12% increase over a three year contract term, further restrictions on all contracting out provisions, enhanced premiums and benefits, and premiums for wages during Pandemic times.

The TTC's key area of focus during bargaining was to provide fair wages to its employees who worked tirelessly to provide an Essential Service to the City during difficult Pandemic times, while also enhancing operational efficiency in order to provide a more efficient, flexible and valuable service to the public, as well as the ability to introduce part time workers for efficiency and expansion of its women and diversity initiatives. Additionally, TTC sought to maintain existing contracting out provision limitations, to work with the ATU to establish work rules for the new LRT lines, to enhance benefits for existing employees (non- retirees) by making administrative changes that would not detract from the benefit pool, but which would enable savings to be reallocated to material enhancements. The TTC sought savings through a changed model to premiums provided to employees who work on Sundays.

The TTC and ATU attended conciliation on June 28, 2021 and the ATU sought a "no-board" report within ten minutes, in order to apply for interest arbitration. They then filed for this on July 2, 2021.

The TTC and ATU agreed to appoint arbitrator William Kaplan to hear the matter between the parties. Mediation proceeded on October 25, 2021 where no agreement was reached. Arbitration proceeded on November 6, 2021. An award was issued on January 4, 2022 and is attached as Appendix A.

High level overview of the award

Term & Financials:

- Three year term (April 1, 2021 - March 31, 2024) with increases of 2.17%, 2% and 2%
- Some minor increases to skilled trade allowance, clothing allowance, footwear allowance and bereavement leave.
- Freezing of the Sunday premium at existing rates

Benefits were awarded for *Active* employees only (non- retirees):

- Phased in increases to the Long term disability benefits increase monthly benefit maximum to \$3,200 January 1, 2022 and \$3,400 January 1, 2023
- Some benefit improvements to the vision care, eye exam and psychological services
- Introduction of Chiropractic and restructuring of hearing aid benefits
- TTC to pay cost of medical for licenses effective Jan. 1/ 22, where required for work

Several important issues were remitted to the parties for negotiation within 90 days. Should the parties not be able to agree these items will return to the arbitrator for decision. These include such issues as cross boundary service integration, several items the TTC identified as hindering operational efficiency and effectiveness, as well as terms of reference associated with future LRT work. Of note, the arbitrator made some very specific comments associated with this portion of the award. For example, he specifically directed the parties to negotiate several specific work rules that the TTC had advanced as inefficient, noting “employees being paid must be available for work.”

Importantly, the arbitrator ordered a Part time working committee to establish terms and conditions to enable part time operators on a voluntary basis.

CUPE Local 470

On November 14, 2019, CUPE filed an application with the Ontario Labour Relations Board (“OLRB”) to certify approximately 130 Operations Supervisors in Transit Control (Surface Operations) to form a new CUPE bargaining unit.

On March 10, 2021, the OLRB granted this application and certified CUPE as the exclusive bargaining agent of the Surface Operations Supervisors (“bargaining unit”). Moreover, the TTC received CUPE’s notice of intent to bargain on March 11, 2021 signaling intent to commence first contract negotiations for a Collective Bargaining Agreement (“CBA”) which would set out the terms and conditions of employment of the newly formed bargaining unit.

Following certification of the bargaining unit, CUPE required time to organize its negotiating team and formalize its union structure through an election of an Executive Board. The bargaining unit is now officially represented by CUPE, Local 470.

The parties commenced negotiations on September 27, 2021 and met at the negotiating table (remotely) over the course of seven (7) days, before reaching a tentative agreement on October 29, 2021.

The tentative agreement was voted on by CUPE, Local 470 membership on December 6, 2021. The membership did not ratify the tentative agreement. The confidential attachment outlines the non-ratified agreement and associated costs. Because this is in active bargaining as a result of the non-ratification the information cannot be made public at this time. The parties will report back publicly once an outcome is reached with associated terms and costs.

CSC- ATU Local 113

At the April 14, 2021 Board Meeting the TTC reviewed the arbitration award dated December 21, 2020 (Appendix C). That award issued a retroactive term August 1, 2019 to July 31, 2021.

Notice to bargain was received from the ATU on June 15, 2021 and after very limited bargaining conciliation was filed for on June 29, 2021. The parties re-attempted to engage in collective bargaining August 3 and 9 2021.

The parties attended conciliation August 16, 202. No resolution was reached. The parties have agreed to Arbitrator Matt Wilson to hear the Interest Arbitration which is scheduled for March 4, 2022. We anticipate an award within 30 days of the hearing.

Upcoming bargaining

The TTC has three collective agreements that will be expiring March 31, 2022. All of these agreements were negotiated during the 2018 bargaining cycle for 4 year terms.

CUPE Local 2 represents skilled trade and electrical workers and is comprised of approximately 650 employees.

CUPE Local 5089 represents transit enforcement officers, fare inspectors and protective guards and is comprised of approximately 170 employees.

The International Association of Machinists and Aerospace Workers (IAMAW) Lodge 235 represents some skilled and semi- skilled labourers and is comprised of approximately 40 employees.

The TTC will work with the Board working committee for preparations for upcoming bargaining and report back on outcomes.

Non Union Economic Adjustments

TTC staff economic increases were suspended for April 1, 2020 as per City Council direction as a cost containment measure to address the financial impacts of COVID-19. The recommendation presented in this report remains consistent with this direction and addresses 2021/2022 and 2022/2023 economic increases.

Approval sought from the Board is to limit further pay erosion to comparator markets and maintain pay rate competitiveness. The recommended percentages are aligned with the largest union settlement ATU 113 to further mitigate growing compression between union to non-union and non-executive to executive career and pay progression.

Comments

ATU Local 113 (Operators/Maintenance)

The interest arbitration award issued by arbitrator Kaplan reflects a significant inroad into engaging in material discussions with the ATU which will advance the organization's ability to enhance efficiency over time. This deliberate and thoughtful award respects the balance between incremental change and demonstrated need and encourages the parties to work to find negotiated outcomes as opposed to viewing interest arbitration as the necessary outcome.

TTC is working avidly to negotiate with the ATU in the 90 day window provided in order to reach negotiated outcomes which will benefit the public and be fair to employees.

CUPE Local 470

Despite significant efforts made by CUPE Local 470 bargaining team to encourage ratification of the tentative agreement with their membership, the ratification vote was unsuccessful. The TTC and CUPE Local 470 had a further meeting to discuss specific items that were a barrier to ratification. Unfortunately, it was determined that the parties had reached an impasse and would require the assistance of a Conciliator from the Ontario Labour Relations Board (OLRB) to further assist in bringing negotiations to conclusion.

The parties are scheduled for conciliation with the OLRB on February 15, 2022.

ATU Local 113- CSC

Arbitration is scheduled for March 4, 2022 and an award is expected within 30 days of that date. Staff will report back on the outcome.

Upcoming Bargaining

Over the past several rounds of bargaining the TTC has worked to treat each bargaining unit as an independent entity and bargain matters of true importance to each of these units. While the 2018 interest arbitration award between TTC and its largest union, the Amalgamated Transit Union (ATU) Local 113, imposed a 3 year term (as opposed to 4) putting it off cycle with the other bargaining units, TTC will continue its efforts to treat each bargaining unit it deals with as independent entities, recognizing that each membership will likely have distinct interests.

TTC will report back on the outcomes of bargaining.

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Attachments

Confidential Attachment 1 – TTC Collective Bargaining and Non- Union Salary Updates

Appendix A - Interest Arbitration Award between TTC and ATU Local 113, Jan. 2, 2022

Appendix B - Interest Arbitration Award between TTC and CUPE Local 2, Oct. 2, 2018

Appendix C - Interest Arbitration Award between TTC and ATU Local 113 (Customer Service Centre), Dec. 21, 2020