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SUBJECT: Update on City of Duluth contract offer to AFSCME

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Update on City of Duluth contract offer to AFSCME

Recent representations of the City of Duluth's contract proposal to AFSCME have caused AFSCME members, the news media and the general public to get misleading information about this labor dispute.

The City's Chief Administrative Officer, David Montgomery, provided clarifying information this afternoon that spell out what the City is actually proposing in its offer:

"Neither the City's initial proposal in December nor the final proposal in February voted on by the AFSCME membership made any reference to or restricted members' right to strike. Neither proposal changed employment to 'at will.' The City remains firmly supportive of the collective bargaining process with our employees. The final offer also contained no modifications to seniority language.

"AFSCME has stated that the City proposed to reduce health care contributions to new members that other unions did not have to take. This misrepresents the facts. Three years ago, as part of the last contract negotiations, the City proposed to contribute \$12,000 to a health care savings account to all new employees because of the changes in the City's retiree health care program. The police, supervisory and confidential units all used that amount for new employees.

"AFSCME elected to use \$6,000 of their \$12,000 to give to retiring employees during the three year agreement, thus reducing the amount available to new hires. Three years ago, AFSCME agreed the amounts going to retiring employees would expire at the end of the last contract, which it has. The City is proposing no reduction in the current arrangement. AFSCME is asking to change the agreement to give additional benefit to new employees after the city was required to pay \$340,000 to retiring employees over the past three years.

"The City and AFSCME agreed to court-ordered grievance negotiations. The City had put proposed layoff language on the table during negotiations and included proposed provisions in the City's initial offer. AFSCME objected to the proposal so the City pulled the language and proposed to continue to negotiate the issue in 2011.

"Mr. Dreier of AFSCME acknowledged in quotes to the *Duluth News Tribune* that most of the language they disagreed with was not in the proposal voted on by their membership. They are considering a strike today over next year's contract, not this one.

"The City is facing significant and uncertain financial pressures. It is appropriate given this environment to simply extend the contracts one year and address more complex issues in 2011 when there is more clarity to the economic situation. Three other city unions understood this and have ratified agreements for one year contracts.

"Let me be very clear, the City does not want a strike. However, the City is prepared to handle key staffing functions if a strike takes place and will do whatever is necessary to maintain essential services for the citizens of Duluth.

"Some important services will be affected or curtailed such as libraries, licensing, routine public works maintenance, new building permit requests and the building inspection office. The inability to perform inspections could potentially slow or halt current building projects meaning hundreds of local construction workers could be out of work until the strike's conclusion.

"We think our offer is a fair and responsible use of taxpayers' dollars," said Montgomery. "And where there are still areas of disagreement, we think it's in the best interest of AFSCME, the City and Duluth taxpayers that we extend for one year a contract that's nearly identical to what AFSCME workers now have. Then we can work jointly on a long term contract for 2011."

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