



CITY OF DETROIT
OFFICE OF THE EMERGENCY MANAGER

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September 25, 2014

Ms. Audrey Bellamy
President, Senior Accountants,
Analysts & Appraisers Association
65 Cadillac Square, Ste. 2905
Detroit, MI 48226
ayoung586@comcast.net

★ Re: Department Of Water and Sewerage Terms and Conditions of Employment ★

Dear Ms. Bellamy:

This letter serves as a follow-up to my December 26, 2013 letter implementing terms and conditions of employment for employees represented by the Senior Accountants, Analysts & Appraisers Association ("SAAA" or the "Union"). Pursuant to Section 12 of Public Act 436, MCL § 141.1552, the City of Detroit is implementing the following additional terms and conditions of employment for employees working for the Detroit Water and Sewerage Department ("DWSD") represented by SAAA, effective September 26, 2014. The City Employment Terms between the City and SAAA dated July 18, 2012 and the terms and conditions of employment implemented on December 26, 2013 (effective January 1, 2014) (collectively, the "CETs") will remain in full force and effect. In the event that the provisions of this letter conflict in any way with the terms set forth in the CETs, the terms set forth in this letter shall control:

New Positions: DWSD will implement the attached *Exhibit A* (Classification Assignment) with respect to the creation of new positions represented by the Union.

Agency Shop:

A. Employees working for DWSD who seek to become a member of the Union will indicate their desire to become a Union member to DWSD by initiating their union application form and dues deduction authorization forms.

B. Dues and initiation fees will be authorized, levied and certified in accordance with the laws of the State of Michigan. Each member-employee and the Union shall authorize DWSD to rely upon and to honor certifications by the Union regarding the amounts to be deducted and the legality of the adopting action specifying such amounts of Union dues and/or initiation fees. In no event shall DWSD require an employee to pay dues as a

KEVIN D. ORR, EMERGENCY MANAGER

condition of employment. In the event an employee shows proof to DWSD that he or she is no longer a member of the Union, DWSD shall no longer deduct dues or fees from the employee's pay.

Article 3. Management Rights: Replace the reference to "Universal Work Rules" in Article 3, Section (C)(15) of the CETs with "DWSD Work Rules."

Article 8. Union Representation: Rescind the provisions of Article 8 of the CETs. In its place, DWSD will implement the Union Representation policy attached as *Exhibit B*.

Article 9. Grievance and Arbitration Procedures: Rescind the provisions of Article 9 of the CETs. In its place, DWSD will implement the Grievance Procedure attached as *Exhibit C*.

Article 10. Discipline Procedure: Rescind the provisions of Article 10 of the CETs. In its place, DWSD will implement the Discipline policy attached as *Exhibit D*.

Article 12. Health and Safety: Rescind Article 12, Section B of the CETs. Modify Article 12, Section C as follows: "All standard protective equipment and devices, first aid kits or similar provisions, and physical examinations or other tests required by the Employer shall be provided at no cost to the employee."

Article 13. Seniority: Rescind Sections B.3 and B.9 of Article 13 of the CETs. Replace the reference to "two (4) years" in Section B.5 with the following: "the lesser of one (1) year or the employee's length of service." Modify the provisions of Article 13, Section C.2 as follows: "Retirement." Modify the provisions of Article 13, Section F as follows: replace the references to three (3) months with twelve (12) months. Replace the provisions of Article 13, Section G with the following:

The DWSD will furnish to the Union quarterly, a seniority list and a separation list showing each employee's name, address, department, classification, pension number, and total City seniority date. This information shall be organized in a format mutually agreeable to the Union and the DWSD. The DWSD will also furnish to the Union a Department-wide seniority list by classification annually in a format mutually agreeable to the Union and the DWSD. These computer generated lists will be based on official Human Resources Unit documents which have been approved and processed as of the date submitted. Any questions concerning this information or alleged errors should be submitted to the Human Resources Unit. When the DWSD has the capability, such lists will be provided to the Union electronically.

Rescind the provisions of Article 13, Section H and replace Section H with: "DWSD shall adopt a separate seniority system for the department that does not provide for transfer rights across other City of Detroit departments."

Article 15. Reduction in Force, Lay Off, Demotion, and Recall: Replace the first two sentences of Article 15, Section C of the CETs with the following: "Reductions in force shall be by job classification. The following categories of employees in the class shall be removed first in the following order:" Remove all references to "City-wide displacement." Replace Section C.5 with the following:

Seniority employees who are in the class on a permanent basis and have completed the required trial period. Such employees shall be removed from the lowest level in the class, but may not displace employees in the same class at higher levels, in accordance with their total City seniority and have those displacement rights described below.

Article 16. Transfers and Promotions: Replace the reference to a three month probationary period in Article 16 of the CETs with a twelve month probationary period.

Article 17. Contractual Work: Rescind the provisions of Article 17 of the CETs and replace with the following:

DWSD is genuinely interested in maintaining the welfare of its employees consistent with the needs of DWSD and its compliance with all environmental laws and regulations. DWSD shall have the right to contract, subcontract or outsource work performed by DWSD employees represented by the Union. DWSD's decision to contract, subcontract or outsource work previously done by a bargaining unit employee is not arbitrable.

Article 33. Unemployment Benefits: Replace the reference to the Michigan Employment Security Commission in Article 33 of the CETs with "the Michigan Unemployment Insurance Agency."

Article 37. Overtime: Add the following: "Overtime shall be assigned to employees most capable of performing the necessary work within a classification at the discretion of DWSD management."

Article 40. Vacation: Add the following: "Vacation hours are capped at 240 hours and accrual over this amount must be used before each September 30th of each year. Effective October 1, 2014, vacation hours will be capped at 160 hours and accrual over this amount must be used

before September 30, 2014." Replace the reference to "City" in the last sentence of the first paragraph of Article 40 with "DWSD."

Article 41. Temporary Assignments: Replace Article 41, Sections B(3) and (4) of the CETs with the following:

3. For short-term out-of-class assignments in the bargaining unit resulting from absences due to use of sick days, vacation, departmental leave, etc., a qualified employee in the same work unit shall be offered the out-of-class work provided he/she is readily available and able to do the work. Qualified shall mean being on the most recent promotional list for the class. If there is no qualified employee in the work unit, the out-of-class assignment shall be offered to the next qualified person in the unit provided he/she is readily available and able to do the work.

4. For long-term out-of-class assignments in the bargaining unit resulting from absences due to extended illness, formal leaves of absence, scheduled future retirements, etc., which are anticipated to extend beyond three (3) months, the most qualified employee in the same work unit shall be temporarily promoted for the duration of the regular employee's absence provided he/she is readily available and able to do the work.

Article 43. Hospitalization, Medical, Dental and Optical Care Insurance: Rescind the provisions of Article 43 of the CETs. In its place, DWSD will implement the Hospitalization, Medical, Dental and Optical Care Insurance policy attached as *Exhibit E*.

Article 44. Workers' Compensation: Modify the provisions of Article 44 of the CETs as follows: replace the reference to "the City's Workers' Compensation Policy" with "DWSD's Workers' Compensation Policy."

Article 46. Wages: Replace Article 46, Section A of the CETs with the following: "All classifications and positions that received a 10% wage decrease that has not been restored will have the 10% restored prospectively with the next administratively feasible payroll after placement into a new classification."

Article 48. Retirement: Modify the provisions of Article 48 of the CETs as follows: "Employees will be eligible for retirement benefits pursuant to the terms and conditions included in the plan of adjustment approved by the United States Bankruptcy Court."

New Article 48.A Retiree Medical Benefits: Effective October 1, 2014, and each month thereafter during the term of this Agreement, the City will contribute toward the cost of retiree

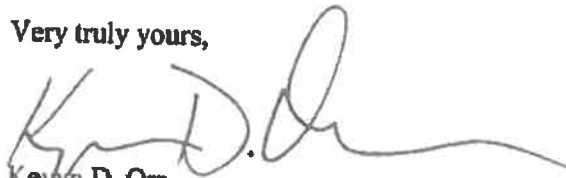
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health benefits for active Union member employees an amount equal to two percent (2%) of the straight-time hourly earnings (and paid time-off, but exclusive of any overtime compensation, premium/differential payments, etc.) of the active employee (the "Retiree Medical Subsidy"). Such Retiree Medical Subsidy shall be contributed by the fifteenth of each month calculated on the straight-time hourly earnings by such active Union member employees in the second previous month to the month of payment. Neither the City nor DWSD shall be required to pay any additional amounts in connection with retiree health for Union-represented active employees. To the extent that a retiree health care benefit design and structure is not in effect as of October 1, 2014 such contributions shall be contributed into a separate account and shall be transferred to the applicable arrangement created by the City as soon as practicable.

Article 49. General Retirement System, Board Composition: Rescind the provisions of Article 49 of the CETs.

Although DWSD is implementing these new terms and conditions of employment, DWSD is prepared to continue discussions with your labor organization with respect to a potential long-term collective bargaining agreement covering employees in the Union working for DWSD. Please note, however, that the City reserves all rights under Public Act 436 and that the City may implement additional changes to terms and conditions of employment in the future.

Very truly yours,



Kevin D. Orr
Emergency Manager, City of Detroit

cc: Sue F. McCormick
William M. Wolfson

Exhibit A
DWSD – Classification Assignment

SAAA

The Detroit Water and Sewerage Department has assigned the new job classifications of **Accountant, Procurement Specialist and Special Projects Technician** to Senior Accountants, Analysts & Appraisers Association.

The Total Compensation Package for the **Accountant** classification includes the following:

Minimum	Maximum
\$52,924	\$104,840

The Total Compensation Package for the **Procurement Specialist** classification includes the following:

Minimum	Maximum
\$37,185	\$87,212

The Total Compensation Package for the **Special Projects Technician** classification includes the following:

Minimum	Maximum
\$16,825	\$70,000

The Special Projects Technician classification may not be exclusive to this bargaining unit.

Employees placed in the Special Projects Technician classification shall be assigned work that they are qualified to perform and shall be provided reasonable instruction prior to starting the assignment. Placement in the Special Projects classification shall be continued until, in DWSD's sole discretion, there is no available work left to perform or it is no longer advantageous to DWSD's operations without regard to seniority, and with or without cause. Employees in the Special Projects classification are eligible to apply for promotion to new classifications within the bargaining unit. Employees in the Special Projects Technician classification may be assigned to projects not previously assigned to members of this bargaining unit, provided that they are qualified to perform the work.

Benefits:

Paid Time Off: Paid Time Off (PTO) will replace vacation, bonus vacation, sick, reserved sick, departmental leave, swing holiday, and compensatory time. Number of PTO days and accrual provisions to be determined. (Will be implemented when systems allow)

EXHIBIT B: UNION REPRESENTATION

- A. It is mutually recognized that the principle of proportionate representation is a sound and sensible basis for determining the number of stewards and chief stewards.
- B. In each representative district, the employees on each shift in the district shall be represented by one steward or chief steward who shall be a regular employee working in that district on that shift. In the absence of either the steward or chief steward, an alternate steward or chief steward shall represent the employees in that district. The Union shall promptly notify DWSD with copy to Human Resources Department of the names and locations of representatives selected.

In the absence of the steward or chief steward and his alternate, the President will notify the department of a designated representative and shall promptly confirm such designation in writing.
- C. The number of stewards, chief stewards and districts shall be that number negotiated between the Local Union and DWSD.
- D. Employees working the afternoon or midnight shift who are selected to serve on the grievance committee by the local union shall bump employees on the day shift and work a regular schedule Monday through Friday, provided there is an employee in a full-time position in the same classification as the employee who has been selected to serve on the grievance committee.
- E. Officers, stewards, or designated representatives who are involved in the Grievance Procedure shall be retained in their respective shifts, location, and classification.

In the event the classification is to be eliminated in the said work location and shift and a dispute arises as to where the officers, steward or designated representative shall be assigned, the dispute will be resolved in accordance with the Special Conference provisions of the CET.

EXHIBIT C: GRIEVANCE PROCEDURE (NON-UMPIRE)

Should differences arise between the DWSD and the Union an earnest effort shall be made to resolve such differences promptly and the following procedure shall be adhered to:

STEP 1 – SUPERVISOR LEVEL:

Any employee(s) who believes he/she has been unjustly dealt with OR THAT ANY provision of this contract Agreement has not been properly applied or interpreted may:

- A. Discuss his/her complaint with his/her supervisor with or without his/her steward or chief steward during employees' authorized breaks or before or after the shift.
- B. The employee shall have the right to discuss the complaint with his/her steward or chief steward before any discussion with the supervisor during employees' authorized breaks or before or after the shift.
- C. The parties shall discuss the complaint in a friendly and business-like manner and will make every effort to reach a satisfactory settlement at this point.
- D. In any case where the steward or chief steward is involved, the steward or chief steward, or in their absence the alternate, shall be allowed time during employees' authorized breaks or before or after the shift to investigate and process grievances that may arise under this Agreement.

STEP 2 – DIVISION HEAD LEVEL:

- A. If the matter is not settled in Step 1, the grievance shall be written by the chief steward and must contain:
 - 1. Name or names of employees involved in grievance, location, seniority, pension number, classification, shift and department.
 - 2. Union policy grievance.
- B. The nature of grievance complaint:
 - 1. Unjustly dealt with.
 - 2. Contract violation specifying provisions of contract violated.
 - 3. Disciplinary action.
 - 4. Others (specify)
- C. Date of Grievance.

- D. Disposition requested. Specifying in detail what must be done to correct the grievance complaint.
- E. Grievance number.
- F. All written grievances will be submitted by the Local Union President or the Vice-President to the division head or his/her designated representative.
- G. Two (2) representatives of the City, one of whom shall be the division head or his/her designated representative, the local union president, and the chief steward or the vice-president shall meet to discuss the grievance within five (5) working days after the receipt of the written grievance.
- H. The division head's written answer shall be presented to the Local Union President within ten (10) working days after the meeting, and shall set forth the facts he/she took into account in answering the grievance.

STEP 3 – DEPARTMENT HEAD LEVEL:

- A. If the grievance is not settled in Step 2, the President or a designated member of the grievance committee may submit an appeal to the department head or his/her designated representative within five (5) working days of the written answer rendered at Step 2.
- B. The grievance committee will consist of three (3) representatives from the local union, one of whom shall be the local union president, in accordance with Article 7-E.
- C. The grievance committee may meet at a place designated by DWSD on DWSD's property for not more than one (1) hour immediately preceding a meeting at Step 3 of the grievance procedure without loss of time or pay, to review the agenda listing those grievances or other items to be discussed.
- D. A meeting between the grievance committee and three (3) representatives of DWSD shall take place within seven (7) working days from the date the appeal is received. Besides the above, representatives of Council 25 may attend.
- E. The department head or his/her designated representative will answer the grievance in writing to the president of the local union involved and Council 25 within ten (10) working days from the date of the meeting at which the grievance was discussed. Management's written answer after the Third Step meeting shall briefly state the factors considered by management in its decision regarding the grievance.
- F. If the grievance is not settled at Step 3 it may be referred to arbitration within sixty (60) calendar days from the date of receipt of the City's DWSD's answer at Step 3.

STEP 4 - ARBITRATION:

Any unresolved grievances which relate to the interpretation, application or enforcement of any specific article or section of the CET, or any written supplementary agreement or letters and memoranda of understanding appended to this CET, and which have been fully processed through the last step of the grievance procedure, may be submitted, in strict accordance with the following:

- A. Arbitration shall be invoked by written notice to the other party of intention to arbitrate. The parties shall meet to select an ad hoc arbitrator. If the parties are unable to agree upon an arbitrator within ten (10) working days of such notice, the party desiring arbitration shall refer the matter to the American Arbitration Association or the Federal Mediation and Conciliation Service for the selection of an impartial arbitrator and determination of the dispute. If the party desiring arbitration fails to refer the matter to the American Arbitration Association or the Federal Mediation and Conciliation Service within a reasonable time, not to exceed ninety (90) working days of the notice of intention to arbitrate, the matter shall be considered settled on the basis of the last answer to the grievance.
- B. The arbitrator shall limit his/her decision strictly to the interpretation, application or enforcement of the CET and he/she shall be without power and authority to make any decision:
 - 1. Contrary to, or inconsistent with, or modifying or varying in any way, the terms of this Agreement.
 - 2. Granting any wage increases or decreases.
 - 3. Granting any right or relief for any period of time whatsoever prior to the execution date of this Agreement.
- C. No settlement at any stage of the grievance procedure, except an arbitration decision, shall be a precedent in any arbitration and shall not be admissible in evidence in any future arbitration proceeding.
- D. All claims for back wages shall be limited to the amount of wages that the employee otherwise would have earned less any compensation received for temporary employment obtained subsequent to his/her removal from the City payroll, and payments from Unemployment Insurance, Social Security Disability, Welfare, Family Independence Agency, and City funded Long Term Disability Insurance, Sickness and Accident Insurance and Automobile Accident Income Replacement Insurance. Where appropriate, the City shall reimburse those agencies and insurance funds so as to not affect the employee's equity therein.

- E. The decision of the arbitrator in a case shall not require a retroactive wage adjustment in another case except by express agreement of the parties.
- F. There shall be no appeal from the arbitrator's decision if made in accordance with his/her jurisdiction and authority under this CET. The arbitrator's decision shall be final and binding on the City, on the employee or employees, and on the Union.
- G. In the event a case is appealed to an arbitrator and he/she finds that he/she has no power to rule on such case, the matter shall be referred back to the parties without decision or recommendations on the merits of the case.
- H. The expense of the arbitrator shall be shared equally by the parties. The aggrieved, one (1) witness, and his/her local representative shall not lose pay for time off the job while attending the arbitration proceedings. Arbitration wherever possible, shall be conducted on the location where the grievance originated.
- I. The arbitral forum here established is intended to resolve disputes between the parties only over the interpretation or application of the matters which are specifically covered in the CET, are or may become part of the CET, and which are not excluded from arbitration.

STIPULATIONS TO THE GRIEVANCE PROCEDURE

- A. Any grievance under this procedure which is not filed in writing within five (5) working days after the grievance arises shall not be considered a grievance.
- B. Any grievance not appealed in writing from a decision at Step 2 to Step 3 within five (5) working days or from a decision at Step 3 to Step 4 within five (5) working days shall be considered settled on the basis of the last answer to the grievance.
- C. The time elements in the first three (3) steps of the grievance procedure may be shortened or extended, steps can be eliminated or the grievance initiated at an advanced step by mutual agreement.
- D. In areas where the grievance structure provides for a chief steward rather than a steward, the chief steward will be called at Step 1 of the grievance procedure.

In areas where there are stewards and chief stewards, both will not meet simultaneously with representatives of the Employer at Step 1 of the grievance procedure.

- E. "Working Days" as used in the grievance procedure, shall include Monday through Friday and exclude Saturdays, Sundays, and Holidays.
- F. The Union may withdraw a grievance without prejudice at any step of the grievance procedure. If a grievance is not scheduled or answered by management within the prescribed time limits, the Union shall move the grievance to the next step of the grievance procedure. The appeal will be considered timely if filed at the next step within ten (10) calendar days of the date that management was required to answer. However, if management submits a written answer subsequent to the date when the answer was due, the limits on appealing to the next step stated in paragraph C shall apply beginning as of the date of the answer. Grievances appealed to the next step of the procedure shall be scheduled and answered within the prescribed time limits.

Grievances not scheduled or answered within the prescribed time limits shall not be referred back to a prior step in the grievance procedure.

- G. The parties agree that exchanging, pertinent information regarding a grievance is beneficial to both parties in attempting to resolve the grievance.

The Union shall be advised of the factors considered in the imposition of discipline and shall have the right to request copies of available written documents or statements pertaining thereto. If the Union requests information regarding a grievance from an employee's personnel file, the Union must present written authorization from the employee to release the information. Management shall be advised of the basis of the grievance and have the right to request copies of available written information or statements pertaining thereto and which the Union proposes to present in support of the grievance.

- H. This grievance procedure shall be the exclusive grievance procedure for all members of the bargaining unit.

EXHIBIT D: DWSD DISCIPLINARY PROCEDURES

- A. All disciplinary action taken against an employee shall be for just cause and subscribe to the general philosophy that the primary purpose of disciplinary action is to correct employee behavior or conduct, that the disciplinary action procedure should be progressive in nature, and that selection of discipline in any specific case should be appropriate based on the circumstances of the offense and the employee. The issuance of disciplinary action shall take place in a timely manner.
- B. **NOTIFICATION REQUIREMENTS:** Notification shall be given to the appropriate union representative of any disciplinary action taken against any member which may result in any official entries being added to the employee's personnel file. Both employee and the Union representative shall be given a copy of such official entry.

In all cases when a supervisor contemplates issuance of disciplinary action, the supervisor shall inform the employee and allow the employee the opportunity to have union representation. If the employee declines union representation, he/she shall indicate so in writing and a copy shall be given to the Union.

When the department has decided to issue discipline, the employee will be allowed adequate time and an available area during authorized breaks or before or after the shift to discuss the discipline with his/her steward, or in the absence of a steward an appropriate union representative. In the case of a suspension or discharge this discussion will take place prior to the employee leaving City property. Upon request the management representative who is present and issuing the action will discuss the disciplinary action with the employee and his/her steward. Exceptions to this procedure would be in situations where the suspended or discharged employee is absent without leave, or the parties agree that such discussion would not be beneficial at this time.

In the case of an oral reprimand, a notation by date and subject only shall be placed in the employee's personnel file.

- C. The Union may request and management may agree to hold the imposition of disciplinary action in abeyance until after the scheduled date for a Third Step meeting to discuss the matter. This request must be made by the union representative at the time management has decided that discipline is to be issued (see Section B above). If for some reason the scheduled Third Step is postponed and unable to be conducted within a reasonable period of time, management may impose the penalty. This provision shall not apply in cases of absence without leave, insubordination, threats or acts of violence or other disruptive behavior. It also does not apply to instances of suspension pending discharge or discharge. Any additional action(s) by the employee warranting additional discipline in the interim shall be cause for immediate imposition of all pending discipline.

All disciplinary actions shall be subject to the grievance procedure. Grievances involving oral or written reprimands shall be filed in accordance with Step 1 of Article 8

Should the Union consider the suspension or discharge of an employer to be improper, the Local Union President shall submit a written grievance to the department head or his/her designated representative within five (5) working days of the issuance of the suspension or discharge. The grievance shall be processed in accordance with Step 3 of Article 8.

Note: It shall be the responsibility of the grievant to keep the Union and City informed of his/her mailing address and telephone number(s) at which he/she may be reached for purposes of notification. Certified mail to the address of record shall constitute proper notification to the grievant.

- E. Should it be necessary to reprimand an employee, management will attempt to administer such reprimand so as not to unduly cause embarrassment to the employee.
- F. Once disciplinary action has been taken against an employee by an authorized management representative, such disciplinary action on the particular charge cannot be increased in severity. Any subsequent adjustment of the discipline shall be made only by mutual agreement in settlement of the dispute.
- G. During investigation, an employee shall have the right to request to have his/her steward present if the employee reasonably believes that his/her statements may lead to disciplinary action. Before an employee is required to make any statements pertaining to his/her possible misconduct, the employee shall have the opportunity to discuss the matter first with his/her steward.
- H. **PERSONNEL RECORDS:** All employees within the bargaining unit shall have the right to review his/her personnel record every six (6) months if requested by the employee in writing. Such requests shall be granted within five (5) working days of receipt of the written request and shall be scheduled during regular business hours. This review may be with the presence of the employee's steward if requested by the employee.

Employees shall be entitled to copies of materials in their personnel file, and to submit written statements explaining the employee's position if there is disagreement with any material in the file, in accordance with applicable State law.

- I. **USE OF PAST RECORD:** In imposing any discipline on a current charge or in evaluating an employee for promotion or transfer, management will not take into account any prior infractions or disciplinary action taken which occurred more than thirty- six (36) months previously.
- J. **GUIDELINES FOR ADMINISTRATION OF A CORRECTIVE DISCIPLINE PROGRAM:**
 - 1. Disciplinary action should be appropriate and take into account both the offense and the employee.

Factors which should be considered in imposing discipline in each case are:

- a. The seriousness and circumstances of the particular offense.
- b. The employment history of the employee involved including length of service.

- c. The timeframe and nature of prior disciplinary action taken with respect to the employee.
 - d. Prior departmental action in comparable stipulations.
2. Any published departmental standards or rules governing employee conduct, common behaviors or expected work performance should be fairly and consistently applied.

EXHIBIT E: HOSPITALIZATION, MEDICAL, DENTAL AND OPTICAL CARE INSURANCE

- A. Employees will be eligible to participate in the group medical, prescription drug, flexible spending, dental, and vision plans ("Medical Plans") offered by the City. Unless the parties (1) mutually agree otherwise, (2) DWSD's operations are transferred to a new independent intergovernmental authority, or (3) DWSD develops alternative health care plans which are designed to either be substantially similar or better than the City's 2014 medical plan designs ("Medical Plan Designs"), or provide employees with alternative choices, the Medical Plan Design will remain in place during the term of this Agreement. As used herein, the term Medical Plan Design will collectively refer to deductibles, co-payments (including prescription drug benefit co-payments), covered services, networks, and third party administrators or insurers.
- B. Employees will be required to make monthly contributions for their benefits based upon the plan and coverage tier selected by the Employee. Monthly contributions will be deducted from Employee payroll disbursements on a pre-tax basis (if authorized by the employee), in accordance with applicable law.
 - 1. For calendar year 2014, Employees' monthly contributions under the City's Medical Plans will remain at the levels in place as of the effective date of these terms.
 - 2. For subsequent calendar years, Employees' monthly contributions under the City's Medical Plans will be adjusted annually to the level necessary to maintain an 80/20 proportional share of the cost of the medical coverage, subject to the terms, conditions and limitations set forth in this Article. Under this cost sharing arrangement, the City will pay eighty percent (80%) of the costs of each coverage tier in the City's Medical Plans, and Employees participating in each coverage tier will pay twenty percent (20%) of the costs for such coverage tier.

The failure of any insurance carrier(s) or plan administrator(s) to provide any benefit for which it has contracted or is obligated will not result in any liability to the City or DWSD (excluding any liability that may result from a separate breach of this Agreement pursuant to Section C above), nor will such failure be considered a breach by the City or DWSD of any obligation undertaken under this Agreement or any other agreement. However, nothing in this Agreement will be construed to relieve any insurance carrier(s) or plan administrator(s) from any liability it may have to bargaining unit Employees or beneficiaries of bargaining unit Employees.

- C. Notwithstanding any provision in this Article that could be construed to the contrary, this Article will not be construed to require the City to fall out of compliance with the requirements Public Act 152 of 2011 MCL § 15.561 *et. seq.* ("PA 152").