JOINT COMMITMENT and TENTATIVE AGREEMENT

The parties have been engaged in an ongoing discussion on matters of mutual concern and have a shared interest in addressing the following primary issues facing the City and members of the PPCOA:

Health Care and Costs for Health Care

• Compensation

• Encouraging Collaborative Strategies to Mitigate Health Care Cost Trends

Predictability and Stability for Employees and the City

Continued Improvement of the Long-Term Labor-Management Relationship

JOINT COMMITMENT

In recognition of these overarching concerns, the parties hereby endorse the following activities that shall occur over the term of a four-year (2006-2010) labor *Agreement*:

A. The PPCOA will work with the City on health/wellness/disease management strategies and programs that both improves enrollees' health and moderates medical and drug plans' cost increases.

B. The PPCOA will work within a joint labor/management framework to help craft a wellness program.

- C. The PPCOA will work with the City in a multi-year joint Health and Wellness Strategy that is aimed at reducing self-insured health care cost trend increases by 3% to 5% over the next 4 years (See attached Addendum).
- D. The PPCOA will commit to educating its members on matters of health/wellness/disease management and health care costs.

E. The PPCOA will work with the City to produce an annual work plan on wellness and health care cost mitigation.

- F. The PPCOA will work collaboratively with City and the Police Bureau to identify changes in work processes, systems, and other requirements that could result in cost savings and/or efficiencies to help offset fixed costs in the Bureau's budget.
- G. In conjunction with other labor organizations representing City employees, the PPCOA will meet with Council three times annually to discuss programs and review progress-to-date.
- H. The signatories to this agreement are committed to using the Labor Management Committee process to address operational issues that may arise during the term of the collective bargaining agreement. This committee is not engaged in bargaining nor does this commitment constitute an agreement by either party to re-open the contract should they be unable to resolve an issue within the Labor Management Committee.

TENTATIVE AGREEMENT

Further, in order to foster a period of time where the parties can focus and engage in the above referenced activities, by their signatures hereto, the parties hereby tentatively agree to resolve the 2006 negotiations for a successor labor *Agreement* as follows:

- 1. Term of Agreement July 1, 2006 through June 30, 2010.
- Wages The "Salary Rates" for members of the PPCOA bargaining unit shall be adjusted annually during the term of the labor Agreement by the Portland-Salem, OR-WA CPI-W with a minimum of 2.0% and a maximum of 5.0%. See Attachment A.
- 3. Health Care PPCOA affirms its commitment to the joint health/wellness//disease management activities referenced above. Further, the City shall contribute ninety-five percent (95.0%) of the combined total medical, vision and dental rates adopted by the City Council for the one party, two-party or family enrollees (whichever applies) for each of the medical, dental and vision options provided. Each employee shall contribute five percent (5.0%) of the combined total medical, vision and dental rates adopted by the City Council for the one party, two-party or family enrollees (whichever applies). The level of benefits shall remain in effect for the duration of the 2006-2010 Agreement unless mutually agreed to by the parties.
- 4. All other terms and conditions of the 2006-2010 labor Agreement to remain as provided in the 2002-2006 labor Agreement.

5. This tentative agreement is subject to the parties' respective ratification procedures. Upon bilateral ratification, a 2006-2010 labor *Agreement* document reflecting this tentative agreement shall be prepared and executed by the parties authorized representatives for printing, distribution to and use by the PPCOA, its members and the City.

For the City

For the PPCOA

Data:

ate: 1 - 1 / 0

EXHIBIT A-1

227.06

Attachment A

Article 32

SALARY

1. Effective July 1, 2006, Schedule "A" wage rates will be revised as follows

Salary rates for classifications in Schedule "A" for the period July 1, 2005 to June 30, 2006 are to be increased by one hundred percent (100%) of the annual increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) (as measured by the annual change in the index between 2nd Half 2004 and 2nd Half 2005) for Portland-Salem, OR-WA, published by the Bureau of Labor Statistics, U.S. Department of Labor. However, in no event shall the salary increase be less than two percent (2.0%) or greater than five percent (5.0%).

2. Effective July 1, 2007, Schedule "A" wage rates will be revised as follows:

Salary rates for classifications in Schedule "A" for the period July 1, 2006 to June 30, 2007 are to be increased by one hundred percent (100%) of the annual increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) (as measured by the annual change in the index for between 2nd Half 2005 and 2nd Half 2006) for the Portland-Salem, OR-WA, published by the Bureau of Labor Statistics, U.S. Department of Labor. However, in no event shall the salary increase attributable to the CPI be less than two percent (2.0%) or greater than five percent (5.0%).

3. Effective July 1, 2008, Schedule "A" wage rates will be revised as follows:

Salary rates for classifications in Schedule "A" for the period July 1, 200% to June 30, 200% are to be increased by one hundred percent (100%) of the annual increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) (as measured by the annual change in the index between 2nd Half 2006 and 2nd Half 2007) for Portland-Salem, OR-WA, published by the Bureau of Labor Statistics, U.S. Department of Labor. However, in no event shall the salary increase attributable to the CPI be less than two percent (2.0%) or greater than five percent (5.0%).

4. Effective July 1, 2009, Schedule "A" wage rates will be revised as follows:

Salary rates for classifications in Schedule "A" for the period July 1, 2008 to June 30, 2008 are to be increased by one hundred percent (100%) of the annual increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) (as measured by the annual change in the index between 2nd Half 2007 and 2nd Half 2008) for the Portland-Salem, OR-WA, published by the Bureau of Labor Statistics, U.S. Department of Labor. However, in no event shall the salary increase be less than two percent (2.0%) or greater than five percent (5.0%).

5. In the event that City revenue sources should be decreased by the passage or impact of a tax limitation measure, legislatively mandated change, cut back in Federal and/or State revenue sharing, or any other conditions causing a worsening of the City's financial position, the City Council and the signatory labor organizations agree that they will meet and discuss the economic impact and, by mutual agreement, will put forth a good faith effort to arrive at alternatives to a reduction in the work force.