



TRANSPORTATION MANAGEMENT & DESIGN, INC.

North Central Regional Transit District and City of Santa Fe Transit System Consolidation Study

Task 3C - Labor Force Alternatives

Introduction

This section will utilize the results of Task 2 to consider the labor force options for consolidation of the North Central Regional Transit District (NCRTD) and Santa Fe Trails (SFT). Labor and its associated representation are a key issue in any transit operation and are very much a critical item for evaluation in a potential consolidation of services and operations.

NCRTD operational employees are currently represented by Chauffeurs, Teamsters, and Helpers Local No. 42 whereas SFT operational employees are currently represented by the American Federation of State, County, and Municipal Employees (AFSCME).

The current NCRTD contract covers the following job categories

- Driver (Level I, II, III)
- Transit Customer Service Representative (Level I, II, III - also referred to as Dispatchers)
- Transit Software Specialist.
- As NCRTD currently contracts with external vendors for all vehicle maintenance, there are no maintenance related represented titles in the current contract.

The current SFT contract covers the following job categories

- Administrative Secretary
- Customer Service Representative
- Database Specialist

- Mechanics
- Bus Operators (fixed route, paratransit, shuttle)

As was noted in Task 2, there are some significant differences in these two contracts as follows:

- Most importantly, while the NCRTD contract is a direct transportation services contract, the SFT contract is part of a Santa Fe city-wide contract in which the SFT operation is a subset defined as a “Division” within the larger municipal services contract. The SFT contract is lacking in specificity for transit. The establishment of a transit specific contract provides opportunities for more effective control of the labor force. An example would be in the area of accident and attendance discipline which could be tailored for transit and avoid subsequent rounds of arbitration due to SFT’s subordinate role as a “Division” within the City’s overall labor contract.
- The time frames for the two contracts are different. The NCRTD contract is valid through June 2019, while the SFT contract is valid only until June 2017. Both agencies’ contracts are currently three years in duration. This affects the timing of having a unified contract under a consolidated operation.
- The pay levels for the basic transit functions are somewhat different with NCRTD being higher at the entry level, but SFT rates are higher at the midpoint and maximum levels. However, most current SFT employees in these titles are not paid at the higher Midpoint and Maximum levels. This pay rate differential may be increased if higher rates for SFT are negotiated in the new contract subsequent to July 1, 2017.

NCRTD

Title	Minimum	Midpoint	Maximum
Transit Driver I	\$13.62	\$16.34	\$19.07
Transit Driver II	\$14.23	\$17.08	\$19.92
Transit Driver III	\$15.24	\$18.29	\$21.33

SFT

Paratransit Operator	\$12.067	\$16.536	\$21.006
Transit Operator	\$13.965	\$19.420	\$24.876
Transit Shuttle Operator	\$13.965	\$19.420	\$24.876

- Grievance process is shorter at NCRTD than at SFT. It is a 2-step vs 4-step, reflecting a much more compact and transit-specific organization rather than a broader based municipality.
- Vehicle maintenance at NCRTD is exclusively handled by external vendor contracts, while SFT has in-house personnel to handle most of this work with some exceptions largely due to new vehicle warranty issue.
- SFT Employees contribute substantially less to their pension than NCRTD employees, either 3.29% (under \$20,000 salary) or 3.66% of salary (over \$20,000) as opposed to 5.05% for NCRTD employees. This is attributable to the City of Santa Fe's substantially higher level of employer contribution to the plan.
- NCRTD health insurance costs on a bi-weekly basis are less for employees than for SFT employees. Each organization has three sets of health care plans; in all cases the premium costs borne by NCRTD employees are lower than the comparable SFT plans. NCRTD employees contribute 20% and SFT employees contribute 23.5% of the cost of their respective health care plans.

Typically there would be two basic labor representation options for consideration in a potential consolidation between the two organizations:

1. The first would be to retain the current separate labor affiliations, AFSCME for SFT, and Teamsters for NCRTD; and
2. The second would be to have the current SFT labor force be incorporated into the Teamsters representation for NCRTD.

In the longer term, phased in opportunities for enhancing the efficiency and effectiveness of the maintenance effort that could be obtained through a consolidation of facilities could also be constrained by differing work rules, work assignment, practices, and vehicle requirements.

The following is an evaluation of each option that is typically experienced in such consolidations.

Option 1 - Current SFT Operational Employees to Remain with AFSCME and NCRTD Operational Employees to Remain with Teamsters

In this option, current SFT operational employees, choosing to transition to the consolidated operation, upon consolidation with NCRTD would remain members of and continue to be represented by AFSCME. The key attribute in this arrangement is that it offers the least external controversy in dealing with a potential merger. It is

accurate to assume based upon outreach to date, that an unchanged situation in terms of labor affiliation offers the overall least initial objection from the two affected labor forces. Unfortunately, it does not deal with certain constraints and most importantly, it does not facilitate any efficiency that could be achieved with a consolidation. The areas of concern with this option are as follows:

Under a consolidated operation, if SFT services were still to be represented by AFSCME, it would clearly have to be a separate contract from the overall Santa Fe City municipal contract. Operating with two separate unions could impair effective decisions that could otherwise be made within a consolidated organization. For example, a consolidated labor contract would give all employees the opportunity to move at their discretion within the terms of the contract, between the two currently separate systems. It would also insure that service changes are made in a consistent time frame.

There would have to be an effort to deal with the different time frames associated with each labor contract. This analysis assumes a consolidation timeframe of FY2019. Ideally it would start in October 2018 to coincide with the start of a new Federal Fiscal Year and the associated funding received by transit operators. With the current SFT contract expiring in June 2017, a new contract negotiated by the City of Santa Fe for the intervening period may have to include a provision for transfer of responsibility to NCRTD effective October 2018 or whenever the proposed consolidation becomes effective.

Moreover, under this option, with a pending consolidation, NCRTD would be constrained to accept the changes negotiated by the City of Santa Fe for SFT, which would potentially delay some cost benefits of consolidation. Options for SFT would include negotiating a shorter-term agreement such that a new NCRTD agreement could be put in place during the first year of consolidation. There would also need to address the differing pay levels; NCRTD being higher at the entry level, SFT rates being higher at the midpoint and maximum levels. This inequity would need to be considered. Moreover, this differential toward higher midpoint and maximum rates for SFT may be exacerbated by a new 2017 contract if negotiated separately by the City of Santa Fe; even if only for a one year period from 2017 to 2018.

Under separate labor contracts, any differences in work rules, leave practices, job descriptions, work assignments, grievance procedures, etc. would continue to exist. This would adversely impact potential economies resulting from consolidation. In addition, the administration of these differences would be difficult and inefficient.

Defined benefit pension arrangements, including the amount that an employee contributes versus what the employer contributes would continue to be different. If the City of Santa Fe ceased their added pension contribution, this would put an added financial requirement on NCRTD, unless negotiated separately in the new 2018 contract.

Any opportunities for service integration and associated efficiencies (both fixed route and paratransit) would be compromised with differing work rules and the inability to allocate the work force in a consolidated manner.

Based upon a recent review by the NCRTD Labor Attorney in consultation with City of Santa Fe Attorney's Office, provisions in current State of New Mexico Labor Law prohibit two separate unions from representing employees with the same job function, in this case bus operators and dispatchers. This would also apply to vehicle maintenance functions which are currently internally handled only to a very small degree at NCRTD (much of the work is out sourced) and to a much larger degree at SFT. Only one union is given the right to be the exclusive bargaining agent on behalf of a particular job function. So the above option of retaining two separate unions for a consolidated operation that utilizes vehicle operators and service dispatchers is deemed unworkable from a legal perspective.

Option 2 - Current SFT Operational Employees to Transition to NCRTD Teamsters Labor Union

In this option, upon consolidation, current SFT operational employees that choose to move to the consolidated NCRTD operation would be required to change their labor affiliation and be represented by the current NCRTD Teamsters local. The initial outreach to each of the unions to date has shown that this would be a controversial requirement. However, it would be consistent with the process previously employed by NCRTD when they assumed control of the former independent Taos (Chile Line) system. Conversely, if a large number of current SFT employees chose not to join NCRTD, that would provide a requirement for NCRTD to hire and train a relatively high number of new drivers, albeit all at their lower introductory pay rate. However, based upon the experience of other public organization mergers and the fact that the City of Santa Fe could only have a relatively small number of open positions for current SFT employees to transfer to, this is believed to be an unlikely; and that the majority of current SFT employees would likely transfer to a consolidated agency. This could also impact the timing and phasing for consolidation implementation to insure that service is maintained without major disruption.

This option would require careful consideration of the pending SFT contract which expired in June 2017 and is currently under negotiation. Ideally, there would be an understanding in these negotiations that a consolidation with NCRTD is likely, and that a labor affiliation change would be necessary if and when a consolidation occurs. The consolidation would have to consider giving current SFT employees an option to choose whether or not they move to the consolidated NCRTD operation. It would also likely have to include a confirmation that there would be no job loss nor benefit reductions for any employee that would transfer to NCRTD and that all wage rate and benefit provisions including those resulting from any new SFT contract effective July 2017 would be honored. It would also suggest that NCRTD be proactive in seeking updates on the labor discussions.

As part of the consolidation effort, NCRTD would develop a short-term list of non-contractual initiatives that they would implement immediately at the time of consolidation that will provide more effective unification of the two agencies before any consolidation contract is negotiated. This would include but not be limited to branding/logos, assumption of Payroll and Human Resource procedures, et al. There will also have to be a consideration of how to address legacy costs and associated leave related payment obligations accrued under SFT operation that would remain with the transferred employee. Additionally, there will have to be a strategy of how to handle seniority for transferred employees without either disadvantaging the transferred employees or those already working for NCRTD. Differences in work rules, pay rates, and benefits would be the subject of separate negotiations with NCRTD at that time.

This option would have the significant overall benefit of establishing a transit specific contract for the former SFT services following expiration of the contract that would be in place at the time of the merger for SFT employees; one that is more conducive to transit management and the facilitation of both improvements in efficiency and effectiveness, as well as improving service. Such improvements are a key attribute supporting the justification for and the opportunities afforded by consolidation.

While not attempting to negotiate a new contract in this document, the following major items would have to be considered at that time:

- Differential in pay rates within similar job titles/functions and how that would be handled under a consolidated contract.
- Difference in pension contribution and how that would be handle under a consolidated contract.
- Unification of grievance procedure. Presumably under a consolidated contract the current NCRTD grievance procedures would apply to all.
- In the longer term, phase in the ability of former SFT maintenance employees to be trained and to work on NCRTD vehicles. This would be a transitional effort over an extended period of time that would require added training on all vehicle types given that NCRTD currently performs nearly all of its vehicle maintenance via external contract.
- Pension and Sick Leave issues for the transitioning former SFT employees would need to conform to NCRTD practices without compromising past balances/accruals. The City would have to cover any of these costs which would be based upon the Leave and Sick Leave balances of each employee at the time of consolidation. This is actually an existing cost that the City is facing over time regardless of consolidation. Any consolidation agreement should reference payment to the District for the value of the transferring employees sick and vacation balances. It will be important that transferring employees have their sick and vacation balances transferred to the RTD so that they do not start in a new organization with a zero balances.

Also note that at present there are a number of support functions for SFT that are performed by the City of Santa Fe (for FY 2016/2017 this amounted to a total cost of \$941,000). Under a consolidation option, these functions would now have to be assumed by NCRTD and the costs of such be accounted for in the consolidation program. However, NCRTD would not be responsible for any change or loss of jobs in the City of Santa Fe due to the transfer of these former SFT support functions to a consolidated NCRTD operation.