

Sent: Friday, July 12, 2017
Subject: National Negotiations Update

Sisters and Brothers,

This is in reference to our ongoing Railroad National Negotiations/Mediation. This morning I received an email from our Bargaining Coalition Chairman, Bob Scardelletti, outlining a discussion he had this morning with NCCC Chairman Ken Gradia.

Mr. Gradia advised Brother Scardelletti that he will be sending us a revised proposal from the railroads in the very near future, and will be contacting us to arrange future mediation dates.

He further advised Bob that the proposal he will be providing us will be similar to the one they gave to the UTU/BLE-T bargaining coalition. Another meeting is scheduled with the UTU/BLE-T coalition for July 19th. I expect ours to be scheduled shortly after that. Since the proposal they gave to the BLE-T is posted on their website, and I'm certain many of you have already seen it, I am attaching it for your review. Unfortunately, it is a very weak and bleak proposal. As soon as I receive the formal proposal they give to us, I will share it with you.

Again, thanks for the support of your locals and your members during this most difficult bargaining round. I will update you when we receive their newest proposal.

If you have any questions pertaining to the foregoing, please don't hesitate to contact me.

Fraternally and in Solidarity,

Bill Bohné, Jr.
Director - IBEW Railroad Department
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Synopsis of June 29, 2017 NCCC Proposal

Compensation — General Wage Increases (GWIs) totaling 11% over 5-year term of Agreement and the Carriers have taken retroactive application of general wage increases since January 1, 2015 off of the table:

- 3% already in effect since 01/01/15;
- 0% for 2016;
- 2% effective on the date of the agreement;
- 2% effective 07/01/17 or the effective of the agreement, whichever is later;
- 2% effective 07/01/18 or the effective of the agreement, whichever is later; and
- 2% effective 07/01/19 or the effective of the agreement, whichever is later.

Health & Welfare:

1. Currently, each employee pays (on average) 7% of the costs of medical treatment at the point of service through deductibles, coinsurance, copays, etc., which is called the Actuarial Value (AV) of the Plan. The Carriers proposal would change that AV ratio to require that the employee pays on average 15% of the costs at the point of service through the following plan design changes (all fixed-dollar values would be indexed annually and increased as necessary to preserve the AV ratio at 85%-15%:

- Individual Deductibles

Type of Service	Current (individual/family)	Proposed (individual/family)
MMCP in-network	\$200 / \$400	\$700 / \$1,400
MMCP out-of-network	\$300 / \$900	\$800 / \$2,400
CHCB	\$200 / \$400	\$700 / \$1,400

- Annual Out-of-Pocket Maximums

Type of Service	Current (individual/family)	Proposed (individual/family)
MMCP in-network	\$1,000 / \$2,000	\$3,000 / \$6,000
MMCP out-of-network	\$2,000 / \$4,000	\$6,000 / \$12,000
CHCB	\$2,000 / \$4,000	\$6,000 / \$12,000

- increases in the percentage of coinsurance you will pay

Type of Service	Current		Proposed	
	Plan	You	Plan	You
MMCP in-network	95%	5%	80%	20%
MMCP out-of-network	75%	25%	60%	40%
CHCB	85%	15%	70%	30%

- MMCP co-pay increases as follows:

Treatment Type	Current	Proposed
Primary Care Physician	\$20	\$25
Specialist	\$35	\$50
Urgent Care facility	\$20	\$25
Emergency Room	\$75	\$125

- Active employee prescription plan changes (all fixed-dollar values would be indexed annually and increased as necessary to preserve AV):

- in-network retail:

Type	Current	Proposed
Generic	\$5	\$10
Formulary brand	\$25	\$35
Non-formulary brand	\$45	50% (\$50 min / \$125 max)
Specialty	\$45	\$125

- in-network mail order:

Type	Current	Proposed
Generic	\$5	\$10
Formulary brand	\$50	\$70
Non-formulary brand	\$90	50% (\$100 min / \$250 max)
Specialty	\$90	\$250

- plus, additional and new limitations on prior authorization, step therapy, and quantity/duration limits.

- ERMA (early retiree) prescription plan changes:

- in-network retail:

Type	Current	Proposed
Generic	\$2	\$5
Formulary brand	\$6	\$25
Non-formulary brand	\$6	\$45

- in-network mail order:

Type	Current	Proposed
Generic	\$5	\$5
Formulary brand	\$5	\$50
Non-formulary brand	\$5	\$90

- plus, additional and new limitations on prior authorization, step therapy, and quantity/duration limits.

2. In addition to increasing the employee's costs at the point of service, monthly employee contributions would be increased by almost \$50.00 per month in the next two years, using the current contribution methodology (15%) and capped as follows:

Effective Date	Cap
07/01/16	\$228.89
07/01/17	\$245.00
07/01/18	\$260.00
07/01/19	\$275.00

3. Cadillac Tax process to implement Plan Design changes (i.e., further reduce benefits) as soon as possible to bring Plan value below tax threshold in the event the Plan would be subject to payment of excise tax.
4. Continue negotiations on CBG H&W proposals for benefit enhancements presented on March 22, 2016, but GWIs are subject to reduction in order to fully offset the costs of any CBG-proposed benefit enhancements that are included in the National Agreement.

Work Rules:

5. Adopt the following NCCC-proposed changes:
 - for BRS/NCFO/IBB —
 - eliminate any contractual obligation to use Company employees for a) signal installation at public road crossings and b) building construction, repair and maintenance,
 - require any employee to perform “incidental work” covered by any classification of work rule or scope rules applicable to maintenance of way, signal, or communications work so long as the “incidental work” does not comprise a “preponderant part” of the employee’s assignment, and
 - in addition to the above, require any employee to perform “simple tasks” covered by any classification of work rule or scope rules applicable to maintenance of way, signal, or communications work for up to two (2) hours per shift, which hours do not count in calculating the “preponderant part” of the assignment;
 - for BRS, adopt rules currently applicable to BMWED regarding —
 - 1) establishing or changing the starting time of the regular shift, 2) designation of location for where paid time begins and ends, and 3) the scheduling of work days and rest days, including the duration of the regular shift on a work day, for signal forces, while working in support of a maintenance of way production gang, and for signal construction gangs while working at the same location as a maintenance of way production gang, and
 - provisions for establishing or changing the starting time of the regular shift that would be applicable to maintenance of way employees who are not working in maintenance of way production gangs at that same location as signal forces assigned to maintenance positions;
 - for BLET and SMART–TD (The Carrier’s proposal would give them the right to impose the following new rules with little or no additional negotiations and in some cases replace similar and better on-property specific rules already in place) —
 - establish a process to implement rules governing (1) automated job selection and placement (eliminating bidding and bumping), (2) self-supporting pools (eliminating guaranteed extra boards), and (3) pool regulation by starts instead of miles, with an expedited and compressed negotiating schedule followed by mandatory, final and binding arbitration, in which the arbitrator’s jurisdiction is limited to (i) the specific changes identified in the carrier’s proposals, and (ii) an award that does create additional cost for the carrier,
 - broaden current “Enhanced Customer Service” rules to allow a carrier to implement an experimental relaxation of certain work rules for a 6-month period when it can show that relaxation of those work rules would improve operational efficiency and service levels, and
 - eliminate all distinctions between road service and yard service by creating “enhanced” road/yard service zones on each line/route emanating from a terminal or yard that would extend the further of (i) 25 miles from existing switching limits, or (ii) the first main (branch) line siding, within which both road crews and yard crews could be required to handle any locomotive(s), car(s) or train(s) — and

perform any work, including serving industries — without additional compensation or penalty.

6. Disposition of CBG-proposed work rule changes:
 - continue negotiations on CBG coalition proposals regarding vacation, personal leave, bereavement leave;
 - continue negotiations on the following craft-specific proposals —
 - for BLET/SMART–TD, meal allowances, fatigue and transportation of high-level radioactive waste and spent nuclear fuel,
 - for BRS, wage responsibility adjustment and off-track vehicle insurance,
 - for NCFO, wage rate differential adjustment,
 - for IBB, unified rate of pay and prohibition on subcontracting, and
 - for ATDA, supplemental sickness benefits;
 - withdrawal of all other CBG work rule proposals;
 - NCCC reserves the right to advance work rule proposals and counterproposals to the above CBG proposals; and
 - GWIs are subject to reduction in order to fully offset costs of work rule improvements resulting from CBG proposals.

NCCC COMPREHENSIVE SETTLEMENT PROPOSAL TO CBG

I. COMPENSATION

General Wage Increases:

1/1/15: 3.0% (already in effect)

Agreement Date: 2.0%*

7/1/17: 2.0%

7/1/18: 2.0%

7/1/19: 2.0%

* Assumes Agreement effective prior to 7/1/17. If thereafter, GWI at that time will be the sum of above GWI's not yet in effect.

II. WORK RULES

A. NCCC Proposals

See Attachment A

B. CBG Common Issues

Continue negotiations on Vacation, Personal Leave, Bereavement Leave proposals (as presented on 2/4/16)

C. CBG Craft Specific Issues

Continue negotiations on Operating Craft, BRS, NCFO/SEIU, IBB, and ATDA Proposals (as presented on 2/4/16)

- D. All other CBG work rule proposals withdrawn
- E. NCCC reserves the right to advance work rule proposals and counter-proposals to CBG proposals identified above
- F. Compensation package set forth in Part I above subject to adjustment based on negotiated disposition of CBG Work Rule proposals (described above) and CBG H&W Proposals for benefit enhancements (described below in Section III. I)

III. HEALTH & WELFARE

Plan Design:

- A. MMCP Non-Copay (In-Network)
 - 1. Individual Deductible \$700
 - 2. Employee Coinsurance 20%
 - 3. Individual OOP Max \$3,000
- B. MMCP Copays
 - 1. Convenience Clinic \$10
 - 2. Primary Care \$25
 - 3. Specialist \$50
 - 4. Urgent Care \$25
 - 5. Emergency Room \$125
- C. Pharmacy
 - Retail:
 - 1. Generic \$10

- | | | |
|----|-----------------|-------|
| 2. | Brand Formulary | \$35 |
| 3. | Non-Formulary | 50%* |
| 4. | Specialty | \$125 |

Mail Order:

- | | | |
|----|-----------------|-------|
| 1. | Generic | \$10 |
| 2. | Brand Formulary | \$70 |
| 3. | Non-Formulary | 50%* |
| 4. | Specialty | \$250 |

* Third tier coinsurance min/max of \$50/\$125 retail,
\$100/\$250 mail order

D. Additional Features

1. Family maximum amounts for deductible and OOP max are double the individual amounts
2. Similar value differential relative to MMCP in-network vs. OON and CHCB as currently in place
3. MHSA coverage integrated into medical coverage
4. Implement all available and relevant pharmacy rules through ESI
5. Fixed dollar plan cost sharing features are indexed annually (through mutually agreed upon methodology) to help preserve Actuarial Value

E. Value-Added Features

1. Telemedicine
2. Expert second opinion services

3. Member Advocate services
 4. Centers of Excellence for specified conditions
 5. Radiology Benefit Management
 6. End of life counseling/services
 7. Additional ESI programs (channel management, screen RX, enhanced fraud, waste and abuse)
- F. ERMA Pharmacy Benefit Design Reforms
1. Adopt current NH&W Plan Pharmacy Benefit Co-Payment Design
 - o \$5/25/45 In Network Retail; \$5/50/90 Mail Order
 2. Adopt and implement all available and relevant pharmacy rules through ESI
 3. Applicable to individuals who become eligible for ERMA coverage on or after _____.

Employee Contributions

- G. Employee Monthly Contributions:
1. Maintain current contribution methodology
 2. Monthly contribution amount will be adjusted effective July 1 of each year beginning in 2016, and continuing through 2019, based on Payment Rates effective on January 1 of that year
 - i. Effective 7/1/16, such amount will be \$228.89
 3. Monthly employee contribution caps as follows:
 - i. 7/1/17: \$245

ii. 7/1/18: \$260

iii. 7/1/19: \$275

H: Cadillac Tax

Process, with finality, to implement changes to Plan design as soon as possible to bring Plan value below tax threshold in the event the Plan would be subject to payment of excise tax

I. Continue negotiations on CBG H&W proposals for benefit enhancements (as presented on 3/22/16)

IV. TERM

Standard national moratorium

Five-year duration (1/1/15 through 12/31/19)

New notices can be served 11/1/2019, effective 1/1/20

ATTACHMENT A - NCCC WORK RULE PROPOSALS

Core Business Focus (BRS/NCFO/IBB)

GENERAL CONCEPT:

Where restricted and in addition to existing Carrier rights, eliminate any contractual obligation to use Company employees for a) signal installation at public road crossings and b) building construction, repair and maintenance.

PROPOSAL:

The Core Business Focus proposal contemplates permanent elimination of any contractual rights to perform certain types of work currently done on a carrier, in whole or part, by BRS/NCFO/IBB represented forces.

The carriers' rights and the work within the contemplated coverage are listed below.

All existing rights of a carrier to contract out work are retained. Any existing restrictions on contracting out the following work are eliminated, including any obligation to provide advance notice.

- a) **BRS – Public Road Crossing Installation of Protective Devices:**
Effective the date of this agreement, any restriction on the right of the Carrier to use contractors to perform the installation of public road crossing protective devices and their appurtenances is eliminated. The term installation applies whether the work involves a crossing that did not previously have any protective devices, a crossing that is receiving additional devices, or a crossing that is having current devices replaced by more advanced generation of devices. Nothing in this provision is intended to restrict the rights of the Carrier to at times delegate some such work to Company forces at management's sole discretion, while otherwise using contractors to perform such work.

b) **NCFO/IBB - Building Construction/Maintenance (includes janitorial)/Repair:** Effective the date of this agreement, any restriction on the right of the Carrier to use contractors to perform work related to new construction, remodel/renovation, repair, or cleaning of a building or any portion thereof is eliminated. The term building includes the foundation, floor, walls, roof, doors, windows, plumbing, HVAC, lighting and electrical. The term cleaning will include removal of trash or debris. Nothing in this provision is intended to restrict the rights of the Carrier to at times delegate some such work to Company forces at management's sole discretion, while otherwise using contractors to perform such work.

Work Schedule Flexibility

(BRS)

GENERAL CONCEPT/PROPOSAL:

The industry's ever increasing service demands require modification of rigid scheduling rules that obstruct the efficient and productive use of its BRS-represented employees. The carriers propose to amend existing BRS agreements by adopting rules similar to those that currently apply to BMWED forces.

A) Signal forces (whether assigned to a gang position or a maintenance force position, while working in support of a maintenance of way production gang) will be subject to the same provisions applicable to that maintenance of way production gang with respect to: 1) establishing or changing the starting time of the regular shift, 2) designation of location for where paid time begins and ends, and 3) the scheduling of work days and rest days, including the duration of the regular shift on a work day.

B) Signal Construction Gangs performing signal projects will be subject to the same provisions that would apply under the collective bargaining agreement applicable to a maintenance of way production gang working at that same location with respect to: 1) establishing or changing the starting time of the regular shift, 2) designation of location for where paid time begins and ends, and 3) the scheduling of work days and rest days, including the duration of the regular shift on a work day.

C) Signal forces assigned to maintenance positions will be subject to the same provisions for establishing or changing the starting time of the regular shift that would be applicable to maintenance of way employees at that same location who are not working in maintenance of way production gangs¹.

D) Nothing in this provision is intended to restrict any of the existing rights of the Carrier.

Note: the term maintenance of way production gang refers to forces of the same character as described in Article XVI – Production Gangs of the September 26, 1996 BMWED National Agreement regardless of the terminology in use on a particular Carrier or whether the Carrier adopted Articles VIII, IX, and X of the February 2, 1992 Imposed Agreement, saved an existing provision in its entirety or subsequently negotiated revisions to its provisions that govern these working conditions.

Incidental Work / Simple Tasks

(BRS/NCFO/IBB)

GENERAL CONCEPT:

An employee may be required, so far as the employee is capable, to perform tasks covered by any classification of work rule or scope rules applicable to maintenance of way, signal, or communications work, as follows:

PROPOSAL:

Section 1

(a) When an employee or employees are performing a work assignment, the completion of which calls for the performance of “incidental work” covered by the classification of work or scope rules of another craft or crafts, such employee or employees may be required, so far as they are capable, to perform such incidental work provided it does not comprise a preponderant part of the total amount of work involved in the assignment. Such work shall include simple tasks that require neither special training nor special tools. Incidental work shall be considered to comprise a preponderant part of the assignment when the time normally required to accomplish it exceeds the time normally required to accomplish the main work assignment; and,

(b) In addition to the above, simple tasks may be assigned to any craft employee capable of performing them for a maximum of two (2) hours per shift. Such hours are not to be considered when determining what constitutes a “preponderant part” of the assignment; and,

Section 2

Any work performed by an employee pursuant to this provision shall be done without additional compensation to such employee and without claim by, or penalty payment to, any other employee.

Section 3

Nothing in this provision is intended to restrict any of the existing rights of a carrier.

Improved Approach to Job Assignments

(SMART-TD and BLET)

General Concept:

A multifaceted approach that brings structure and efficiency to the assignment of T&E employees on a predetermined basis that would promote job stability and predictability while addressing staffing and service needs.

PROPOSAL:

Section _____

- (a) A carrier may propose implementation of a rule(s), in accordance with the terms and procedures set forth herein, providing for:
 - (i) **Automated job selection and placement**: establishment of a structured process under which employees are assigned jobs on a predetermined cycle, based on their seniority and job preferences.
 - (ii) **Self-supporting pools**: conversion of traditional general freight pools to a system under which pool vacancies are protected by that pool rather than an extra board. Work/rest schedules may be created for these pools.
 - (iii) **Pool regulation**: revision of existing pool regulation rules to provide for regulation by starts and length of runs rather than by mileage or other pay elements.
- (b) Any proposal made pursuant to Section _ (a) shall include such terms and conditions as the carrier deems necessary to implement such rule.
- (c) The carrier shall serve written notice of its proposal on the appropriate organization representative(s). Such proposal shall include a synopsis of the proposed rule. An initial conference on the proposal will be held within thirty (30) days after the postmarked date of the notice. If the parties fail to resolve the matter within sixty (60) days of the initial conference, the carrier

may submit the dispute for resolution by party-paid arbitration at any time thereafter.

- (d) Arbitration Process: The arbitrator shall be selected by the parties, within thirty (30) days after referral, by mutual agreement or through alternative striking from a five-person list supplied by the National Mediation Board pursuant to a request by a party.

This process will be subject to the following:

- (i) A hearing shall be held within thirty (30) days of the arbitrator's selection.
 - (ii) The arbitrator will consider as precedent pre-existing arrangements on the carrier involved that cover the matter set forth in (a) i, ii, iii above that also meet the requirements in (e) i, ii, iii, iv.
 - (iii) The arbitrator's decision shall be issued within thirty (30) days after conclusion of the hearing, and shall be final and binding upon the parties.
- (e) The parties recognize carrier's right to implement a rule(s) under this Section by agreement or award. Accordingly, the arbitrator's jurisdiction shall be limited solely to a determination of the terms necessary to implement such rule(s) and satisfy the following requirements:
- (i) Automated job selection and placement shall provide for immediate assignment of employees to positions and eliminate all placement and displacement time;
 - (ii) Self-supporting pools shall require that pool vacancies be protected by that pool, rather than by an extra board;
 - (iii) Pool regulation shall be made on the basis of starts and length of run, which may include an automatic adjustment process to ensure consistency with the requirements and intent of the RSIA, full-time employee availability and fatigue abatement; and
 - (iv) The terms of the arbitrator's determination shall ensure availability of a sufficient number of employees to improve operational efficiency and service reliability, comply with

applicable regulatory requirements, and create no additional cost to the carriers.

**Enhanced Customer Service
(SMART-TD and BLET)**

SMART-TD (Section 1 (a) of Article XI)

BLET (Section 1 (a) of Article IX)

Enhanced Customer Service: of the arbitrated agreement of May 8, 1996 and May 31, 1996, Document A, is amended to read as follows and furthermore such Article XI and Article IX, as revised, shall be applicable to all carriers party to this Agreement:

Section 1: When an individual carrier (i) has a customer request for particularized handling that would provide more efficient service, or (ii) can show a need for relaxation of certain specific work rules to: attract or retain a customer, or improve operational efficiency and service levels, such service may be instituted on an experimental basis for a six-month period.

**ENHANCED ROAD/YARD SERVICE ZONE
(SMART-TD and BLET)**

General Concept:

For the purpose of facilitating train, car, locomotive, etc. movements through terminal areas and effecting an overall improvement in service levels and reliability, existing road/yard restrictions are eliminated in/around terminals referred to as "Enhanced Road/Yard Service Zones." An enhanced road/yard zone is area on each line/route entering or emanating from a terminal or yard within which expanded and more flexible road and yard service operations will be permitted – i.e., existing road/yard and road/yard service zone restrictions and other similar operating restrictions are eliminated -- for the purpose of facilitating movement of trains, cars, and locomotives through the enhanced road/yard service zones and their adjacent terminal.

PROPOSAL:

Enhanced road/yard service zones, along with the performance of work therein, will be governed by the following:

- A. The enhanced road/yard service zone extends up to twenty-five (25) miles from the switching limit in each direction on each line/subdivision or to the first main (branch) line siding on each line/subdivision, whichever is farther.
 1. For the purpose of determining the location of an enhanced road/yard service zone, the twenty-five mile limit will be measured from the location of switching limit on the involved line/subdivision in effect on the date of this Agreement.
 2. For locations or lines/subdivisions where there are no switching limits, the location of the switches or signals governing movement into the yard or terminal on the effective date of this Agreement shall be used.

- B. Within the enhanced road/yard service zone surrounding a terminal, the work performed by road crews will governed by the following:

1. Road crews may perform the following work without additional compensation:
 - a. Get, handle, spot, move, switch, reposition, stage, interchange, deliver or leave their train, another train, cars, locomotives, etc. at or to any location in any direction within, into or out of the initial and final terminals or to or from the enhanced road/yard service zones surrounding the origin or destination terminals and, in connection with such work, handle their own switches; and
 - b. Bring in, move, stage or reposition train or trains whose crew(s) have tied up under the Hours-of-Service Law within an origin or destination terminal or within the enhanced road/yard service zones.
 - c. Serve industries and/or stage cars for customers within the enhanced road/yard service zone
- c. Within the enhanced road/yard service zones surrounding a terminal, the work performed by yard crews will be governed by the following:
 1. Yard crews may perform the following work without additional compensation;
 - a. Get, handle, spot, move, switch, reposition, deliver, interchange, stage or leave trains, cars, locomotives, etc. within the enhanced road/yard service zone(s) surrounding the terminal and, in connection with such work, handle their own switches;
 - b. Perform service to any customer located within an enhanced road/yard service zone.

NOTE: The use of a yard crew to serve customers in an enhanced road/yard service zone will not be construed as giving yard crews exclusive rights to such work.

- d. It is the intent of this Section that existing rules, including but not limited to, Sections 1 and 2 of Article VIII of the Mediation Agreement, Case A-11471, dated October 31, 1985; Sections 1 and 2 of Article VIII of Appendix B to Award of Arbitration Board No. 458, dated May 19,

1986; and such other existing agreement provisions governing performance of work by road and yard crews, operations within road and service zones, etc. are accordingly amended to accommodate the flexible and service-oriented operations contemplated herein.

- E. Nothing in this provision is intended to restrict any of the existing rights of the carrier.