



ASSOCIATION OF COMMUTER RAIL EMPLOYEES

July 12, 2007

All Members
Local Division 9
Association of Commuter Rail Employees

RE: Contract Ratification Vote

Dear Brothers and Sisters:

Today we signed contract terms for the period from January 1, 2007 through June 15, 2010, pending ratification by our membership. We are very pleased to present this agreement to you and firmly believe that these terms should receive overwhelming ratification support. This is the 5th agreement that I have had the privilege to negotiate on your behalf. All previous agreements that I have been honored to present to you have been ratified by large majorities and I believe that this agreement should likewise receive strong membership support. If there were a better agreement to be made we would make it. If it would improve the terms of the agreement by waiting to sign, as has been suggested by some, then we would wait. This quite simply is not the case.

I have learned from past experience that it is very seldom that you get to the bargaining table and begin the round of negotiations with a blank sheet of paper. More often than not events have preceded the negotiations, which impact the final outcome. In the last round of negotiations the Transit Workers Union had agreed to a 0% wage increase for calendar year 2003. That concession had a major impact on our negotiations. Pattern bargaining is an accepted principle in the Railroad Industry and pattern bargaining exists not only within Metro-North Railroad but also between MTA constituent agencies. Once the TWU accepted a 0% wage in 2003 the United Transportation Union on the Long Island Railroad shortly followed suit and we were placed in a situation where this pattern was not going to be broken. In the recent negotiations between the TWU and the MTA for the 2006-2008 round the MTA withstood a strike during the 2005 Christmas season in order to gain a concession for a 1 1/2 % contribution for health and welfare benefits with an escalator clause to offset future increases in health and welfare costs. This concession, similar to the concession on wages made in 2003, became the obstacle to any negotiated settlement in this round of bargaining. To deny this reality is simply placing our heads in the sand.

There are basically two ways to reach a contract resolution. Either through a negotiated settlement by the parties or by imposing your will on the other party through a strike. Before you can strike under the Railway Labor Act you must receive a release from the National Mediation Board and present your arguments

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before two Presidential Emergency Boards for their recommendations. The so-called Coalition of Unions at Metro-North who represent the non-ACRE crafts failed to reach resolution of their 2003-2006 round of bargaining. They received a release from the National Mediation Board and were engaged in the Emergency Board process in the spring of 2007. During this time, ACRE, having already settled our agreements for the 2003-2006 round, was positioned to follow any negotiations concluded by the Coalition and secure our agreement for any period beyond the 2003-2006 round. During this time it became clear to both ACRE and the Coalition that jointly we could negotiate a better deal than either group could negotiate on their own. This jointly negotiated settlement became known as the "unity deal" or "global deal". This agreement was reached even though the Coalition had a pending strike date after waiting for close to four years to be released from mediation. In other words, the Coalition decided that more could be achieved at the bargaining table than could be achieved through a strike. Both ACRE and the Coalition structured the agreement before you and we both agreed that this negotiated settlement was the best resolution attainable during this round of negotiations. The Coalition Unions have already overwhelmingly ratified their agreement that comprised our resolution from 2003-2006 and the extended contract terms for January 1, 2007 through June 15, 2010. A pattern has clearly been established on this property by the acceptance of these terms by the non-ACRE unions. We will attempt to spell out the terms of this agreement while countering some of the attacks that have been leveled against it.

WAGES: The wage settlement for this round is 4% on January 1, 2007, 3 1/2% on January 1, 2008, and 3% on January 1, 2009, which will take us through June 15, 2010. This 10 1/2% wage package over 41 1/2 months exceeds the wage settlements of the past round of 9% over 48 months and the 1996 round, which was hailed at the time as the best collective bargaining agreement in the railroad industry in the past twenty years, of 10% over 48 months. Members who have decided to attack this agreement, which we believe is their democratic right, have attempted to paint this wage settlement as a zero in 2010. We could very easily have back loaded the wage increases to neutralize this attack but that would have been economically foolish. The earlier you receive your pay raises the greater the benefit. If we had negotiated a 10 1/2% wage increase on January 1, 2007 with no subsequent increase during the term of this agreement that would have been to our economic benefit. Would the detractors of this agreement then allege that we negotiated a zero for 29 1/2 months? The wage increases in this agreement are frontloaded to everyone's economic benefit.

PENSION: In order to avoid the obstacle of a 1 1/2% medical contribution with an escalator to offset future increases in health and welfare agreed to by the TWU at the Transit Authority, we have agreed to the only other avenue available to a negotiated settlement in this round; an elimination of the 30/55 retirement option for future hires with a 20% overtime cap on regular earnings (crewbook earnings). These changes do not establish a new pension tier as has been suggested by some and will only affect employees hired after full and final ratification of this agreement. We believed that this option, which was initially offered to the Transit Workers, would have less of an impact on our membership than agreeing to all active employees making a 1 1/2% medical contribution. We believe that this

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creates an issue that can be negotiated over the next several contract rounds. The first time that someone will be affected by this change will be 2037.

Unfortunately, the only way out of this round was one of these two paths. We believe that the concession on retirement age for the new hires is the less of two evils and can be improved upon in future negotiations similar to the improvements to the pension in this round.

There seems to be a concern by some members that once the future hires outnumber the current employees they may try to impose this pension change on current members. Once the future hires become the majority it is more likely that they would insist on negotiating a reduction in their retirement age if it had not yet been achieved than an increase in current members' pension age. Additionally, it would be self-defeating to negotiate a change that would require senior engineers to continue to work denying junior engineers a better job opportunity. Doesn't everyone want the senior employee to retire? Under the doctrine of "Duty of Fair Representation", future union leadership would be subject to a lawsuit if they negatively impacted the rights of a minority of members to the benefit of the majority of members. For all of these reasons we believe that any fear in this regard is unfounded. You only need look at the State of New York pension system and the pensions on the Long Island Railroad to realize that future pension concessions have historically had no negative impact on current pension entitlements.

PENSION IMPROVEMENTS: We were successful in negotiating two very important pension improvements. We have capped the 3% pension contribution at 10 years with credit going back to January 1, 2004. Contributions to the pension will end on January 1, 2014 or for those members hired after January 1, 2004 after ten years.

We have also negotiated an early retirement incentive for members during this contract term. Members attaining age 60 will not pay any early retirement penalty for not having 30 years under the pension. Any employee with 10 or more years of service who wishes to retire between the age of 55 and 60 will have their early age retirement penalties reduced. A member wishing to retire at 59 will only pay a 3% penalty instead of the current 15%, at age 58 you will pay 6% versus the current penalty of 18%, at 57 you will pay 9% rather than the current 21%, at 56 you will pay 12% rather than 24%, and at 55 you will pay 15% versus the current penalty of 27%. This early retirement incentive will dramatically impact our junior members by accelerating our attrition rate and propelling them into more desirable assignments.

HEALTH and WELFARE BENEFITS: We have eliminated the medical contribution agreed to in the last round for members hired out after January 1, 2004.

RESOLUTION OF OUTSTANDING DISPUTES: We were successful in resolving a number of outstanding issues under Rule 14b. We were also able to negotiate a 100-day vacation waiver for members who attain 60 years of age before they have an opportunity to work 100 days in a calendar year so they can

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retire on their birthday rather than continue to work to earn that year's vacation. We also improved the personal day payments for extra list engineers by securing them the earnings of the job for which they stand. We improved payment for jury duty by securing the earnings of your assignment instead of the current payment of 8 hours.

We were unable to reach resolution of two current disputes and have agreed to place them before interest based arbitration provided by the National Mediation Board. These disputes involve the Carrier's sick time policy and the Medical Department's attempt to return an engineer to work when their treating physician determines that they are not fit for duty.

THE TEAMSTERS AND THE CONDUCTORS: The Teamsters were successful in negotiating a one-time bump up in pay for some of their job titles outside of the pattern settlement ratified by the other coalition unions. The Teamsters were willing to sell two valuable rules that Metro-North wished to eliminate. They sold their scheduling rule that prevented the Carrier from scheduling them outside of daytime hours Monday through Friday. Consequently, M of W employees who used to earn overtime on afternoons, evenings, and weekends will no longer enjoy many of those overtime opportunities. Additionally, the Teamsters have agreed to eliminate many of their protections against the Carrier outsourcing their work. In exchange for these productivity concessions a one-time increase in pay was secured for some of their job titles. The bulk of this increase went to Track Foremen which comprise about 50 of their 650 members.

We do not have similar rules to bargain with and productivity enhancements agreed to by one craft outside of the pattern settlement do not create a value for another craft. The only way that we could achieve a similar bump in compensation is to find work rules to pay for it. What the Teamsters chose to do is certainly their business but a simple analogy would be for us to eliminate no-meal payments for the assignments that earn them and transfer the value of that concession to the top 10% of the roster. In other words take a concession agreed to by one member and transfer the value of that concession to another member. We certainly would not do that nor do we believe our membership would ever approve of it. Similarly, there has been a lot of talk about provisions of the ACRE Local Division 1 agreement which are being placed on the table (brakemen, promotion to Conductor Rule, etc.) in an attempt to increase the Conductors' rate of pay. We cannot prevent ACRE Local Division 1 from negotiating provisions of their collective bargaining agreement if they so choose just like they could not prevent us from negotiating for engineer's certification in 1996. We have no more demand to any of the benefits from concessions made by the Teamsters than we do from concessions made by ACRE Local Division 1. We understand that Conductor pay evokes strong emotions by many of our members and that many of us believe that Track Foremen and Conductors should not make the same as Engineers. That said, we cannot control the concessions that other crafts are willing to make nor the value that Metro-North places on those concessions. Nothing will be given to anyone that exceeds the terms of this contract settlement without finding a way to offset the cost or "pay for it." These negotiating decisions

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rest totally with these crafts and with all due respect should not influence the ratification of the agreement before you.

There will no doubt be members who will reach the conclusion that they cannot support this agreement. Although all of your elected leadership believe that this agreement should be supported we fully respect the right of individual members to disagree. There will, however, be a small group of members who will be in opposition to this agreement for purely personal or political considerations. These are the individuals that will not show up at informational meetings to debate the merits of this proposal and will shy away from any open dialogue and debate. They are in large measure the discredited members who have continued to work to undermine the current elected leadership but refuse to step into the arena and run for elected office. We only ask when they begin their whisper campaign and their anonymous postings that you ask them to lay out their solutions. There is an old adage that if you are not part of the solution then you are part of the problem. Do they advocate a Health and Welfare contribution for all active employees to avoid the changes in the pension for future hires? If they believe that neither concession should be made then how do they plan on breaking the pattern for this contract term established by the ratification votes of two-thirds of the Metro-North workforce? If they believe that a better agreement is attainable through a strike than how long do they think it will take to get a release from the National Mediation Board when Engineers on Amtrak have been fighting for a release for 7 years? If they believe that a future strike at an unknown future time will yield a substantially better settlement then how do they explain that the non-ACRE represented crafts had a pending strike date this summer and ratified this negotiated resolution? Who do they suggest will attain an improved settlement if the current leadership believes that this is the best resolution possible? We respectfully ask that any questions or concerns that may arise during this ratification process be forwarded to one of your elected leaders.

As previously stated in the beginning of this letter; if there were a better-negotiated settlement to this round we would have achieved it. If a better deal was attainable through a strike the unions outside of ACRE had a strike date this summer and they chose to overwhelmingly ratify this negotiated settlement. All of the elected leaders of ACRE Local Division 9 support the ratification of this agreement. We respectfully request that you give this agreement your support.

Fraternally yours,

Michael Doyle
General Chairman
ACRE Local Division 9

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