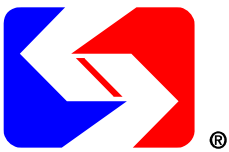


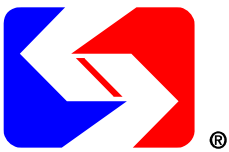
Southeastern Pennsylvania Transportation Authority

Trends in Labor Relations February 1, 2010



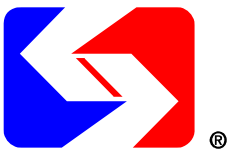
Labor History

- **17 transit and regional rail unions**
- **Transport Workers Union (TWU)**
 - **Largest with 5,200 members representing City and Suburban transit operators, mechanics and laborers**
 - **Willing to go on strike**
 - **4 strikes in last 20 years**



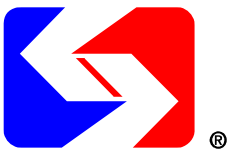
TWU Leadership

- **Previous Philadelphia TWU Local President went to the International**
- **TWU Vice-President appointed to President position**
 - Not elected by rank and file
 - Concern for re-election after contract settlement
- **Previous labor agreements**
 - 2005 – 4 year deal with annual wage increases of 3% and first time contribution to cost of healthcare (1% of 40 hour work week)
 - 2004 – 1 year deal with 0% wage increase and \$1,000 lump sum signing bonus
- **Comparisons to previous TWU presidents and labor agreements**
 - President lost re-election after one-year deal in 2004
 - Will not accept deal with “0” percent wage increase
 - Strike reinforces his strength as strong union leader



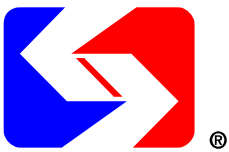
Establish Financial Parameters

- **Other public sector employers**
 - Commonwealth of Pennsylvania
 - 4 year deal in July 2007 with \$1,250 signing bonus in year 1
 - 10% wage increase in final 3 years
 - City of Philadelphia
 - Proposing 4 year deal with no wage increases
 - Port Authority of Allegheny County (Pittsburgh Transit)
 - 4 year deal in December 2008 with 11% wage increases
 - Increase in healthcare pay-in of 2%
- **Recent major transit contracts**
 - New York City Transit
 - 3 year deal in April 2009 with 11% wage increases
 - Small reduction in healthcare pay-in of 0.03%
 - Decided by arbitration



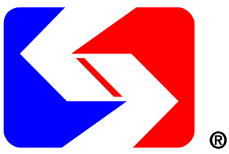
Early Contract Negotiations

- Formal exchange of proposals in December 2008
- 4 year contract expires March 15, 2009
- SEPTA contract proposal
 - 4 year contract
 - No specific wage proposal
 - Increase pay-in for healthcare and pensions
- TWU contract demands
 - 5 year contract
 - Annual wage increases of 6%
 - Increase pension by 40%
- Lack of serious negotiations
 - Contract expires on March 15th without agreement
 - Limited negotiations for next several months



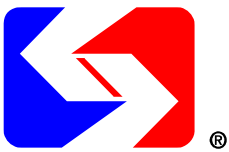
Recession Impacts Negotiations

- After expiration of the contract, recession significantly impacted fiscal outlook
 - SEPTA ridership and revenue began to decline in April
 - Unemployment increases in Philadelphia and Pennsylvania
 - Pennsylvania State Budget Crisis
 - More than 100 days without state budget
 - State funding for transit uncertain without tolling of Interstate 80 decision
 - City of Philadelphia facing major budget shortfall
 - Police, fire and municipal labor contracts expire on July 1st
 - Required State legislative action to increase sales tax (not granted until September)
 - Suburban counties also facing budget shortfalls



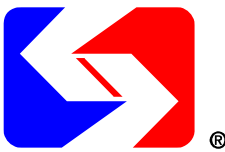
TWU Strategy – Post Deadline

- Rather than negotiate, TWU labor strategy is to:
- Join forces with City of Philadelphia labor unions
 - Threat to shut down the City when City contracts expires in summer
 - One joint labor demonstration with limited participation and support
- TWU President privately informed of flaws in this strategy
 - City was offering 4 year contracts with no wage increases
 - City was financially worse off than SEPTA
 - City labor contracts could be worse than SEPTA
- Back pedals from association with City unions during the fall



TWU Strategy – Post Deadline

- Additional weekly dues of \$5 resulting in \$1.3M of extra union dues
- Purchase newspaper and tv ads
 - Ads throughout the summer
 - Attempt to sway public opinion
- Ineffective campaign
 - Respect and dignity
 - Good paying TWU jobs with benefits
 - General public losing jobs and benefits



TWU Ads

An Important Message for SEPTA RIDERS from TRANSPORT WORKERS UNION LOCAL 234:



Willie Brown
President

It looks like a fight is about to erupt on behalf of all working people.

We understand that, with all that is going on in the economy and the City, the last thing you want to see is a disruption in transit service.

In these tough economic times, with banks and large corporations getting huge taxpayer-funded bailouts, it is ordinary working people who are taking it on the chin—with layoffs, wage cuts and the loss of essential benefits.



Brian Pollitt
Executive Vice President

With that in mind, it is important to know that TWU Local 234 is in contract negotiations with SEPTA—and things are not going well.

SEPTA is trying to force our Union to make permanent contract concessions to solve a temporary economic problem.

If SEPTA has it way, things will only get worse for working people and small businesses, because it will be impossible for TWU members to play a role in stimulating a recovery in the region.

SEPTA is also stonewalling on basic human rights issues—like seniority rights—to maintain the Authority's discriminatory treatment of women, minorities and employees who stand up for their rights. These are important issues for our Union and we are trying hard to resolve them, but SEPTA is doing all they can to provoke a walkout.

TWU Local 234 intends to continue bargaining in good faith to get a fair contract, but time is running out. Last Sunday, our members authorized a strike if an agreement could not be reached by tonight (Friday) at midnight. We hope it won't come to that—but, if Local 234 strikes, it will be SEPTA that is to blame.

That is why we are asking all SEPTA riders to contact their city and state representatives, as well as the members of the SEPTA Board, to demand a fair contract for the bus, train and trolley drivers and mechanics who serve you.

Remember—by going on strike, the members of TWU Local 234 are fighting to maintain the living standards of their families, the economic well-being of our communities, and the living standards of all working people in the region.



Local 234 members deserve a fair contract because
WE MOVE PHILADELPHIA!

An Important Message for SEPTA RIDERS from TRANSPORT WORKERS UNION LOCAL 234:



Willie Brown
President

It is time for Pat Deon and SEPTA to settle a fair contract with TWU Local 234.

TWU Local 234 will be holding a Strike Authorization Vote this Sunday, October 25th, because SEPTA refuses to settle a fair contract with our Union.

We continue to believe that a contract settlement can be achieved and that a strike is our last option—but we will strike if SEPTA continues to refuse to discuss key issues.



Brian Pollitt
Executive Vice President

There is absolutely NO REASON for SEPTA to refuse to settle a fair contract.

SEPTA receives hundreds of millions of our tax dollars in funding under Act 44 from the State Government. SEPTA also received \$211 million of our tax dollars in federal stimulus money this year and is allowed to use 10% of that funding directly for operational expenses.

SEPTA's income from the fares you pay is up by 30% this year.

Five years ago, SEPTA settled a contract with TWU Local 234 with pay increases each year of the contract, even though they had NO dedicated funding, NO federal stimulus money and FALLING revenue from the fare boxes.

It is clear that SEPTA's refusal to settle a fair contract with TWU Local 234 is NOT ABOUT MONEY.

It is about POWER—for Pat Deon, Chairman of the SEPTA Board.

Pat Deon wants the power to WASTE your tax dollars by continuing to subcontract sensitive equipment maintenance and repair work to outside contractors, even though that work can be done better, quicker and more economically by TWU Local 234 members.

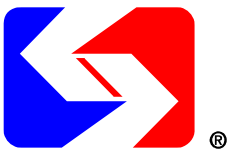
Pat Deon wants the power to treat SEPTA's employees like second class citizens. SEPTA routinely denies parental, and sick leave, discriminates against female employees, maintains a pension system that discriminates against workers but rewards managers, and wants to throw out seniority when it comes to bidding for jobs (known as "picking rights") for TWU Local 234 members.

Pat Deon wants the POWER to do anything that benefits Pat Deon—even if it hurts the riders and our Union's members.

TWU Local 234 has a very simple message for Pat Deon and SEPTA:

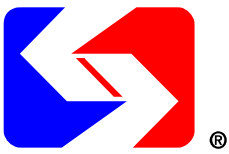


Local 234 members deserve a fair contract because
WE MOVE PHILADELPHIA!



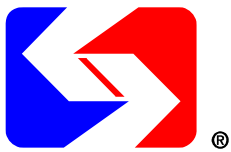
Non-Economic Issues

- **SEPTA needs to settle the non-economic issues before moving on to core economic issues**
- **Ombudsman to address management discipline**
- **Picking rights**
- **Contracting out**
- **Claims of discrimination and lack of respect**



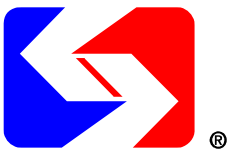
TWU Strategy

- Seek support of elected officials
- PA Governor Rendell, Philly Mayor Nutter and Congressman Brady assistance sought
 - Governor and Mayor dealing with major budget shortfalls
 - Mayor dealing with municipal contract negotiations
- Public and elected officials support is very limited



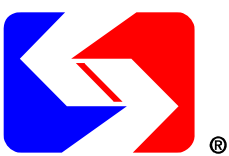
TWU Sets Strike Deadline

- Strike set for October 31st
- Phillies and Yankees in World Series with games in Philly October 31st to November 2nd
- Governor and Mayor intervene
- TWU agreed not to strike during World Series



TWU Calls Strike

- Leave negotiations at midnight on Monday, Nov. 2nd
 - Minutes after final out of last World Series game in Philly
- Strike begins at 3 am on Tuesday morning
- Morning commuters stranded without notice
 - Public sentiment further turns against union



Public Support Limited

Rendell, Nutter slam union

PHILLY.COM
SEPTA Board Chairman Rendell and Mayor Nutter slammed the union's contract in tough economic times.

"If the workers were presented with that deal yesterday, I have no doubt it would have been accepted," Nutter said. "We can't open our eyes, but that kind of deal sitting in front of them right now, it's insane."

Local president Willie Brown said the major reason for the strike were disagreements over increased pension contributions from workers, job "padding" rights, and the length of the contract. He said the union wanted a 2 percent wage increase for each year of a five-year contract.

"I understand it's the most land grab in Philadelphia right now," Brown said. "I have no problem with that."

Rendell said the five-year contract approved by TWU leaders called for a \$1.26 billion bonus upon ratification, a 2.5 percent raise the second year, and a 3 percent raise in each of the next three years.

It also called for an increase in pension payments to workers and no increase in their health insurance contributions.

Rendell said he had agreed to give SEPTA \$6 million from an economic development fund in the Pennsylvania Department of Transportation to help pay for the contract increases.

"The union leadership walked on a money fast track," Rendell said yesterday. "They just didn't know when to declare victory."

Brown said he had been against his strike but instead by agreeing to strike on the request of Rendell and Nutter, he is strike during the Series.

"The main thing to do would have been to say, 'We're going out,'" Brown said. "My workers would see me go out and I'm a Philadelphia boy."

Over the threat of a strike during the holiday season, Brown said, Rendell and Nutter gave brownback.



A Philadelphia-bound Regional Rail train arrives at SEPTA's Fern Rock station. Regional Rail service to among SEPTA unions not affected by the strike.



At sunrise, Broad Street subway tunnel sits idle yesterday at the Fern Rock Transportation Center. The strike started at 5 a.m. Mayor Nutter said of the picture above: "It was an ambush of the citizens' money."

philly.com
To see more photos and read the latest on the SEPTA strike, visit www.philly.com

by indefensible. "They were looking at an award like we were the prize coin of the world."

Brown said Nutter's biggest concern was that the SEPTA contract would set a pattern for city workers, including police and firefighters. Brown argued that SEPTA was in a better financial condition than the city and could afford a more generous settlement.

Nutter said, "The taxpayers have been changing. It's difficult to compare what you don't know what the

key points are and who's making the decisions."

No talks were held yesterday as hundreds of thousands of riders scrambled to find alternative ways to get to work and school.

Rendell, Nutter and U.S. Rep. Bob Brady (D, Pa.) were involved in the talks until they broke off early yesterday. Rendell, who said he had sleep talks for the last three days, said he was willing to negotiate to work with both sides.

"I'll tell the moment you see on the management side," said Rendell.

In a telephone news conference from New York City, Rendell said the contract rejected by the TWU leadership was much better than the private sector or those at the transit agency in Pittsburgh.

"Most people are taking their position, and people are paying a significantly higher level of contributions for health care," Rendell said.

Union leaders "have to deal with the reality of the situation and look at the economy," Rendell said, urging union members to contact their leaders and urge a settlement.

The Brown said SEPTA was in better financial condition now than it was in 2005, when it signed to a nearly 3 percent wage increase for its workers.

And he said SEPTA had underfunded the union's pension for years, forcing members to pay 14 percent more in pension contributions for little pension increase for most.

Brown said the issue of "padding" rights, involving the right of senior

workers to choose the equipment they drive, was what to affect job distribution to how jobs were assigned. He said SEPTA managers were refusing to allow senior workers to drive certain vehicles.

Rendell, who on Tuesday threatened sanctions against either side that walked out on the talks, did not specify what action, if any, he might take against the union.

"I might decide if the strike goes on for a length of time, I'm not going to put a strike tower" to help SEPTA pay for wage increases, he said, referring to the \$6 million from the economic development fund.

U.S. Sen. Chuck Schatz (D, Pa.) asked for an immediate retraction of negotiations.

"The working men and women and their families in the neighborhood of Philadelphia are the ones feeling the impact of today's transit strike most severely," he said in a statement. "Both management and union may use these riders as leverage, but they are not parents, they are the blood of our city—especially in these harsh economic times. They deserve better, and they deserve an immediate settlement."

Striking SEPTA workers yesterday defended their action.

Adrian Mapp, a Broad Street subway operator and former bus driver who has worked for SEPTA for 20 years, said "We're not greedy. We just want what's fair."

On the picket line outside the Fern Rock Transportation Center, Mapp and other strikers said the contract offered by SEPTA after seven months was inadequate.

"We care this city," said a group

of strikers who were talking to the press.

Contact staff writer Paul Nussbaum at pnussbaum@philly.com.

Staff writer: Kim Waggoner and Andrew L. Comberstone at the union.

Service During SEPTA Strike

As the morning rush hour got underway, here's what to expect on the way to work.

■ **At work:** Most offices will be open, but many will have reduced hours. Some will be closed.

■ **At school:** Most schools will be open, but many will have reduced hours. Some will be closed.

■ **At the office:** Most offices will be open, but many will have reduced hours. Some will be closed.

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STRIKE!

To SEPTA strikers: How dare you!

Y O, SEPTA WORKERS. As a fellow trade-union member, I'm having a big problem with you, solidarity-wise.

Not only is your strike stranding the city — keeping kids from school, people from jobs, patients from doctors' appointments — but it's a thumb-nose to something for which most folks reading this paper would give their back molars: The promise of a paycheck for the next 60 months.

I'm thinking about the 400 employees at Crozer Chester Medical Center who lost their jobs this year. And the 22 staffers asked last Thursday at Drinker Biddle & Reath. And the Comcast employees who learned on Wednesday that the cable giant plans to plant a number of workers, even though the company is enjoying a fabulously profitable year.

Well, it's a promise I wish we had right here at the Daily News. We've lost dozens of staffers in recent years, and the paper's possible demise is a topic of endless speculation.

So let me get this straight: Unemployment is rampant in this region, and your union actually chose to strike rather than continue hammering out the details of your already excellent job? Jobs that we, the transit-dependent public, need you to perform so that our own financially teetering lives don't crash and burn?

Where do you people get off? Your good jobs would only get better with SEPTA's opening offer — a deal that Gov. Rendell rightly described as "sensational." The contract calls for you to pocket a signing bonus of \$1,250, just for agreeing to the damn thing. It would give you a 2.6 percent raise

next year. And a 3 percent annual increase for three years after that. The proposal doesn't require you to donate even a nickel more to your health-care plan. Do you have any clue how sweet that is?

It even comes with an offer to increase pension contributions to 11 percent over the next five years. I know, your leadership disputes

that figure. But at least you still have a pension to argue about. Not everyone is so lucky.

Yet you looked at all of this and said, "Let's walk out."

So, please, tell me: When you're behind the wheel of the bus, what planet are you driving on?

This is the part of my rant where I think I'm supposed to toss you a bone. To concede that interacting with the city's rough citizenry can be punishing to even the sunniest people in the transit business. That moving millions of people from here to there is so much more grueling than we could ever know.

Sorry, no bone. Your 5 a.m. walk-off, which left tens of thousands of us stranded without notice, was outrageous. It cemented the worst belief about SEPTA workers — that you hold us, the people who pay your wages through taxes and the fare box, in contempt. Good luck trying to improve that image once the wheels start rolling again.

Sadly, your strike also unfairly strengthens the perception that all unions are as entitled and grabby

as you are. Your president, Willie Brown, actually said, "We agreed not to strike during the World Series. We took people to the game because we are professionals. Now it's time to reward us."

Reward you? For doing the jobs that we pay the highest fares in the country for you to do?

Can we wipe your noses for you while we're at it?

You also have a bizarre notion that you're in some sort of profit-sharing relationship with SEPTA. Brown has pointed out that, while the economy is doing badly, SEPTA is not. Ridership is up, and the agency has gotten money from state and stimulus funds. So, your warped thinking goes, you're entitled to a fatter slice of the pie.

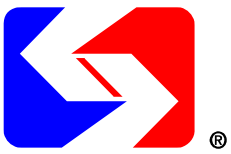
News flash: It's not your pie. It's ours. If SEPTA is flush, it's incumbent on the agency to plow that money back into new equipment, improved routes and — here's a fun idea — customer-service training for workers whose job protection keeps them from caring whether they snarl or smile at us.

Are there some outstanding issues you have with SEPTA management? No doubt. All grown-ups have issues with the boss. Unlike you, though, what we don't have is the ability to hold a city hostage for as long as our tantrum lasts.

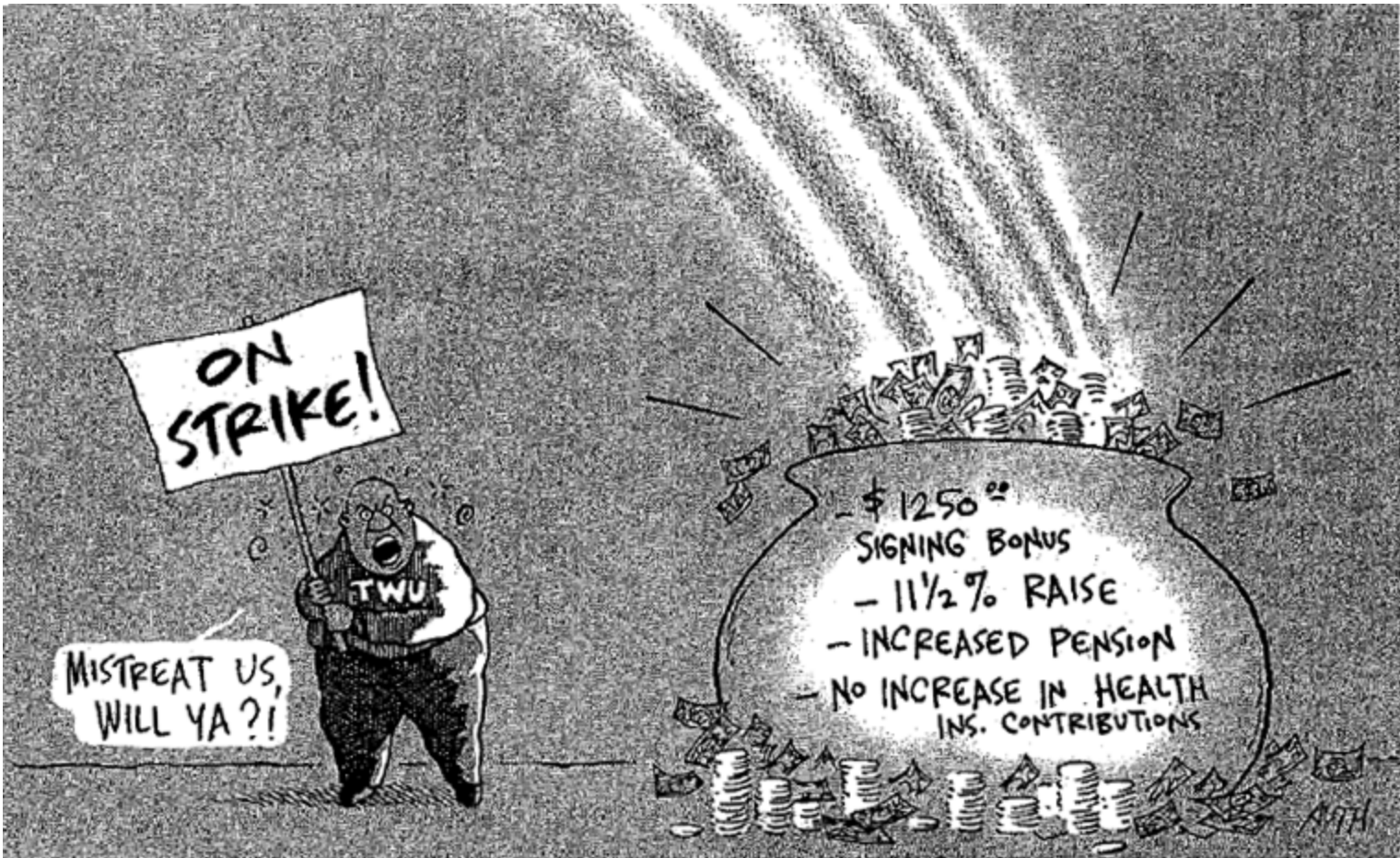
So, please, get back to work. And admit that your negotiating hasn't been just about getting more for yourselves.

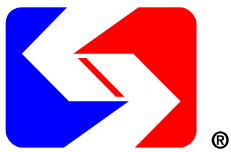
It's been about getting more — much, much more — than the rest of us. ★

Email polanec@philly.com or call 215-854-2217. For recent columns: <http://go.philly.com/polanecsky>. Read Rovin's blog at <http://go.philly.com/rovinblog>.



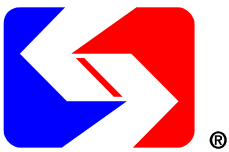
Public Support Limited





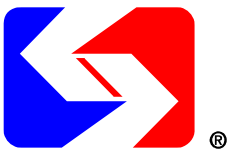
SEPTA's Final Pre-Strike Offer

- 5 year contract
- 11.5% wage increase
- \$1,250 signing bonus (paid by Governor)
- No major changes in healthcare plan or employee contributions
 - Sought language on National Healthcare
- Pension formula enhancement of 11%
 - Paid by increasing employee contribution by 1.5%
- Governor declares offer to be very reasonable



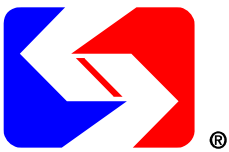
Strike Week

- Public sentiment further turns against union
- TWU verbally attacks Mayor
- Members pressure leaders to settle
- Negotiations resume with new Union demands
- Governor and Congressman actively engaged in negotiations and announce tentative agreement on Friday night
- TWU backs away from deal Saturday afternoon
- Governor threatens to take \$7 million off the table and call for leadership to take contract to members



It's Not Over Until It's Over

- Union stalls in signing final agreement
- Agreement announced at 12:30 am
 - After conclusion of Eagles/Cowboys Sunday night football game
 - After late night news
- Monday morning commuters unaware of settlement



The Final Deal

- 5 year contract
- No enhancements from pre-strike deal
- No concession on non-economic issues
- Public placed the blame for strike solely on union leadership
- Union membership upset over losing week's pay for no reason
- Election for leadership in question
- Membership approved contract by 2,806-242 vote