



July 18, 2008

To make sure our final offer is clear, MCA is providing further clarification and responding to the points that Local 636 made on its website. 636 website comments are in quotes and bold type. Our response to these comments follows each one. We also want to emphasize that we do not provide information to try to undermine Local 636. The opposite is true. We simply want to make sure that all of you know where we stand. There are always rumors floating around, and we want to make sure everything is clear. When all is said and done, we are business partners and we will share the same fate as we try to attract more customers and hours.

“*They want to cut the apprentice package by over \$5.00 per hour”

We feel that after the apprentice candidates have quit their jobs and received 5 straight weeks of training it is crucial that we employ them right away. What kind of introduction to our industry is it for enthusiastic new apprentices to be sitting at home with no money, and no job, waiting for the phone to ring?

How do you get 35 apprentices jobs on their first day? You do as other locals have done. You make them a bargain too good for an employer to pass up.

Our proposal would not cut the wage or benefits of any Apprentice by even one penny. Rather, for the 1st year Apprentices only, our proposal would reduce the monies directed to a few of our pooled funds, including pension and insurance, to produce a \$20 pay package. Again, this will not affect any Apprentice in any way. They would still receive the same wage, pension and insurance coverage. It will actually help all 35 of them gain employment immediately upon completing their 5 week training program.

“*We proposed to freeze apprentice wages for the first year and increase the fringes the second, and then change the pay scale to a percentage the 3rd“

It is true that MCA did not propose automatic increases to the Apprentice wage scale. However, Apprentices receive significant raises as they advance. When they move from 2nd period to 3rd period they receive a \$2 wage increase. Throughout the rest of the program, they receive a \$1 or more wage increase every 6 months. In this economy, there are very few jobs with a starting wage of \$14 per hour and automatic raises like this. We have been able to attract plenty of applicants at this wage. In these difficult times, we want to focus our limited resources more on Journeymen while also rewarding Apprentices for advancement. It does no good to increase Apprentice scale if that will mean fewer of them working.

“*We had proposed an increase to the SUB system from 425 to 525 and they have refused to address this issue entirely. Our members who are drawing SUB now have a difficult time managing. What will it be like in 3 years with the escalating cost of living?”

Every working member contributes about \$2,000 each year to SUB. The current SUB payout is \$325/week. Our proposal still allows the SUB payout to increase by \$100 dollars to \$425/week over the term of this contract. If you think that this is not enough you might want to consider the following:

- The bigger the SUB payment the faster the fund will draw down triggering automatic SUB cuts if we have significant unemployment. If you are laid off later in a slow down your weekly benefit will be just a fraction of someone who was laid off earlier.
- The vast majority only use SUB when they need it. A few do not (such as those requesting a layoff.) 25% of the SUB payout over the last five years goes to 9% of the members. The same members draw year after year SUB payments higher then 6 times what they contribute.
- Very few UA Locals receive SUB, and most of those that do, receive much less than what 636 members receive. In addition, based on available information, when you combine the current SUB with Michigan unemployment benefits, a laid-off 636 member earns more than any other laid-off UA worker in the Country.
- Below is a chart showing the SUB (if any) and State unemployment benefits of other UA Locals. Again, most Locals offer no SUB, and Michigan has the top combined benefit.

Area	Local	SUB Benefit	State Benefit	Total Benefit
Detroit	636	\$325	\$362	\$687
Detroit	98	\$200	\$362	\$562
Monroe	671	None	\$362	\$362
Ann Arbor	190	\$110	\$362	\$472
Lansing	333	\$90	\$362	\$452
West MI	174	\$132	\$362	\$494
Columbus	189	None	\$479	\$479
Cleveland	55	\$110	\$479	\$589
Chicago	597	None	\$511	\$511
West PA	354	None	\$539	\$539
St. Louis	562	None	\$320	\$320
Omaha	464	None	\$298	\$298
Iowa	33	None	\$426	\$426
Iowa	125	None	\$426	\$426
Colorado	208	None	\$475	\$475
San Francisco, CA	38	\$75	\$450	\$525
San Jose, CA	393	\$200	\$450	\$650
Philadelphia	420	None	\$505	\$505
St. Paul	455	None	\$538	\$538
NW PA	47	None	\$505	\$505

“*When they refer to training, what they failed to mention is they want 636 to pay .10 per hour for this fund! We encourage our member to seek training when they can at their convenience and we don’t need the help of the MCA.”

Again, training is a very important issue. Our key advantage over our non-union competitors (who are becoming better trained) is our highly skilled Employees. MCA did propose that 10¢/hour of the increase be contributed to the Training Fund when we raised our offer by 10 cents. We proposed this so that the Training Fund can pay a stipend and certain course fees to those who VOLUNTEER for upgrade training. Many contracts have mandatory training. Remember, we withdrew all of our mandatory training proposals and now offer paid incentives. 636 would not be paying this money, the employer would.

“*Retroactivity has been on and off the table during negotiations regardless of what they say, we believe that every contractor incorporated a wage increase for all of their jobs and that increase belongs to 636 members, from June 1 going forward.”

On June 4 and June 20, we made offers that included full retroactivity. We did this to try to get our offers presented to you, but we were unsuccessful. On June 23, we proposed retroactivity on the portion allocated to wages. Our Employers were still willing to take a hit to get a deal, but it was getting too expensive to offer full retroactivity. We made it clear once and for all that retroactivity would be withdrawn if our offer was not presented to the membership at that time. Ultimately we had no option but to present our final offer without retroactivity. Make no mistake; many of our contractors would take serious financial hits if they had to pay retroactivity.

“*Another key point that MCA fails to mention is that they want 636 to give up its right to allocate all momentary increases. This is something that we fought too hard to get and we refuse to let it slip away.”

Please go to www.mcadetroit.org and read our proposal. Nowhere does it state that allocation is no longer to be handled by Local 636. We simply proposed placing a reasonable 10% of base wage cap on V&H contribution.

“*Our position has been all along that we are a straight line Steamfitter Local and our proposed increase of \$2.25 - \$2.25 - \$2.25 when compared to other straight-line locals like:

<u>St. Paul Minnesota</u>	<u>\$2.45 - \$2.55 - \$2.65</u>
<u>Philadelphia PA</u>	<u>\$3.10 - \$3.00 - \$3.00</u>
<u>Chicago ILL</u>	<u>\$3.00 - \$3.10 - \$3.20</u>
<u>San Francisco Calif</u>	<u>\$5.00- \$5.00 - \$5.00 - \$5.00 - \$5.00</u>

ARE NOT OUT OF LINE”

Over 1/3 of 636 members and half of our Employers do service work. Those of you who do service work and deal with the customers on a daily basis know exactly what struggles the Employers face with Customers who are trying to cut costs. On a recently bid large service

project, for example, one of our top service contractors came in 17th place, and no union contractors were anywhere near the top. This has become all too common lately.

Regardless, however, the California and other wages that 636 cited have nothing to do with our market and nothing to do with Detroit's brutal economy. Michigan's economy is in a true crisis, and it is hurting our customers and our industry badly. The fact is that we have offered you the highest UA raise in Michigan.

In addition, consider the difference in the Standard of Living between places such as MI and CA. See <http://www.bestplaces.net/col>. If you compare the \$70,000 in wages earned by members of Local 636 (\$35/hour x 2000 hours/year), a Local 38 member has to earn \$178,315 to have the same standard of living in San Francisco, CA that you enjoy here. This is the equivalent of \$89/hour, just in wages!

Thank you for taking the time to read our material. We truly hope this will help us come to an agreement; which is long past due.

Note: We have developed this mailing list from several sources including the internet. If you are not a UA member, please discard this and accept our apology for bothering you. We will stop sending you communications whenever we are notified by you at info@mcadetroit.org. If you would like to get e-mail updates of negotiations from the Employer perspective please e-mail us at info@mcadetroit.org. Your e-mail address will not be furnished to anyone.