

## Stop & Shop Final Offer - UFCW Local 1459

March 28, 2019

(As modified April 5, 2019)

Stop & Shop operates in a predominantly non-union market. Our overall labor costs are not competitive. The company's proposals seek to modernize the health benefit plans and adapt to market conditions on Sunday premiums while continuing to provide industry-leading wages to full-time associates and competitive wages to part-time associates.

### Wages

With an average straight-time hourly rate of \$21.30 per hour, full-time associates at Stop & Shop in New England are among the highest paid in the industry. Stop & Shop's offer provides wage increases and/or bonuses to full-time associates which will keep our full-time associates' pay at or near the top of the US grocery industry.

Our offer contains the following general wage increases (GWI) for associates at the top of their wage scale. Full-Time Clerks promoted after 4/16/2016 who reach the top of the wage scale will receive a bonus. The company estimates approximately 1% of Full-Time associates will receive a bonus during the term if they do not move to one of the classified positions. Many positions such as Department Heads, Lead Clerks, Meat Cutters and Night Crew Chiefs are not subject to the top rate and make up nearly 40% of the Full-Time positions.

- A. Clerks made full-time before April 17, 2016 who are at or above the top of their respective full-time wage scale, Department Heads, Lead Clerks and Night Crew Chiefs:

Ratification	Ratification +1 Year	Ratification +2 Years
\$20 per week	\$20 per week	\$25 per week

**Modified: 3/28/2019**

- B. Clerks made full-time on or after April 17, 2016 who are at or above the top of their respective full-time wage scale:

Ratification	Ratification +1 Year	Ratification +2 Years
\$1,000 Bonus	\$1,000 Bonus	\$1,250 Bonus

**Modified: 3/28/2019**

- C. Part-Time Associates:

	Ratification	Ratification +1 Year	Ratification +2 Years
Part-Time (7 or more years of service)	\$0.40	\$0.40	\$0.45

Part-Time (more than 3 years but less than 7 years of service)	\$0.30	\$0.30	\$0.35
Part-Time (more than 1 year but less than 3 years of service)	\$0.25	\$0.25	\$0.25

**Modified: 3/28/2019**

Any increases received in the twelve months prior to the scheduled GWI will be credited against the scheduled increase. If an associate has received more than the scheduled GWI in rate adjustments during the prior twelve months, that associate will not receive the scheduled GWI.

For example, in Massachusetts the minimum wage will move to \$12.75 on January 1, 2020. Upon receiving the 30-day increase of \$0.30, an associate's rate will increase to \$13.05.

An eight-year part-time associate with a rate of pay of \$12.90, will move to \$13.05 on February 1, 2020, receiving an increase of \$0.15. In this case, the scheduled GWI for an eight-year associate is \$0.40. Because the associate already received a rate adjustment of \$0.15, the associate will receive an increase of \$0.25 – the \$0.40 scheduled GWI less the \$0.15 adjustment already received.

A three-year associate with a rate of pay of \$12.55, will move to \$13.05 on February 1, 2020, receiving an increase of \$0.50. In this case the associate will not receive the scheduled GWI because the \$0.50 adjustment they already received is greater than the \$0.30 scheduled GWI.

- D. Employees promoted from PT to FT: Change \$1.00 to \$2.00.

## **Sunday Premium**

Sunday continues to be the top shopping day for our customers and making Sunday wage rates more competitive is necessary for proper store staffing on Sunday. In Massachusetts, time-and-a-half on Sunday had been a legal requirement until recently. The state time-and-a-half legal requirement is being phased out in conjunction with substantial increases in the minimum wage. To remain competitive, the company must adjust to the changing conditions on Sunday.

Part Time Associates:

- A. Part-Time associates hired on or before February 23, 2019, shall receive a frozen premium rate equal to half the hourly rate of pay they were earning as of February 23, 2019. In addition to the frozen premium hourly rate of pay, they shall receive their regular hourly rate of pay for all hours of work performed on Sundays and

holidays. As their regular hourly rate of pay increases, the frozen premium shall remain the same, except the premium shall not be less than required by law.

- B. Part-Time associates hired after February 23, 2019, the Sunday and holiday premium shall be the greater of \$1.00 per hour or the minimum premium allowed by law for the first twelve (12) months. Thereafter the premium will be \$2 per hour or the minimum premium allowed by law. **Modified: 3/28/2019**

## **Pension**

Stop & Shop is virtually alone among New England supermarkets in providing a majority of its associates a defined benefit pension. Industry employers generally offer a 401(k) program. Challenges for the UFCW national pension fund, including recent asset performance and bankruptcies of a number of contributing employers, have increased the cost to provide pension benefits.

We estimate that a competitive full-time program with a 4-5% 401(k) match and 75% participation would cost \$1,300 per eligible associate, per year (even accounting for Stop & Shop's high full-time wages) – with programs costing much less for some competition. Stop & Shop's FT programs in New England already cost between \$1,926 and \$2,644 without any increases.

Part-time defined benefit pensions are uncommon in any industry. Generally, employers pay very little for part-time retirement benefits. Stop & Shop pays \$12 million per year for the Part-Time Associates covered by these contracts.

During the last round of bargaining the pension fund requested increases were 8% for Full-Time and 24% for Part-Time to maintain current benefits. The company paid those increases. This round the Fund is asking for yet more money. The pension fund requires nearly a 20% increase in contributions in order to maintain the benefit accrual level under current fund policy. Our offer increases the company's contribution to the pension plan by the requested nearly 20% for current Full-Time Associates and for Part-Time Associates hired on or before February 23, 2014. This increase will maintain current accrual levels for all Full-Time Associates and vested Part-Time Associates at the current offering by the national fund.

The overwhelming majority of our competition does not provide this kind of expensive pension benefit and they certainly do not face such repeated cost increases.

Contributions for new Full-Time Associates are \$130/month in our offer which will provide a \$40 per month per year of service benefit accrual based on current fund policy. Contributions for Part-Time Associates hired after February 23, 2014 will be \$32.50 per month which will provide a \$10 per month per year of service benefit accrual based on current fund policy.

**Modified: 3/28/2019**

Full-Time Associates:

- A. Effective March 1, 2019, for eligible associates hired or promoted to Full-Time on or before February 23, 2019, the Company will contribute \$3.25 times the current accrual rate to the UFCW Union-Industry Pension Fund. The accrual supported by this contribution going forward will depend on the AUCRs assigned by the Fund.
- B. Effective March 1, 2019, for eligible associates hired or promoted to Full-Time after February 23, 2019, the Company will contribute \$130 per month to the UFCW Union-Industry Pension Fund. The accrual supported by this contribution going forward will depend on the AUCRs assigned by the Fund.

Part-Time Associates:

- A. Effective March 1, 2019, for eligible associates hired on or before February 23, 2014, the Company will contribute \$3.25 times the current accrual rate to the UFCW Union-Industry Pension Fund. The accrual supported by this contribution going forward will depend on the AUCRs assigned by the Fund.

**Modified: 3/28/2019**

- B. Effective March 1, 2019, for eligible associates hired after February 23, 2014 having met the twelve-month waiting period, the Company will contribute \$32.50 per month to the UFCW Union-Industry Pension Fund. The accrual supported by this contribution going forward will depend on the AUCRs assigned by the Fund.

**Modified: 3/28/2019**

## Health & Welfare

As health care costs have risen dramatically over the years, health plans across the nation have generally evolved and costs have been shared between employees and employers. The health benefits offered to our Massachusetts, Connecticut and Rhode Island store associates have not kept pace with the changing health care market. For example, the deductible for individual coverage in the UFCW Local 1459 and Contributing Employers Health & Welfare Fund for most full-time associates is \$150. According to the Kaiser Family Foundation, the average deductible for individual coverage is \$1,500.

According to the Kaiser Family Foundation, national averages for employee contribution to health insurance premiums are about 20% for individual coverage and 28% for family coverage. Currently, Stop & Shop associates pay about 8.2% of the cost of coverage for individual coverage and about 6.6% of the cost of coverage for family coverage. These employee contributions have not kept pace with health care costs.

The company's offer asks Full-Time Associates participating in the medical plans to pay 9% to 12% for individual coverage compared to the Kaiser Family Foundation's national average of 20% for individual coverage and 7% to 8% of the cost of coverage for family

coverage compared to the national average of 28% for family coverage. Associates would pay less than half the share of health care premiums the average federal government employee pays. A Federal employee average payment is 28% of cost of coverage. Associates also would pay significantly lower shares of premiums than Massachusetts state government employees pay. A Massachusetts state government employee average payment is 20-25% of cost of coverage.

Part-Time Associates will be required to pay \$3 per week if they choose to participate in the ancillary benefit program which includes dental, vision, life and disability insurance.

Having a high-quality health program with low associate costs has led to Stop & Shop subsidizing other employers because associates' spouses will join our programs rather than using insurance available to them through their own employers. Our proposal addresses this issue by modifying eligibility rules and increasing the cost for spouses to participate in the program.

According to the Kaiser Family Foundation, the national average employee contribution for family coverage in 2018 was \$106.67 per week. The company's proposals ask associates to pay \$30 per week in 2019, \$34 per week in 2020, and \$38 per week in 2021 for family. While these contributions increase \$4 per week each year, they still represent an excellent value for a quality family health plan. In 2021, the \$38 per week our proposal asks an associate electing family coverage to pay is *64% less than the 2018 national average for family coverage*.

Because the Local 1459 Fund is too small to operate efficiently, the company proposes to merge it into one of the larger area funds of your choice. **Modified: 4/5/2019**

**A. ASSOCIATE CONTRIBUTIONS –**

The weekly pre-tax payroll deductions for Health & Welfare will be as follows:

	<b>Associate</b>	<b>Associate + Spouse</b>	<b>Associate + Child(ren)</b>	<b>Family</b>	<b>Part-time (30-hour)</b>
<b>Current</b>	\$10.00	\$15.00	\$15.00	\$20.00	\$10.00
<b>July 1, 2019</b>	\$15.00	\$24.00	\$24.00	\$30.00	\$15.00
<b>March 1, 2020</b>	\$17.00	\$27.00	\$27.00	\$34.00	\$17.00
<b>March 1, 2021</b>	\$19.00	\$30.00	\$30.00	\$38.00	\$19.00

**Modified: 4/5/2019**

B. The company will fund the Local 1459 & Contributing Employers Health & Welfare Fund so that sufficient funds are available to pay claims through the end of 2019 and the fund reserve is at least one and one-half months of claims at the end of the year. If the reserve at the end of the year is insufficient to pay claims runout, the company will contribute its appropriate share of the fund to pay the runout and wind down costs.

C. Effective January 1, 2020, all associates will be merged into one of the other New England UFCW health & welfare funds of your choice or if the Local 1459 & Contributing Employers Health & Welfare Fund is not merged by December 31, 2019:

1. The monthly company contribution rates to the UFCW Local 1459 and Contributing Employers Health & Welfare Fund will be as follows:

	Monthly FT Contribution (including opt outs)	Monthly 30+ hr PT Contribution for those electing health coverage	PT Monthly Ancillary Benefits with one-year service (including 30+ hour PT who opt out)
January 1, 2020	\$1,049	\$572	\$19
March 1, 2020	\$1,050	\$593	\$20
March 1, 2021	\$1,092	\$627	\$21

Under no circumstances will the Company contributions exceed the above referenced amounts. **Modified: 4/5/2019**

2. Effective January 1, 2020 coverage for spouses is only available to full-time employees whose dependent spouse does not have access to a group health plan through his or her employer.
3. Stop & Shop recommends to the Trustees of the UFCW Local 1459 and Contributing Employers Health & Welfare Fund that they consider updating the health plan so benefits would be supported by associate and Stop & Shop contributions in the amounts stated above.

**Modified: 3/28/2019**

D. Effective July 1, 2019, eligible part-time associates electing ancillary benefit coverage will contribute three dollars (\$3.00) per week.

E. The HSA and Bonus program will continue for eligible part-time associates based on the current contract language.

## Legal

Effective May 1, 2019, the company will no longer contribute to the legal fund.

## Paid Time Off

No changes in paid time off allotments are proposed for current associates.

**HOLIDAYS**

Competitors in the area offer 6 to 8 paid holidays and currently Stop & Shop offers 10.

***Full-time Associates:***

Full-Time Employees hired after February 23, 2019 will be eligible for the following Major holidays after ninety (90) days of continuous employment:

New Year's Day	Labor Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day

After 1 Year of Service: (2) Personal Days

**Modified: 3/28/2019**

***Part-time Associates:***

A part-time employee hired after February 23, 2019 shall be eligible for the following holidays after nine (9) months continuous employment:

New Year's Day	Labor Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day

**All Eligible Part-Time Employees:**

Eligible part-time employees shall be paid for the foregoing holidays at four (4) hours each.

**SICK LEAVE**

All employees employed in Massachusetts:

Starting for accruals in 2019, the Company will carry over all unused sick leave (up to 40 hours) accrued under the Massachusetts Sick Leave law into the following year for associates with less than one (1) year of service.

## **Additional Terms**

1. COVER PAGE, AGREEMENT, & ARTICLE 46 – DURATION:  
Change dates to reflect the new agreement.
2. ARTICLE 2 – EMPLOYMENT OF UNION MEMBERS, SECTION 2:  
Update electronic authorization card.
3. ARTICLE 3 – GENERAL CONDITIONS, SECTION 1(D):  
Add: The request for the wedding gift must be made no later than six (6) months after the wedding date.
4. ARTICLE 3 – GENERAL CONDITIONS:  
Throughout entire agreement replace “he” and “she” to gender neutral terminology.
5. ARTICLE 3 – GENERAL CONDITIONS, SECTION 9:  
Add: The Union will be notified of new employee orientations and will be allowed a reasonable amount of time, up to fifteen (15) minutes, to engage new employees.
6. ARTICLE 11 – LEAVE OF ABSENCE, SECTION 2:  
Amend: Requests for a leave of absence shall be submitted in writing or electronically to Human Resources and the Employee must submit a copy to the Local Union Office. The authority to approve or disapprove a leave of absence shall be vested with the Human Resources Lead, Stop & Shop Supermarket Company LLC.
7. ARTICLE 11 – LEAVE OF ABSENCE, SECTION 13:  
Amend: If an employee notifies the Store Manager by Tuesday of their Return to Work, the employee will be added to the following week’s schedule.
8. ARTICLE 12 – HOURS, SECTION 2: HOURS OF WORK FOR PART-TIME EMPLOYEES (D):  
Add: Any part-time employee hired before November 1, 2002, who desires to work twenty (20) hours per week or more shall be scheduled for a minimum of twenty (20) hours per week (excluding Sundays), provided they request the additional hours and have a reasonable availability. Grievances involving this minimum shall not be subject to a retroactive remedy.
9. ARTICLE 12 – HOURS, SECTION 5: MEAL PERIOD:  
Amend: However, in the event an employee, with the consent of the employer, desires one-half hour for lunch or supper it may be so arranged, if permitted by law. Such consent shall not be unreasonably withheld.



10. ARTICLE 18 – INJURIES, SECTION 6:

Amend: In case of injuries sustained on the job, the Employer shall continue to make contributions for eligible employees to the Health and Welfare and Pension Funds for a period of up to nine (9) months.

11. ARTICLE 30 – WORK SCHEDULES:

Replace: The company will continue a two-week schedule. The schedule will be posted in ink at 5pm Thursday for the following two work weeks beginning on Sunday. Employees may request a reasonable adjustment to the second week and such requests will be at the management's discretion. The Union and the Employer agree that the scheduling provisions of the Collective Bargaining Agreement will govern exclusively notwithstanding any "predictive scheduling" legislation. If a waiver is not permitted by the legislation, then the parties will meet and discuss any changes required by law as it relates to this article.

**Update Side Letter: Safety Shoes:**

Effective 1/1/2020, eligible employees will receive a \$50 allowance for safety shoes a maximum of one (1) time per year. If a new vendor or authorized retailer is established, the Union will be notified.

**Add Side Letter re: Pharmacy Techs:**

The Employer agrees to maintain their current practice of reimbursing employees for the cost of the National Certified Pharmacy Technician (CPhT) training, state certification, and/or any other necessary pharmacy technician tests for the term of this agreement. This additional training can be obtained by seeking manager's approval.

This Side Letter will sunset with the expiration of the Collective Bargaining Agreement.

**Add Side Letter re: Arbitration Procedure:**

On a trial basis beginning with the ratification of the Collective Bargaining Agreement, the parties agree to use the services of Labor Relations Connections, LLC for any arbitration not pending at the American Arbitration Association or before any arbitrator mutually selected by the parties. Unless a party notifies the other of the intent to terminate this Side Letter on or before February 24, 2020, the parties will use Labor Relations Connections, LLC for the duration of the Collective Bargaining Agreement.

This Side Letter will sunset with the expiration of the Collective Bargaining Agreement.

IF THE CONTRACT IS RATIFIED OR SETTLEMENT IS RECOMMENDED PRIOR TO APRIL 10, 2019, THE COMPANY WILL OFFER THE FOLLOWING LONG SERVICE VOLUNTARY SEPARATION INCENTIVE PLAN IN 2019:

Stop & Shop shall offer a one-time buyout to Full-Time Associates with 25 or more completed full-time years of service in Locals 328, 371, 919, 1445 and 1459 in calendar year 2019. A Full-Time Associate will have a 14-day window to accept the buyout. The Company will accept applications from no more than 30% of eligible union Associates per Local.

- Active Full-Time Associates with twenty-five (25) or more years of consecutive Full-Time service with the company as of December 31, 2019 are eligible to participate.
- For accepted Associates the gross buyout amount shall be seventy-five thousand (\$75,000) dollars.
- For Associates who will be fifty-nine (59) years of age or younger on December 31, 2019, the Employer agrees to make monthly contributions to the appropriate Health & Welfare Trust Fund on their behalf at the Full-Time rate for twelve (12) months starting the month after their separation date.
- For Associates who will be sixty (60) through sixty-four (64) years of age on December 31, 2019, the Employer agrees to make monthly contributions to the appropriate Health & Welfare Trust Fund on their behalf at the Full-Time rate starting the month after their separation date through the month prior to attaining age sixty-five (65).

In the event that more than 30% of the total population of eligible union Associates apply to participate, the Company shall accept applications from those applicants with the most seniority. Seniority shall be based on date of hire, as determined by the Company. The Company, at its sole discretion, may accept more than 30% of the applications. If fewer than one-hundred eighty (180) associates (all Locals combined) apply to participate, the Company may decline to accept any application. To participate, accepted Associates must agree to the terms of the plan document and sign a separation and release of claims agreement.