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**Best & Final Offer of USMX, Ltd.  
For an Extension  
to the Current Master Contract**

Presented to

**International Longshoremens' Assoc., AFL-CIO**

**September 1, 2009 • Orlando, Florida**

# **TERM OF EXTENSION**

**October 1, 2009 through September 30, 2012**

## ***YEAR 1 (10/01/09 – 9/30/10)***

- **Defer wage increase due 10/01/09 until 10/01/10**
- **Increase starting rate to \$20/hour after 10/01/09, including current employees earning less than \$20/hour**
- **Eliminate container royalty (CR) CAP**

## ***CONTAINER ROYALTY CAP (EXAMPLE)***

- Total CR Tonnage = 100 Million Tons  
$$\begin{array}{r} \times \$2.00 \\ \hline \$200 \text{ MILLION} \end{array}$$

- CR Benchmark = 73 Million Tons  
$$\begin{array}{r} \times \$2.00 \\ \hline \$146 \text{ MILLION} \end{array}$$

***\$54 MILLION AVAILABLE***

## ***CURRENT EXCESS CAP DISTRIBUTION***

- 20% goes to MILA
  - \$10.8 million
- 40% goes to Local Ports
  - \$21.6 million
- 40% goes to Carriers
  - \$21.6 million

## ***CONTAINER ROYALTY (CR) 5***

- **Funding will come from new Carrier contributions and use of existing funds**
- **Administered by a joint board of ILA and USMX Trustees**
- **Available for ports who may experience shortfalls in funding for local benefit programs (cannot be used for pensions)**
- **Trustees will establish criteria for application procedures, establishing need, etc.**

# ***FUNDING CR5***

- **MILA**
- **Container Freight Station**
- **Additional contributions by Carriers**

## ***MILA FUNDING***

- \$5 per manhour
- \$1 per ton (CR2)
- \$1.20 per ton (CR4)
- Additional 25¢/ton due to CR4 on 10/1/09 will be transferred to new CR5 in two installments (10¢/ton in Year 1 and 15¢/ton in Year 2)
- Well-funded/significant reserve
- No changes in Plan benefits

# ***CONTAINER FREIGHT STATION FUND***

- **Current assessment of 30¢/ton**
- **Used to subsidize CFS stations and local port training funds**
- **Adequate surplus to continue programs without additional funding**

## ***CR5 FUNDING***

- **New CR5 fund to be implemented as follows:**
  - **Year 1: 30¢ from CR4 + 30¢ from CFS = 60¢/ton total (CR4 will now be \$1/ton)**
  - **Year 2: 45¢ from CR4 + 25¢ from CFS = 70¢/ton total (CR4 will remain at \$1/ton)**
  - **Year 3: 30¢ from CR4 + 25¢ from CFS + additional 15¢ from Carriers = 70¢/ton total (CR4 will now increase to \$1.15/ton)**

## *SUMMARY YEAR 1 (10/01/09 – 9/30/10)*

- Defer wage increase due 10/01/09 until 10/01/10
- Increase starting rate to \$20/hour after 10/01/09, including current employees earning less than \$20/hour
- Eliminate container royalty (CR) CAP
- Establish CR5 fund to support local benefits at 60¢/ton (includes 30¢/ton from CR4 + 30¢/ton from CFS)

## ***YEAR 2 (10/01/10 – 9/30/11)***

- **Implement wage increases:**
  - (a) **lower tiers \$1.50\***
  - (b) **higher tiers \$1.00\***
- \* **Reference current *Master Contract Article II, Sections 1a & 1b***
- **Increase contributions to CR5 from 60¢/ton to 70¢/ton**
- **Additional monies available from elimination of container royalty CAP**

### ***YEAR 3 (10/01/11 – 9/30/12)***

- **Effective 4/01/12, implement \$1.00/hour wage increase to those individuals receiving the top wage rate of \$31/hour as of 10/01/11**
- **Maintain contributions to CR5 at 70¢/ton**
- **Additional monies available from elimination of container royalty CAP**

## *YEAR 3 (10/01/11 – 9/30/12)*

- For all other employees, increase hourly wages according to the following schedule:
  - On 3rd industry employment anniversary date — 25% of difference between current and top wage
  - On 5th industry employment anniversary date — 50% of difference between current and top wage
  - On 7th industry employment anniversary date — 75% of difference between current and top wage
  - On 11th industry employment anniversary date — 100% of difference between current and top wage

- A qualified anniversary year is one in which an employee is credited with 700 hours of service
- An employee's anniversary date will be based on length of service as of September 30<sup>th</sup> of the previous contract year
- Individuals eligible under this progression will receive increases in two (2) installments: 50% on 4/01/12, and the remaining 50% on 7/01/12

*The tiered wage progression outlined above shall continue in full force and effect in subsequent Master Contracts commencing October 1, 2012.*

## ***TIERED WAGE EXAMPLE***

- **3 Years of service as of 9/30/11**
  - **Top rate = \$32/hour**
  - **Current wage = \$20/hour**
  - **Difference = \$12/hour**
  - **25% of \$12 difference = \$3/hour increase**
    - **\$1.50/hour increase on 4/01/12**
    - **\$1.50/hour increase on 7/01/12**

## ***TIERED WAGE EXAMPLE (cont'd.)***

- 5 Years of service as of 9/30/11
  - Top rate = \$32/hour
  - Current wage = \$22/hour
  - Difference = \$10/hour
  - 50% of \$10 difference = \$5/hour increase
    - \$2.50/hour increase on 4/01/12
    - \$2.50/hour increase on 7/01/12

## ***TIERED WAGE EXAMPLE (cont'd.)***

- **7 Years of service as of 9/30/11**
  - **Top rate = \$32/hour**
  - **Current wage = \$24/hour**
  - **Difference = \$8/hour**
  - **75% of \$8 difference = \$6/hour increase**
    - **\$3.00/hour increase on 4/01/12**
    - **\$3.00/hour increase on 7/01/12**

## *TIERED WAGE EXAMPLE (cont'd.)*

- 11 Years of service as of 9/30/11
  - Top rate = \$32/hour
  - Current wage = \$28/hour
  - Difference = \$4/hour
  - 100% of \$4 difference = \$4/hour increase
    - \$2.00/hour increase on 4/01/12
    - \$2.00/hour increase on 7/01/12

## ***MAINTAINING ILA JURISDICTION***

- Management reaffirms the ILA's jurisdiction as set forth in *Articles VII, VIII* and *IX* of the current Master Contract and in particular, that such jurisdiction applies from the point at which the container/cargo comes within the control of ILA-represented bargaining unit members. If necessary, issues arising over interpretation of these Articles will be adjudicated by the Jurisdiction Committee.

## ***NEW TECHNOLOGY COMMITTEE***

- 3a.** In addition to the responsibilities outlined in *Paragraph 3 of Master Contract Appendix G*, the New Technology Committee will attend and facilitate discussions between local Management and ILA regarding the impact of new technology on the work force.

## ***JURISDICTION COMMITTEE***

**Decisions of the Jurisdiction Committee are final and binding and shall have the force and effect of an arbitration award that may be enforced in a court of law.**

# ***PORT OF DISCOVERY***

Reference *Jurisdiction Committee Letter Agreement of August 10, 2000.*

Management reaffirms the following paragraph from that Letter Agreement:

**“That it is necessary to implement a system to monitor compliance of repair of major damage in accordance with the Master Contract. For this purpose, it shall be the responsibility of each port to establish a procedure that will verify that all parties are complying with the provisions of the Master Contract in that port. Each port shall provide to the Jurisdiction Committee the procedure established in that port.”**

*All other terms and conditions  
of the current Master Contract  
and all current Local Contracts  
will remain in effect  
for the term of this extension.*