



Date: Friday, October 17, 2008  
To: StarTran Employees  
From: Terry Garcia Crews *Terry Garcia Crews*  
General Manager  
Subject: Update on Contract and Healthcare Plan

On Wednesday, October 15, StarTran, Inc. and Amalgamated Transit Union Local 1091(ATU) met in an effort to reach an agreement on the proposed contract and answer additional questions from ATU.

I had hoped for success in bringing this negotiation process to a close. Unfortunately, this step did not occur. As I mentioned before, we have shown a great deal of movement and conceded with the Union on seven of the eleven areas the Union voiced as concerns. The deductibles for the healthcare plan were also lowered. This is a very good proposal and should be voted on. We told the Union once again this is our final offer.

As a reminder, our proposal included the following:

#### September Proposal

2007	\$1,000 Signing Bonus
2008	3% Wage Increase
2009	3% Wage Increase
2010	3.25% Wage Increase

The concessions made by management were:

#### 1. Healthcare Deductibles

Phased-in deductibles to reduce the impact of increases from the previous proposal. Phased plan:

January 1, 2009: individual \$100/family \$200 (per Union's request)

January 1, 2010: individual \$200/family \$400 (per Union's request)

January 1, 2011: individual \$300/family \$600

#### 2. Adjusted Wage Increases

New phased-in plan adjusted the wage increases by 3/4 of a percent over two years - 2008 and 2009 due to StarTran's increased cost for implementing lower deductibles.

#### 3. Preventable Accidents

Reverted to existing contract language stating preventable accidents remain in employee's file for 12 months rather than 24 months.

#### 4. Part-time Workers

Refrain from hiring additional part-time workers and increasing hours worked. Reverted to existing contract language.

5. **Increased Efficiency in Operational Management of Driver Assignments**  
Made several changes to the extra board procedures including establishing an A.M. and P.M. extra board.
6. **Sedan Driver Category**  
Retained current contract language for sedan operators.
7. **Contract Healthcare Language**  
Reverted to existing contract language, which prevents management from making unilateral change unless the parties mutually agree in writing to reduce the benefits.

At this meeting, we asked that the Union provide a counter-offer; they simply scratched out sections of our document and stated they wanted 3% for every year of the contract and wanted co-pays to count towards the out of pocket maximums. The wage increase alone would have resulted in an additional \$3-4 million dollars more than what is currently being offered. This counter proposal came to us after five hours of waiting and was almost identical to the one that had been given to us over the past few months.

So, you may ask...where are we now? As we informed the Union, our negotiations are at an impasse due to the Union's refusal to accept StarTran's last and final proposal. StarTran is forced to conclude that the parties have exhausted the prospects of concluding an agreement, and our negotiations are at an impasse. We must proceed with open enrollment for the **new** plan so that everyone can be signed up by January and have their flexible spending accounts match up with the new calendar year January-December, 2009.

Please be assured that this impasse will not have an effect on your healthcare benefits or your ability to continue to work. Open enrollment will begin next Thursday...watch for informational posters that will tell you when all the open enrollment sessions are scheduled. Representatives from the Benefits Department will be there to answer any questions.

In conclusion, I am hopeful that we will be able offer to you the same level of increases, but with the slow economy and the 3% drop in sales tax revenues that provides funds for us this could affect what we can offer in the future. If the economy continues to slow down, and the sales tax revenue continues to decrease, we may not be able to stay with this offer indefinitely. We communicated this same message to your ATU Negotiation Committee.

Furthermore, if we cannot show that we can contain our costs; other contractors may be used to provide our services. I am informing you of the realities we are facing...please know that these comments are not threats. I respect you as our team members to be totally informed and am concerned about your well-being and the impact to your families.

I would encourage you to vote to accept our offer, which keeps StarTran employees the highest paid transit employees in the State with insurance coverage that is also the best in the State.

I appreciate your patience, dedication, and service. Please feel free to contact your Department Director or myself if you have any questions.

cc:  
Jay Wyatt, ATU