

SEPTEMBER 14, 2016

NCCC COMPREHENSIVE SETTLEMENT PROPOSAL TO
BMWED/SMART-MECHANICAL

I. WAGES/COMPENSATION

A. General Wage Increases:

1/1/15:	3.0% (already paid)
7/1/16:	2.0%
7/1/17:	2.0%
7/1/18:	2.0%
7/1/19:	2.0%

B. BMWED proposal on Uniform Rate Adjustment--continue negotiations

II. WORK RULES

A. NCCC Proposals

See Attachment A

B. BMWED/SMART-Mechanical Common Issues

Continue negotiations on Vacation, Personal Leave proposals

C. BMWED Craft Specific Issues

Continue negotiations on proposals regarding:

i. Workforce Stabilization and Productivity

- ii. Away From Home Expenses;
- D. SMART-Mechanical Craft Specific Issues
 - Continue negotiations on Shift, Rest Day, Job Assignment exchanges
- E. All other BMWED, SMART-Mechanical work rule proposals withdrawn
- F. Compensation package set forth in Part I above subject to adjustment based on cost and operational impact of negotiated disposition of Organization proposals in Sections I. B (uniform rates) and II. above (work rules), and III. J below (benefit enhancements)
- G. NCCC reserves the right to advance counter-proposals to BMWED, SMART-Mechanical proposals identified above

III. HEALTH & WELFARE

Plan Design:

- A. MMCP Non-Copay (In-Network)
 - 1. Individual Deductible \$500
 - 2. Employee Coinsurance 15%
 - 3. Individual OOP Max \$2,500
- B. MMCP Copays
 - 1. Convenience Clinic \$10
 - 2. Primary Care \$25
 - 3. Specialist \$50
 - 4. Urgent Care \$25
 - 5. Emergency Room \$125

C. Pharmacy

Retail:

- | | | |
|----|-----------------|-------|
| 1. | Generic | \$10 |
| 2. | Brand Formulary | \$35 |
| 3. | Non-Formulary | 50%* |
| 4. | Specialty | \$125 |

Mail Order:

- | | | |
|----|-----------------|-------|
| 1. | Generic | \$10 |
| 2. | Brand Formulary | \$70 |
| 3. | Non-Formulary | 50%* |
| 4. | Specialty | \$250 |

* Third tier coinsurance min/max of \$50/\$125 retail, \$100/\$250 mail order

D. Additional Features

1. Family maximum amounts for deductible and OOP max are double the individual amounts
2. Similar value differential relative to MMCP in-network vs. OON and CHCB as currently in place
3. MHSA coverage integrated into medical coverage
4. Implement all available and relevant pharmacy rules through ESI
5. Fixed dollar plan cost sharing features are indexed annually (through mutually agreed upon methodology) to help preserve Actuarial Value

E. Adopt Value-Added Features

1. Telemedicine
2. Expert second opinion services
3. Member Advocate services
4. Centers of Excellence for specified conditions
5. Radiology Benefit Management
6. End of life counseling/services
7. Additional ESI programs (channel management, screen RX, enhanced fraud, waste and abuse)

F. ERMA Pharmacy Benefit Design Reforms

Adopt current NH&W Plan Pharmacy Benefit Co-Payment Design
(\$5/25/45 In Network Retail; \$5/50/90 Mail Order)

Adopt and implement all available and relevant pharmacy rules
through ESI

Applicable to individuals who become eligible for ERMA coverage
on or after _____

Medical Networks:

G. Continue Analysis and Discussions

Employee Contributions

H. Employee Monthly Contributions:

1. Maintain current contribution methodology
2. Monthly contribution amount will be adjusted effective July 1 of each year beginning in 2016, and continuing through 2019, based on Payment Rates effective on January 1 of that year

O Effective 7/1/16, such amount will be \$228.89

3. Monthly employee contribution caps as follows:

i. 7/1/17: \$245

ii. 7/1/18: \$260

iii. 7/1/19: \$275

I. Cadillac Tax

Process, with finality, to implement changes to Plan design as soon as possible to bring Plan value below tax threshold in the event the Plan would be subject to payment of excise tax

J. Continue negotiations on BMWED and SMART-Mechanical proposals for improvements to NH&W Plan, Dental, Vision, Life Insurance, and Off-Track Vehicle, Early Retirement Benefit

IV. TERM

Standard national moratorium

Five-year duration (1/1/15 through 12/31/19)

New notices can be served 11/1/2019, effective 1/1/20

ATTACHMENT A

Core Business Focus

(BMWED, SMART-MD)

GENERAL CONCEPT:

Where restricted and in addition to existing carrier rights, eliminate any contractual obligation to use carrier employees for a) public road crossing rehabilitation, and b) building construction, repair and maintenance.

PROPOSAL:

The Core Business Focus proposal contemplates permanent elimination of any contractual rights to perform certain types of work currently done on a carrier, in whole or part, by BRS/NCFO/IBB represented forces.

The carriers' rights and the work within the contemplated coverage are listed below:

- 1) All existing rights of a carrier to contract out work are retained, provided, however, that any related notice requirements are eliminated.
- 2) Any existing restrictions on contracting out the following work are eliminated:
 - a) **BMWE - Public Road Crossing Rehabilitation:** Effective the date of this agreement, any restriction on the Carrier's right to use contractors to perform work for the rehabilitation of a public road crossing is eliminated. Such tasks may include remove or replace the crossing surface (including the roadway approaches), remove or replace track ties within the crossing, remove or replace ballast/sub-grade within the crossing, clean up debris generated by the rehabilitation work, and provide for flagging/detouring of vehicular traffic. Nothing in this provision is intended to restrict the rights of the Carrier to at times delegate some such work to Company forces at management's sole discretion, while otherwise using contractors to perform such work.

- b) **BMWE/SMART-MD – Building Construction/Maintenance (includes janitorial)/Repair:** Effective the date of this agreement, any restriction on the right of the Carrier to use contractors to perform work related to new construction, remodeling/renovation, maintenance, repair, or cleaning of a building or any portion thereof is eliminated. The term building includes the foundation, floor, walls, roof, doors, windows, plumbing, HVAC, lighting and electrical. The term cleaning will include removal of trash or debris. Nothing in this provision is intended to restrict the rights of the Carrier to at times delegate some such work to Company forces at management's sole discretion, while otherwise using contractors to perform such work.

Incidental Work / Simple Tasks

(BMWED)

GENERAL CONCEPT:

An employee may be required, so far as the employee is capable, to perform tasks covered by any classification of work rule or scope rules applicable to maintenance of way, signal, or communications work, as follows:

PROPOSAL:

Section 1

- (a) When an employee or employees are performing a work assignment, the completion of which calls for the performance of "incidental work" covered by the classification of work rule or scope rules of another craft or crafts, such employee or employees may be required, so far as they are capable, to perform such incidental work provided it does not comprise a preponderant part of the total amount of work involved in the assignment. Such work shall include simple tasks that require neither special training nor special tools. Incidental work shall be considered to comprise a preponderant part of the assignment when the time normally required to accomplish it exceeds the time normally required to accomplish the main work assignment; and,
- (b) In addition to the above, simple tasks may be assigned on a stand-alone basis to any craft employee capable of performing them for a maximum of two (2) hours per shift. Such hours are not to be considered when determining what constitutes a "preponderant part" of the assignment; and,

Section 2

Any work performed by an employee pursuant to this provision shall be done without additional compensation to such employee and without claim by, or penalty payment to, any other employee.

Section 3

Nothing in this provision is intended to restrict any of the existing rights of a carrier.

Utilization
(BMWED, SMART-MD)

GENERAL CONCEPT:

Existing work rules impede productivity and impose unnecessary costs by limiting the railroads' ability to use employees in the most efficient manner possible. In all of the non-operating crafts there are identifiable positions that play an especially critical role in the railroads' ability to meet service and operational needs consistently and efficiently. Many of these jobs involve tasks that are highly technical and may also be safety sensitive. It is essential that railroads have the ability to ensure the most capable individuals are trained, assigned to, and retained on such positions.

PROPOSAL:

Existing rules and agreements governing employees covered by this Agreement are amended as follows:

1. Must already be qualified on the position in order to exercise displacement of a junior employee. Where current agreements allow for employees to displace junior employees pending their successfully satisfying a qualification period, such displacement will be allowed only if the senior employee would otherwise be furloughed.
2. When hired or bidding into an open vacancy that requires training/qualifications in order to perform the required duties, the employee will be ineligible to be awarded any other vacancy earlier than (xx) months after the completion of training. If during the employee's training hold period a higher rated position becomes available and that employee was previously qualified in that same higher rated position, such restriction shall not be applicable.
3. Preference in filling a temporary vacancy shall be given to an employee who is qualified on the equipment or processes.