

**UFCW Local 663 Proposals to Metro Retail Grocery Employers
Haug's, Jerry's, Knowlan's, Kowalski's, L&B, Radermacher's, UNFI
February 25, 2025 @ 9am**

Kowalski's responses in [Blue](#)– 2-27-25. These proposals are offered by Kowalski's Companies in a good faith effort to reach a negotiated successor contract to our respective collective bargaining agreement with UFCW Local 663 that expires on March 1, 2025. Any agreement as to a specific proposal is considered to be a tentative agreement subject to the final agreement between us and the Union concerning all matters related to these negotiations. Kowalski's reserves the right to add, modify, subtract, or delete any of its proposals at any time during these negotiations.

1) Wages – [You have our wage proposals.](#)

A) See wage scales - [Union 1 Wage Scales - 2.25.25](#)

2) Retirement - Legacy Pension, Variable Annuity Pension (VAP), 401(k)

[See Union Exhibits](#)

A) Legacy Pension – [We are not in the legacy pension; we withdrew and paid our withdrawal liability – 7,764,069. This was to provide our employees who were part of this legacy pension plan the benefits they earned, and we paid for when they retire.](#)

1. The Rehabilitation Plan Update will adopt Reasonable Measures to enable the Fund to emerge from Critical Status in March 2040.
2. Based on an emergence date of 2040, the annual contribution rate increases effective beginning March 2025 will be 7.5% as calculated by the Fund actuary, Segal, in their February 6, 2025 report to the Board of Trustees, based on a 7.0% annual investment return.
3. Further, the Rehabilitation Plan Update will contain an annual floor dollar contribution requirement that must be contributed by each employer for each March 1 through February 28 period, effective March 1, 2025, that reflects the applicable contribution rate increase and the projected hours assumed by Segal for the Plan year ending February 2024. These annual floor dollar amounts were calculated by Segal under Scenario D5 in their February 6, 2025 report to the Board of Trustees based on 67,600 full-time weeks and 63,900 part-time weeks.

This annual floor dollar amount provision will be administered as follows: As soon as practicable after the end of each fiscal year, the Fund will determine whether each Employer contributed at least the floor amount for that 12-month period. Each Employer's share of the annual floor dollar amount will be based on the annual Estimated Withdrawal Liability for Individual Employers report prepared by Segal (the most recent report was issued January 8, 2025). If the Employer did not contribute at least the floor dollar amount, The Fund will send the

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Employer a "true up" invoice for the difference between the floor amount and the actual contributions paid. The Employer will pay the true-up amount in a lump sum within 30 days of its receipt of the invoice. If the Employer's actual contributions exceed the floor amount, there will be no credit or refund to the Employer.

4. If, due to market events, Segal projects the Fund will become insolvent in the future as opposed to emerging from Critical Status, the bargaining parties shall reopen the contract for the sole purpose of negotiating an appropriate adjustment to the contribution rates to allow for emergence from Critical Status in the future rather than projected insolvency.

B) Variable Annuity Pension Plan – No interest. We provide a very good 401(k) plan at employer contribution rates that are significant, and we pay all the administrative costs for our employees. (FT, MPT, and eligible Group 3 all get contributions).

1. The 3.0% Cap on annual benefit improvement adjustments is removed effective January 1, 2025.
2. The accrual rate will increase from \$35.00 to \$39.50 for UNFI participants effective January 1, 2025.
3. The accrual rate will increase from \$25.00 to \$28.00 for all other participants effective January 1, 2025.
4. These benefit improvements require no increases in the current Employer contribution rates because of the current funding status of the VAPP and the magnitude of the Fund's Stabilization Reserve.
5. All Employers that previously withdrew from the MRMC Pension Fund prior to January 1, 2019 but continue to participate in the MRMC Health Plan will begin participation in the VAPP effective January 1, 2025. The Employer's contribution obligation to the VAPP will be the difference between the previously required contribution to the MRMC Pension Fund and the current employer contribution to the individual Employer's 401 (k) plan. For example, if the MRMC Pension Fund contribution before withdrawal was \$2.00 per hour and the employer now contributes \$1.00 per hour to a 401 (k) plan, the Employer shall contribute no less than \$1.00 per hour to the VAPP on behalf of applicable employees. Such employees shall continue to be covered by their Employer's 401 (k) plan at the current negotiated rates.

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C) Establish Multi-Employer Defined Contribution Plan **No interest. We provide a very good 401(k) plan at contribution rates that are significant, and we pay all administrative costs for our employees.**

1. All FT and PT can participate - includes Modified PT, Regular PT, Custodial / Courtesy (no longer an issue after conversion to Regular PT)

3) Health & Welfare - You have our health care proposal that includes improvements for employees like tiered coverage for FT employee and much shorter waiting periods for MPT employees, From 12 months to 2 months.

[See Union Exhibits](#)

A) [Replacement language](#) as provided by the Union for FT and PT eligibility

B) Health Fund Reserves, Benefit Improvements and Shorter Waiting Period for Part-time

1. The net asset reserves shall be reduced from the current 11.4 months of continuation value to 7.8 months of continuation value by February 2028. The Fund consultant, Segal, has informed us that 7.8 months of continuation reserve is a prudent and appropriate reserve for this Fund.
2. Initially, Fund assets will be reduced in the first two months of the new agreement beginning March 1, 2025 by an employer contribution holiday estimated to be equal to \$5.8 million. Employers shall begin paying breakeven contribution rates determined by Segal in their report dated February 21, 2025 as soon as the contribution holiday concludes. During the holiday period, the employers shall continue to submit reports to the Fund Office reflecting those employees eligible to receive coverage and such employees shall be eligible to receive coverage notwithstanding the holiday.
3. The break even contribution rates account for the following benefit improvements:
 - a. Vision exams covered at 100% effective January 1, 2026.
 - b. Dental annual maximum increased from \$1,250 to \$2,000 effective January 1, 2026.
 - c. The Medical deductible shall be reduced from \$750/\$2,250 to \$500/\$1,500 effective January 1, 2026.
 - d. The Medical Out-of-Pocket Maximum will be reduced from \$3,000/\$6,000 to \$2,500/\$5,000 effective January 1, 2026.
 - e. The Employer will fund a Health Reimbursement Arrangement (HRA) effective March 1, 2025 by contributing \$10.00 per week or \$43.33 per month per eligible employee. Employees can use their HRA account

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assets to pay for out-of-pocket expenses that they incur relating to claims otherwise covered by the Fund.

4. The Employer shall make monthly contributions to the Fund on a composite basis. Such contributions shall reflect a waiting period of 6 months for part-time employees and the load factor for composite monthly contributions shall be adjusted by Segal to reflect the shorter waiting period.
 5. The Employer shall cooperate with the Fund Office in providing the Fund Office with eligible employee information to allow for enrollment to be conducted by the Fund Office during periods of open enrollment and as employees become eligible for coverage during the year.
- 4) **Employee Discount** – No interest. Kowalski's has a great 20% discount program that is a discretionary program and will not put in the contract.
- A) Employee Discount 30% for all items
- 5) **Employer provided meal from store during meal period** – No interest.
We provide luncheons for our employees from time to time. We also give employees break-on-us coupons and food purchased by employees is given at the 20% employee discount
- 6) **Scheduling and Hours**
- A) Decrease minimum available hours required for all full-time and part-time employees, No interest
- B) Employees on any form of leave or time off, paid or unpaid, shall not count towards a department's allotted labor hours & discuss adequate staffing levels [HOLD for future proposals] – No interest, we already work closely with our department managers to make sure they have the staff they need.
- C) Flexibility for department heads to schedule according to the needs of each department and store, with equitable assignment of night shifts based on seniority and employee's availability – No interest, we already work closely with our department managers to make sure they have the staff they need.
- D) Discuss PT scheduling to improve work-life balance, retention and hiring [HOLD for future proposals]. We'll discuss, but Not interested in making changes in this area, already good, we already have good retention and hiring.

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- E) 1 guaranteed consistent day off every week. **No interest, we already work closely with our employees to be flexible for them but also need to be able to meet our customer's needs.**
- F) Limit number of consecutive scheduled shifts to 7. **Can make this work if this applies to 7 days that consist of Sunday – Saturday.**
- G) Consistent weekly hours
1. All part-time employees guaranteed 24 hours per week, unless waived by employee. **No interest**
- H) Breaks
1. Starts after food acquired and paid at store. **No interest Employees can also use the Scan & Pay app after they punch out for break to save time and avoid having to go through the registers.**
 2. Employer scheduling practices to avoid providing breaks - **Employees will not be scheduled within 30 minutes of any 3-hour increment, for example an employee cannot be scheduled for 5 hrs and 45 min (15 minutes short of a 6-hour shift) - Can TA this**
- I) Scheduling stability [*HOLD for future proposals*] **We'll listen, but no interest in changes in this area. Need to maintain flexibility to run the business while continue to work with our employees on their scheduling needs where we can.**
- J) Attendance policy & grace period [*HOLD for future proposals*] **No interest in changing our policy.**
- K) **Employer shall supply to the Union an electronic copy of work schedules weekly. Entire weekly schedules for all associates and departments shall be provided in Excel spreadsheets and emailed as attachments to the Union. - standardize across all contracts** **Already in our contract**
- 7) **Ratios - The Employer shall reach at least: No interest in changing any ratios. We are already set to go to 30% FT as part of moving to tiered coverage.**
- A) 40% FT ratio by the end of this CBA (Employer shall make all necessary Fund contributions)

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B) 40% PT Modified ratio by the end of this CBA (Employer shall make all necessary Fund contributions)

C) Increase PT top 24% to 30%

8) Wage Differentials. No interest increasing wage differentials that are already in place and no interest in adding any of these that are not in the contract today. We already have \$1.50 for MOD and \$1.00 for Front End Supervisor (FES).

A) PT Supervisor - \$2.00 shift differential for all hours scheduled for the shift

B) MOD - \$2.00 shift differential for all hours scheduled for the shift

C) Assistant Department Head classified as Traditional Full-time

D) Deli - \$2.00 shift differential for all hours scheduled for the shift

E) All hours worked between 6pm and 6am - \$2.00 shift differential for all hours scheduled for the shift

F) Training new hires - Employees who train or shadow new hires will receive a \$2.00 differential for all hours scheduled for the shift

G) Interpretation - \$2.00 shift differential for all hours scheduled for the shift

9) Cross training and working in more than one department Already addressed, No interest

A) Cross training and/or requiring employees to work outside their department will be by mutual agreement only

B) If cross training is mutually agreed to, the employee will be scheduled to shadow department leadership for at least 3 consecutive shifts before expected to work independently

C) \$2.00 shift differential for all hours scheduled for the shift when employees are assigned to work in more than one department per shift

10) Transfer protections. Already addressed, No interest in changing the current transfer language and/or procedures

A) Employees may only be transferred to another department or store by mutual agreement between the employee and the employer.

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- B) Any involuntary transfers to another department or store, whether for work performance or other disciplinary actions, may only be permissible when accompanied by discipline or a Performance Improvement Plan (PIP) for cause.
- C) Whenever there is a vacancy for a benefit-eligible position that the employer intends to fill, the employer shall post the position both electronically and in a visible location at each store for at least seven (7) calendar days. Vacancies shall be filled by the most senior internal applicant(s), whenever possible.

11) PTO / ESST / Leave

A) Increase Bereavement - ensure consistency for all CBAs This is already in our contract with the exception of adding stepparent which we can and add TA

- i. All full-time and part-time employees (~~excluding Group 3~~) on the seniority list shall be entitled to bereavement pay according to the following:
- A maximum of four (4) days of leave with pay in the event of the death of a spouse, parent, ~~stepparent~~, child or stepchild.
 - A maximum of ~~three (3) two (2)~~ days of leave with pay in the event of the death of a brother, sister, mother-in-law or father-in-law, ~~grandparent or grandchild~~.
 - ~~One (1) day of leave with pay to attend the funeral in the event of the death of a grandparent or grandchild.~~

B) Holiday pay

- i. Revisit designated paid holidays, add 1 more. No interest
- ii. Holiday pay increased from 4 to 6 hours paid for all part-time. Could agree to this for any PT employees who has 10 or more years of service
- iii. **Ensure consistency for all CBAs - Part-time employees are eligible for holiday pay after 90 days** Already in our contract.
- Custodial / Courtesy / Clean Team will not have to wait 1 year to receive, should be same as PT which is after 90 days (no longer an issue if all convert to regular part-time) Already in our contract

C) Vacation / PTO / ESST You have our proposal

[HOLD for future proposal]

12) Classifications

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A) Clear and equitable paths to promotion – **Aside from the language in the current contract promotions are based on if there is an open position, qualifications for the opening, flexibility and availability of the employee and desire, passion and commitment to the position/role and fulfilling their civic role by properly using the Kowalski's civic standards and political skills.**

**1. Discussion to include part-timers who perform duties of full-timers
(example: Deli Supervisors at Kowalski's)**

B) Custodial / Courtesy / Clean Team - eliminated and all reclassified as Regular Part-time **No interest. We have already included these classifications in the same wages scales as regular Part-time employees.**

C) Group 3 - eliminated and all reclassified as Regular Part-time (maintain FT lay-off language) **No interest**

D) Retail Specialist - eliminated and all reclassified as Classified Assistant - **ensure consistency for all CBAs No interest**

E) Department Heads:

i) All Department Heads shall be classified as Traditional Full-Time Food Handlers for purposes of Appendix A-1 "Food Handlers Sunday Clause." **No interest**

ii) Any Department Head who is demoted or chooses to step down will revert to the classification they held prior to becoming a Department Head **and at the rate of pay they would have been at prior to promotion plus any contractual increases they would have received since that time.** - **ensure consistency for all CBAs Can TA with this additional language.**

iii) **Ensure that all FT heads of departments are classified and paid as Department Heads (e.g. Pricing, Front End, E-Commerce, Floral, Gift, General Merchandising, Coffee, Cheese) No interest, we already meet the current contractually required 4 department heads which we have in Produce, Deli, D/FF, and Assistant Manager. These are larger departments with more significant levels of responsibility.**

iv) **Amend Section 5.5 to read: Any time a department head is off and a replacement is assigned to fill in for the duties of a department head or assistant department head, the employee assigned to fill in will receive department head or assistant department head pay for each shift in which those duties are performed. No interest in changing the current language.**

F) Training hours: When an employee is training as a higher paid classification, they shall be compensated at the higher classification for said hours. **No interest, they are just in training.**

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G) Full-time Waiver - Amend full-time waiver rate in Section 23.1 to \$23.00 for the duration of the waiver period up to a maximum of one thousand two hundred (1,200) hours of said period. If an employee exceeds a maximum of 1,200 hours, the employee will become a Classified Assistant. - ensure consistency for all CBAs Already in our contract.

H) Maintaining seniority for students - [hold for future discussion] – We'll respond when you propose.

13) Safety and Wellbeing [HOLD for future proposals]

A) Employer shall update schedules and nametags of an employee once informed of a name change and with employee's consent. Can TA

B) Employer will require that any federal immigration agent, Immigration and Customs Enforcement (ICE) agent, Department of Homeland Security (DHS) agent, or State and Local law enforcement officials present a valid warrant signed by a judge before admission to the worksite or access to employee records. Employer shall immediately notify UFCW 663 in the event of such an incident. No interest in preventing a federal or state official from fulfilling their legal duties.

C) Employees will not be expected to participate in rodent or insect remediation. Can TA

14) Tools and Training – We do not need guidance on this, and these do not need to be in the contract.

A) Front end and Pharmacy employees will be provided stools, fatigue mats, and be permitted to have water - discuss ergonomic needs

B) Bakery, Deli and Meat department employees will be provided non-slip fatigue mats

C) Apprenticeships & Job Training [HOLD for further discussion]

D) Limit on using AI technology including, but not limited to, scheduling, inventory management, and in-store customer service [HOLD for future proposal]

15) Check-off

A) All check-off remittances (dues, initiation fees, ABC) collected by the Company shall be promptly remitted to the Union no later than the 5th of the month following the month of such deductions. We need to know more about what this would entail.