

**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**

These responses are offered by Haug Companies in a good faith effort to reach a negotiated successor collective bargaining agreement with UFCW Local 663. Any proposals that are withdrawn by Haug Companies during the course of negotiations shall not be introduced as evidence or have any effect in any future bargaining, grievances, or arbitration hearings. A proposal or any withdrawal or modification of a proposal does not constitute a waiver by Haug Companies of any of its present rights. Haug Companies reserves the right to add to, modify or delete proposals at any time. Any agreement as to a specific proposal is considered to be a tentative agreement subject to final agreement between Haug Companies and the Union concerning all matters related to these negotiations.

1) Wages

A) See wage scales - [Union 1 Wage Scales - 2.25.25](#) – Haug has made its own comprehensive wage counter proposal.

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

[See Union Exhibits](#)

A) Legacy Pension – Haug has made a counter proposal

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

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did not contribute at least the floor dollar amount, The Fund will send the 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 – Haug has made a counter proposal

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.

C) Establish Multi-Employer Defined Contribution Plan – No, Haug already provides its employees the opportunity to invest/save in a 401(k) plan.

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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

[See Union Exhibits](#) – Haug has made a H&W proposal.

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 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

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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

- a) Employee Discount 30% for all items - No. Employee discounts should be up to the sole discretion of the employer and should not be included in the CBA.

A)

- 5) **Employer provided meal from store during meal period** - No, Meals are the responsibility of employees. Employer provides legally required breaks; employer is unable to accommodate the wide range of dietary preferences and allergies. In addition, there are shifts during which prepared food is not being sold.

- 6) **Scheduling and Hours** - Overall, all items below are solely the rights of management of the company and how we go to market. Limitations to scheduling, including hour minimums and scheduling requirements, will add unnecessary complexity to operations. We solely reserve the right to schedule the associates to meet the needs of the business.

- A) Decrease minimum available hours required for all full-time and part-time employees - So far, we cannot tell what the Union is asking for with this proposal. But it seems to conflict with the Union's proposal to have a minimum of 24 guaranteed hours. If this is about employees providing their availability, we believe the current ways of handling that are reasonable. We cannot have employees giving us an availability that essentially writes their own schedule by giving us availability that too closely matches the numbers of hours we are either required to provide or that they desire.

- 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*] - We will respond once the Union is ready to make its proposals.

- 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 - We are not interested in going to a seniority based guide for night shifts. We already schedule based on employee availability and the CBA currently has language regarding number/frequency of undesired shifts.

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- D) Discuss PT scheduling to improve work-life balance, retention and hiring [*HOLD for future proposals*] - We are unsure what the Union is asking for here.
- E) 1 guaranteed consistent day off every week - We do not know if the Union is proposing this to be by agreement, and if so, who would have to agree. Regardless, this should be achievable through the availability practices currently in place. We work with our stakeholders on availability and schedules already. For example, at Haug, if an employee is unavailable on a particular day, then they submit an availability request that marks them unavailable for said day. Availability is determined at time of hire and a job offer is made based on the availability they submitted. Any changes to availability in the future must be by mutual agreement since the employee is changing the terms and conditions of the offer they agreed to.
- F) Limit number of consecutive scheduled shifts to 7 - We are unclear what the Union is asking here. But as a practical matter, if this limits what can be done in one week compared to another we don't see any need to include this in the CBA, but in principle we agree with the concept.
- G) Consistent weekly hours
1. All part-time employees guaranteed 24 hours per week, unless waived by employee - Not interested in raising the existing minimums as they are currently working.
- H) Breaks
1. Starts after food acquired and paid at store - We are unaware of any industry where employees are allowed to stay on the clock while they go buy lunch and then start their break once they have lunch in hand. We provide excellent break room accommodations that allows employees to bring or purchase food prior to their shift and store for consumption on break. It is up to them.
 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)** - This isn't Haug's current practice, and we're not interested in adding this to our CBA.
- I) Scheduling stability [*HOLD for future proposals*] - Haug needs to know what the Union is proposing in this area to fairly consider the proposals.
- J) Attendance policy & grace period [*HOLD for future proposals*] - Haug does not know what the Union is proposing here.

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- 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** – Haug has some existing language in its contract about this, which should be sufficient. Haug does not have an electronic scheduling system and in most cases the schedules are completed by hand. We do not have interest in changing our current format and don't have interest in adding additional administrative work to put them into a format for the union.

7) Ratios - The Employer shall reach at least:

- A) 40% FT ratio by the end of this CBA (Employer shall make all necessary Fund contributions)
- 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%

No interest in changing current ratios. The employer believes the current classification ratios remain appropriate for the business and the work force.

8) Wage Differentials – Haug Companies' current CBA already has a range of rates and differentials for various jobs. Some of the below are opportunities to learn how to lead, which prepare employees for future opportunities, if they want to invest the effort.

- 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

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- A) **Cross training and/or requiring employees to work outside their department will be by mutual agreement only** - *This would be an overly burdensome restriction. Employees should be willing and able to help out where the customers need them most. It's good for customers, good for business, and good for the employee: being cross-trained can help position an employee to have more hours and promotion opportunities available to them.*
- 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** - *We are capable of designing, and in fact already have, training programs that are realistic for the average learner and provide store leadership the flexibility to adjust based on individual learner needs. Individualized bargaining is the best format for discussions about any employer's individual training programs.*
- 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** - *Cross-training affords the employee an opportunity to learn about our businesses and prepares an employee for career advancement opportunities. And even if the employee is only looking at the short-term benefits, cross training can give them greater opportunities to be scheduled or pick up more hours as compared to their colleagues who are limited in what they are trained to do.*

10) Transfer protections

- A) **Employees may only be transferred to another department or store by mutual agreement between the employee and the employer.** - *There's a reason most grocers operate multiple stores in the Twin Cities metro area. That model serves customers better because they allow the stores to help each other out. Transfers also often offer employees a faster path to promotion and the corresponding increases in pay and benefits. The same is true for transferring departments (which is also why the grocers find cross training so important).*
- 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.** - *Transfers are a means to better serve customers and the community. And the current contracts already address disciplinary transfers between stores: "No employee will be transferred as a means of discipline."*
- 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**

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senior internal applicant(s), whenever possible. - *The grocers are not interested in going back to a seniority system for determining promotions. As we discussed at length earlier in negotiations, the grocers think it is very important that the most qualified and capable person is selected for every role. This should matter to employees too, because these processes determine who will manage them and be their coworkers. Seniority does not consider qualifications and ability to best serve customers and fellow employees.*

11) PTO / ESST / Leave

A) Increase Bereavement - **ensure consistency for all CBAs** - All of these bereavement proposals are already in Haug's current CBA, and we are willing to accept the addition of Stepparent to our existing language.

- 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 - Haug's current PTO/vacation, holiday, ESST, Paid Medical Leave, and personal days provide ample opportunities for paid time off. These categories of leave have recently expanded through negotiations and legislation. Haug does not want to add more holidays at this time.

- i. Revisit designated paid holidays, add 1 more
- ii. Holiday pay increased from 4 to 6 hours paid for all part-time
- iii. **Ensure consistency for all CBAs - Part-time employees are eligible for holiday pay after 90 days**
 - 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)

C) Vacation / PTO / ESST

[HOLD for future proposal]

12) Classifications - Classifications were bargained to make compromises on both sides. Reimagining classifications is akin to rewriting the entire agreement.

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A) Clear and equitable paths to promotion - This proposal from the union is nice-sounding but meaningless. Without details about what the Union is requesting, it is difficult for the grocers to respond. But in general Haug is proud that they offer so many opportunities to promotion, and that every employee can pursue those based on their own merit if they want to.

**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 - Haug thinks the Union would acknowledge, there are different jobs at a grocery store that have different responsibilities and different pay. However, Haug includes the custodial and courtesy classification the same wage scale as all other part-time classifications.

C) Group 3 - eliminated and all reclassified as Regular Part-time (maintain FT lay-off language) - No. Classifications were bargained to make compromises on both sides. Reimagining classifications is akin to rewriting the entire agreement.

D) Retail Specialist - eliminated and all reclassified as Classified Assistant - ensure consistency for all CBAs - Haug has no interest in eliminating the Retail Specialist classification. We believe it provides a classification for us to evaluate associates for future growth.

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." - Haug is not interested in this proposal.
- 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. - ensure consistency for all CBAs - Haug's CBA currently has language to address this.
- 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) - Haug has contract language (see Section 17.2 H) about departments and is not interested in changing this in the CBA.
- 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. - Haug's CBA currently has language to address this.

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Training hours: When an employee is training as a higher paid classification, they shall be compensated at the higher classification for said hours. - Haug believes the training itself is an investment in the employee and an opportunity for the employee to grow.

- F) 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 – Haug is not interested in changing the rate for FT Waiver.

G) **Maintaining seniority for students - [hold for future discussion]**

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 – Haug doesn't believe this needs to be in the CBA.**

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 – Haug believes they cannot do this based on the law.**

C) **Employees will not be expected to participate in rodent or insect remediation – Haug doesn't believe this is an issue for it, but doesn't want to include it in the CBA.**

14) Tools and Training

A) Front end and Pharmacy employees will be provided stools, fatigue mats, and be permitted to have water - discuss ergonomic needs - No, Haug currently provides fatigue mats and ergonomic tools are provided on a needs basis and provides accommodations when provided a doctor's note from a healthcare provider. Haug does not believe this needs to be in the CBA.

B) Bakery, Deli and Meat department employees will be provided non-slip fatigue mats - See comments in a above.

C) Apprenticeships & Job Training [HOLD for further discussion] Haug will respond once the Union is ready to make its proposal.

D) **Limit on using AI technology including, but not limited to, scheduling, inventory management, and in-store customer service [HOLD for future proposal] – Haug has no interest in changing the current automation language in the CBA.**

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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. – Haug believes in most cases we are doing this already, but we have no interest in putting this in our CBA**