



Dear Fellow Casco Bay Islanders,

Once again we understand that you may have recently received mailings from the Unionized workers at CBITD with their perspective on the current status of negotiations regarding their contract. We regret that the Union employees have not relied on the normal procedures prescribed by Maine law for settling the contract and have instead decided to go public. Since they have, and since some of their information has been over-simplified or misstated, we are offering a more comprehensive perspective on many of the points raised by the Union.

We operate a safe and efficient transportation system and our employees provide real value to the operation. Obviously, the challenge your elected Board has is to maintain current service levels without a rate increase while offering competitive wages and benefits to our employees. We can assure you that the Board has spent a great deal of time and has given thoughtful consideration to both service levels and the needs of our employees.

You should not be concerned that service will be interrupted during this labor dispute. Employees are not permitted by Maine law to interrupt service or strike. We are confident our employees will obey the law and will continue to provide you the best service possible.

CBITD's Board of Directors will continue to follow the process prescribed by law and used by the Union and CBITD for many years. That process is a valuable way to resolve disputes and the Board will not bargain outside that process. The required process is supposed to be one where the parties negotiate in good faith until they settle on terms. Because an agreement could not be reached both parties agreed to go to mediation. At mediation an agreement also could not be reached so both parties jointly requested to go on to Interest (contract) Arbitration. **Recently the Union rejected a settlement offer from the mediator.** Consequently the parties participated in a second and final day of arbitration on December 17, 2010. The arbitration panel's ruling is expected to be in front of the Board in January or February.

- 1) ***Difficult times cause difficult bargaining-*** As you know, it is taking a very long time to emerge from one of the worst recessions our country has ever experienced. During the past year, Maine workers in private companies as well as city, state, federal and university employees have all experienced the effects of budget cuts and layoffs. There have been numerous examples of workforce reductions, "furlough days", reductions in hours and overtime, elimination of benefits and certainly wage freezes. **At CBITD there is competitive pay, as close to job security as possible and ample overtime opportunities.** From 2000 to 2008, the CPI index increased 26%. However, **the wages earned by the Union through collective bargaining have increased 26% – 47%**, depending on the position. **At the end of this same period CBITD had accumulated losses of \$979,173.**

- 2) **Generous benefits**- Last year CBITD contributed **82% to the total cost of medical insurance for the employees** (the actual percentage varies by plan selected). The cost of medical insurance is a nationwide issue and when compared to workers in the public and private sector, this approach seems fair and consistent. In addition to health care, CBITD pays **100% of the cost of dental and life insurances. CBITD also provides uniforms and safety shoes as well as meals on certain shifts.** In addition to all this CBITD makes a contribution over and above wages to each **employee's pension account of 15% of wages plus another 7.65% for social security (the annual contribution is over \$250,000).** This is a very significant and valuable benefit. When viewed in total, these ancillary benefits are more than fair and competitive.
  
- 3) **CBITD does not have a surplus of cash**- As of March 31, 2008 CBITD had accumulated losses of \$979,173, putting CBITD's ability to borrow at significant risk. As of March 31, 2009 these losses had been reduced to \$723,528, which is certainly an improvement but there is still a long way to go to emerge from years of operating at a deficit which has resulted in the CBITD borrowing as much as \$925,000. **This debt has been necessary for a majority of each year and has been as high as 20% of the operating budget. This is not sustainable.**
  
- 4) **Wage Increases lead to Fare Increases**- Labor expense represents 51% of CBITD's total expense. Vessel operations (capital, maintenance and fuel) represent 22% of the total expense. **Until we can significantly reduce the cost of short-term debt we do not see how one can increase labor expense without a reduction in service, or an increase in fares.**

We continue to feel that given the current economic conditions and sensitivities on fares and schedules, the current compensation, benefit and pension schedule is fair for CBITD employees. We would like to emphasize that the goal of the Board is to not increase fares or reduce service to you and at the same time provide fair compensation and benefits to the employees of CBITD. If you support this goal please feel free to contact your island representative.

Thank you for taking the time to read this letter and for your interest in this matter.

Sincerely,

Patrick Flynn  
President, CBITD Board of Directors