

2025 Kowalski's Companies UFCW 663

Presented April 9, 2025

Full and Comprehensive Package Offer #2

This package offer is an alternative to the package offer presented on March 26, 2025, which remains on the table (i.e., the Union may still accept the package offer presented on March 26).

These proposals and responses 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 expired 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 and responses at any time during these negotiations.

- Term of Contract three (3) years.
 - Ratification* – February 28, 2026
 - March 1, 2026 – March 6, 2027
 - March 7, 2027 – March 4, 2028

***Initial wage increase is retroactive for up to one week if ratified after contract expires and is effective early if ratified before contract expires.**

Wages

Kowalski's reserves the right to add, modify, subtract, or delete any of its proposals at any time during these negotiations.

Appendix B

Minimum Meat Rates

	Current rate	Rate at Ratification*
Head Meat Cutter	\$33.94	\$34.94
Journeyman	\$31.94	\$32.94

Employees who are at the top or above scale will receive the following increases:

		3/1/2026	3/7/2027
Head Meat Cutter		\$1.00	\$1.00
Journeyman		\$1.00	\$1.00

***Initial wage increase is retroactive for up to one week if ratified after contract expires and is effective early if ratified before contract expires.**

Appendix C

Minimum Grocery Rates

	Current rate	Rate at Ratification*
Assistant Mgr., Produce Mgr., D/FF Mgr., Deli Mgr.	\$32.83	\$33.83
Bookkeeper or Head Cashier NA	\$32.83	\$33.83
Company Designated NA	\$32.83	\$33.83
FT Food Handler	\$30.83	\$31.83

	Classified Assistant	Retail Specialist
Step 1	\$20.50	\$16.75
Step 2	\$22.50	\$18.00
Step 3	\$23.50	\$19.00
Step 4	\$24.83	\$20.30
Step 5*	\$25.83	\$21.30
Step 6*	\$26.83	\$22.30
Step 7	\$28.83	\$24.30
Step 8	\$29.83	\$25.30

*Only employees hired after ratification must complete step 5 & 6

At ratification Classified Assistant & Retail Specialist top of scale would go to \$29.83 & 25.30 respectively.

If Classified Assistant & Retail Specialist employees that are above the old top of scale at ratification would receive a \$1.00 increase.

		PT Deli Specialist Scale	All PT, Group 3, Courtesy & Custodial
Step 1	0-.5yr deli / 0-1 yr	\$16.00	\$13.25
Step 2	.5 - 1yr deli / 1-1.5yr	\$16.50	\$13.75
Step 3	1-1.5yr deli / 1.5-2	\$17.50	\$14.25
Step 4	1.5-2yr deli / 2-2.5yr	\$18.50	\$14.75
Step 5	2-2.5yr deli / 2.5-3yr	\$19.50	\$15.25
Step 6	2.5-3yr deli / 3-3.5yr	\$20.50	\$15.75
Step 7	3-3.5yr deli / 3.5-4yr	\$21.50	\$16.25
Step 8	3.5-4yr deli / 4-4.5yr	\$22.50	\$16.75
Step 9	4+yr deli / 4.5-5yr	\$23.20	\$17.75
Step 10	5-5.5yr	n/a	\$18.75
Step 11	5.5-6yr	n/a	\$19.75
Step 12	6+yr	n/a	\$20.45

At ratification PT Deli top of scale would go to \$23.20. All PT, Group 3, Courtesy, & Custodial at top of scale would go to \$20.45. If employees are above the old top of scale at ratification they would receive a .70 increase.

*Initial wage increase is retroactive for up to one week if ratified after contract expires and is effective early if ratified before contract expires.

Employees who are at the top or above scale will receive the following increases

		3/1/2026	3/7/2027
Assistant Mgr., Produce Mgr., D/FF Mgr., Deli Mgr.		\$1.00	\$1.00
Bookkeeper or Head Cashier NA		\$1.00	\$1.00
Company Designated NA		\$1.00	\$1.00
FT Food Handler		\$1.00	\$1.00
Classified Assistant		\$1.00	\$1.00
Retail Specialist		\$1.00	\$1.00
PT Deli Specialist		\$0.70	\$0.70
All PT, Group 3, Courtesy & Custodial		\$0.70	\$0.70

*Initial wage increase is retroactive for up to one week if ratified after contract expires and is effective early if ratified before contract expires.

- **Article 15: Health and Welfare –**

A. Health & Welfare Fund: The Minneapolis Retail Meat Cutters and Food Handlers Health and Welfare Fund (the “Fund”) is jointly administered by Union Trustees and Employer Trustees. The Employer is bound by the existing Trust Agreement covering the Fund and any amendments thereto to the extent they do not conflict with this Agreement. The Employer agrees to pay into the Fund contributions on behalf of any employee who meets the eligibility criteria outlined below. The benefit plans are as agreed upon by the Employer Trustees and Union Trustees and will remain in effect for the life of the Agreement except as may be modified by agreement of a majority of the Board of Trustees, which shall not conflict with the eligibility terms of this Agreement.

B. Benefit Commencement: Newly eligible employees that elect coverage specified in Article 15(D) under the Minneapolis Retail Meat Cutters and Food Handlers (MRMC) Health and Welfare Plan (the “H&W Plan”) shall have coverage commence the first day of the calendar month following the calendar month the Fund receives contributions on the employee’s behalf.

C. Benefit Elections: The H&W Plan Administrator shall administer the benefit election process directly with employees for newly eligible employees, open enrollment, and qualified mid-year election changes. Newly eligible employees shall have 30 days to make their benefit elections from the date they begin employment in an eligible classification.

D. Benefit Coverage Options:

- Full-time employees are eligible to elect one of the following tiers of coverage: Single, Single and Spouse, Single and Child(ren), Family, or Ancillary.
- Starting January 1, 2026, modified part-time employees are eligible to elect any tier of coverage. Employees who wish to purchase coverage other than Single will be required to contribute the difference in premiums between Single and the tier of coverage that they elect, with the Employer’s contribution capped at the Employer’s portion of the Single coverage rate.
- All other part-time employees (including courtesy and custodial employees) are eligible to elect Ancillary benefits (e.g., Doctor on Demand, Dental, Vision, Life, and AD&D) that provide single coverage for themselves.

E. Open Enrollment: Pursuant to the H&W Plan rules, eligible employees will annually have the opportunity to elect or change coverage under the H&W Plan effective the following January 1. Should an eligible employee elect or change coverage during the annual open enrollment period, the Employer must begin contributions in December, so long as the employee had actual hours worked in November, for coverage to begin January 1. Employees who are already enrolled and do not need to modify their coverage

election in H&W Plan do not need to take any action during the annual open enrollment period to continue their existing coverage. Open enrollment for Health & Welfare and Ancillary benefits will occur annually. The H&W Plan Administrator shall notify the Employer of all new or changed benefit elections no later than October 15. 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.

F. Qualifying Life Event: Pursuant to the H&W Plan rules, eligible employees will have the opportunity to elect or change coverage under the H&W Plan should they experience a qualifying life event in accordance with applicable law.

G. Benefit Contributions: The Employer agrees to contribute to the Fund for employees electing coverage on the basis of employee classification as follows:

- Full-time employees for each week the employee actually worked, was on FMLA, or received compensation required by this Agreement for PTO, bereavement leave, jury duty, or holidays; with contributions commencing in the first full week of the first month following the month the employee was hired or moved into that classification.
- Modified part-time employees for each week the employee actually worked, was on FMLA, or received compensation required by this Agreement for PTO (for those modified part-time employees with five (5) years or more service with the same Employer), bereavement leave, jury duty, or holidays; with contributions commencing in the first full week of the first month following the month the employee was hired or moved into that classification.
- All other part-time (including courtesy and custodial employees) for each week the employee actually worked, was on FMLA, or received compensation required by this Agreement for PTO, bereavement leave, jury duty, or holidays; with contributions commencing the first full week of the second month following the month the employee was hired or moved into that classification.

The Employer may, at its option, begin contributing to the Fund earlier than required so as to provide coverage sooner than as prescribed above.

Benefit contribution rates are as follows:

Weekly Health & Welfare Cost

Effective first reporting period following ratification	Employer Cost	Employee Cost	Total Benefit Cost	Employer %	Employee %
FT	\$262.82	\$25.00	\$287.82	91.3%	8.7%
Modified PT – Single Only	\$158.84	\$10.00	\$168.84	94.1%	5.9%
Ancillary	\$5.76	\$1.00	\$6.76	85.2%	14.8%

Effective 1/1/2026	Employer Cost	Employee Cost	Total Benefit Cost	Employer %	Employee %
FT – Single	\$148.73	\$16.53	\$165.26	90.0%	10.0%
FT – Single + Spouse	\$304.91	\$33.88	\$338.79	90.0%	10.0%
FT – Single + Children	\$297.47	\$33.05	\$330.52	90.0%	10.0%
FT – Family	\$513.13	\$57.02	\$570.15	90.0%	10.0%
Modified PT – Single Only	\$148.73	\$16.53	\$165.26	90.0%	10.0%
Modified PT – Single + Spouse	\$148.73	\$190.06	\$338.79	-	-
Modified PT – Single + Children	\$148.73	\$181.79	\$330.52	-	-
Modified PT - Family	\$148.73	\$421.42	\$570.15	-	-
All FT and PT - Ancillary	\$6.70	\$0.75	\$7.45	90.0%	10.0%

Effective 1/1/2027	Employer Cost	Employee Cost	Total Benefit Cost	Employer %	Employee %
FT – Single	\$148.73	\$16.53	\$165.26	90.0%	10.0%
FT – Single + Spouse	\$304.91	\$33.88	\$338.79	90.0%	10.0%
FT – Single + Children	\$297.47	\$33.05	\$330.52	90.0%	10.0%
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Modified PT – Single + Children	\$148.73	\$181.79	\$330.52	-	-
Modified PT - Family	\$148.73	\$421.42	\$570.15	-	-
All FT and PT - Ancillary	\$6.70	\$0.75	\$7.45	90.0%	10.0%

Effective 1/1/2028	Employer Cost	Employee Cost	Total Benefit Cost	Employer %	Employee %
FT – Single	\$148.73	\$16.53	\$165.26	90.0%	10.0%
FT – Single + Spouse	\$304.91	\$33.88	\$338.79	90.0%	10.0%
FT – Single + Children	\$297.47	\$33.05	\$330.52	90.0%	10.0%
FT – Family	\$513.13	\$57.02	\$570.15	90.0%	10.0%
Modified PT – Single Only	\$148.73	\$16.53	\$165.26	90.0%	10.0%
Modified PT – Single + Spouse	\$148.73	\$190.06	\$338.79	-	-
Modified PT – Single + Children	\$148.73	\$181.79	\$330.52	-	-
Modified PT - Family	\$148.73	\$421.42	\$570.15	-	-
All FT and PT - Ancillary	\$6.70	\$0.75	\$7.45	90.0%	10.0%

A pre-tax plan for employee contributions will be implemented by the Employer. If an employee at any time ceases to allow the Company to deduct the employee's share of the Fund contributions the Company will no longer be required to make contributions to the Fund on the employee's behalf. The Employer and employee will not have to pay contributions into the Fund should the employee not elect benefit coverage.

The Employer shall not be responsible for any additional benefit costs for the term of this Agreement.

H. Termination of Contribution at Employment Separation: Upon end of employment, regardless of reason (e.g. retirement, layoff, termination), the final contribution remitted to the Fund on the former employee's behalf shall be in the calendar month following the month in which the employee last incurred actual hours worked.

- I. Remittance:** The Employer will remit contributions to the Fund each month on the date specified by the H&W Plan Administrator. The Employer will collect the Employee contribution for each week an employer contribution is due if the Employee was given a paycheck for the payroll period with sufficient net earnings to pay the Employee contribution. If the Employer did not issue a paycheck to the employee or the employee's paycheck does not have sufficient net earnings to pay the employee contribution, then the employee is responsible for remitting the employee contribution directly to the Fund.
- J.** Full-time and modified part-time employees who currently have coverage through the H&W Plan as July 29, 2023 will not make any weekly contributions from July 30, 2023 through June 21, 2025 but employee contributions shall resume on June 22, 2025.

- **Article 2: Hours of Work - Overtime**

- **Section 2.5(E)**

- The minimum hours expressed in paragraphs (A), (B) and/or (C) above shall not apply if the employee makes a written request approved by the Employer to be regularly scheduled for less hours. Any such approved written request shall remain valid until the employee **or Employer** revokes it. Upon either party revoking the agreement, the employee must provide updated and suitable availability to allow the Employer to schedule the respective minimum hours for their classification. All approved requests shall be maintained by the Employer at the store level and available to the Union upon request. Any employee who is working under such an approved written request shall not be counted for purposes of the ratio language expressed in Section 17.2(I).

- **Article 4: Paid Time Off (PTO)**

- **Section 4.1:**

Full Time and Part Time			
<u>Years of Service</u>	<u>Annual PTO</u>	<u>Weekly Rate</u>	
between 0-1st anniversary	1 hour per 30 hours worked capped at 48 hours per year	0.03333	per hour*
between 1st - 7th anniversary	up to 80 hours/year	0.03846	per hour
between 7th - 15th anniversary	up to 120 hours/year	0.05769	per hour
between 15th - 19th anniversary	up to 160 hours/year	0.07692	per hour

Group 3	beginning 19th anniversary	up to 200 hours/year	0.09615	per hour
	<u>Weekly</u>			
	<u>Years of Service</u>	<u>Annual PTO</u>	<u>Rate</u>	
	between 0-2nd anniversary	1 hour per 30 hours worked capped at 48 hours per year	0.03333	per hour
	between 2nd - 7th anniversary	up to 80 hours/year	0.03846	per hour
	beginning 7th anniversary	up to 120 hours/year	0.05769	per hour

- *Accrual rate is calculated based on hours actually worked or paid by the Employer
- For employees who fully accrue three (3) weeks of PTO or more, up to one (1) week per anniversary year of unused accrued PTO time may be cashed out.
- All employees who are eligible for two or more weeks of PTO per year shall be allowed to use their accrued but unused PTO in one (1) hour or one half (1/2) day increments. Requests to use unused accrued PTO must be made during the week prior to the posting of the schedule for the period when the PTO is to be used. These requests will be granted as mutually agreed to by the employee and the Employer, provided that the Employer's consent shall not be withheld simply because the time requested is a weekend day or would result in an extended weekend. **Despite the foregoing, all employees who use PTO for a purpose protected by the Minnesota Earned Sick and Safe Time ("ESST") law may do so:**
 1. with notice of up to seven days in advance when the need to use the leave is foreseeable or as soon as practicable if the need is unforeseeable;
 2. in increments no smaller than 15 minutes; and
 3. if using more than three consecutive scheduled workdays, only if they employee provides reasonable documentation.

The Employer, at its discretion, may set policies for administration of PTO as long as they do not conflict with the Minnesota ESST law or the terms of this Agreement.

- All hours worked and/or paid for shall be considered as hours worked for purposes of determining PTO.
- **Article 5 (and others containing pharmacy language)**
 - Eliminate all Pharmacy language – Union TA'ed 2/27/2025
 - Sec. 5.9 (A), sec. 17.1 (D), Sec. 17.1 in paragraph 'All part-time...', sec. 17.2 Group 1 - (I) two times, sec. 17.2 Group 2 (D), sec. 17.5A, sec.17.5B, sec. 17.6, Article A-1 Food Handlers Sunday Clause, two instances in wages section Appendix C
 - And any other references to Pharmacy Language – Union TA'ed 2/27/2025

- **Article 6: Discharge**

- No employee shall be discharged without just cause. Dishonesty, gross inefficiency, theft, harassment, possession of a firearm in the store, threatening or engaging in violence, malicious vandalism, gross insubordination, or serious safety violations, will be considered as causes for dismissal without progressive discipline. Being under the influence of alcohol or illegal controlled substances (drugs) while at work will be considered as causes for dismissal without progressive discipline to the extent permitted by law, however, upon certification of rehabilitation will be reinstated. The Employer agrees that in cases of suspension or discharge of an Employee, if requested by the Employee, a Shop Steward or Union Representative will be permitted to attend administration of the discipline. Employees shall be allowed to include their own written accounts and rebuttals to all Employer-generated documents in their personnel file.
- Employees shall be paid for scheduled time lost during investigatory suspensions **if it doesn't lead to a just suspension or termination.**

- **Article 11: Leaves of Absence**

- **New Section 11.11:** TA'd by Union 2:05pm 3/18/2025

Upon implementation of the State of Minnesota Paid FMLA law, the employer retains the right to deduct payroll taxes to the maximum amount allowed by state Paid Family Medical Leave legislation or implement a private plan substitution should state legislation and commissioner approval be granted. This private plan shall provide no less than the minimum benefits required under any said state law. The Employer shall have the ability to design its private plan however it sees fit provided it receives commissioner approval.

- **Article 16: Arbitration**

- **Section 16.1:** Any complaint to be processed under this Agreement must be registered within ten (10) days by either party to this Agreement except that a complaint as to the payment or nonpayment of the applicable wage rate must be registered within ninety (90) calendar days after the date of the alleged violation. The applicable wage rate means the minimum contract wage rates, overtime rates, and rates for PTO, holiday, jury pay and bereavement pay.

Section 16.2: Any controversy arising over the interpretation of or adherence to the terms and provisions of this Agreement shall be settled by negotiations between an officer of the Union and the Employer or his/her representative. Any controversy which cannot be so settled promptly may be referred to Arbitration. The Federal Mediation and Conciliation Service shall be called upon to furnish a panel of **seven (7) arbitrators, all of whom are members of the National Academy of Arbitrators**, from which the arbitrator will be selected. The panel of **seven (7) arbitrators** furnished by the Federal Mediation and Conciliation Service will be from its master panel of arbitrators who have

experience in grievance arbitration in the private sector. The decision of the arbitrator shall be final and binding on all parties concerned. **If FMCS fails to provide a panel within thirty (30) days of request, the parties will use the American Arbitration Association (AAA) on the same terms set forth above.**

Section 16.3: The expense of the arbitrator shall be divided equally between the Employer and the Union.

Section 16.4: There shall be no strike or lockout during the life of this Agreement, except in the case of failure of either party to pursue the arbitration procedure within the time limits specified in the contract for each step or in case of failure to abide by an arbitration award.

Section 16.5: Failure to comply with the time limits set forth in Steps 1, 2, and 3 below, **will** result in an automatic decision in award by default in favor of the other party excepting in cases of extension of time mutually agreed upon. The steps to be followed are as follows:

- (A) The complaint must be registered in writing within the specified time limits of the particular type of grievance.
- (B) If the complaint is not satisfactorily resolved, either party may request arbitration within the next ten (10) day period and request a panel from the Federal Mediation and Conciliation Service.
- (C) The arbitration hearing shall be held within a ten (10) day period unless there is a mutual agreement to extend such hearing or unless the arbitrator is not available within such period.

In each of the above steps, the days referred to are working days.

- **Article 22: Safety and Store Security/No Match Letters:**
 - **Section 22.2(4)**
 - The Employer will not require the affected employee to bring in a copy of his or her Social Security card for the Employer to review, complete a new I-9 form, or provide new or additional proof of work authorization or immigration status **unless the Employer learns that there was an error or omission on the I-9 form that was completed at the time of hire.**
- **New Article 29: Management Rights (re-number subsequent articles)**
 - The Employer's right to manage is retained and preserved except as abridged or modified by the restrictive language of this agreement.
- **Appendices B and C: Wages**
 - **Remove existing appendices and replace with the attached.**
- **Clean-up Language – Union TA'ed 2/27/2025**
 - **Article 3: Holidays**

- **Section 3.1**

Except as provided in Article 3, Section 3.1, it is agreed that no employee shall be required or permitted to work on the following holidays:

- **Article 5: Wages**

- **Section 5.9**

(B) Part-time Employees: These employees are permitted to perform any work except for those job duties expressly reserved for the Journeyman, as set forth above in Section 5.9, Paragraph A. In addition, the employee may wait upon trade and use the knife or slicer when necessary to finish a product already supplied by the retail cutters as in the sale to an individual customer. This also includes portion cutting of fish fillets for traying purposes and fabricating and processing of all value added or specialty items.

- **Article 22: Safety and Store security/No Match Letters**

- **Section 22.1: Health and Safety**

(D) Safety Meetings

- 1. Safety committee meetings will be held consistent with the Employer's health and safety practices and the law. Meeting dates and meeting outcomes will be posted in-store for all store employees to review and provide feedback.
 - 2. An active Union steward, from within the store, may choose to be a part of the Safety Committee and attend/participate in the safety meetings. However, the Employer shall not be obligated to reschedule safety meetings on account of the Union steward's inability to make a meeting. A Union representative may attend safety meetings if they so choose.

Union proposals Kowalski's agrees to or counters for inclusion in the new contract

Union Proposal 5

3 – Upon ratification of the Agreement, the parties would agree to withdraw all pending unfair labor practices, and agree not to file any unfair labor practice charges with regard to any incidents occurring during the time period prior to ratification of the Agreement. This agreement is further conditioned provided that the Employer not discipline or otherwise retaliate against any member for their involvement in concerted activity occurring during the course of these negotiations.

5 – Modify 2.5 as follows

- Effective June 2025, increase PT minimum hours to 18

B – Transfers – Kowalski's would agree to the following:

All full-time employees shall receive a minimum of **three (3)** weeks' notice in the event of an Employer-initiated transfer. **Once so transferred, such an employee may not be transferred to another location for a period of nine (9) calendar months unless by mutual agreement between the Employee, the Employer and the Union.** Temporary transfers may occur without notice as a result of an emergency situation arising in the business. No employee will be transferred as a means of discipline. The Employer shall take into account the circumstances of the affected employee in making transfer decisions.

Union Proposal 4

The employer would agree to a letter of agreement calling for temporary contributions to a Health Reimbursement Account.

Employer contributions will be made on behalf of eligible full-time employees with family coverage who were enrolled in the MRMC Health Care Plan as of March 2, 2025, and maintained coverage through January 1, 2026. Contributions will commence the week of January 4, 2026, and will discontinue the week of December 26, 2027, provided the employee remains employed and retains healthcare coverage for the full period.

Classification / Elected Coverage	Employer HRA Contribution (Weekly)
Full-Time / Family Coverage	\$22.02 (week of 1/4/2026 to 12/27/2026)
	\$17.02 (week of 1/3/2027 to 12/26/2027)

6(H) – Kowalski’s TA’ed Feb. 27, 2025

Breaks – Employer will ensure scheduled hours do not lead to employees missing a second break, unless there are extenuating circumstances that require it (i.e. youth cannot work before / past certain time of day)

10(E) – Kowalski’s TA’ed March 17, 2025

Full-time employees may request transfers to a store closer to their home. Requests will be considered based on the following criteria: store staffing needs, store full-time staff balancing, potential openings and employee’s experience and skill sets.

11(A) – Kowalski’s TA’ed Feb. 27, 2025

Bereavement - All full-time and part-time employees 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) 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.

11(B) – Holiday Pay - Increase from 4 to 6 hours paid for any PT employees who has 10 or more years of service.

Kowalski's rejects all other Union proposals.