

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
EMPLOYMENT RELATIONS COMMISSION

In the Matter of Fact Finding
THE CITY OF ROMULUS,
Employer,

-and-

TEAMSTERS LOCAL 214,
Union

MERC Case No. D 04 D-0830
Thomas W. Brookover - Fact Finder

EMPLOYMENT RELATIONS COMMISSION
2010 JAN 22 4 09 PM '10

FACT FINDER'S FINDINGS AND RECOMMENDATIONS

INTRODUCTION

The parties to this Fact Finding are the City of Romulus (the "City") and Teamsters Local 214 (the "Teamsters"). The Teamsters represent clerical employees in City Hall and other departments and non-supervisory employees in the Department of Public Works. The Collective Bargaining Agreement between the parties which is at issue is effective from July 1, 2006 until June 30, 2010. The parties were able in negotiations to resolve all issues between them except one, which was presented to fact finding. This issue is whether employees who retired after July 1, 2006 would be provided retiree dental insurance.

A hearing was held on January 12, 2010 at which 14 exhibits were offered and received. Kathy Ritter testified for the Teamsters, and the City presented the testimony of Frank Audia of Plante Moran and Carol Mayerich, the HR director for the City. Both parties submitted post-hearing briefs and the record was closed.

POSITIONS OF THE PARTIES

The Teamsters position is that it is the only group in the City where the retirees do not have dental insurance and the cost is relatively low. It is the largest unit in the City, currently representing 88 employees in 11 City departments. There are currently 27 members of the Unit who are eligible to retire and the cost for dental coverage for them would be \$18,847 annually. The Teamsters says it is inherently unfair that its members are the only ones in the City whose retirees do not have dental coverage.

The City's position is that its economic situation is extremely poor and will remain so in the future, that even the current health plan is underfunded, that the dental benefits for other

employees are not uniform, and that Teamsters members have life insurance while some other employees do not.

DISCUSSION AND FINDINGS

As with the surrounding area, the City's financial situation appears to be poor. As property values have declined and may continue to do so, property tax income, which represents about 50% of the City's budget, is down. State revenue sharing is also down. Forecasts for the next five years show annual deficits in the City budgets of \$2.8 million, \$4.2 million, \$4.9 million, \$5.8 million and \$6.6 million.

Second, the City's actuaries have determined that the current retiree health benefits for all groups have an unfunded liability of over \$30 million. Funding retiree benefits properly would require an additional annual payment of \$612,000 for the current Teamsters benefits and \$2.5 million for all employees.

Third, while recognizing that there is value in having uniformity of benefits across employee groups, the benefits are not currently uniform among the other groups. Retired command and patrol police officers get dental benefits but no life insurance. Retired firefighters get both dental and life insurance but only after 25 years of service. Non-union retirees hired before July 1, 2008 with 20 years of service get dental insurance and pay no premiums for that insurance. Those same employees with 15 to 25 years of service pay 25% of the premium. Employees hired after July 1, 2008 get retiree dental insurance after 25 years but have to pay 50% of the premium. Non union employees also get life insurance like the Teamsters.

Three foremen who supervise union employees are entitled to retiree dental coverage and they also get life insurance.

Health benefits also vary among active employee groups. Active Teamster workers do not pay any portion of their health insurance premium while firefighters pay 6% of the premium.

RECOMMENDATION

I recommend that employees who retired after July 1, 2006 **NOT** be provided retiree dental insurance



Thomas W. Brookover, Fact finder

March 19, 2010