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STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
EMPLOYMENT RELATIONS COMMISSION
FACT FINDERS FINDINGS AND RECOMMENDATIONS

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STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
DETROIT OFFICE

In the Matter of Fact Finding

Houghton County Road Commission,

Employer,

-and-

Teamsters Local 214,

Union

MERC Case No. L07 J-5003
Thomas W. Brookover - Fact Finder

BACKGROUND

The parties to this fact finding proceeding are the Houghton County Road Commission (hereinafter referred to as "Employer") and Teamsters Local No. 214 (hereinafter referred to as "Union"). The Employer and the Union are parties to a Collective Bargaining Agreement that defines their employer-employee relationship and expired on December 31, 2007. In September of 2007, the parties commenced collective bargaining negotiations in an attempt to reach a successor agreement. While the parties met several times they were unsuccessful in reaching a new contract and requested the assistance of a State Mediator. A Mediation Hearing was held with Mediator, Ed Eppert on February 7, 2008. The Mediation was unsuccessful in helping the parties reach a new collective bargaining agreement. On August 28, 2008, the Union filed a petition for fact finding listing five (5) issues in dispute. On May 1, 2008, the Employer filed a response to the Union's Petition for Fact Finding. Hon. Thomas W. Brookover was selected by the Employment Relations Commission to serve as fact finder. Pursuant to MERC Rule 136 a Pre-Hearing Conference was held in Brighton, Michigan

on July 29, 2008. At this Conference it was agreed that the following issues would be submitted to hearing:

1. Duration of the Agreement;
2. Wages and whether there is any retroactivity;
3. Health Insurance and Co-pays;
4. Pension and Co-Pays;
5. The Start Date for Summer Hours Operation; and
6. Article VII Discipline Language.

The Fact Finding Hearing was held in Houghton, Michigan on October 23, 2008. During this hearing, the Parties agreed that the duration of the new contract would be three (3) years concluding on Midnight December 31, 2010. The Parties also agreed that they had resolved the issue of the Start Date for Summer Hours Operation and Article VII, Discipline Language. Accordingly, the Parties proceeded to Fact Finding with three (3) issues in dispute:

1. Wages and Retroactivity;
2. Health Insurance and Co-Pays; and
3. Pension and Co-Pays.

At the Hearing the Union introduced into the record 16 documentary exhibits, all of which have been accepted into the record and considered by the Fact Finder. The Employer introduced into the record 24 documentary exhibits, all of which have been accepted into the record and considered by the Fact Finder. The Employer presented the Engineer-Manager of the Road Commission, Kevin P. Harju as its only witness. The Union presented no testimonial evidence, but did cross-examine Mr. Harju during his testimony. The parties advocates have agreed to waive the provisions of Employment Relations Commission Rule 137D. The following is the Fact Finder's finding of fact and conclusions upon all material issues presented at the hearing and recommendations with respect to such issues.

Issue No. 1 Wages and Retroactivity

1. **Union Position:** The Union proposes a wage increase of 40¢ per hour retroactive back to January 1, 2008; an additional raise of 50¢ per hour effective January 1, 2009; and a wage re-opener for the last year of the contract.
2. **Employer Position:** The Employer proposes a wage freeze for all three (3) years of the

Collective Bargaining Agreement.

Issue No. 2 Health Care

1. **Union Position:** The Union is proposing that the parties maintain the current healthcare benefits with the Employer picking up 100% of all cost increases throughout the lifetime of the new Collective Bargaining Agreement. The Union is requesting reimbursement on all out-of-pocket healthcare costs employees have been paying since April 1, 2008.
2. **Employer Position:** The Employer's position is to maintain the status quo of the current language in the Collective Bargaining Agreement.

Issue No. 3 Pension Costs

1. **Union Position:** The Union is proposing that the Employer pick up all increases in pension costs over the life of the new three (3) year Collective Bargaining Agreement. The Union is additionally requesting reimbursement for all pension cost increases employees have incurred since April 1, 2008.
2. **Employer Position:** The Employer position is to maintain the status quo on all current contract language and that the union employees will have to pick up any increased costs in their pension plan.


FINDINGS AND RECOMMENDATIONS

All of the issues before the Fact Finder for consideration are economic in nature. The Union is requesting that they receive pay raises and that the employer pay all increases in healthcare and pension costs over the life of a three year agreement. The Road Commission's position is that it is not financially able to meet the Union's demands without substantially decreasing public service to the point where public safety would be negatively impacted. The evidence in the record before the Fact Finder clearly indicates the Road Commission's revenues have been falling in recent years and are expected to continue to decline. The Road Commission is also facing substantially increased operating costs. Clearly the Road Commission cannot continue to fund increases in labor and operating costs

while facing decreased revenues. I feel that the parties should resolve their disputes in a manner which balances the Road Commission's need to remain financially viable and the interests of the employees who perform the public safety services at issue. Accordingly my recommendations are as follows:

1. **Issue No. 1 - Wages:** I recommend no salary increase for 2008. This salary freeze will enable the Employer to absorb some of the increased operating and labor expenses it is facing. I recommend that all members of the bargaining unit receive a 1.5% increase effective January 1, 2009. I recommend that all members of the bargaining unit receive an additional 1.5% increase effective January 1, 2010.
2. **Issue No. 2 - Pension:** I recommend that effective January 1, 2009 the Employer's contribution into the Central States Southeast and Southwest Areas Pension fund be increased from \$65.00 to \$70.20. I recommend that effective January 1, 2010 the Employer's contribution be increased to \$75.80.
3. **Issue No. 3 - Healthcare:** I recommend that as soon as possible following ratification of a new Collective Bargaining Agreement the Employer's contribution towards healthcare be increased from \$267.35 to \$282.55 a week. I recommend that effective April 1, 2010, the Employer's weekly contribution amount be increased to \$306.05 a week.

12/3/08



Honorable Thomas W. Brookover