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

In the Matter of Fact Finding

Schoolcraft County Road Commission,
Employer,

MERC Case No: L08-G-5022
Donald Pearson - Fact Finder

-and-

Teamsters Local 214,
Union

BACKGROUND

The Schoolcraft County Road Commission, (hereinafter referred to as "Road Commission" or "Employer"), and Teamsters Local 214, (hereinafter referred to as "Union"), are parties to a collective bargaining agreement that defines their relative employer/employee relationship. This contract expired on September 30, 2008. In the fall and early winter of 2008, the parties exchanged written bargaining proposals, and met several times in collective bargaining negotiations in an attempt to reach a successor contract. The parties requested a mediator to assist them in their negotiations, and met on January 7, 2009 with State of Michigan Mediator Ed Eppert. After several hours of Mediation, the parties reached a Tentative Agreement resolving all contractual issues. All parties agreed to recommend this Tentative Agreement for ratification. The Union membership rejected the Tentative Agreement. On or about February 13, 2009, the Union's Business Representative wrote to the Employer's Representative making a new proposal for a successor one year contract. On or about February 20, 2009, the Union's President wrote to the Employer's Representative indicating the membership had rejected the proposal as presented by the Business

Representative. The Union filed a Petition for Fact Finding with the Employment Relations Commission on the same date. On or about February 27, 2009 the Employer filed a Response to the Petition for Fact Finding. Mr. Donald Pearson was selected to serve as Fact Finder and a Pre-Hearing conference was held in accordance pursuant to MERC Rule 136. At the Conference it was stipulated that the following issues were to be submitted to the Fact Finder for ruling:

1. Duration of contract.
2. Wages.
3. Health care benefits.

The parties met for a Fact Finding Hearing on July 30, 2009. The Union introduced and had admitted into the record 15 documentary exhibits. The Employer introduced and had admitted into the record 17 exhibits. The parties' advocates agreed to waive the provisions of MERC Rule 137D. The following is the Fact Finder's Finding of Fact and conclusions upon all material issues presented.

Issue No 1 - Duration of Contract

Union Position - The Union proposes a collective bargaining agreement to expire September 30, 2011.

Employer Position - The Employer proposes a three (3) year agreement commencing upon signing by the parties.

Issue No 2 - Health Care Insurance

Union Position - The Union has agreed to have its members receive health care insurance benefits provided by the Teamsters Health and Welfare Plan. It has agreed to the following limits on the employer's contribution towards such benefit cost. Effective as soon as possible following signing - \$306.15/week; effective 4/4/10 - \$329.95/week; effective 4/4/11 - \$333.20/week; effective 4/4/12 - the Union proposes that the parties agree to share equally any costs in excess of \$333.20/week. The Union also proposes that all retirees and their spouses be covered under the Teamster's Health Care coverage.

Employer Position - the Employer agrees to contribute the weekly amounts towards health care benefits as proposed by the Union. The Employer's position is that the Union can choose any health care provider it wishes but the employee's must

pay all costs in excess of the weekly amounts as proposed. The Employer is against expanding the current retiree health benefit.

Issue No 3 - Wages

Union Position - The Union proposes a 2% increase in wages effective 10/1/08; an additional 2% increase effective 10/1/09; and an additional 2% increase effective 10/1/10.

Employer Position - The Employer proposes a wage freeze for each year of the contract.

FINDINGS AND RECOMMENDATIONS

The first issue for my consideration is the duration of the new collective bargaining agreement. I am convinced that the Employer's request for a new three (3) year agreement commencing from the date of signing is appropriate. The Teamsters Health Care Plan requires a three (3) year commitment. I also take note that the previous Agreement was of a three (3) year duration. It has been almost a year since its expiration, and I feel it is important that the parties have a period of time to adjust to a new contract before going back to the bargaining table. Accordingly, it is my Finding and Recommendation that the parties enter into a new collective bargaining agreement of a three (3) year duration, commencing from the date of signing.

The second issue for consideration is health care. This seemed to be the most difficult issue for the parties to address during collective bargaining negotiations. However, the bargaining to this date has considerably narrowed the differences in their positions. Both parties have agreed to switch health care providers to the Teamsters Health and Welfare Plan. Both have agreed to weekly premium contribution amounts to be paid by the Employer. The parties differ on how increased premium costs should be addressed at the expiration of the new contract. I feel that the Union's offer of a 50/50 split of any increased premium costs is fair and should be adopted by the parties. This issue of future health care premium increases will not be faced during the term of the new Agreement, and I feel it fair for both sides to face equal responsibility for these potential costs when they start to bargain their next contract. This is a substantial gain for the Employer from the present situation where it bears 100% of future premium cost increases. The Employer will

also save some money when the parties switch to the Teamsters Health and Welfare Plan as it will no longer have to self insure a portion of the employee's health care costs. I also feel there will be a long term benefit to both sides if all employees and retirees are treated as one group for the purpose of health care coverage. While I am sympathetic to the Employer's concern of expanding coverage in a time of increasing costs and declining revenues, I believe there will be long term cost savings if all Road Commission employees are in the same benefit group. Accordingly, I am recommending the Union's proposal of retirees receiving health care coverage under the Teamsters Health and Welfare Plan. It is my Finding and Recommendation that as soon as possible, Teamsters Local 214 represented employees and retirees receive health care coverage as provided by the Teamsters Health and Welfare Fund. The Union and the retirees shall determine the plan to be provided. The Employer's obligation to pay for such coverage to be limited to the following amounts:

For all active employees:

Effective as soon as possible - \$306.15/week.

Effective 4/4/10 - \$329.95/week.

Effective 4/4/11 - \$333.20/week.

Employees shall pay for any costs in excess of these amounts until 4/4/12. After this date, any increases above \$333.20/week be shared equally between the Employer and the employees. Active employees who can receive coverage from another source and wish to "opt out" of the provided health care insurance will receive a payment of \$400/month. Eligibility for "opting out" of the Teamsters provided health care plan will be in accordance with the Plan rules and guidelines.

For all retirees:

Effective as soon as possible - \$224.10/week.

Effective 4/4/10 - \$240.20/week.

Effective 4/4/11 - \$251.35/week.

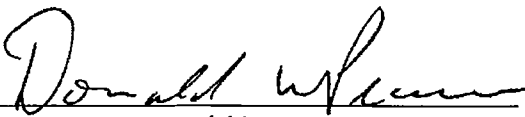
Retirees shall pay all costs in excess of these amounts.

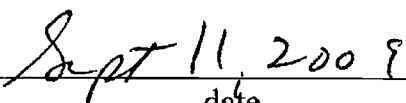
The final issue for my consideration is wages. I have carefully considered the evidence as introduced by the parties and it appears clear that the employees are paid

quite competitively, especially when compared to other Road Commission employees. I am also convinced that the Employer is facing difficult financial circumstances. The evidence in the record demonstrates that the Employer's revenues are declining, while at the same time its operating expenses are increasing. It cannot financially reconcile these contrasting positions without substantially decreasing public service. I also note that the Tentative Agreement as reached with the State Mediator, while rejected by the Union membership, called for wage freezes. Accordingly, I do not feel the Union has made a convincing argument that raises are appropriate, especially in the current economic climate. However, should this climate improve, and the Employer in the future receive revenue increases, I do feel this situation should be readdressed. It is my Finding and Recommendation that the Employer's position of a wage freeze should be adopted, at least for the first two (2) years of the new contract. Thereafter, if the Employer receives an increase in their MTF funding, a corresponding percentage increase should be given to the employees. The period 7/1/08 - 6/30/09 will be utilized to establish a "base year" for purposes of calculating MTF funds as received by the Employer. Specifically, I recommend the following:

Effective through 9/30/11 all wages shall be frozen. If, in the period 7/1/09 - 6/30/10 the Employer receives an increase in MTF funds as compared to the "base year", employees will receive an equivalent percentage wage increase on 10/1/11, up to a maximum of three (3%) percent. Wages will not be reduced if MTF funding is reduced.

If, in the period 7/1/10 - 6/30/11 the Employer receives an increase in MTF funds as compared to the "base year", employees will receive an equivalent percentage wage increase on 10/1/12, up to a maximum of three (3%) percent. Wages will not be reduced if MTF funding is reduced.


Donald Pearson


date