

FACTFINDING REPORT

2007 JUL 26 A 11: 52

STATE OF OHIO

STATE EMPLOYMENT RELATIONS BOARD

July 24, 2007

In the Matter of:

Chester Township Trustees

and

Teamsters Local Union 436

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Case No. 06-MED-09-0910

APPEARANCES

For the Township:

Thomas M. Hanculak, Attorney  
Karen M. N. Austin, Fiscal Officer  
Charles Mascella, Road Superintendent

For the Union:

John M. Fortesque, Business Representative  
Roger Johnson, Union Steward  
Michael Galbraith, Assistant Steward

Factfinder:

Nels E. Nelson

## BACKGROUND

The instant case involves Chester Township and Teamsters Local Union 436. The township is located in Geauga County and has a population of 11,000. The union represents the nine employees in the Road Department. The parties' first collective bargaining agreement was effective January 1, 2005.

In the fall of 2006, the parties began negotiations for a successor agreement to the one due to expire on December 31, 2006. After a number of negotiating sessions, the parties reached agreement on all of the issues except wages. On March 30, 2007, impasse was declared. The Factfinder was notified of his appointment on April 2, 2007. The factfinding hearing was held on June 26, 2007.

The recommendations of the Factfinder are based upon the criteria set forth in Section 4117-9-05(k) of the Ohio Administrative Rules. They are:

- (a) Past collectively bargained agreements, if any, between the parties;
- (b) Comparison of the unresolved issues relative to the employees in the bargaining unit with those issues related to other public and private employees doing comparable work, giving consideration to factors peculiar to the area and classification involved;
- (c) The interest and welfare of the public, and the ability of the public employer to finance and administer the issues proposed, and the effect of the adjustments on the normal standard of public service;
- (d) The lawful authority of the public employer;
- (e) The stipulations of the parties;
- (f) Such other factors, not confined to those listed in this section, which are normally or traditionally taken into consideration in the determination of issues submitted to mutually agreed upon dispute procedures in the public service or in private employment.

## WAGES

As indicated above, the only issue before the Factfinder is wages. Article 28, Section 28.1, lists the hourly wages as follows:

Worker I	\$16.00
Worker II	16.60
Worker III	17.20
Worker IV	17.80
Foreman	18.40
Mechanic	21.00
Assistant Supt.	20.60

The union proposes wage increases of 4.5% effective January 1 of 2007, 2008, and 2009. The township offers wage increases of 2%, 2.5%, and 2.5%. Both parties' offers provide for the wage increase for 2007 to be retroactive to January 1.

Union Position – The union argues that wage comparisons support its position. It points out that the City of Macedonia maintains 42 miles of road and has a crew of 12 consisting of equipment operators, a mechanic, and a working foreman compared to the township, which maintains 78 miles of roads with a crew of nine. The union notes that the wage for equipment operators and mechanics start at \$19.84 and reach \$23.14 after two years and the wage for the working foreman starts at \$20.13 and reaches \$23.47 after two years.

The union contends that wages in the City of Hudson also support its demands. It states that Hudson has 34 miles of roads and a crew of 16, including equipment operators, two maintenance mechanics, and a sexton. The union reports that the wage for the equipment operators and the sexton range from \$20.59 to \$27.34, depending on years of service and range from \$21.88 to \$29.08 for the maintenance mechanics.

The union maintains that the wages in two nearby Geauga County townships bolster its position. It points out that in Bainbridge the wages are as follows:

Asst. Highway Supt.	\$59,987.20
Foreman	60,047.19-62,609.50
Acting Foreman	24.46
Skilled	22.27
Skilled Maintenance Mechanic	24.34

The union states that in Russell the wage for road laborers ranges from \$17.97 to \$21.81 depending on the classification and years of experience. It adds that employees in Bainbridge and Russell are not represented by a union.

The union complains that the wage increase received by the Superintendent of the Road Department is a “direct slap in the face” to employees in the department. It claims that the Superintendent received a 4% wage increase in January of 2006 while the township has steadfastly held to its offer of wage increases of 2%, 2.5%, and 2.5%. The union charges that this amounts to discrimination against union employees.

The union acknowledges that the township has changed its health insurance. It recognizes that the change reduced the premium contributions for most employees. The union asserts, however that the savings amount to “pennies.”

The union rejects the township’s argument regarding the impact of the embezzlement by Michael Spellman, a former township treasurer. It insists that employees cannot be punished for his misdeeds. The union recognizes that despite problems related to Spellman, employees received good increases in the initial contract. It emphasizes, however, that employees were way behind employees in other jurisdictions and that the catch-up has not been completed.

Township Position – The township argues that the change in the health insurance program supports its position. It claims that from the beginning of the negotiations through March 29, 2007, it was expecting a 16-17% increase in premiums, which would have impacted employees in the Road Department because they pay 10% of the premiums. The township reports, however, that it joined the Ohio Township Association Health Plan, which “put money in employees’ pockets through lower premiums.”

The township maintains that it is still dealing with the Spellman incident. It acknowledges that the incident has less impact now than during the last negotiations but suggests that it still affects its financial situation. The township indicates that the incident resulted in the election of new trustees, who ran on a program of fiscal responsibility. It adds that a Citizens’ Action Committee studied each department and made a number of recommendations to the trustees.

The township contends that employees received significant wage increases in the 2005-2006 contract. It states that it agreed to a sizeable cash bonus as well as a substantial wage increase. The township stresses that Charles Mascella, the Road Superintendent, created a classification system that provided more money to a number of employees.

The township argues that its offer is sufficient and the best that it can do without leaving the Road Department in deficit. It points out that a draft of the Citizens’ Action Committee’s revenue and expenditure summary for the Road Department shows its cash balance declining from \$231,422 at the end of 2006 to \$13,698 in 2007 and to a deficit of \$331,174 in 2008. The township notes that with \$350,000 from the general fund, the

year end balance is \$18,826 in 2008 and \$37,059 in 2009. The township reports that the projections assume 3% wage increases in 2007, 2008, and 2009. It observes that Mascella projected a carryover of \$50,000 in 2007 and a deficit of \$335,518 in 2008 with 3% wage increases but no subsidy from the general fund.

The township acknowledges that non-bargaining unit employees received wage and salary increases in 2007. It observes that the trustees and Karen Austin, the fiscal officer, received 1.7% increases in 2007. The township recognizes that Mascella got a 4% raise but indicates that he go not increase in 2005.

The township questions the comparisons offered by the union. It states that Hudson and Macedonia have high property valuations and that employees have been organized for a long time. The township suggests that their city halls reflect their affluence. It admits that the two towns in Geauga County are more comparable to Chester but indicates that both Bainbridge and Russell have greater financial resources.

Analysis - One of the key criteria governing the factfinding process is comparisons to similar jurisdictions. The Factfinder recognizes that differences in wages must be viewed cautiously because even where job titles are similar or even identical, actual job duties are sometimes different. Furthermore, focusing on wages ignores the fact that benefits may vary. Despite these complications, comparisons play a major role in the formulation of Factfinders' wage recommendations.

In the instant case, the union provided the wages for four area road departments. The data can be summarized as follows:

<u>Jurisdiction</u>	<u>Laborer/Equip Op</u>	<u>Mechanic</u>	<u>Foreman</u>
Bainbridge	\$22.27	24.34	\$28.87-\$30.10*
Hudson	20.59-27.34	21.88-29.08	--
Macedonia	19.84-23.14	19.84-23.14	20.13-23.47
Russell	17.97-21.82	--	27.60
Chester	16.00-17.80	21.00	18.40

\* This assumes a 2080-hour work year.

The Factfinder acknowledges the questions raised by the township regarding the union's wage comparisons. Hudson and Macedonia are cities rather than townships and have greater resources than Chester. While Bainbridge and Russell are nearby Geauga County townships, they also appear to have more resources. However, the data suggest that wages in Chester remain substantially below wages in the area despite the significant wage increases provided for in the 2005-2006 collective bargaining agreement.

The township focused on the impact of the union's wage demand on the Road Department's budget. The Factfinder acknowledges that the Citizens' Action Committee's revenue and expenditure summary for the Road Department shows its cash balance declining from \$231,422 at the end of 2006 to \$13,698 in 2007 and to a deficit of \$331,174 in 2008 and that Mascella offered similar projections.

Despite these projections, the Factfinder believes that the township can reasonably afford to pay more than its offer of wage increases of 2%, 2.5, and 2.5%. First, the figures cited above do not include any subsidy from the general fund. The Factfinder, however, does not believe that it is unreasonable to expect the construction and maintenance of roads be paid for in part out of the general fund. Second, while the township's revenue may be flat and passing levies may be difficult, other townships face the same situation and find a way to pay their employees significantly higher wages.

The conclusion that the township can afford more than its offer is not changed by the fact that a former township clerk embezzled a substantial amount of township money. The incident took place a number of years ago and through the effort of the trustees and the Citizens' Action Committee, the township appears to have recovered. This is apparent by examining the financial statements offered by the township.

The Factfinder cannot recommend the union's wage demand. While the 4.5% increases sought by the union may appear to be supported by the comparative wage data, correcting the existing wage inequity in a just a few years might prove too difficult for the township to manage. The current wage structure developed over many years and adjusting it is likely to take some time.

Considering the comparisons provided by the union and the township's financial resources as well as the other statutory criteria, the Factfinder recommends that wages be increased by 3.5% effective January 1 of 2007, 2008, and 2009. Three percent of the recommended wage increases reflect the amount necessary to keep up with wage increases being negotiated in Ohio. The State Employment Relations Board's Annual Wage Settlement Report indicates that the average wage increase in 2006 was 3.01% for all of the public sector, 2.99% for the Cleveland Region, and 3.26% for townships. In multi-year agreements, settlements were 3.08% in the first year, 3.04% the second year, and 3.01 % in the third year. The additional .5% in each year is designed to narrow the gap between wages in Chester and comparable jurisdictions.

Recommendation - The Factfinder recommends the following contract language:

Article 28  
Wages

Section 28.1. The wages for full-time employees of the Chester Township Road Department effective January 1, 2007, shall be as follows:

Worker I	\$16.56
Worker II	17.18
Worker III	17.80
Worker IV	18.43
Foreman	19.04
Mechanic	21.74
Assistant Superintendent	21.32

Section 28.2. The wages shown in Section 28.1 shall be increased 3.5% effective January 1, 2008, and January 1, 2009.



Nels E. Nelson  
Factfinder

July 24, 2007  
Russell Township  
Geauga County, Ohio