



BACKGROUND

The instant dispute involves Franklin Township and Teamsters Local No. 24. The township consists of 13.8 square miles and in 2010 had a population of 5,276. It is governed by three Trustees and employs four part-time administrative employees and four Road Department employees, including three laborers and a supervisor. The union became the certified bargaining agent for the laborers in the Road Department in 2007.

The parties' collective bargaining agreement was due to expire on December 31, 2012. Prior to that date, they met to negotiate on a number of occasions but when no overall agreement was reached, the dispute proceeded to fact-finding.

The Fact Finder was notified of his appointment on December 24, 2012. A fact-finding hearing was held on February 28, 2013. Despite efforts to reach a mediated settlement, the parties remained deadlocked. However, at the conclusion of the hearing, the parties indicated that they wished to continue to try to settle the dispute based on the comments of the Fact Finder.

As a part of this process, the township submitted an offer to the union on March 7, 2013. The union considered the township's proposal but on April 2, 2013, notified the township and the Fact Finder that it was rejecting the township's offer and was requesting the Fact Finder to issue his report and recommendations.

The recommendations of the Fact Finder are based upon the criteria set forth in Section 4117-9-05(K) of the Ohio Administrative Code. 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.

Ability to Pay

One of the key criteria is the ability to pay. Both parties briefly addressed the financial status of the township.

Township Position - The township argues that its ability to pay is limited. It points out that seven years ago it planned to get a loan to pay its bills but did not need the loan when it received \$500,000 in estate taxes. The township claims that it has survived only because it has been prudent with its money.

The township contends that its 2013 budget supports its position. It reports that for all funds, the budget shows expenditures of \$2,454,406 and revenues of \$2,235,425. (Township Exhibit 1) The township notes that the difference in expenditures and revenues resulted in a reduction in its carryover balance from the "usual" \$800,000 to \$200,000.

The township maintains that the budget for the Road Department also supports its position. It observes that personnel costs in 2013 will be \$302,811 and will increase in 2014 and 2015. (Township Exhibit 2) The township acknowledges that the 2013 budget for the department shows a surplus of \$8,025 but states that expenditures on paving have been significantly reduced. (Township Exhibit 1, pages 4-6)



Union Position - The union argues that its wage demand is more than paid for by the township's savings due to switching its health insurance to the Michigan Conference of Teamsters Insurance Plan. It claims that as a result of the change, the township is projected to pay approximately \$1566 per month less than the 2009 plan costs or \$1826 per month less, including employees' share of the premium.

The union contends that the township can afford its wage demands. It points out that the township's financial report for January 1, 2010, through December 31, 2011, shows it had a cash balance of \$604,964 on December 31, 2011, for the General Fund. (Union Hearing Exhibits)

ISSUES

The parties submitted seven issues to the Fact Finder. For each of the issues, the Fact Finder will set forth the positions of the parties and summarize the arguments and evidence they presented in support of their demands. He will then offer his analysis of the issue, followed by his recommendation.

1) Article 17 - Bargaining Unit Work/Assignments , New Section -

Supervisor Working - The current contract allows management personnel to fill in for bargaining unit employees who are off due to an approved leave or an unscheduled absence where "a particular job may need an extra person to help for a reasonably short duration" or if "bargaining unit employees are currently working and are unable to respond to a particular need in a timely manner." The township proposes adding a new section that would allow the Road Department Supervisor to perform any work as long as no bargaining unit employees are laid off and current hours are maintained. The union opposes the township's demand.



Township Position - The township argues that its demand should be adopted. It points out that if the Road Department Supervisor is permitted to work, it would have two crews of two men. The township notes that several grievances were filed over the Supervisor performing bargaining unit work. It claims that the Supervisor must be permitted to work because rising costs and falling revenues make it necessary “to do more with less.”

Union Position - The union argues that the township’s demand should be rejected. It states that the current language, which has been in the contract since the union’s inception, gives the township the flexibility it needs to complete the necessary work. The union recognizes that grievances may have been filed regarding the Supervisor doing bargaining unit work but observes that none have reached arbitration. It suggests that it is concerned that if the township’s demand is granted, it could result in a reduction in overtime or prevent the hiring of additional bargaining unit employees.

Analysis - The Fact Finder cannot recommend the township’s demand. The current contract appears to provide the township with the flexibility it needs to cover absences and to accomplish work in a timely manner. While disputes may arise regarding the Supervisor doing bargaining unit work, the parties have apparently been able to resolve them in the grievance procedure.

Recommendation - The Fact Finder recommends that the township’s demand for a new section be denied.

2) Article 21 - Holidays, Section 21.4 - Personal Leave - The current contract provides for one day of personal leave after three years of service. The union demands that



employees be granted two days of personal leave after three years of service. The township rejects the union's demand

Union Position - The union argues that employees should be granted an additional personal day but offered no arguments or evidence in support of its demand.

Township Position - The township argues that the union's demand should be rejected. It states that "it needs people to work."

Analysis - The Fact Finder must deny the union's demand. Employees have 11 holidays and one personal day. The union did not demonstrate any need to add a personal day.

Recommendation - The Fact Finder recommends that the current contract language be retained.

3) Article 30 - Insurance, Section 30.2 - Premium Contributions - The current contract requires the township to provide employees with the Michigan Conference of Teamsters Benefit Plan 672 with Dental and Optical Plan 2 and states that employees must pay 7% of premiums subject to monthly caps of \$60 per month for other than family coverage and \$80 per month for family coverage.¹ The township proposes an employee contribution of 9% in the first year, subject to caps of \$125 for other than family coverage and \$155 per month for family coverage; 12% in the second year, subject to caps of \$185 per month for other than family coverage and \$230 per month for family coverage; and 15% in the third year, subject to caps of \$245 per month for other than family coverage and \$305 per month for family coverage. The union proposes no change in employee health insurance premium contributions.

¹ A document from the Michigan Conference of Teamsters Welfare Fund shows premium rates for employee only coverage; employee plus spouse or employee plus children coverage; and family coverage. (Union Exhibit 1)



Township Position – The township argues that its demand should be adopted. It points out that the annual cost of other than family coverage will be \$16,344 in 2013; \$18,270 in 2014; and \$19,335 in 2015. The township notes that family coverage will cost \$20,397 in 2013; \$22,805 in 2014; and \$24,144 in 2015.

The township contends that it “simply seeks an equitable contribution regarding insurance costs in keeping with current trends in health care costs.” (Township Pre-Hearing Statement, page 5). It claims that with the current premium caps of \$720 per year for other than family coverage and \$960 per year for family coverage, employees are contributing only 4% of the current cost of health insurance.

The township maintains that its health insurance plan is a “Cadillac” plan. It observes that Mark Beckwith, a Township Trustee, testified that when he went from FirstEnergy’s health insurance plan to the township’s plan, his benefits were “much better.”

Union Position - The union argues that its proposal should be adopted. It indicates that when health insurance premiums were projected to rise rapidly in 2011 and 2012, it helped the township obtain equivalent coverage from the Michigan Conference of Teamsters Welfare Fund. The union claims that the change saved the township considerable money and that it hoped that the savings would allow employees to get a wage increase. It complains, however, that a Fact Finder rejected its demand for 3% wage increases.

Analysis - The parties have significantly different proposals regarding employee premium contributions. The township seeks substantial increases in employee premium contribution rates and the caps on contributions. The union wishes to retain the current premium contribution rates and caps.



The Fact Finder cannot recommend the township's proposal. Page 8 of the State Employment Relations Board's 2012 Report on the Cost of Health Insurance in Ohio's Public Sector reports that in townships with populations less than 10,000, the average employee premium contribution is \$22 per month, or 5.2%, for single coverage, and \$62 per month, or 4.5%, for family coverage. For all townships, employees contribute \$25 per month, or 5.5%, for single coverage, and \$64 per month, or 4.7%, for family coverage.

At the same time, the Fact Finder cannot accept the union's demand that employee contributions should not be increased. First, township employees have a health insurance plan that is better than in many other townships. SERB's 2012 health insurance report indicates that the township's plan has no annual deductible while only 24.0% of townships have plans with no deductible for single coverage and only 23.5% of the townships have family plans with no annual deductible (page 17) and that the township's 20% coinsurance requirement is less than nearly 1/3 of the other townships (page 18). In addition, the township's \$20 co-pay for doctors' and emergency room visits compares favorably to many other jurisdictions.

Franklin Township employees also have a prescription drug plan that sometimes proves advantageous compared to other Ohio public employees. The township's plan has only two tiers of drugs, generic and brand-name drugs, while the more usual arrangement is three tiers, generic, formulary, and non-formulary. SERB's survey reveals that for retail purchases, most prescription drug plans have \$40 co-pays for non-formulary drugs while the township's employees have \$20 co-pays for any brand-name drug. With respect to mail-order purchases, the three-tier plans have \$70 co-pays for non-formulary drugs compared to the township's \$25 co-pay. To the extent that a prescription calls for what may be a non-formulary drug under a three-tier plan, township employees will be charged smaller co-pays.



In addition to a very good health insurance plan, the township offered employees a significantly greater wage increase than many other Ohio public employers. SERB's Annual Wage Settlement Report indicates that in 2012 the average wage settlement was 1.00% for all public employers, 1.01% for townships, and .72% in the Akron-Canton area. In multiple-year agreements, the average increase was .97% for the first year, 1.07% for the second year, and 1.30% for the third year. The average statewide settlements of 1.2% in 2010 and the .73% in 2011 suggest that many public employees experienced the same wage freezes as the employees in Franklin Township. While the Fact Finder understands the union's concern about the elimination of the wage schedule during the last round of bargaining and the losses that may have resulted from it, he believes that the substantial wage increase offered by the township and recommended by the Fact Finder addresses the union's concern.

Based on the above discussion, the Fact Finder recommends that the 7% employee premium contribution be retained but that the monthly caps be raised to \$96 for single or other than family coverage and \$119 for family coverage in 2013, to \$107 for single or other than family coverage and \$134 for family coverage in 2014, and to \$113 for single or other than family coverage and \$141 for family coverage in 2015. The recommended caps represent 7% of the insurance premiums shown in Union Exhibit 1, which testimony indicates are the guaranteed rates for each of the years through March 28, 2016.

Recommendation - The Fact Finder recommends the following contract language:

In 2013 employees shall be required to contribute seven percent (7%) of the total monthly health insurance premium subject to monthly caps of \$96 for single or other than family coverage and \$119 for family coverage. In 2014 employees shall be required to contribute seven percent (7%) of the total monthly health insurance premium subject to monthly caps of \$107 for single or other than family coverage and \$134 for family coverage. In 2015 employees shall be required to contribute seven percent (7%) of the total monthly health insurance premium subject to monthly caps of \$113 for single or other than family coverage and \$141 for family coverage.



4) Article 30 - Insurance, New Section - Spousal Restriction - The township proposes making spouses or dependents of new employees ineligible for its health insurance provided they have access to health insurance through their employer or are eligible for Medicare. The union opposes the township's proposal.

Township Position - The township argues that its demand should be recommended. It claims that its proposal to eliminate health care coverage for spouses and dependents of new employees is an issue of fairness. The township states that it "should not have to subsidize health care costs for other employers or government entities." (Township Pre-Hearing Statement, page 5)

Union Position - The union opposes the township's demand.

Analysis - The Fact Finder cannot recommend the township's demand. While he appreciates the township's concern, the provision it seeks is not common in the Ohio public sector. Page 26 of SERB's 2012 report on health care costs reveals that while 45.0% of the jurisdictions have some restriction on the coverage of spouses, only 3.6% of the provisions state that a spouse with a coverage option is not eligible for insurance

Recommendation - The Fact Finder recommends that the township's demand for a new section be denied.

5) Article 31 - Wages, Section 31.1 - Wage Adjustment - Under the current contract, the three bargaining unit employees are paid \$15.95 per hour, \$16.95 per hour, and \$19.94 per hour. The union demands that the employees' wages be increased by 4% retroactive to January 1, 2013, and 3% effective January 1 of 2014 and 2015. The township proposes that



the two employees earning less than \$19.94 per hour receive 4% wage increases effective upon the execution of the agreement and 3% increases one and two years later. It offers the employee currently earning \$19.94 per hour lump sum payments of 3% for each year of the contract with the amount paid in quarterly installments.

Union Position - The union argues that its wage demands are justified. It indicates that data for 11 townships with populations from 5,000 to 10,000 in the five contiguous counties support its position. (Union Exhibit 4) The union states that the appropriate comparison for bargaining unit employees is to the Operator/Driver 2 classification because bargaining unit employees are required to have Commercial Drivers Licenses and to operate heavy equipment.

The union contends that bargaining unit employees' wages are below the average for the Operator/Driver 2 classification in the comparable townships. It points out that the average starting wage is \$17.51 per hour and the average top rate is \$19.81 per hour.² The union stresses that Adam Boron and Michael DeLeone, who were hired in 2007 and 2008, have wage rates below the average entry wage.

Township Position - The township argues that its wage proposal should be recommended. It states that its wages are "at or above the average among area road department employees." (Township Pre-Hearing Brief, page 2) The township indicates that the wages in the area are as follows: Ravenna, \$16.75 per hour top rate; Brimfield, starting rate \$16.72 per hour and top rate \$20.36; and Rootstown, starting rate \$13.00 per hour and top rate \$17.00 per hour. It adds that SERB's website shows that wages in area townships where the union represents road department employees are as follows: Hubbard, top wage is \$15.95 per hour; Poland, starting

² The effective dates of the wage rates included in Union Exhibit 4 range from January 1, 2010, to January 1, 2013.



wage \$10.00 per hour and top wage \$22.39 per hour; and Liberty, starting \$16.74 per hour.

(Ibid.)

The township maintains that a survey conducted by Jenny August, the township's Administrative Assistant, also supports its wage offer. It reports that the survey of Atwater, Brimfield, Charlestown, Deerfield, Edinburg, Freedom, Hiram, Mantua, Nelson, Palmyra, Paris, Randolph, Ravenna, Rootstown, Shalersville, Suffield, and Windham Townships, revealed that in 2013, there will be wage increases in only half of the townships. (Township Exhibit 3)

Analysis - While both parties propose wage increases of 4% in 2013 and 3% increases in 2014 and 2015, their proposals differ in three respects. First, the union demands wage increases for the top paid member of the bargaining unit but the township offers him annual bonuses. Second, the union seeks a first year payment of 4% for the top paid member but the township suggest a 3% payment. Third, the union proposes that the effective date of the wage increases be January 1 of 2013, 2014, and 2015. The township wants the 2013 wage increase to be effective upon the execution of the agreement with the 2014 and 2015 increases to be effective one and two years later.

The Fact Finder accepts the township's proposal that the top paid employee receive bonuses rather than increases in his base rate. The data submitted by the union indicates that the average wage for Operator/Driver 2 in comparable townships is \$19.81 per hour, which is less than what the employee at issue currently receives. In addition, it should be noted that that average for the nearby townships is pulled up by a number of larger and more affluent townships.

The Fact Finder recommends the union's demand that the top-paid employee receive a 4% bonus in 2013. As indicated above, the township proposes 4% wage increases for the two



lower paid employees. It offered no rationale for the highest paid employee's bonus in 2013 to be less than the wage increases received by the two other employees while he receives bonuses in 2014 and 2015 equal to the wage increases received by the lower paid employees.

Finally, the Fact Finder recommends that the union's demand that the wage increases be effective January 1 of 2013, 2014, and 2015. He cannot accept the township's suggestion that making the 2013 wage increase effective on January 1 would give the union "little incentive to negotiate and resolve disputes expeditiously." (Township Pre-Hearing Statement, page 6). It is not unreasonable to assume that the union is eager to conclude negotiations so that employees will receive any wage increases that may be in the offing. In fact, the complaint that is usually heard by Fact Finders is that the employer has "dragged its feet" in negotiations.

Recommendation - The Fact Finder recommends the following contract language:

Employees paid less than \$19.94 per hour shall receive a 4% wage increase effective January 1, 2013; a 3% wage increase effective January 1, 2014; and a 3% increase effective January 1, 2015. The employee paid \$19.94 per hour shall be paid a 4% lump sum bonus for 2013, a 3% lump sum bonus for 2014, and a 3% lump sum bonus for 2015. The bonuses shall be paid in quarterly installments with the standard payroll deductions.

6) Article 31 - Wages, New Section - Wage Schedule - The current contract does not include a wage schedule. The union proposes restoring the wage schedule from the 2006-2009 contract, which calls for employees to be paid 75% of the top paid Road Crew Worker in their first year, 80% in their second year, 85% in their third year, 90% in their fourth year, 95% in their fifth year, and 100% beginning with their sixth year of employment, and placing current employees on the schedule. The township rejects union's demand.

Union Position - The union argues that its demand should be recommended. It points out that when it became the certified bargaining agent in in 2006, its primary goal was to provide



a way for newly hired employees to reach the same wage as the senior employee in the department. The union indicates that as a result, the parties agreed on a salary schedule where an employee reached the top rate after six years of employment.

The union contends that when Boron and DeLeone were hired in 2007 and 2008, they were told they would receive step wage increases. It reports that Boron, who left Kent State University to come to the township, got a raise when he completed his probationary period but he received only one step increase. The union indicates that DeLeone, who was hired at 75% of the top rate, got only one step increase to 80%.

The union maintains that comparisons to other road departments support its demand for a step schedule. It points out that in the five contiguous counties, eight of the ten townships with populations from 5,000 to 10,000, which includes Bath, Bazetta, Brimfield, Canfield, Champion, Hubbard, Nimsihillen, Tuscarawas, Warren, and Wethersfield, have wage schedules. (Union Exhibit 3)

Township - The township argues that the union's demand should be denied. It points out that the wage schedule the union is seeking was dropped from the contract in the last round of bargaining. The township states that the union is proposing that "the parties assume the provision remained in effect (though not paid) and that the Township adjust the wages of the two affected employees ." (Township Pre-Hearing Statement, page 3)

The township contends that the union's position is unreasonable. It claims that the union's proposal "would mean a total 22.3% hourly-rate increase in 2013 for one employee and a total 30% hourly-rate increase in 2013 for the other employee and then a 4% increase in 2014 for both employees, and then a 4% increase in 2015 for both employees." (Township Pre-Hearing Statement, page 4)



Analysis - The Fact Finder cannot recommend the union's demand. First, the union's proposal would produce large wage increases. Not only would the increases significantly exceed those received by other public employees in Ohio, they would stretch or exceed the township's ability to pay.

Second, while the Fact Finder believes that the parties should consider adopting a wage schedule, the proposed schedule does not appear to be entirely appropriate. During the next round of bargaining, the parties will have the opportunity to revisit the issue and consider the design and implementation of an appropriate wage schedule.

Recommendation - The Fact Finder recommends that the union's demand for a new section be denied.

7) Article 37 - Duration, Section 37.1 - Effective Date - The current contract was in effect from January 1, 2010, through December 31, 2012. The union seeks a contract to be effective January 1, 2013, and to expire on December 31, 2015. The township seeks a contract to be effective upon execution and to continue for three years.

Township Position - The township argues that its proposal should be recommended. It states that it "supports a focused and sustained bargaining process" and claims that "if amendments to the agreement are applied retroactively, the Union has little incentive to negotiate and resolve disputes expeditiously." (Township Pre-Hearing Statement, page 6) The township adds that "retroactive application places additional administrative costs and efforts on the township that are unfair." (Ibid.)

Union Position - The union argues that the contract should be effective on January 1, 2013.



Analysis – The Fact Finder recommends that the contract be effective January 1, 2013, and expire on December 31, 2015. He understands the township’s concern that no agreement was reached prior to the expiration of the prior agreement. However, there is no evidence that the union sought to delay the process. In fact, one would assume that employees who are anticipating a wage increase would be eager to complete negotiations. The Fact Finder cannot penalize employees for the short delay in concluding a new contract.

Recommendation - The Fact Finder recommends the following contract language:

This agreement shall become effective as of January 1, 2013, and shall remain in full force and effect until Midnight, December 31, 2015, and thereafter from year-to-year unless at least ninety (90) days prior to said expiration date or anniversary thereof, either party give timely written notice to the other of an intent to modify or terminate this Agreement.

Nels E. Nelson
Fact Finder

April 16, 2013
Russell Township
Geauga County, Ohio