

STATE EMPLOYMENT RELATIONS BOARD 2015 SEP 11 PM 12: 27

In the Matter of:)	CASE NO. 2014-MED-10-1500
)	
CITY, COUNTY, AND WASTE PAPER)	
DRIVERS UNION, LOCAL 244, IBT)	FACT FINDER: BURT W. GRIFFIN
Union)	
and)	
)	
THE CITY OF WARRENSVILLE)	
HEIGHTS)	
Employer)	

Findings and Recommendations

This fact-finding dispute between the City of Warrensville Heights (hereafter sometimes the City) and Teamster Local 244 (hereafter sometimes the Union) covers a bargaining unit of 24 employees in the City's service department. The dispute relates to negotiations for a three year collective bargaining agreement intended to begin on January 1, 2015. The bargaining unit includes truck drivers, laborers, mechanics, and mechanic helpers. Their duties include waste collection, street maintenance, and tree and park maintenance. The parties have been in negotiations throughout 2015. They have reached agreement on all issues except wage levels and health care contributions.

A fact-finding hearing was held in this matter on Friday, August 28, 2015, pursuant to O.R.C. Section 4117.14(C)(3) and O.A.C. Rule 4117-9-05(H). Present were Jarrell B. Williams, Gino Dinunzio, Arthur Scott, Antoine Edmond, and Stanford Woods for the Union and Mayor Bradley Sellers, Finance Director Rubin Moultrie, Service Director Ted Sims, and Attorney Jon Dileno for the City. The City declined to mediate the outstanding issues. No sworn testimony was submitted; however, documents and arguments were presented.

At issue were Article 14, Section 1 and Article 15 of the proposed collective bargaining agreement. Article 14, Section 1 covers “Wage Increases”. Article 15 deals with “Hospitalization Coverage”. Although labeled “Hospitalization Coverage”, Article 15 includes medical, dental, vision, drug, and hospitalization insurance benefits and employee payments for those benefits.

Overall Facts. Warrensville Heights is an inner ring, residential suburb adjacent to the City of Cleveland. At the 2010 census its population was 13,542. In 2013, its estimated population was 13,350. Most of its housing was built in the period 1945 to 1995. Its commercial land is primarily non-industrial. Like most inner ring suburbs, it faces problems of deteriorating streets and facilities, the need to attract new businesses, and the need to have residents who can and will maintain their homes properly. Bargaining unit employees play an important role in keeping the city clean, sanitary, and attractive.

Because of the city’s age, it has substantial needs for capital expenditures. A pavement condition survey on June 4, 2014 of streets in Warrensville Heights showed 19 of its 161 streets in poor or very poor condition, 51 between fair and poor condition, and 91 in good or excellent condition. The winter of 2014-2015 caused substantial damage to those streets. The City estimates that it needs to spend \$2.7 million for street repairs.

Mayor Sellers and the City Council have done a commendable job of rescuing the city from fiscal peril. In 2009, the City’s government had a negative balance of over \$500,000.¹ Today, it has a carry over fund of approximately \$3.4 million for a budget of \$17.4 million in 2015. The City stated at the fact-finding hearing that its 2015 income might exceed expectations

¹Pre-hearing statement of the city.

by \$1 million.

The City has achieved those results by careful economizing, by reducing its employees from 168 to 145 between 2009 and 2011, by furloughing employees, by wage freezes for some employees in some years, and by increasing the personal income tax rate from 2.0% to 2.6%. It now desires to utilize its better financial position to make needed capital improvements, repairs, and replacements.

Wage Negotiations. In support of the City's desire to use its favorable fiscal condition to make repairs, replacements, and improvements, both firefighters and police officers have agreed not to take a wage increase in 2015. The City asks the 24 members in the bargaining unit for Teamsters Local 244 to do the same thing. The Union has rejected that proposal—asking instead to have a 3% wage increase in 2015, 2016, and 2017.

Although the City had once offered unit members a 3% wage increase for 2016 and 2017, it withdrew that offer at the fact-finding hearing. Instead, it proposed no increase in 2015, a 1.5% increase in 2016, and a 2.5% increase in 2017. The City gave no reason for the change other than to state that it was responding to the Union members' rejecting the City's prior offer of 3% increases in 2016 and 2017 and a wage freeze in 2015.

The economic impact of the Union's demand for a 3% wage increase in 2015 is \$30,430 for that year.² If granted, the total three year cost to the City of annual 3% increases would be more than \$93,151. The Union estimated, without contradiction from the City, that a 1% wage increase in 2015 would cost the City approximately \$13,000 in that year. With compounding of

²Calculation of the City's Finance Department according to the Union and not denied by the City.

3% increases for 2016 and 2017 the total 3 year cost of a 1% increase in 2015 plus 3% increases in 2016 and 2017 would be approximately \$74,600.

The economic impact of the City's originally proposed wage freeze in 2015 and 3% increases in 2016 and 2017 would be approximately \$61,700 over 3 years. The cost of the City's revised proposal of no increase in 2015, a 1.5% increase in 2016, and a 2.5% increase in 2017 has not been calculated by either side. Since that is an aggregate 4% increase in three years, the Fact-finder estimates that the cost to the City would be approximately \$40,000. In short the City has indicated a willingness to increase its wage costs by between approximately \$40,000 and \$61,700 from the present time through December 31, 2017. The Union has asked for a \$93,151 increase in City expenditures during that time period.

Health Care Negotiations. The Union seeks no changes in current health care costs and expenditures by bargaining unit members throughout the contract's three year period. The City proposes no change in the health care plan during 2015. On January 1, 2016, the City proposes to increase office visit co-pays from \$10 for all physicians to \$20 for a primary care physician and \$40 for a specialist and to increase prescription co-pays from zero to \$10 for generic drugs, from \$20 to \$25 for formulary drugs, and from \$30 to \$40 for non-formulary. With respect to premium payments, the City seeks to increase the employee premium from 10% to 11.5% for 2016 and to 13% for 2017. The City would set a \$100 per month cap on such premium increases for a single person and \$240 per month for a family.

The City's proposal is similar to recommendations made on July 24, 2015 by Fact-finder Nels E. Nelson in SERB Case No. 2014-MED-10-1406 between the City and Ohio Patrolmen's Benevolent Association with respect to patrol officers.

The parties have not calculated for the Fact-finder the increased premium costs for a bargaining unit member under a single or family policy. The Union says merely that “The increased costs for hospitalization coverage as proposed by the employer would nullify most of the wage increases that would be granted during the years 2016 and 2017.” Since that statement was made before the Union knew that the City was withdrawing its offer of 3% wage increases in 2016 and 2017, the Fact-finder assumes that the Union is referring to those increases. The City has not denied the Union’s assertions.

Relevant Considerations in Resolving the Dispute. O.R.C. Section 4117.14 (C) and Ohio Administrative Rule 4117-9-05 (k) set forth the following relevant considerations in resolving contract disputes:

- (a) Past collective bargaining agreements . . . 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 the classification involved;
- (c) The interest and welfare of the public, and the ability of the public employer to administer the issues proposed, and the effect of the adjustments on the normal standard of public service.
- (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.

The Union’s Argument. The Union argues that its members are paid substantially less than similar workers in the suburbs of Fairview Park, Lyndhurst and Seven Hills, which the Union

regards as of similar population size.³ For example, the entry level wage for laborers and driver/laborers in Warrensville Heights is \$38,376/year (\$18.45/hour). The entry level for laborers in Fairview Park is \$43,076/year and in Seven Hills \$43,763.20/year.⁴ The entry level for truck drivers in Seven Hills is \$50,544/year.⁵ In Warrensville Heights, only two high seniority truck drivers exceed that level. The top pay for a mechanic in Warrensville Heights is \$50,258/year (\$24.16/hour). In Fairview Park the head mechanic begins at \$49,504 and the top pay is \$58,302. In Seven Hills, the entry level is \$58,120 for a head mechanic and \$52,083 for a regular mechanic. Tree trimmers in Fairview Park begin at \$45,968 and can rise to \$54,121.

The Union also argues that its members should have increases in each year to maintain pace with inflation. In 2012, the members received no increase; in 2013, 1.5%; and in 2014, 1%. The Union has submitted Bureau of Labor statistics dated August 19, 2015 that show that in Cleveland the rate of inflation from July 2012 to July 2013 exceeded 2%; from July 2013 to July 2014, the increase was approximately 1.5%; and from July 2014 to July 2015, the increase was approximately, 0.4%—a total of 3.9%. In the same time period, wage increases for bargaining unit members were 2.5%. By seeking a 3% wage increase in 2015, the Union is seeking to recover wages lost by inflation and gain a net 1.6% increase in wages.

The City's Argument. The City denies that Fairview Park, Lyndhurst, and Seven Hills are similar suburbs. It says that the populations in those suburbs are more affluent than those in

³Populations of Fairview Park, 16,826; Lyndhurst, 14,001; Seven Hills, 11,804; Warrensville Heights, 13,350.

⁴Entry level for Lyndhurst has not been provided.

⁵No wage levels have been presented for truck divers in Fairview Park and Seven Hills.O

Warrensville Heights.

The City argues that the Union, as has been done by police and firefighters, should agree to no wage increase in 2015. Prior to the Union's rejecting that proposal, the City had offered 3% wage increases for 2016 and for 2017—proposals that had been recommended by another fact-finder for the police and accepted by the police and the City. The City now proposes that the service department employees are not entitled to the same increase that is being given to the police.

The City does not explain why the service department employees are less deserving than the police. It simply argues that its revenue sources have been reduced by changes in the State of Ohio's tax and local government support policies, that it should be expending additional money for street repairs, and that the Union achieved a total of 9% in wage increases from 2009 to 2011, providing an average increase of 2% over 6 years—better than afforded in most cities.

With respect to health care changes, the City argues that its health care plan is better than in most cities, the employee contribution is lower, and changes are needed because of higher costs. It asserts that the Union is unreasonable in expecting different provisions for its members than recommended by another fact-finder and accepted by both the City and the police union.

Analysis and Recommendations.

Health Care Provisions. The Fact-finder has read the analysis of Fact-finder Nels Nelson and finds it persuasive in SERB Case No. 2014-MED-10-1406. The City and the police union have accepted that recommendation. The City is proposing that it be extended to the service department's employees. The proposal is reasonable. Unless very special circumstances exist,

administrative considerations make it preferable to have a single insurance plan for all employees. The Fact-finder has not been presented any special circumstances.

The Fact-finder recommends that the City's health care proposal be adopted in Section 15 of the collective bargaining agreement with Teamster Local 244.

Wage Provisions. Both the City's present offer to bargaining unit members of a 4% increase over three years and its rejected offer of 6% are considerably less on a dollar basis than the 6% agreed to with the police union. The base pay for a police officer is \$67,998. A 6% pay increase for such individual secures the officer \$4,080 over 3 years.

The lowest paid service department employee make \$30,300 per year. A 4% increase over three years secures \$1212 for that employee. A 6% increase secures \$1818. Two employees make \$32,697 per year. A 4% increase over three years secures each of them \$1296. 6% secures \$1,962. For those bargaining unit members, even the City's highest offer earns the bargaining unit employee less than 50% of what a police officer will gain through the City's agreed wage increases.

In 2014, seven service department workers made \$38,376. 4% would secure each \$1535 over three years; 6%, \$2302. Two made \$38,381 and one made \$39,665. Only through a 6% increase will those bargaining unit employees gain half of the increase that the City is willing to give police officers. Six made between approximately \$42,000 and \$48,000; five made between approximately \$50,000 and \$52,000; and one made \$58,702. If that highest paid service department worker received the City's highest proposed increase of 3% per year in 2016 and 2017, his pay increase would still be \$500 less than the pay increase for the lowest paid police

officer.

The Fact-finder is not suggesting that service department employees should be paid as much as police officers or firefighters. The purpose of this comparison is simply to show that equal percentage increases do not equate to equal pay increases. Rather, equal percentage increases widen the pay differential between lower paid workers and higher paid workers. Those dollar differentials may partially explain why, in some prior years, service department workers fought so hard for and received higher percentage increases than police or firefighters.

Moreover, the three percent per year pay increases requested by the Union for the City's service department workers will not bring the pay of Warrensville Heights service department workers up to that of similar workers in Fairview Park, Lyndhurst, and Seven Hills. So long as Warrensville Heights has the ability to pay competitive wages, there is no reason why its pay scales should be less than a more affluent but similar sized suburb.

In short, when health care costs, inflation, pay increases for Warrensville Heights police, and the pay levels of similar sized suburbs are considered, it is understandable and was reasonable for the Union to have rejected the City's proposal of no increases in 2015 and 6% over three years.

Nor was the Union's demand of 9% over three years so high that the City could not afford to pay it. The City is now in sound financial condition. It has a \$3.4 million carry-forward. The Union's demand would cost the City approximately \$93,000 over three years. By offering no wage increase in 2015 but 3% increases in 2016 and 2017, the City was already proposing to shoulder a \$61,700 increase. The difference between the City's offer and the Union's demand was not so great as to prevent the City from meeting its other needs over the

three year period.

The Union's lowest demand and the City's highest offer are both reasonable. The essential question is what is a fair compromise for both sides. The proper starting point for concluding the bargaining is the City's proposal of a wage freeze in 2015 and 3% increases in 2016 and 2017. The Union agrees that 3% is fair for 2016 and 2017. What remains is what is appropriate for 2015.

The Fact-finder recommends a 1.5% increase for 2015. That is a total of 7.5% over three years. While the 1.5% increase for 2015 may seem simply one of splitting the differences between the parties, it actually has appropriate monetary significance. For 80% of the bargaining unit members, a 1.5% increase in 2015 would put an extra \$450 to \$575 in their pockets during 2015. For the higher paid members, it would be more than \$750. Only the two highest paid bargaining unit workers—the ones earning \$58,702 and \$54,870 per year—would receive an increase that exceeded the total increase of \$4080 that the lowest paid police officer will receive with 3% increases in 2016 and 2017.⁶

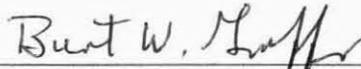
A 1.5% increase in 2015 for all bargaining unit members would cost the City approximately \$20,222 more than the City had been prepared to pay when it offered 3% increases for 2016 and 2017. The increased amount should not impair the City's ability to meet its road repair and other capital expenditure objectives in its \$17.4 million budget for 2015. Both sides should, thus, be able to achieve their reasonable objectives by agreeing to a 1.5% increase for

⁶The highest paid service department worker in 2014 earned \$58,702. A 7.5% increase over three years would be a \$4,402.65 increase over three years compared to \$4,080 for the lowest police officer. The next highest service department worker was paid \$54,870 in 2014. A 7.5% increase over three years would be a \$4,115.25 gain for that employee.

2015.

The Fact-finder, therefor, recommends the following for Article 14 of the collective bargaining agreement:

2015	1.5% increase
2016	3.0% increase
2017	3.0% increase



Burt W. Griffin, Fact-finder
September 7, 2015

Notice of Service

A copy of the foregoing Recommendation was sent via E-mail and regular mail to Mr. Jarrell B. Williams, President/Business Agent, Local 244, International Brotherhood of Teamsters, 2800 Euclid Avenue, Suite 201, Cleveland, Ohio 44115, teamsters244@gmail.com and Jon M. Delano, Zashin and Rich, L.P.A., 55 Public Square, 4th Floor, Cleveland, Ohio 44113, jmd@zrlaw.com