

STATE OF NEW YORK
PUBLIC EMPLOYMENT RELATIONS BOARD
PERB CASE #: M 2005-314
FACT FINDER: SAMUEL CUGALJ

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In The Matter of Fact-Finding

- between -

TEAMSTERS LOCAL 264
(TOWN OF BATAVIA HIGHWAY DEPT.)

- and -

TOWN OF BATAVIA

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F A C T -

F I N D I N G

R E P O R T

REPRESENTATION

For the Teamsters

Glenn C. Miller, IBT Business Agent, Spokesman
Doug Smart, Unit Steward

For the Town

Peter C. Godfrey, Esq. Spokesman
Greg Post, Town Supervisor
Daniel Underhill, Deputy Supervisor
Patti Michalak, Councilwoman

BACKGROUND

The International Brotherhood of Teamsters Local 264 (hereafter "UNION") represents seven (7) members employed by the Town of Batavia, New York (hereafter "TOWN"). These members are assigned to the Highway and Water Departments of the Town, which claims 5,192 citizens as of the latest census.

The Union's relationship with the Town was governed by a Collective Bargaining Agreement that expired in 2004 and was mutually extended through December 31, 2005. The parties held negotiations sessions on a successor agreement without complete success. Impasse was declared and the New York State Public Employment Relations Board (hereafter "PERB") was petitioned for mediation services. Supervising Mediator Charles Leonard was assigned by PERB and met with the parties but was unable to resolve one issue – health insurance premium costs at the end of the proposed successor agreement. On August 15, 2006 PERB appointed this Fact Finder to hear and resolve all outstanding issues.

A Hearing was held Batavia, New York on October 25, 2006, and the parties presented only oral arguments in support of their position on the health insurance issue. The parties were given full opportunity to support their arguments with evidence and witnesses, and to fully engage in their examination and cross-examination. The parties were given the option of filing Post Hearing Briefs and the Union Brief was received on November 17 and the Town's Brief was received on December 4. Both Briefs included Exhibits to support their position.

After a complete and thorough review of the Hearing notes, Exhibits, Briefs and independent research, the Fact Finder makes these Findings and Recommendations to resolve this impasse.

ISSUE #1 – HEALTH INSURANCE PREMIUMS

The Town proposes a change in contract language so that at the end of this CBA, beginning January 1, 2010, its health insurance premium costs do not exceed the amount of the premiums in the final year of the agreement.

The Union does not agree to this “hard cap” on the Town’s premium costs going into the 2010 contract negotiations and prefers to leave the existing language as is, with the Town absorbing 100% of the health insurance premium costs.

TOWN’S POSITION

They point out that they are willing to pick up 100% of the health insurance premium costs through the end of the successor agreement, through December 31, 2009. If premiums at that time exceed these costs in 2009, the Town and Union will share the difference until negotiated otherwise. While the Town has agreed to continue the “deluxe” benefit programs through 2009, it feels it needs to seek some measure of control over constantly escalating health insurance costs.

The Town points to other labor contracts in the area wherein the employer's maximum contribution health premiums are capped: The 2002-05 agreement between the Churchville-Chili School District and its Education Association allows the "District to pay the dollar equivalent of 95% of the health plans on June 30, 2002; the 2003-07 agreement between the Iroquois School District and its Faculty Association allows that the District's contribution for health insurance plan premiums not exceed 118% of the maximum monthly contribution as of August 31, 2004; the 2002-05 agreement between the Akron School District and its Faculty Association provides that as of 7/1/02, the District will pay 91% of the premiums in effect on those dates – and any increases occurring after July 1 and before June 30 of each school year will be shared equally between the District and employee; and the 2002-05 agreement between the Niagara Wheatfield School District and its faculty provides that the District will provide fully paid health insurance for the term of this agreement; and the Pioneer School District and its Faculty Association agreement 2005-05 requires that on July 1 of each year, the District will pay 100% of the health insurance costs and any increase over the June 30 rate will be split 50%.

The District urges a Recommendation favoring their position.

UNION'S POSITION

They point out that they are not newcomers to the arena of health insurance cost containment. They have agreed to scale down their health benefits from the Teamsters "Supreme" Health plan to the Teamsters "Select" plan, a move that will enable the Town to realize substantial savings. They point out that the Supreme family plan, with all options, has a monthly cost for 2006 of \$1,004.47, the Blue Cross and Blue Shield HMO monthly plan cost

without any options was \$949.08, while the Select plan the Union agreed to cost with all options was \$821.60 monthly. Before the Supreme plan came into effect here, the Town had traditional health insurance, and the Union helped the Town when it agreed to the lower priced Supreme plan. Now again in these negotiations, the Union agreed to the Select plan, further lowering the cost and increasing the savings to the Town.

The Union urges the Fact Finder to consider further fiscal restraints the Union has agreed to. They negotiated a 0% wage increase in 2005, and agreed to accept a 2% wage increase for 2006, the latter being below the cost of living. The Union says that the Town's finances are sound and there is no reason for the fiscal alarm to be sounding regarding 2010.

The Union believes it has been a responsible partner in cost containment, and therefore is entitled to consideration for the outstanding issue left in these negotiations.

DISCUSSION

The Town seeks to get ahead of its health insurance costs by capping these costs as of the expiration of this successor agreement, i.e., 12/31/09. While no reasonable person can quarrel with the need for general employer vigilance regarding these ever escalating costs, the Fact Finder questions whether this bargaining unit is being asked to inequitably shoulder a greater share of these costs. For example, this Union agreed to downscale its health benefits from a traditional health plan to its present Teamsters Supreme plan. In these negotiations, this Union has agreed to downscale its benefits again to the Teamsters Select plan. It appears to the Fact Finder that this Union has not been a reluctant bystander when it comes to helping the

Town control its health costs. Neither does it appear that this Union had to be dragged to the bargaining table to accept downscaling its health benefits. It does appear that the Union was a realistic, forward looking partner in trying to moderate both health benefits and health costs.

The Fact Finder would propose concentrating on building on this cooperative health cost containment synergy that is alive and well in the Town of Batavia, something that cannot be said in many other management-labor relationships. The Union's past performance in responding to the Town's need for some health cost containment warrants a more positive approach in order to nurture a continuing enlightened approach to this problem.

No budgetary considerations for these negotiations was discussed at the Hearing.

RECOMMENDATION

FOR THE REASONS MENTIONED ABOVE, MY RECOMMENDATION IS THAT THE SUCCESSOR AGREEMENT ALLOW FOR THE CONTINUATION OF THE 100% EMPLOYER PAID HEALTH INSURANCE PREMIUMS, WITHOUT THE CAP PROPOSAL PREFERRED BY THE TOWN.

THE FACT FINDER HEREBY REAFFIRMS THAT ALL PREVIOUSLY NEGOTIATED ISSUES IN THE SUCCESSOR AGREEMENT BE ACCEPTED. ALL ISSUES NOT AGREED TO ARE TO BE CONSIDERED WITHDRAWN.

The parties need to resolve this impasse as soon as possible in order to restore the good working relationship between the parties. Nobody should want this impasse to spill over into contentious labor relations on other matters.

This Recommendation does not attempt to prove who was right or wrong. It does attempt to show what is necessary to provide equity on stubborn issue whose time for resolution has certainly come. I look forward to hearing that both parties demonstrated leadership by accepting these Recommendations in an expeditious manner.

January 20, 2007
Orchard Park, New York

Samuel Cugalj
FACT FINDER

cc: Richard A. Curreri, Director of Conciliation, PERB
Charles Leonard, Supervising Mediator, PERB