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BEFORE THE ARBITRATOR

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

In the Matter of Arbitration Between

TEAMSTERS "GENERAL"
LOCAL UNION NO. 200

MED/ARB - 1630
Decision No. 19812-A

and

WASHINGTON COUNTY
(HIGHWAY DEPARTMENT)

Gordon Haferbecker, Arbitrator
November 17, 1982

APPEARANCES:

Frederick Perillo of Goldberg, Previant, Uelmen, Gratz, Miller & Brueggeman, S.C., Milwaukee, on behalf of Teamsters "General" Local Union No. 200.

Roger E. Walsh of Lindner, Honzik, Marsack, Hayman & Walsh, S.C., Milwaukee, on behalf of Washington County.

BACKGROUND

On March 22, 1982, the parties exchanged their initial proposals on matters to be included in a new collective bargaining agreement for 1982-1983 (July 1, 1982 to July 1, 1983). Thereafter, the parties met on several occasions in efforts to reach an accord on a new agreement. On April 16, 1982, the Union filed a petition requesting that the Commission initiate Mediation-Arbitration pursuant to Sec. 111.70(4)(cm)6 of the Municipal Employment Relations Act. On June 14, 1982, Edmond J. Bielarczyk, Jr., a member of the Commission's staff, conducted an investigation which reflected that the parties were deadlocked in their negotiations. By August 3, 1982, the parties submitted their final offers as well as a stipulation on matters agreed upon. Thereupon, the Investigator notified the parties that the investigation was closed and advised the Commission that the parties remained at impasse.

On August 9, 1982, the Commission initiated Mediation-Arbitration and submitted a panel of Mediator-Arbitrators to the parties. The parties selected Gordon Haferbecker of Stevens Point as the Mediator-Arbitrator and the Commission appointed him as Mediator-Arbitrator on August 25, 1982.

A mediation session was held at the Washington County Courthouse on September 14, 1982. The Union was represented by Mr. Ken Friesner, Business Representative for Local No. 200 and the County was represented by Attorney Robert E. Walsh. The mediation was not successful and an arbitration hearing was scheduled for October 19, 1982.

The hearing was held on October 19. The Union was represented by Attorney Frederick Perillo and Washington County by Attorney Roger E. Walsh. Testimony was presented, witnesses were heard, and exhibits were entered. It was agreed that the Union would send to the Arbitrator and Attorney Walsh copies of Union Exhibits 5 and 6. This was done on October 20.

The parties agreed that briefs would be exchanged through the Arbitrator on or before November 9. The Union Brief was received as scheduled but the Employer Brief was delayed by a week because Mr. Walsh inadvertently overlooked the due date. He requested permission to file his Brief a week later. His Brief was received on November 17, 1982.

THE FINAL OFFERS

Washington County

1. Included in the agreement, all items previously agreed upon during negotiations.
2. County to continue to pay 100% of health insurance costs.
3. County to continue to pay 100% of life insurance costs.
4. County will provide no increase in salary for the 1982-1983 contract. All salary levels are to be frozen at the prior contract rate.

Teamsters "General" Local Union No. 200

Article VIII, Classification and Compensation;

Seven percent (7%) across-the-board wage increase for all employees.

Article XIV, Health Insurance, Section 14.02;

County to contribute the full cost of health insurance.

Article XVII, Life Insurance, Section 17.01;

County to contribute the full cost of life insurance.

All other contract items will remain the same, with the exception of the language changes that have been agreed to on March 22 and April 12, 1982.

Comment. The above are the Final Offers of the parties as submitted to the WERC. It will be noted that there is no disagreement concerning health insurance and life insurance. Therefore, the only matter of disagreement between the parties is whether there shall be a 7% across-the-board wage increase on July 1, 1982 or no increase. At the arbitration session, the parties agreed that wages were the only issue.

STATUTORY STANDARDS

The arbitrator is required to choose the final offer of one of the parties and must issue an award incorporating that offer without modification. In reaching his decision the arbitrator shall give weight to the following factors as provided in Section 111.70(4)(cm) of the Wisconsin Statutes:

- a. The lawful authority of the municipal employer.
- b. Stipulations of the parties.
- c. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.
- d. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally in public employment in the same community and in comparable communities and in private employment in the same community and comparable communities.
- e. The average consumer prices for goods and services, commonly known as the cost-of-living.
- f. The overall compensation presently received by the municipal employees, including direct wage compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
- g. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- h. Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment through voluntary collective bargaining, mediation, fact finding, arbitration or otherwise between the parties, in the public services or in private employment.

The principal emphases of the parties in their briefs and exhibits were related to criteria c, d, and e of the above.

COST OF LIVING

Employer Position. The Consumer Price Index has been increasing, but at a steadily decreasing rate in 1982 (County Exhibit 14 and page 10, Employer Brief). The U.S. Index for Urban Wage Earners and Clerical Workers increased 6.3% from July, 1981 to July, 1982. The Milwaukee Index increased 2.9% in the same period.

Union Position. The Union has calculated the cost-of-living increase in southeastern Wisconsin for the past three years (Union Ex. 10), using the Consumer Price Index for the Milwaukee, Wisconsin area. The C.P.I. increased about 14% each for the years July 1979-July 1980, and July 1980-July 1981. While it increased only 3% this past year, July 1981-July 1982, the total increase in cost-of-living for the past three years (about 30%) far outstrips the wage gains of 1981, 1982, and the Union's proposed 1982-83 wage increase (totalling about 25%). The Union would still be behind the long-term cost-of-living increase.

The County's argument is in effect that because in past years the employees have received 4-5% less than the cost of living, they should not receive any increase this year when the cost of living is only 3%. This argument presumes a long-term and permanent decline in the real wages and standard of living of the employees which they could never recoup.

The Union is not trying to fully compensate for the long-term cost-of-living increase, which would require a pay increase of over 12%. Rather, the Union only seeks to keep pace with other area increases of 7% (where the cost-of-living increase has also been around 3%).

Comment. It is understandable that Washington County and many private and public employers could not provide wage increases in 1980 and 1981 to keep up with the 13 to 14% C.P.I. increases. Most employers did not keep up with inflation. The County, however, has not justified a zero increase on the basis of the C.P.I. The 1981-1982 slowdown in the inflation rate finally makes it possible for employees to maintain or slightly increase

real income even with a moderate wage increase. The County's proposal makes a further cut in real income (wages adjusted for inflation) on top of the cuts in real income of 1979-81 when wage increases lagged behind inflation.

On the basis of recent cost-of-living experience, the Arbitrator finds the Union position more reasonable than that of the County.

HIGHWAY EMPLOYEE WAGES IN COMPARABLE COUNTIES

Employer Position. The County contends that the present wage rates paid Washington County highway employees are far in excess of wage rates recently granted highway employees in comparable counties. The County compares wage data from five surrounding counties.

The present wage rates paid patrolmen (truck drivers) and mechanics in Washington County have been paid since July 1, 1981. They are \$8.76 per hour for patrolmen and \$9.03 for mechanics. The rates in the five contiguous counties have been paid only from January 1, 1982, six months after the effective date of the Washington County rates. The average wage rates in the five other counties are \$8.31 per hour for patrolmen and \$8.56 per hour for mechanics (Co. Ex. 7). Thus, the present rates in Washington County are already 45¢ and 47¢ per hour above the average rates paid in the other counties.

The average rate in the other counties, however, is misleading because it is unduly influenced by the high rate in Ozaukee County which is an 18-month rate. Without Ozaukee County the average rates paid in the other four counties would be \$8.02 per hour for patrolmen and \$8.32 per hour for mechanics. The present rates in Washington County are already 74¢ and 71¢ per hour above these averages.

If a 7% wage increase is granted in the other four counties when contracts are renegotiated as of January 1, 1983, the average rate for patrolmen in the five counties will be \$8.76 (Co. Ex. 8). This is the same as the present Washington County rate--a rate which was set eighteen months earlier. The 7% increase was used because Waukesha County has a contract providing for a 7% increase for 1983.

The Teamsters are demanding a 7% increase above their present excessive rate. This will raise the earnings of a truck driver/patrolman to \$18,876 which is 10% more than the patrolman in Waukesha County and 9.2% more in 1982 than the average earnings paid to employees in the five surrounding counties.

If the counties listed in Union Exhibit 12 are compared, and a 7% 1982 wage increase is assumed, Washington County would be 13.5% higher than the 11 county average under the Teamster offer and 9.6% higher under the County offer. The County excluded Milwaukee County as not comparable because it is so clearly different from any other Wisconsin county.

Union Position. There are six counties contiguous to Washington: Milwaukee, Waukesha, Ozaukee, Sheboygan, Dodge and Fond du Lac. The last three have contracts currently being renegotiated and hence their data is unavailable for meaningful comparison. Of the remaining three, two (Milwaukee and Ozaukee) already pay their highway workers substantially more than Washington County. Milwaukee's annual rates as of June, 1982 were approximately \$19,000 to \$23,000 per year (Union Ex. 12, p. 42). Ozaukee County pays \$9.50 per hour compared to Washington County's \$8.76 (Union Ex. 11). While Waukesha County pays less than Washington County, it has just concluded a settlement providing for a 7% increase for its highway workers (Union Ex. 11).

The Employer points out that Washington County highway workers are already paid more than in some other area counties such as Dodge, Fond du Lac and Sheboygan. There is no merit, however, to the Employer's position that we should play "catch down" by trying to depress the real wages of Washington County employees to the level of other counties which historically have been paid less than Washington County for comparable work.

The Union's proposed 7% increase only serves to maintain its historical relative position among county and municipal highway departments. The Union is not seeking to surge ahead of area highway departments which historically have been higher paid; rather, it is seeking a 7% increase to stay in line with other area settlements and to preserve the County's historical relative position among other area highway departments. The burden should be on the County to present some compelling reasons why this historical position should be reduced not upon the Union to show why it should be maintained.

Comment. It seems clear that the County's wage offer would reduce the Union's historical position in relation to other counties and that the Union's offer would maintain it. There is no dispute that the Washington County highway employees have been paid more than most neighboring counties.

HIGHWAY EMPLOYEES IN COMPARABLE CITIES

Employer Position. The County contends that inter-county comparisons are more valid than city-county comparisons and quotes Arbitrator Zeidler's 1979 decision involving Washington County Deputy Sheriffs in which he said that inter-county comparisons were the most relevant. In that case as in the current one, the Teamsters had submitted data on several cities.

The County does think that a wage comparison with the City of West Bend is appropriate because West Bend is the largest municipality in Washington County (Co. Ex. 9). In 1982, the truck driver/patrolman in West Bend will make \$17,222 (almost \$300 less than the

Washington County employee made in 1981. The truck driver/patrolman in Washington County, under the County's offer, would make \$18,221--\$1,000 more than the West Bend employee.

For the first six months of 1983, employees in West Bend will enjoy slightly higher wage rates. West Bend's will be 22¢ per hour or \$229 more for the full six-month period. There will be no West Bend rate change before January, 1984 but the Washington County contract would be renegotiable as of July 1, 1983.

Since the truck drivers/patrolmen in Washington County do the same type of work as is done by truck drivers/patrolmen in Waukesha County and West Bend, why are the wage rates negotiated by the Teamsters in those two municipalities so close together (\$8.25 in Waukesha County and \$8.28 in West Bend in 1982) and the rate in Washington County so far above (\$8.76). The Washington County rate is "out of line."

Union Position. The Union presented comparable wage settlements from five area communities with highway departments (Union Ex. 1-6). The communities are located either in Washington County (cities of West Bend, Hartford, Germantown) or in a neighboring county (Grafton in Ozaukee County, Menominee Falls in Waukesha County). The City of West Bend gave its highway employees a 7% increase for 1983 (Union Ex. 11). Hartford will increase wages for common laborers and equipment operators by 9% (Union Ex. 5). Germantown will provide its mechanics and equipment operators with 10% increases (Union Ex. 6).

Grafton's highway workers were paid \$9.11 per hour as of January 1, 1982 and hence are already 35¢ per hour ahead of Washington County's workers. Menominee Falls streetdepartment workers receive wages of \$9.45-\$9.66 per hour as of January 1, 1982, rates already 69¢-90¢ higher than Washington County. Both Menominee Falls and Grafton will negotiate new contracts for January, 1983.

The County disputes the comparability of these communities because they are villages and cities instead of counties. However, they are all "municipal employers" within the meaning of the Municipal Relations Act. The Employer has alleged that all of these communities are too small for meaningful comparison. The City of West Bend's Highway Department has about 70 employees so it is comparable to Washington County's 50 employees or Waukesha County's 80.

Comment. It is reasonable to use as comparables nearby municipal street departments. The County pointed out in the case of the City of West Bend that the work is similar. It is true that the size of the department is quite comparable between West Bend and Washington County. The other communities compared--Grafton, Hartford, and Germantown, are quite a bit smaller than West Bend while Menominee Falls is considerably larger. Because they are doing comparable work and are in the immediate area, I think the comparisons have validity.

As the Union points out, West Bend has given a 7% wage increase for 1983 and Hartford is raising wages by 9% and Germantown by 10%.

Grafton and Menominee Falls both pay their highway employees more in 1982 than Washington County.

I find that on the basis of the wage increases recently granted by the municipalities (especially West Bend) and on the basis of wage comparisons, the Union's wage offer is more reasonable than that of the County.

PRIVATE SECTOR EMPLOYEES

Employer Position. Wage rates presently paid Washington County highway employees exceed those paid to private sector employees in the County. Average hourly rates of 3,352 production employees in seven large private sector employers in Washington County range from \$6.29 to \$9.10 per hour in 1982 (Co. Ex. 10). The unweighted average is \$8.06 per hour and the weighted average is \$7.98 per hour. The average 1982 earnings for these employees, most of whom are taxpayers who pay the wages of Washington County highway employees, would be approximately \$16,598. This would be \$1,623 or 9.8% less than paid to the employees under the County offer but under the Teamster's offer the difference would be \$2,278 or 13.7% lower for private sector employees.

At the Gehl Company, according to Art Lastafka, Vice President of Industrial Relations, over-the-road truck drivers are paid from \$8.18 to \$8.49 per hour and pick-up truck drivers are paid from \$7.75 to \$8.07 per hour. Jack Debraal, Manager of Labor Relations at the West Bend Company, stated that his company's truck drivers were paid \$8.20 per hour. Gehl recently negotiated a new contract with a wage freeze for the first seven months with 5% and 6% increases effective 1-1-83 and 1-1-84. The West Bend Company has a 7.7% increase scheduled to take effect in December, 1982. Even with these increases, truck drivers at the Gehl and West Bend companies will be just a few cents higher than Washington County rates under the County's offer, but only until 7-1-83 when the County's contract is open for renegotiation.

The construction rates presented by the Union (Union Exhibits 7 and 8) are not proper comparables. The high rates generally found in the construction industry reflect the seasonal nature of the work and are almost universally rejected by arbitrators as comparable to rates offered by public bodies.

Since wage rates presently paid to highway workers in Washington County far outstep wage rates paid to employees/taxpayers in private industry in Washington County and in view of the fact that it will take more than a 7% increase for those private sector employees to even catch up with the present county rates, there is no basis or justification for granting the Teamsters' demand for a further widening of the disparity.

Union Position. The area settlements in private industry pointed to by the County average out to approximately a 7% increase, which supports rather than detracts from the

Union's position that this increase is the area trend. The hard-hit Chrysler Corporation will give its employees a 94¢ per hour cost-of-living adjustment. The Union's proposed 7% increase in this case is about 61¢ per hour.

The private corporations cited by the County are not principally or substantially involved in highway work or similar employment. We do not know whether their truck drivers are paid more or less than the average of the firm's employees and we do not know whether the corporations cited are representative of the existing level of wages in Washington County. The testimony showed that most of the employees included in the averages were not truck drivers or mechanics, except for an occasional delivery man or fork lift operator. The remainder of these private employers' trucking is done by contract carriers whose wage rates would be established under other area trucking agreements, and would likely be much higher than those paid by the County.

The Union did submit two area-wide collective bargaining agreements from the private sector covering employment comparable to that of the Washington County highway department workers (Union Ex. 7 and 8). These agreements cover employment in Washington County and cover truck drivers in highway construction. The June, 1982 wage level was \$11.25 per hour for a truck driver and \$11.40 per hour for a mechanic. The Southeastern Wisconsin Construction Materials agreement shows the rate for a two-axle driver as of December, 1982 to be \$11.87 per hour. Washington County pays about \$2-\$2.50 per hour less even with the Union's proposed wage increase. The Union contends that the agreements cited above cover year-round not seasonal employment.

Comment. The contracts in Highway Construction and Construction Materials may not specify that the positions are seasonal and sometimes there may be winter employment but I am sure that employees in road building and construction in Wisconsin typically average fewer days of employment per year than county highway employees who usually have steady year-round work.

The private employment cited by the Employer does show lower wages than the highway employees but there is a real question as to whether it is comparable to patrol/truck driver work.

County Exhibit 10 states that the average future wage increase in the private sector in the Washington County firms cited is 6.8%. The Union here is asking for 7% so apparently such an increase would maintain the past relationship between these public employee wages and private employment. Under the Employer's offer the highway employees would have their wages frozen while the private sector would increase wages by 6.8%. The private employees would gain in real wages, the highway employees would lose.

ABILITY TO PAY

Employer Position. The current state of the economy dictates acceptance of the County's offer. Between August 1981 and August 1982, unemployment increased 49.2% in Washington County. Only Fond du Lac and Dodge Counties experienced a higher increase. The average monthly unemployment level in Washington County during the first eight months of 1982 is 10.3%. Only Dodge County's average exceeds this.

The Employer notes the layoffs by local employers. The Chrysler work force has declined 75%, Gehl's 70%, West Bend Company 20%. Other companies have gone to frequent one-week closings or shortened work weeks. The Job Service Manager in Washington County says that the current depressed economy is the worst he has ever seen. The witnesses from private industry were pessimistic about the outlook for 1983.

Because of the depressed economy, the welfare load increases. There have been substantial increases in the number of AFDC recipients, food stamp clients, and general relief. The Director of Washington County's Department of Social Services stated that he was doubling his budget requests to cover anticipated general relief payments.

The County's decision to propose a wage freeze in 1982 is based on a turnabout in local economic conditions. The per capita adjusted gross income of its inhabitants has dropped from \$80 above the average in 1979 to \$90 below the average in 1980 (Co. Ex. 11). Washington County's 6.7% adjusted gross income increase in 1980 was close to the increases in Dodge, Fond du Lac and Sheboygan Counties, but lagged far behind the 11.9% increase in Ozaukee County and the 12.5% increase in Waukesha County.

Assessed valuation has grown an average of 15.4% a year between 1976 and 1981. However, the 1982 increase was a mere 1.8% (Co. Ex. 12).

The taxpayers of Washington County have generously supported higher-than-normal wage rates in the past. They now merely ask for a one-year reprieve. Although the County's proposal may at first appear drastic, it must be remembered that even with a wage freeze, the County's highway employees will still be paid more money than almost everyone of their counterparts in surrounding counties.

Union Position. The County's principal arguments seem to be that it is unable to pay the Union's proposed increase and in support of this it cites high unemployment figures, increased welfare rolls, and generally depressed economic conditions.

But the County presented no data on revenues or taxes to support its argument that it has insufficient funds to pay an increase. It presented no evidence as to its budget, whether the County is operating at a deficit, or what part of its budget or budget deficits is attributable to the 50-person highway department. It presented no data as to what it would cost to finance the Union's requested 7% increase, or what effect an increase would have on the budget or deficit. Such data would be more relevant to the County's case than the bald unemployment statistics it presented.

The increased resort to welfare and food stamps does not necessarily imply greater county expenditures, since these programs are principally funded by the state and federal governments. Again, the County presented no budgetary or revenue data to show that high area unemployment or increased welfare rolls actually translates into inability to pay an increase. Because it did not present such data, the inference is inescapable that the County does have the ability to pay the increase and deliberately withheld such information.

If this area were so hard hit that Washington County cannot pay anything, why can the cities of West Bend, Hartford, and Germantown pay increases of 7% to 10%? Those cities have similar unemployment problems and share the same cost of living. Consequently, there is no persuasive evidence in the record that Washington County cannot afford to pay the Union's proposed 7% increase.

CONCLUSION

Both parties have presented strong arguments and pertinent exhibits to justify their position on the wage issue. After reviewing all of the data and materials presented the Arbitrator finds that overall the Union's wage request of 7% is more reasonable than the Employer's zero percent proposal. In view of the current economic situation and the unemployment level of Washington County, I would have preferred a wage increase of somewhat less than 7% but that choice is not before me. I must grant either 7% or zero percent.

On the matter of cost of living, the Employer position would provide nothing to offset the increase in the cost of living since 7-1-81 so the workers would lose real income. The Union's proposal exceeds the 3% increase in the cost of living but can be justified as a partial catch-up for the period of 1979-81 when wage increases lagged behind the cost of living. The Union position is more reasonable.

On the matter of comparisons with other counties and with area cities, it is clear that the Washington County highway union enjoys higher wages than most of the neighboring counties and higher than the City of West Bend. The Employer proposal would reduce the differential which has existed; the Union proposal would maintain it. The Employer's justification for reducing the differential is primarily the depressed economic conditions in Washington County and the high unemployment rate.

The Arbitrator does not find that the economic data shown in County Exhibits 11 and 13 show Washington County to be so different from its neighbors as to justify a zero percent wage increase when neighbors like Waukesha County are increasing highway worker wages by 7%.

Private wages in Washington County, among some of the larger employers surveyed, are lower than those of the highway workers but apparently this differential has existed in the past and the Union's wage increase proposal here seems to be in line with the increase that private employers are granting. In view of the layoffs and unemployment in the local area an increase of a little less than 7% might seem reasonable, but certainly 7% is more reasonable than zero percent as one looks at the private sector wage increases in Washington County.

The Union has raised other important questions on the ability-to-pay issue. The County has not presented data on revenue or taxes to support its argument that it lacks the ability to pay an increase. It has presented no data on the costs of the Union's proposed 7% increase or what effect the increase would have on the tax levy or deficit. The County has not shown how high area unemployment or increased welfare rolls translate into inability to pay an increase.

The Employer has not explained why West Bend, Hartford, and Germantown, experiencing the same unemployment problems, and with similar cost of living can afford to pay 7% to 10% highway employee increases but Washington County cannot afford any increase.

Taking into account the statutory criteria and having reviewed the evidence and arguments presented by the parties, the Arbitrator concludes that the Union Final Offer is the more reasonable and makes the following award:

AWARD

The final wage offer of the Union, along with the stipulations of the parties, are to be incorporated into the 1982-83 collective bargaining agreement between Teamsters "General" Local Union No. 200 and Washington County (Highway Department).

November 27, 1982

Gordon Haferbecker
Gordon Haferbecker, Arbitrator