REPORT

to

THE HONORABLE ARNOLD SCHWARZENEGGER

GOVERNOR OF THE STATE OF CALIFORNIA

by

THE GOVERNOR'S BOARD OF INVESTIGATION

in compliance with

SECTION 1137.2 (a) of THE CALIFORNIA LABOR CODE

regarding

A LABOR DISPUTE

between

ORANGE COUNTY TRANSPORTATION AUTHORITY

and

GENERAL TRUCK DRIVERS, OFFICE, FOOD and WAREHOUSE UNION LOCAL 952

Dated: May 6, 2007

I. INTRODUCTION

This report is submitted to The Honorable Arnold Schwarzenegger, Governor of the State of California, in compliance with subdivision (a) of Section 1137.2 of the California Labor Code, by a Board of Investigation ("the Board") appointed by Governor Schwarzenegger pursuant to that subdivision to investigate the issues involved in a labor dispute between the Orange County Transportation Authority ("OCTA") and the General Truck Drivers, Office, Food and Warehouse Union Local 952 ("Teamsters Local 952").

The members of the Board are Honorable Harry W. Low, retired Justice of the Court of Appeal and former California State Insurance Commissioner (Chair), Edna E. J. Francis, arbitrator, and Kelly J. Montgomery, business executive. All members of the Board participated in the drafting of this Report. No member of the Board desires to make any separate or dissenting submission to the Governor with regard to the subject matter of this Report.

As authorized by the second paragraph of Section 1137.3 of the California Labor Code, the Board held a public hearing on May 2, 2007, at the OCTA Office Building. The hearing began at approximately 10:00 a.m., and ended at approximately 11: 50 a.m.

Representatives of OCTA and Teamsters Local 952 appeared before the Board and made presentations, both written and oral. Union and management officials appeared, as did members of the public. Accompanying this report are the following documents submitted by the parties:

1. Position Statement of OCTA with exhibits, including OCTA/Teamsters Local 952 Coach Operator Agreement effective May 1, 2004, through April 30, 2007; Southern California transportation agencies coach operator rate comparison;

OCTA negotiating parameters; OCTA Bus Satisfaction Survey Results, December 2005; and Economic Impact by a Strike (Exhibit A).

2. Position Statement of Teamsters Local 952 with exhibits, including Wage Comparison / Cost of Living Comparison for Southern California transportation agencies; Teamster Request for Approval of Strike Benefits Assistance; OCTA Coach Operator Wage Increases from 5/1/01 – 5/1/06; Teamsters Local 952 Proposal to OCTA, and Management Proposals (Exhibit B).

In accordance with California Labor Code Section 1137.2, this Report contains a statement of the facts with respect to the dispute, the issues involved in the dispute and the respective positions of the parties regarding the issues.

II. STATEMENT OF FACTS WITH RESPECT TO THE DISPUTE

The labor agreement between OCTA and Teamsters Local 952 that covers approximately 1,200 coach operators expired on midnight, April 30, 2007. The parties have not agreed to any contract extensions.

On November 22, 2006, Teamsters Local 952 gave OCTA notice of its intent to re-negotiate the agreement. The parties commenced negotiations and began exchanging proposals in December 2006. To date, the parties have had approximately 38 bargaining sessions. Numerous tentative agreements have been reached. However, negotiations have halted and two major areas of disagreement remain: wages and benefits and payroll check-off provisions for the political action committee of Teamsters Local 952 (Democrat Republican Independent Voter Education, or DRIVE).

In voting that took place from April 21, 2007 through April 24, 2007, more than 95% of the members of Teamsters Local 952 who voted authorized a strike.

On April 25, 2007, in anticipation of the inability of the parties to reach an agreement, OCTA requested the Governor to appoint a Board of Investigation. On April 30, 2007, Governor Schwarzenegger informed OCTA and Teamsters Local 952 that, effective May 1, 2007, he was invoking Section 1137.2 of the Labor Code and had appointed this Board to investigate and to submit a report on the current labor dispute by May 8, 2007.

The Governor's appointment of this Board has the effect of prohibiting any strike or lockout for a period of seven days, beginning May 1, 2007.

III. PRINCIPAL ISSUES INVOLVED IN THE DISPUTE

The issues identified by this Board are based on the written submissions and oral presentations from the parties at the public hearing. The principal issues on which there is no agreement are economic, in terms of wage increases and increased employer contribution to employee health insurance premiums. The parties are approximately $2.8 million apart in the negotiations on these issues. Another specific unresolved issue is the union's proposal for voluntary payroll check-off provision for employee donations to the political action committee of Teamsters Local 952.

IV. POSITIONS OF THE PARTIES REGARDING PRINCIPAL ISSUES

Wages and Benefits: OCTA offered Teamsters Local 952 a wage and benefits package totaling $16.2 million. OCTA is interested in returning to negotiations and working out a package within the wage and benefits parameters it set for itself based on a Chapman University consumer price index (CPI) forecast specific to the Orange

County Area. The parties agreed that Chapman forecasts have been used for purposes of past contract negotiations. However, the parties also agreed that the Chapman forecasts for the CPI forecast for the past three years under-estimated the actual cost of living increase in Orange County by 4.3%.

OCTA has proposed the $16.2 million package in two alternative formats. The first format would allocate the package in a way that provided for wage increases of 8.75% and increased employer contributions for health insurance premiums in the amount of 36.4% over the term of a three-year contract. The second alternative offered by OCTA would provide for wage increases of 8.0% and increased employer contributions for health insurance premiums of 40.4% over the term of the contract.

Teamsters Local 952 has proposed a $19 million wage and benefits package that would provide for wage increases of 14% at the top step of wage progression and increased employer contributions for health insurance premiums in the amount of 40.4% over the term of a three-year contract. Teamsters Local 952 believes that the Chapman figures are outdated and do not reflect the recent increases in health care, housing, fuel and utility costs in Orange County. The Union contended that CPI figures from the United States Bureau of Labor Statistics more realistically reflect the increased cost of living in Orange County than do the Chapman figures used by OCTA.

Teamsters Local 952 observed that after making its $16.2 million offer, OCTA has not budged from that figure over the course of negotiations. The Union stressed that its members have lost ground to inflation, many members cannot afford to live in Orange County, many qualify for public housing vouchers, and the Union cannot afford to accept what it felt was an inadequate wage and benefits offer.

Non-economic issues: Teamsters Local 952 has proposed a voluntary payroll check-off provision for its political action committee (DRIVE) that it said contributed to the passage of sales tax and bond measures supporting public transportation in Orange County. While OCTA did not provide a rationale for its opposition to this proposal, the Board's perception is that this issue is secondary to the economic issues that form the crux of the parties' disagreement.

V. IMPACT OF A STRIKE ON THE ORANGE COUNTY REGION

Teamsters Local 952 disclosed it would resort to a strike if the OCTA does not increase the wage and benefit offer that it offered. Picket lines by Teamsters Local 952 would be expected to cause significant system disruptions at OCTA. Additionally, in the opinion of OCTA, employees in two other bargaining units comprised by bus mechanic and service worker and facilities maintenance and parts clerks units would refuse to cross Teamster Local 952 picket lines.

All parties agreed that, if permitted to occur, a strike would significantly disrupt public transportation services in Orange County and endanger the public's health, safety and welfare.

OCTA stated that it is the twelfth largest public transportation agency in the country. In 2006, over 68 million bus boardings were logged by OCTA. According to an OCTA survey, during March 2007 alone the OCTA recorded more than 5.9 million bus boardings. In 43.4% of the boardings, the passenger purpose for the trip was to get to or from work. Other purposes included trips for medical appointments, school, shopping, and personal/business errands. Seventy-seven percent of the survey respondents indicated they used the bus on four to seven days per week.

OCTA emphasized that Orange County has a sizeable population (2.8 million), 48.7 percent of which is minority. The OCTA survey shows that 77.8% of its riders are minority and 50% have a household income of less than $20,000. Seventy-two percent of survey respondents reported that lack of a car is the reason for taking the bus, and 84% reported not having a car available for their use.

Those facts demonstrate that a strike would significantly impair the health, safety and welfare ability of a sizeable portion of Orange County residents. Residents who rely on the OCTA bus system to get to and from work as well as to go shopping and attend medical appointments would be impeded in those activities. Given that a large percentage of bus riders have no car available for their use, many residents would be altogether prevented from attending their daily activities. Senior citizens and people with disabilities who rely on OCTA and have no alternative transportation will particularly suffer the consequences.

Orange County businesses whose employees and customers depend on OCTA buses would also experience adverse economic impact. A strike by OCTA coach operators raises a prospective daily loss of $800,000 in sales for Orange County businesses, according to impact information submitted by OCTA. Lost wages for OCTA workers themselves would have a direct local impact in that a strike would reduce OCTA's payment of wages by an estimated $1.5 million per week. Local governments that receive revenues based on employment income would suffer the loss of revenues to the extent employees could not attend work during the period of a strike.

VI. PUBLIC COMMENTS

Two members of the public who are associated with a sheltered workshop in Anaheim expressed concern about the impact of a strike by OCTA coach operators on individuals with disabilities. They stated that a strike would prevent those who use wheelchairs and walkers from being able to get to work.

Several speakers who are also coach operators and members of Teamsters Local 952 stated the OCTA should increase its wage offer because they need help in dealing with the recent effects of inflation in order to meet their basic living costs. Several reported the need to take second jobs in order to meet the increased cost of living in Orange County.

Another member of the public who is an elected official from a city in Orange County expressed concern over the failure of the parties to compromise in their contract proposals. This individual who runs a food donation program noted that coach operators were having to resort to her program for their grocery needs.

Two members of the public who appeared on behalf of union-represented employees of another bargaining unit at OCTA and a bargaining unit for a subcontractor with OCTA indicated their support for Teamsters Local 952 in its dispute with OCTA.

Witnesses Appearing

OCTA:

Barbara Raileanu, Esq., Counsel
Carolyn Cavecche, OCTA Board of Directors Chairperson
and Mayor of City of Orange
Sherry Bolander, OCTA Section Manager of Employee and Labor Relations
Ellen Burton, OCTA Executive Director of External Affairs
Paul Taylor, Deputy Chief Executive Officer

Andrew Oftelie, Chapman University

Teamsters Local 952:

Patrick D. Kelly, Secretary-Treasurer
Donna Metcalf, Business Representative

Public:

Amy Wilkerson, coach operator and union steward
Indolfo A. Gutierrrez, coach operator and union representative
Linda Hill, coach operator and union steward
Eric Hegner, coach operator and union steward
Gary Parkhouse, coach operator
Rudy Dayyat, coach operator
Stanley Brown, coach operator
Jan Wagner, coach operator
John Seltzer, coach operator
Arthur Aguilera, coach operator
Devin House, coach operator
Kathleen McCullough, elected official in City of Lake Forest and founder of neighbor outreach/food donation program
Ruben A. Lopez, Teamsters Local 952 business representative at Oliva Transportation, OCTA subcontractor
Eric Henry, Teamsters Local 952 representative for OCTA mechanics, and service workers
Tom Lautee, bus rider
Heather Fellows, concerned citizen

VII. CONCLUSION

The undersigned members of the Board of Investigation respectfully submit that this Report fulfills the statutory obligations pursuant to Labor Code Section 1137.2.

Date: _____

Respectfully submitted:

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Harry W. Low, Chairman

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Kelly J. Montgomery, Member

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Edna E. J. Francis, Member

LIST OF ATTACHMENTS (Approximately 200 pages)

Exhibit A. Position Statement of OCTA with exhibits, including OCTA/Teamsters Local 952 Coach Operator Agreement effective May 1, 2004, through April 30, 2007; South California transportation agencies coach operator rate comparison; OCTA negotiating parameters; OCTA Bus Satisfaction Survey Results, December 2005; and Economic Impact by a Strike (Exhibit A).

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