FOR IMMEDIATE RELEASE

Operating Engineers Local 324 forces Rieth-Riley Employees to Strike Against Their Will.

(Goshen, IN July 31, 2019) – At 12:00am today the Operating Engineers Local 324 (Union) went on strike against Rieth-Riley Construction Co., Inc. (Rieth-Riley) citing un-fair labor practices and the lack of a contract.

By virtue of their 9a relationship with Operating Engineers Local 324, Rieth-Riley and their operating engineer employees have had and still enjoy most of the terms of their previous contract. Under a 9a relationship, most of the terms, including the wages and fringes, of the prior agreement continue in full force until a successor agreement is negotiated.

The Union and Rieth-Riley have been in contract negotiations for over a year and have not been able to reach a successor agreement. “We have gone back to the table time and time again and have offered up excellent employee compensation plans and the Union has refused to attempt to negotiate a fair deal”, said Keith Rose, President of Rieth-Riley Construction Co., Inc.

Last year the Union simply refused to negotiate with the highway construction industry. In order to comply with Davis-Bacon obligations, among other reasons, Rieth-Riley increased it operating engineers’ base wage by $2.00 per hour effective June 1, 2018. Ironically, the Union then actually filed an unfair labor practice charge against Rieth-Riley for paying their operating engineer employees more money.

Claims by the Union that Rieth-Riley is participating in unfair labor practices are merely accusations and have not been decided upon by the National Labor Relations Board (NLRB). Similarly, the Board has not ruled on NLRB charges filed against the Union either. The first hearing before the NLRB is not scheduled until October. Thus, this strike is premature at best. Further, The Union decided to strike now based on a year-old strike vote taken against Michigan Infrastructure & Transportation Association (MITA) which involved union members working for multiple companies under multiple labor agreements across multiple industries.
Based on information volunteered by numerous Rieth-Riley union employees, the Union has continued to use tactics that have gone against their own members during these negotiations. Rieth-Riley operators were outright denied a vote on this strike. Over 120 Rieth-Riley operators attended a Rieth-Riley employees-only meeting at the union hall in Howell, MI on July 25th. When asked about taking a strike vote of just the Rieth-Riley employees, Business Manager Doug Stockwell emphatically told the Rieth-Riley operators that he doesn’t care about them, what they think or what they want. Reportedly, Mr. Stockwell went even further and threatened any Rieth-Riley operator who crossed a picket line with a $30,000 fine.

The Union has repeatedly negotiated in bad faith. They have not compromised in the least on any key issues and continue to include knowingly untenable contract language such as directing one third of all company profits to be paid to operating engineer employees. In contrast, Rieth-Riley has agreed to essentially all wages, terms and conditions of the new MUGC (Michigan Union Contracting Group) agreement that was put in place early this year, with the exception of the Union’s subcontracting clause.

The insistence of the subcontracting clause is the real heart of the issue, this clause essentially mandates that all work must be subcontracted to a union subcontractor OR a total of $29.05 per hour (comprised of $4.49 Vacation; $13.45 Pension; $8.40 Health Care; $1.00 Apprenticeship; $0.45 Retiree Benefit; $0.16 Labor Management Education Committee; $0.05 IUOE National Training; $1.00 Defined Contribution and $0.05 Road Labor Management Committee) must be contributed to the Union by either the non-union subcontractor or the prime contractor signatory to the union agreement, regardless if the subcontractor is already paying Davis Bacon rates. This amounts to a $29.05 per hour taxpayer extortion fee as part of an effort to pad the union’s struggling pension fund.

This work stoppage is affecting hundreds of projects throughout Michigan. Union members currently earn $58.67 per hour while on straight time ($29.62 base wage plus $29.05 in fringe benefits) and $73.48 per hour while on overtime ($44.43 base wage plus $29.05 in fringe benefits). The Union work stoppage, though disguised as an unfair labor practice strike, is actually the result of the Union demanding Rieth-Riley (or it’s subcontractor) pay an ADDITIONAL $29.05 hour for any non-union subcontractors operating equipment AND send those monies to the Union. In other words, a non-union person’s hard work and skills would be funding an organization (Operating Engineers Local 324) they do not belong to.

Michigan residents have spoken loud and clear. They want to have the roads fixed. But rather than fixing the roads at a lower price, the Union wants the taxpayers of Michigan to pay a higher price only because of the Union’s greediness. Instead, free market competition should remain free. In a time when elected officials are working
tirelessly to find additional road funding, Michigan’s taxpayers should not be forced to fund a union’s failing pension fund.

Rieth-Riley has continued to perform work, pay its employees as promised and negotiate in good faith with the Union for the benefit of both its employees and its customers. There simply is no good reason for the Union to stop work. Michigan’s roads and bridges are crumbling and at the very prime of the construction season, projects are now being delayed unnecessarily.

Rieth-Riley is a 100% employee owned company founded in 1916 in Goshen, Indiana. Since the early 1900’s Rieth-Riley has performed work in both Michigan and Indiana. Today, Rieth-Riley directly employs over 2,000 people (with work volumes being divided roughly equally between the two states) and indirectly employs thousands more. Rieth-Riley has always been a family-oriented company beginning with the Rieth family era continuing through today. During this entire time Rieth-Riley has been a strong union company and has enjoyed a mutually amicable and beneficial relationship with Operating Engineers Local 324, as was the case for most Michigan road construction companies prior to last year.

Rieth-Riley’s primary concern has been and continues to be what is in the best long term interest of its employees, its industry and its customers.

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