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MICHIGAN LABOR MEDIATION BOARD
PUBLIC EMPLOYMENT RELATIONS
FACT FINDING HEARING

(Pursuant to Section 25 of the
 Michigan Labor Mediation Act,
 Mich. Stat. Ann. 17.454(27),
 and to Part 3 of the General
 Rules and Regulations of the
 Labor Mediation Board.)

Michigan State University
 LABOR AND INDUSTRIAL
 RELATIONS LIBRARY

In the Matter of:)

CITY OF ESCANABA)

and)

INTERNATIONAL BROTHERHOOD OF)
 ELECTRICAL WORKERS UNION,)
 AFL-CIO LOCAL 979)

and)

CITY OF ESCANABA EMPLOYEE'S)
 UNIT, IBEW LOCAL 979)

REPORT OF
 FINDINGS AND
 RECOMMENDATIONS

HEARING OFFICER:

Dr. William E. Barstow, Jr.
 Michigan Technological University
 Houghton, Michigan 49931

June
~~March~~ 9, 1969

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 LABOR MEDIATION BOARD
 DETROIT OFFICE

Escanaba, City of

I.

HEARING PROCEEDINGS

- April 18, 1969 Petition for fact finding filed.
- April 18, 1969 Hearing ordered by Michigan Labor Mediation Board.
- May 14, 1969 Hearing held, in the offices of the City Manager,
Escanaba, Michigan, at which were present:
- (a) For the Union:
- Frank Kildahl, International Representative,
 IBEW.
 Robert Saykilly, Business Representative,
 Local 979.
 Ralph Drage.
 Karl Bosk.
 Francis Corbett.
 Clarence Shiner.
- (b) For the City:
- George M. Harvey, City Manager.
 Howard Smale, Administrative Assistant.
 Milton Embs, City Controller.
 Bill Van Effen, Superintendent of the
 Electrical Department.
- June 9, 1969 Report of findings and recommendations issued
 pursuant to hearing.

II.

FINDINGS OF FACT AND CONCLUSIONSA. AS TO DEVELOPMENT OF THE SITUATION LEADING TO THIS HEARING

1. That the City of Escanaba, a municipal corporation of the State of Michigan (hereinafter referred to as the "City"):
 - (a) Employs approximately 11 persons in its Electrical Department engaged primarily in work in relation to electrical lines for the municipally owned electric utility.

- (b) Has not heretofore entered into any collective bargaining agreement with these persons.
- 2. That said persons, through their representatives, approached the City as members of Local 979, International Brotherhood of Electrical Workers, AFL-CIO (hereinafter referred to as the "Union") and:
 - (a) Bargained with the City on February 17th and 24th, March 11th and 27th, and April 16th.
 - (b) Presented a demand for a 29 cent across the board wage adjustment with a concurrent 10% increase on the adjusted wage, together with demands for certain fringe benefits, some of which related to the overall economic package.
- 3. That the City offered during said bargaining sessions to execute a collective bargaining agreement with the Union, and offered a 21 cent wage adjustment together with certain fringe benefits, some of which related to the overall economic package.
- 4. That bargaining reached an impasse unresolved by mediation on April 16, at which time the parties still:
 - (a) Were unable to narrow the gap between their initial wage adjustment positions.
 - (b) Differed substantially concerning the monetary value of both existing and proposed new or changed fringe benefits in relation to the value of fringes established for linemen by the Upper Peninsula Power Company.
- 5. That the parties petitioned the Labor Mediation Board for fact finding, stipulating the following items of disagreement:
 - (a) Size of wage adjustment.
 - (b) Relative weight to be accorded the fringe benefit value in the overall economic package.

B. AS TO THE ESSENTIAL ISSUES PRESENTED BY THE PARTIES

- 1. That the voluntary discussions of the parties so consistently have revolved around the comparative rate and fringe structure of the Upper Peninsula Power Company that it represents obviously a regional pattern for electrical workers of certain types, whether to be matched or exceeded depending of course on the position and interests of the party viewing it:

- (a) Upper Peninsula Power Company employs perhaps the largest force of journeyman linemen of any concern with operations centered in this geographic area.
 - (b) U. P. Power Company is a small but respected concern with an established record of good employee relations.
 - (c) Duties of the lineman classification as employed by U. P. Power Company closely resemble duties assigned linemen by the City, in that they perform line construction, line maintenance, and related casual work in relation to the employer's plant and equipment.
 - (d) Maximum journeyman lineman rates at U.P. Power Company were adjusted June 1 to \$3.92 with one year still to run on the agreement.
2. That while construction electrical rates are significantly higher (approximately ranging from \$1 to \$2 more), many factors such as dissimilarity of duties, greater danger of work, floating work situs, less favorable working conditions, and some tendency to seasonal unemployment (although this is lessening today), all discourage comparison with City lineman rates.
3. That the Union position, that the unscheduled assignment of linemen to inside electrical work on City plant and equipment, water thawing, and the like, is a basis for higher rates than work restricted to line construction and maintenance alone:
- (a) Is not supported by general industrial practice throughout the country, where rates are based on the highest skill category wherever mixed skill assignments are accepted by local agreement or practice.
 - (b) If substantial, mixed skill requirements would be handled more commonly either by establishing additional classifications or by contracting out such work.
4. That, although value of fringe benefits is clearly as much a part of labor cost as direct wages, it is typically set apart from wage rate bargaining:
- (a) It is extremely difficult to relate fringe value to a sufficiently common basis to permit intelligent discussion. It will be noted that in the present instance the parties have devoted an excessive amount of consideration to attempts to compare cost of City fringes with U. P. Power

Company fringes, but have never reached a stage where they are talking about the same thing. There has been in part an unfortunate tendency by both parties to over-sophisticate their data presentations, and in part a seeming compulsion to discuss fringe cost as a package, rather than fractionally. As a result, both parties have in net effect attempted to "compare apples with oranges." Neither party possesses nor has attempted to work up sufficient accurate data to justify any attempt at precise analysis, but in general terms the limited data reflects a somewhat larger City fringe expenditure than the U. P. Power Company cost. Based on present wage rates, the difference per man approximates \$400 - \$500 annually, or about 19 - 24 cents per man hour translated into wage terms. The difference is due largely to the City's longevity bonus plan and to its greater pension cost. Other elements are consistently slightly variant, but appear in rough analysis to balance out surprisingly well. This problem is extremely significant, because it is probable that its attendant confusions were at the heart of the bargaining impasse which has existed.

- (b) The wage determination phase of the overall economic package is necessarily concerned in effective bargaining solely with dollars in the pocket of the wage earner, since a wage stated in other than dollar terms has little real meaning to union rank and file. National bargaining practices in both public and private sectors reflect this fact.
- (c) Accordingly, it is doubtful that bargaining between City and Union can achieve the necessary accommodation unless fringe cost is moved outside the periphery of wage rate negotiations, and discussed only as a separate and distinct part of the overall economic package.

III.

RECOMMENDATIONS WITH RESPECT TO THE ISSUES

- A. That further negotiations between the parties arbitrarily and categorically separate consideration of wage rates from consideration of the cost of fringe benefits.
- B. That such separate bargaining issues in relation to wage rates on the one hand and fringes on the other hand, be related each to comparable regional public and private industrial economic patterns, rather than to each other.

- C. That resumption of negotiations as to wage rates commences with consideration of an across the board adjustment of 30 cents:
1. Such an adjustment will equate City rates with U. P. Power Company rates for equivalent lineman classifications, thus meeting the primary regional pattern.
 2. Thirty cents represents an 8.3% increase from the present \$3.62 maximum rate for journeyman linemen. Labor agreements nationally during the past year have averaged around 7%, of course including many over this level, and the recommended 30 cents therefore well within the typical range.
 3. While electrical worker rates are subject to extensive pressures nationally at the present time, these are most conspicuous in construction and wage adjustments in the upper Wisconsin-Michigan area do not yet reflect such pressures. In any event, an 11 employee unit such as is involved in the instant negotiation is hardly sufficient to set pattern.
- D. That the generally attractive fringe portion of the economic package offered by the City be negotiated as a basis for accommodation between the parties concerning continuation of work assignment past practices arising out of the particular needs of municipal employment:
1. The possible 19 - 24 cent variance from one other employer of the City's fringe offer is neither sufficiently validated nor even susceptible to validation within the limits of time and information available to justify its use to influence wage rate bargaining.

Respectfully submitted,


William E. Barstow, Jr.
Hearing Officer