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STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
LANSING OFFICE

Fact Finders Report
and Recommendations

James Dunne

IN THE MATTER OF

CITY OF ESCANABA

AND

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, LOCAL 979

Pursuant to appointment by Robert G. Howlett, Chairman of the Michigan Employment Relations Commission, the undersigned held a Fact Finding hearing in Escanaba, Michigan on September 10, 1973, respecting a dispute between the above parties which could not be resolved by mediation following negotiations lasting over a period of more than five months. The dispute was properly certified to the Commission under the rules applicable to Public Employment disputes.

FINDINGS OF FACT

This dispute involves wages and fringe benefits for the employees represented by the Union in the City's electric power plant. The City owns the plant which is operated by the Upper Peninsula Power Company, a public utility. The City then buys its power from U.P. Power.

Escanaba, City of

Such purchase is about 90% of the power production, the remainder being transmitted by the utility over its lines to users in other areas.

WAGES

Wage rates in particular and to a fairly significant extent fringe benefits match or parallel those of U.P. Power Company. This has been true as to wages over a period of a number of years. It was found to be the case in a prior fact finding case by William E. Barstow, Jr., fact finder, in a report handed down by him in 1969. There is no showing by the City that this has not continued to be so since 1969.

The wage rates are built around the lineman classification. In a two year agreement between this Union and U.P. Power Company entered into June 1, 1973, the Journeyman Lineman rate was set at \$5.19 per hour from June 1, 1973, through November 30, 1973; \$5.24 per hour from December 1, 1973, through May 31, 1974; and at \$5.61 per hour from June 1, 1974, through the second year of the contract. The initial increase was 7.1% or 33¢ per hour whichever was greater.

The rate for the Lineman classification in the City of Escanaba contract which expired June 30, 1973, was \$4.86 per hour. The Union request was for a 7.1% increase across the board to all classifications with an additional 5¢ per hour increase on December 1, 1973, for a one year

contract. The City wanted a two year contract with an increase in Lineman rate to \$5.15 in the first year, \$5.51 in the second year. This offer was 6% across the board the first year and 7% the second year. The City's offer was for a total package which included fringe benefit improvements for the two year period and the Union was given until September 1, 1973, to accept it retroactive to July 1, or it was to be withdrawn. When it was not accepted by September 1, the City withdrew all offers.

FRINGE BENEFITS-UNION DEMANDS

The Union made the following demands for fringe benefit changes.

1. One additional paid holiday (Employee's Birthday) (Presently there are nine paid holidays in the expired contract).
2. An increase in hospitalization insurance premium (to be paid by the City) of \$6.00 per month per employee.
3. Double time rate for all Sunday work.
4. For Call-Outs between 12 midnight and 5 a.m. an increase to 4 hours minimum instead of the present 2 hours (6 hours at straight time rate instead of 3 hours).
5. Paid time of 4 hours for Christmas Party.
6. Vacation changes equal to U.P. Power Co. contract.
7. Meal allowances after overtime and Call-Outs.
8. Family leave 7 days instead of current 5 days.

9. 12 Days per year sick leave instead of the present 10 days.

10. Accumulation of sick leave days to 720 hours from the current 520.

FRINGE BENEFITS-CITY'S BEST OFFER

The City made its offer, as heretofore stated, on a two year basis. This was true of both wages and fringe benefits:

First year

1. Improve hospitalization plan by adding the following benefits:

- a) Increase surgical from \$500 to \$1500.
- b) Add diagnostic outpatient benefit with a maximum of \$100.
- c) Maternity benefit to be increased so as to be treated the same as illness.

The city estimates the cost of this at between \$5 and \$6 per month per employee over current benefit cost.

2. Increase sick leave accumulation to 90 days (720 hours instead of current 520 hours).

3. Vacations: Improve to three weeks after eight years of service; and beginning with 20th year of service add one additional day of vacation each year until the 25th year of service.

Second year

1. Add one day of sick leave per employee per year.

THE UNION'S POSITION

It is claimed by the Union that all it seeks is to match U.P. Power Company rate and to make some improvements in benefits which parallel if not match those of U.P. Power Company. It claims that this is the pattern which has been followed for years and is the proper comparative employer in the area. It rejects comparisons with other municipalities who either have no collectively bargained agreements or have no such close ties with private utility company as has the City with U.P. Power. The Union claims its proposal does not go beyond U.P. Power wages and fringe benefits and in some respects is behind that Company. The Union wants a one year contract because it is afraid of the impact of continued inflation after one year and wants to be free to look at wages in that light after a one year contract term.

CITY'S POSITION

The City rejects the comparison with U.P. Power because the latter is a large privately owned public utility and a profit-making enterprise while the Escanaba power plant is a publicly owned enterprise whose purpose is to provide power to the City's residents at as low cost as possible while providing a tax source to ameliorate some of the tax millage increases. It believes a correct

comparison is with other municipally owned power companies in the area. If such a comparison is made, the City claims wage rates and benefits compare favorably or are in most cases above other such City owned plants.

Also, the City is concerned with negotiations with two other Unions for some 150 people and does not want to set precedents with this Union involving only about 11 employees which can be used for comparison purposes by those Unions.

As for fringe benefits, the latter consideration weighs heavily in City bargaining with this Union. Moreover, its benefits are at or above those of other comparable cities having municipal power plants. The City, however, did not show any comparisons with such area cities except as to wages. Also, the City claims the Union is underestimating the cost of the two year package offered to it.

FINDINGS AND OBSERVATIONS

In lengthy discussions both during and following the formal fact finding hearing the fact finder discovered that there was a real possibility of a settlement. For instance, the Union said it was not against a two year contract in principle but was concerned about erosion of wages in the inflationary situation its members now face.

The City indicated a willingness to allow a reopener if the inflation got out of hand in the first year. Moreover, the Union indicated to the fact finder that it was not far from an agreement with the City on fringe benefits if a wage settlement was possible.

This led the fact finder to suggest to the Union that it make a formal proposal which it believed would meet its needs and would also take into account the City's wishes for a two year contract and its financial position.

The Union therefore made the following proposal to the City through the fact finder:

First Year

1. Wages - 7% per hour rate increase across the board (34 cents on Journeyman Lineman rate) effective July 1, 1973, to January 1, 1974; an added 5¢ on all rates January 1, 1974, through June 30, 1974.
2. Change sick leave accumulation from 65 to 90 days (from 520 to 720 hours).
3. The Union would accept the City's offer on meal pay schedule.
4. Safety meetings monthly with U.P. Power Company and pay for time so spent.
5. Insurance improvement as proposed by the City.
6. Vacations: 3 weeks after 8 years of service; beginning 20th year 1 added day, 21st year a second added day; 22nd year a third added day; 23rd year a fourth added

day; 24th year a fifth added day.

The above vacation schedule to be effective July 1, 1973, so as to include anyone who since that date may have been affected.

Second Year

1. Wages: a 7% increase in all hourly rates.
2. Cost of Living Reopener: If through the month of June 1974, the "All Items" index country wide of the Bureau of Labor Statistics reached 140.0 the Union would have the right to reopen on wages only and insofar as Cost of Living indicated the 7% wage increase in the second year could not be expected to offset Cost of Living increase.

3. One added day of sick leave: from 10 to 11 days per year.

All other demands were withdrawn.

After some discussion the City asked for and the Union agreed to change from the Union's proposed 140.0 BLS break point for wage reopener purposes to 141. 2. The Union indicated a willingness to accept this.

However, the city would not agree to make the 7% initial increase across the board retroactive. This produced a fatal snag to a complete agreement since all other items were tentatively agreed upon. The City took the position that while it was not philosophically opposed to retroactivity it had gone far enough in concessions to the Union that it could not take on the retroactivity. The Union

took the position that if it had been offered the above 2 year package in June there would have been no cause for retroactivity. Moreover, it pointed to the concessions it had made to try to accommodate the City. Finally, the Union said that the retroactivity item would mean over \$130 per man loss and that it was sure the membership would not accept any settlement without retroactivity. The City said it was willing to make a 6% increase for the first year retroactive to July 1, 1973, but that would mean a return to the original wage offer. This the Union also could not accept.

RECOMMENDATIONS

When a settlement of this entire dispute on a two year contract gets frustrated over a matter of retroactivity it is apparent one or both parties should give to bring a contract into being an end to dispute.

It is clear that both parties have moved considerably to get as near settlement as they are. The City claims the total cost of retroactivity from the date of this report back to July 1, 1973, would be a little over \$2000. The Union claims it would run closer to \$1300. It is clear that both are using different methods of calculation. The Union is using the 40 hour straight time effect of the 7% increase only; the City is factoring in the other costs as well including overtime. Obviously the Union calculation is on the low side unless it is willing to accept a flat

figure per man as satisfying all retroactivity requirements. This is clearly the simplest way to approach the matter.

It is the fact finder's suggestion that the retroactivity matter be settled by agreement on a flat sum to each employee approximating \$80 each as complete satisfaction of the retroactivity dispute; and that all other matters be settled as agreed upon and hereinabove set forth in this report. If such flat sum is agreed upon there should be a stipulation signed by the parties that payment of such amount to each employee wholly satisfies any retroactive wage claims from July 1, 1973, until this report is received and that no claim can be made in the grievance procedure to the contrary respecting wages due by reason of any other provision of the agreement for the above period.

If the parties can work out a better method than the above suggested, they are encouraged to do so.

September 13, 1973
DATE

James T. Dunne
JAMES T. DUNNE, FACT FINDER



WILLIAM G. MILLIKEN, Governor
BARRY BROWN, Director

STATE OF MICHIGAN

**DEPARTMENT OF LABOR
EMPLOYMENT RELATIONS COMMISSION**

400 TRUST BUILDING, GRAND RAPIDS, MICHIGAN 49502 - Phone 469-3631

August 28, 1973

COMMISSIONERS

ROBERT G. HOWLETT,
Chairman
MORRIS MILMET
WILLIAM M. ELLMANN

City of Escanaba
121 South 11th Street
Escanaba, Michigan 49829
Mr. George Harvey, City Manager

International Brotherhood of Electrical
Workers Local 979, AFL-CIO
P. O. Box 733
Escanaba, Michigan 49829
Mr. Robert Saykly,
Business Manager

Re: City of Escanaba and
IBEW, Local #979

Gentlemen:

NOTICE OF APPOINTMENT OF FACT FINDER

The Michigan Employment Relations Commission has reviewed the petition for fact finding filed by the International Brotherhood of Electrical Workers, Local No. 979 on August 24, 1973, and has concluded that the matters in dispute between the parties may be more readily settled if the facts involved in the dispute are determined and publicly known.

We have made our determination on the petition above and the Employment Relations Commission has accordingly appointed Mr. James T. Dunne as its Hearings Officer and Agent, to conduct a fact finding hearing pursuant to Section 25 of the Labor Mediation Act (Mich.Stat. ANN. 17.454 (27); Mich.Comp. Law 423.25 and Part 3 of the Board's General Rules and Regulations. The fact finder will conduct a fact finding hearing and issue recommendations with respect to the issues in dispute.

The fact finder's address and telephone number are:

Mr. James T. Dunne
2029 M-28 East
Marquette, Michigan 49855
Telephone: 906 227-3619

The fact finder has been requested to schedule a hearing in this matter as promptly as possible.

Sincerely,

Robert G. Howlett
Chairman

RGH:dm

cc: Mr. James T. Dunne

Mr. Dunne: We enclose a copy of the petition.

