

JUL 26 1976

FF 12/8/75

In the Matter of Fact Finding

for

Michigan Employment
Relations Commission

City of Hillsdale, Michigan

and

Case No. L75 C209

Teamsters Local 214

Case No. L75 C211

Streets & Refuse
Maintenance Unit
Sewage Treatment & Power
Plant Maintenance Unit

APPEARANCES C209

For the Union:

Walter L. Sacharczyk, Business Representative

For the City:

Lewis I. Loren, City Attorney
William Carr, City Manager

APPEARANCES C211

For the Union:

Walter L. Sacharczyk, Business Representative
Ed Hawk, Steward
Tom Jackson

For the City:

Lewis I. Loren, City Attorney
William Lape, Director of Public Utilities

Hearings held at Hillsdale, Michigan on 18 November 1975

before

Leo S. Rayl, Jr., Factfinder
Industrial Engineering Department
Western Michigan University
Kalamazoo, Michigan

Date of Recommendations: 8 December 1975

Leo Rayl

RECEIVED
1975 DEC 11 AM 10 20
STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
BIRMINGHAM OFFICE

CASE NO. L75 C209
Streets & Refuse Maintenance Unit

INTRODUCTION:

Concerning this contract reopener dispute, the Parties agreed that the only issue before the factfinder was the proper amount of increase in hourly rates to be received by members of this 22-man unit. Resolution of this one issue would result in total agreement.

The last and/or current demand made by the Union was for a 50¢ per hour increase across the board for all classifications. This amount would involve increases of about 12% to 14% of base rates.

The last and current offer of the City was a 5% increase in rates. The cents-per-hour increase would approximate 18 to 21.

Any increase would affect some other related fringe benefits automatically. The increase would be retroactive to 1 July 1975.

FINDINGS:

Joint Exhibit #1, the current Agreement, established the current base rates being paid since 1 January 1975 for the following classifications:

Refuse --- Collector	\$3.57
Truck Driver	3.77
Light Equipment or Attendant	3.98
Heavy Equipment	4.12
Streets -- General Services	3.57
Truck Driver	3.77
Light Equipment	3.98
Maintenance Mechanic	4.27
Heavy Equipment	4.12

Union Exhibit #1 displayed wage and unpriced fringe benefit information for about thirty cities regarding the classifications under discussion. The wage rates listed were maximum rates as extracted from Union Exhibit #2, 1975 Salaries, Wages, and Fringe Benefits in Michigan Municipalities over 4,000 Population, Michigan Municipal League, January 1975.

Cities cited were from Area #2 (lower Michigan) and were from the list of about thirty-seven with populations between 4,000 to 9,999; reasonably comparable to Hillsdale in size.

City Exhibit #1 consisted of wage and fringe direct survey information regarding ten selected cities. These showed wage rates or ranges for the pertinent classifications, and the forms were dated as of November 1975. An attempt was made to cost out the maximum fringe benefits paid. City Exhibit #2 summarized the wages and evaluated benefits of nine of the above cities.

City Exhibit #3 was a revised City Budget comparison dated 19 May 1975. City Exhibit #4 reflected present and city proposed salaries for the unit.

Based on maximum rates for the thirty of thirty-seven Area #2 cities, the Hillsdale rates ran from 45¢ to 67¢ below the average top rates being paid for substantially the same period of time. (Expirations in mid-75) The City wage summary showed four above and four below an average. Hillsdale was shown below average. These indicated 75-76 rates.

Based on argument offered, there is reason to doubt the total acceptability of either the City's or the Union's comparative data.

CONCLUSIONS:

The Union use of top rates, exclusively, where rate ranges were in existence improperly weights the statistics in its favor. Also, some of the cities included doubtless have characteristics much different from Hillsdale. Size alone is not the whole story.

Likewise, City emphasis on fringe benefit differences in a small sample of "selected" cities does not totally prove its point, especially where much information regarding "wages, hours, and working conditions" is lacking.

With so many unknowns and lack of assurance as to precision of pertinent measurements, the evidence and argument presented become only guidelines for resolution of the Parties' differences. However, they are also the only guidelines even though there were cross objections from both sides concerning their validity.

To use the evidence submitted by both sides and to further the similarities of cities compared, a new comparative approach was deemed necessary.

The new approach used indicated that the City offer of 5% for Collectors and General Services personnel was more than adequate for the July 1975 agreement.

For the Truck Drivers, the City offer plus 8¢ per hour more was necessary.

The Light Equipment classification requires the City offer plus 5¢ more.

Heavy Equipment indicates the need for the City offer plus but 1¢ more.

Maintenance Mechanics deserve the City offer of 5% plus an additional 13¢ per hour.

While the City stressed financial difficulty, there was no specific claim of inability to pay the Union demand. The comparative budget, submitted without specific emphasis, was of little help. The additional funds required to implement recommendations were deemed not excessive.

The small additions will both tend to eliminate the apparent gap indicated by Union and City exhibits, over a period of time, and that time span suggested will allow for necessary collective bargaining adjustments as the needs become apparent and/or change with experience.

RECOMMENDATIONS:

The rates of pay recommended for resolution of the current dispute are shown in the following table:

Refuse -----	Collectors	\$3.75
	Truck Driver	4.04
	Light Equipment or Att.	4.23
	Heavy Equipment	4.34
Streets ----	General Services	3.75
	Truck Driver	4.04
	Light Equipment	4.23
	Maintenance Mechanic	4.61
	Heavy Equipment	4.34

These rates are to be retroactive to 1 July 1975.

REASONING:

The Union and City selected cities as plotted on a southern Michigan map reflect a reasonable distribution over the entire area. However, some cities are extremely close to significant population centers while others are relatively isolated. To contribute somewhat to the ideal of a representative sample, the factfinder noted the distance between Hillsdale and Jackson, the largest nearby city. Using this distance as a radius, circles were drawn around such significant population centers as Ann Arbor, Battle Creek, Kalamazoo, South Bend, Midland, Muskegon, etc. Sample cities falling within the many circles were excluded from consideration as being affected by these major centers. The remaining cities offered by both the Union and the City were used for averaging. These cities were: Alma, Coldwater*, Greenville*, Howell, Ionia*, South Haven, and Sturgis*. The four starred cities were joint selections. This approach also enters an element of randomness into the comparison. Further, where rate ranges were supplied in Union Exhibit #2, the average value was considered as more appropriate than either extreme, in general. Union Exhibit #2 was selected since the time frame was relatively constant. The following table illustrates the approach used:

	Col/GS	TD	LE/A	HE	MM
Alma	3.41	-	4.41	-	4.63
Coldwater	3.64	-	4.40	4.59	4.89
Greenville	3.84	3.95	-	4.07	3.95
Howell	3.49	3.94	4.07	4.17	4.64
Ionia	3.74	4.07	-	4.12	4.19
South Haven	3.89	-	3.87	4.24	-
Sturgis	3.11	3.71	3.85	4.45	4.73
Average	3.59	3.92	4.12	4.27	4.51

	Col/GS	TD	LE/A	HE	MM
Average	3.59	3.92	4.12	4.27	4.51
Hillsdale	3.57	3.77	3.98	4.12	4.27
Difference at 7/75	.02	.15	.14	.15	.24
City Offer (5%)	.18	.19	.20	.21	.21
Extra toward 7/75 Agmt	.16	.04	.06	.07	-.03

The four cities jointly offered for comparison show the following average or single rates as of November 1975, apparently into the new contract period. (City Exhibit #1)

Coldwater	4.05	-	4.80	4.99	5.29
Greenville	-	-	-	4.13	-
Ionia	4.48	4.53	-	4.58	4.58
Sturgis	3.85	-	4.61	5.10	5.10
Average	4.13	4.53	4.71	4.70	4.99

These averages indicate a "gap" of ---

.38	.57	.53	.37	.51
-----	-----	-----	-----	-----

from the City offer of 5%.

This gap "probably" developed over a period of time and "probably" reflects conditions peculiar to Hillsdale better than any other evidence available. Perhaps differences in fringes and other factors in the "hours and working conditions" category are likewise affected.

Recognizing that the seven-city data shows that the City offer of 5% "catches-up" and surpasses averages ending 7/75, the "extra" is subtracted from the new (and only) four-city data --- with a gap of ---

	.38	.57	.53	.37	.51
minus	.16	.04	.06	.07	-.03
or	.22	.53	.47	.30	.54

However, in the interest of arriving at more precise measurements of benefits actually received by workers for performing their jobs in the common denominator of hard cost, it was believed that any gap existing and to become existent in the future should not be expected in one fell swoop. Therefore, it was suggested that the "apparent" gap be approached on a five-year basis.

This year, one-fifth of the apparent gap is recommended in addition to the 5% City offer. This approach would allow for more precise development of the actual cost of wages and fringes for Hillsdale and all other cities with which it may be compared in the future. In addition, the time span suggested will allow for recognition of changes, up or down, as conditions warrant and permit collective bargaining adjustments to be made without unfairly penalizing either the City or its employees. Finally, it would provide a hedge on the possibility that this small sample was not representative of the total picture.

One-fifth the gap of 38¢ indicated above for Collectors and General Services is about 8¢. The City offer includes an extra applicable to the 7/75 agreement of 16¢ --- adequate for two years with no change in comparisons. The 5% offer is enough.

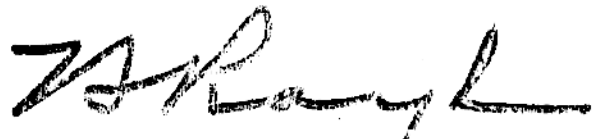
One-fifth the gap for Truck Driver is about 12¢. The "extra" applicable is 4¢ --- an additional 8¢ is required above the 5% offer.

One-fifth the gap for Light Equipment is about 11¢. The "extra" is 6¢. An additional 5¢ is required.

One-fifth the gap for Heavy Equipment is 8¢. The "extra" is 7¢. Only an additional 1¢ is necessary.

One-fifth the gap for Maintenance Mechanics is about 10¢. The "extra" is a minus 3¢, so an added 13¢ is provided.

The "extra" has doubtless been detected as a double subtraction. The transition from seven-city data indicating one relationship to four-city data indicating a different relationship makes the true gap uncertain. Also, neglected to this point has been the City assertion that their fringe package exceeded that of other cities. While it does appear more favorably, the precise adjustment to hourly rate must deal with variables, the intricacies of which were not made available to the factfinder. Admittedly, the "extra" subtracted from the "gap" adjustment was an arbitrary attempt to recognize the discrepancies present while being unable to quantitatively dispose of qualitative influences. If the "extra" were emitted, the whole judgment would rest on the four cities from City Exhibit #1, and, on the whole, "that just ain't right".



LEO S. RAYL, JR.
Factfinder

DATED: 8 December 1975

CASE NO. L75 C211
Sewage Treatment & Power Plant Maintenance Unit

INTRODUCTION:

This case involved a 16-man unit. The sole issue before the factfinder was the proper amount of base rate increase due the various classifications. The Union demand was 50¢ per hour across the board. The present rate range ran from \$3.00 to \$4.67, indicating an increase of 16.7% to 10.7%. The City (Board of Public Utilities) offer was 10¢ per hour as of 1 July 1975 and 18¢ per hour as of 1 January 1976, a percentage increase of 3.3% to 2.1% and 5.8% to 3.7%, across the board.

The Union position included an operational method change that would provide the sought increase at no additional wage cost to the City. The City rejected the change as not feasible and effected other changes which resulted in an unfair labor practice charge now pending in another forum.

The rate increase would be retroactive to 1 July 1975.

FINDINGS:

The Union suggestion that the wages of a retired worker be distributed among the remaining employees and that these employees share all the duties of the retired person must be subordinated to the judgment of management that it was not operationally sound.

The Union recognized that the facility was not in an enviable economic position and that the manner of its operation deserved favorable comment.

These employees are underpaid with respect to Consumer Power personnel but job requirements are different with steam and/or atomic power as opposed to a diesel operation. The diesel operation should be compared to other diesel operations.

There is good reason to maintain an efficient operation that will result in low generation cost for the good of the community and for the security of present employees.

Joint Exhibit #1, the current Agreement, shows present rates as:

Power-----	General Service	3.00	3.85
	Apprentice Operator		
	& Maintenance	3.50	4.35
	Maintenance Operator	4.16	4.51
	Operator I	4.32	4.67
Water Treatment-	Operator	3.00	4.21

Comparisons introduced by the City indicate Coldwater and Marshall to be paying at a generally higher current base rate level but that fringe benefits were better at Hillsdale.

City Exhibits #4 and #5, involving wage and fringes being paid for certain classifications at the three cities mentioned, were difficult to relate, and City Exhibit #5 appeared to mix the classifications and double include benefits such as Tenure at Hillsdale.

City Exhibit #2, proposed budgets, reflected no significant evidence of exploitation of operating labor (7%) as opposed to salary increases for office personnel (8.3%), City Clerk (7%), City Manager (7%), Assistant Engineer (5%), or Superintendent (6%) in the Electric Department.

A wage rate increase generates additional fringe benefits.

There was no specific claim of inability to pay.

CONCLUSIONS:

The operating methods change suggested by the Union has no bearing on this determination.

The Union demand for 50¢ per hour across the board is not reasonable under the circumstances.

The City offer plus generated fringes would amount to about 7% at the General Service level over the year.

Given the limited and uncertain comparisons of Coldwater and Marshall, it appears that the Hillsdale classifications would be over or under by the following ballpark amounts after the City offer was complete:

Operator I	roughly 57¢ under
Maintenance Operator	" 42¢ "
Apprentice Operator	
& Maintenance	" 48¢ over
General Service	no comparison made
Waste Treat. Oper.	roughly 55¢ under

(Allowing 20¢ to be added to base rate for Tenure pay as compared to the average longevity pay of C & M. No other benefits considered.)

A closing of the gap indicated, if correct, giving full recognition to precisely determined and compared fringe evaluations, should be attempted over the next five years. The time span would allow for adjustments as circumstances change.

RECOMMENDATIONS:

The City offer of 10¢ per hour as of 1 July 1975, and an added 18¢ per hour as of 1 January 1976, is to be modified slightly to provide approximately the same percentage increase for all five classifications. The formula and maximum rates would be:

Operator I	14¢ & 18¢	4.81	4.99
------------	-----------	------	------

Maintenance Operator	13¢ & 18¢	4.64	4.82
Appr. Oper. & Maint.	12¢ & 18¢	4.47	4.65
General Service	10¢ & 18¢	3.95	4.13
Waste Treat. Oper.	11¢ & 18¢	4.32	4.50

That a system be jointly developed to provide a constructed hourly rate for each classification to include step job base rates plus hourly cost equivalents of all fringe benefits based on a single specified "typical" employee without regard to actual personnel occupying positions. A similarly constructed hourly rate should be provided for each comparison selected. Job descriptions should be used to confirm proper classification comparisons. Similar installations should provide the classifications compared.

Given such a system, beginning 1 July 1976, gaps between the constructed hourly rates so obtained should be reduced by a change in base rate, fringe benefits, or combinations thereof. Such gap reduction should be programmed over five years. Gap reduction is a two-way street --- benefits may be increased or reduced.

REASONING:

Joint Exhibit #1, the Agreement, contains a broad management's rights clause as Article III, page 3. The references to supervision, efficiency of operations and establishment of work methods indicate that management properly has the right to judge the worth of the Union suggestion.

The Union demand was based primarily on argument that the City could find ways of paying a substantial increase. The Union felt that its suggestion was workable and that it would provide a large part (if not all) of the 50¢ sought. Argument continued to the point that recent changes in supervision had doubtless increased efficiency, produced savings that afforded opportunity to add persons, and offered hope that continuation of improvement would indemnify the 50¢ increase. The fact-finder believes the greater part of this thrust goes to the unfair labor practice charge pending. However, if the results of recent changes do prove successful as indicated, the Union stands to benefit in the future.

Both Union and the City indicated at the hearing that there was no expectation of matching Consumers Power wages for several reasons.

The City adequately pointed out the advantages of maintaining an efficient and economically sound operation. The possible detriment to community and employees by Public Service Commission action and/or the absorption by Consumers Power was argued persuasively. The situation seems to warrant a reasonable response by these directly affected.

The only job pay comparisons offered were by the City. These comparisons were difficult to relate. First, the classifications did not appear to match in all cases. For example, the

Marshall Diesel Maintenance Personnel comparison at \$4.39 seemed to fit the Hillsdale "Apprentice" job at \$4.35, rather than the Maintenance Operator job. Next, Marshall's Chief Operator at \$5.95 was not compared nor explained. Then, Marshall's Second Diesel Operator at \$5.46 was compared to Hillsdale's top operator job (Oper. I). Further, a Class D Sewage Plant Operator from Marshall at \$4.50 was shown in the summary but not supported in Exhibit #4, the individual sheets. Hillsdale shows such a man at \$4.24 --- the Agreement shows only a \$4.21 rate. It also appears that in Exhibit #5, the summary, the City has included both a Tenure Pay lump sum of \$832 and a corresponding hourly addition to base rates. While a masterful juggling of these suspect variables resulted in a conclusion that Hillsdale was below "average", that conclusion is not at all reliable.

For the foregoing reason, it was recommended that a system be developed for evaluating a constructed hourly rate. Some benefits do not vary with the job or person. Others may vary with job, person, age, service, or other characteristic. A "typical" employee is suggested as the job classification and pay structure is more important than the mix of people at a given time. What is proper for budgeting is not satisfactory for job comparison. "Standards" are the key.

If, thereby, constructed hourly pay differences can be shown, via proper comparisons, these gaps should be reduced over a time span to provide recognition of what should be changed, a knowledge of how much, and planning necessary to achieve the capability to do so.

City Exhibit #2 was examined for budgeted salary increases. The major blocks ranged from 5% to 8.3% with operating labor at 7%. It appears that most employee category increases are comparable in the Electric Department. The breakdown of "raise" versus "additions" was not available.

Finally, in the absence of truly valid and accurate comparisons, and until such time as they can be developed, the only other criterion available for judgment is comparable pay increase being granted in other categories. The Refuse and Streets unit, saving the calculated add-ons, has been recommended for a 5% increase on base rates. The City offer for this unit is substantially the same except for the across-the-board effect. A change to the formula below tends to maintain approximately the same 5% increase for each classification:

General Service	10 & 18
Waste Treatment	11 & 18
Appr. & Maint.	12 & 18
Maint. Oper.	13 & 18
Operator I	14 & 18

The extra funds appear to be within the capability of the City to pay.



LEO S. RAYL, JR.
Factfinder

DATED: 8 December 1975