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In the Matter of Fact Finding:

THE BOARD OF PUBLIC WORKS  
CITY of HOLLAND, MICHIGAN

and

PUBLIC EMPLOYEE'S UNION OF SOUTHWESTERN MICHIGAN,  
LOCAL 586, S.E.I.U., AFL-CIO

STATE OF MICHIGAN  
EMPLOYMENT RELATIONS COMMISSION  
LABOR RELATIONS DIVISION

Michigan State University  
LABOR AND INDUSTRIAL  
RELATIONS DIVISION

before

Samuel S. Shaw

on

October 1, 1971  
City Hall, Holland, Michigan

REPORT AND RECOMMENDATIONS

Appearances

For the Board of Public Works

Norman Jabin, Attorney  
Ray Reidsma, Personnel Mgr.- BPW  
Guy Bell, Supt. - EPW  
Jack Leenhouts, Personnel Officer - City

For the Union

Darryl Cochrane, Attorney  
Neil DeRochey, Pres. Local 586  
Stephen Kolean, Pres.-Holland Unit  
Edgar Lampen, V.P. - Holland Unit  
J.L.Lindsey, Pres.-Local 103,  
Consumers Power  
Richard Mawlink, Sec.-Treas.

Holland, City of

### Facts and Background

The City of Holland, Ottawa County, Michigan, has a population of approximately 26,000. The City employs about 900 people divided into four general categories; Hospital; Public Library; General City, which includes among others Police and Fireman, Streets, Civic Center, etc.; and the Board of Public Works.

The Board of Public Works was established by the Charter of the City of Holland and is responsible for the operation of the Electric Department and the municipally owned James DeYoung Generating Station, the Water Department and its intake and filtration plants, and the Sewage System with its waste treatment plant. Although the Board submits its own operating budget, the City Council has the final voice in its approval.

Between 70 and 78 employees are employed in the above three departments and are represented by Local No. 586, Public Employee's Union of Southwestern Michigan, affiliated with Service Employees International Union, AFL-CIO. Of the total employees in the Unit, 47 of them are employed in the Electric Department.

At present, the Union and the Board are operating under a three year Agreement, effective July 1, 1970 to July 1, 1973. This Agreement provides that the Union may reopen the Agreement for the negotiation of wages and vacations on February 1, 1971, and for wages only, on February 1, 1972. Any changes resulting from these negotiations are to be effective on the next July 1st.

In accordance with this provision, the Agreement was reopened on February 1, 1971 and several meetings were held between the parties to negotiate the issues. Failing to reach agreement, the matter was referred

to the Employment Relations Commission, Department of Labor, State of Michigan, for mediation. However, the mediator could not reconcile the differences between the parties and the Union petitioned the Commission for fact finding.

On August 26, 1971, the Commission appointed Samuel S. Shaw, as its Hearing 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. Laws 423.25, and Part 3 of the Commission's General Rules and Regulations.

A fact finding hearing was held in the Holland City Hall on October 1, 1971 at which both parties were represented by counsel, and given full and ample opportunity to submit both written and oral evidence and to present arguments in behalf of their respective positions.

It was stipulated by the parties that the dispute involved two issues, wages and vacations, however, the Fact Finder should make no recommendations with respect to retroactivity in either issue.

Further, it was established that the Union's last position with respect to wages was a request for a ten percent (10%) across-the-board increase for all employees, with a five percent (5%) offered by the Board. With respect to vacations, the Union asked for four weeks at fifteen and over years and five weeks at twenty and over years. The Board's position was that the present policy of four weeks after twenty years should be continued without change.

Both parties elected to file post-hearing briefs and agreed they would be mailed to the Fact Finder, post marked no later than October 11, 1971. The Briefs were received, post marked as agreed, and the Hearing closed upon their receipt.

### Position of the Union

In support of its position for an increase in the vacation schedule, the Union confined its argument to a comparison between the City of Holland program and that of Consumers Power. In the latter, under a new agreement, employees with more than fifteen but less than twenty four years receive four weeks vacation, and for over twenty four years, five weeks vacation.

However, at the Hearing, the parties were primarily concerned with the wage issue and, inasmuch as the Union outlined its arguments in support of its request for a wage increase in its brief, the following is taken, in part, from that brief.

"The union's first point with respect to wages is that all other employees in the entire city unit have been treated differently from how the city proposes to treat the employees in this unit. The police and firemen received a 10% across-the-board wage increase, and all other employees in the city received 7%. For some reason, the city seeks to impose upon this particular unit a 5% wage increase. They (the City) presented a series of data which established that there are a number of people who are receiving wages which are slightly in excess of the state average, but it should be noted first of all that the people they presented for presentation represent a very small segment of the particular unit in question and further, that there are really no statistics available on a comparable municipal employees. By this I mean that there are only very few municipally owned power plants in the entire State of Michigan. The one plant that was presented by way of comparison by the city was the City of Lansing plant which showed the people in Lansing to be making more money than the people in Holland.

In support of its demand for a 10% across-the-board wage increase for the employees, the union took testimony from James Lindsey, the President of Local # 103, Utility Workers of America. Mr. Lindsey's testimony established that the most recent wage increase granted to the employees at the Campbell Power Generating Plant approximately ten miles north of Holland and at the B.C.Cobb Plant in Muskegon .....was to be 40 cents. The employees of Consumers Power receive between \$3.55 and \$3.28 an hour, and so the forty-cent-an-hour across-the-board wage increase represents approximately 10%. Based on this particular percentage increase, it seems as if the union's demand here is equitable and in line with the employers the city would have to compete with for employees.

"If profitability is to be the criteria upon which this proposed wage increase is to rise or fall, then I think the evidence establishes that the power company run by the City of Holland is operated at a level which is very advantageous to the City of Holland." "..... the testimony....established that Consumers Power statistics shows that the cost per kilowatt hour of power supplied to the Consumers Power region in the year 1970 was \$2.24. ....Union Exhibit No. 3 .....the Electric Department Monthly Report.... the cost per kilowatt hour in the twelve-month period running from July 1970, until July 1971, was \$ 1.503. Thus, power supplied by Consumers is 50% more costly per kilowatt hour than power supplied by the municipal plant in the City of Holland. Under this set of circumstances, how can the city's claim of undue expense be justified? They maintain that the primary consideration to be taken into account is the profitability of the municipal power system; and if that is so, it seems as if that factor alone would dictate that these employees are producing at a level which should at least entitle them to a wage increase above the cost of living."

The Union's final point in its brief was:

"The City of Holland.....has argued that the cost of living increase over the last twelve months has only been 4.8%. The only trouble with this is that they simply took the difference between the cost of living now and the cost of living one year ago and established what percentage that was of the cost of living one year ago. Anyone familiar with cost of living indexes knows that the basic index itself is a percentage, and the city's way of approaching this problem is inappropriate. In the year 1970, the cost of living, according to the Bureau of National Affairs, increased 5.5%; and this trend actually was accelerating in the last quarter of 1970, and the change occurring at the rate of 5.7%. In all fairness, it should be pointed out that in the first five months of the year 1970 the rate of change was only 4.1%; but there is, of course, a long time to go in this year, and if this year follows the same trend as last year, this acceleration in the cost of living will increase in the latter part of this year.

Thus, the union feels that a wage increase of 10% is more than justified by all the above-mentioned factors but especially by the fact that the productivity of the highly-skilled employees at the power plant is such that the citizens of the City of Holland are supplied with power at a cost which approximates two-thirds of the cost of power supplied by Consumers Power Company."

### Position of the Holland Board of Public Works

In support of its position to maintain the present vacation policy, the Board stated that its local survey of fringe benefits indicated there "is no basis in community practice to justify the exceedingly high demand of the Union..." Further, that inasmuch as, the Union's proposed vacation schedule would be in excess of that received by a majority of the citizens in the community that, "public reaction would be so adverse to the Union's proposed vacation plan that the confidence of the public in the Board would be seriously shaken." Therefore, the vacation proposal submitted by the Union should be rejected.

In countering the Union's argument that the 10% increase granted to Police and Firemen should be extended to the Board of Public Works employees, the Board stated the wage increase granted these two units was to make them somewhat comparable with other similar communities. Further, that "the argument of the Union appears to be that if anyone receives a higher wage adjustment in the City employee ranks everyone should receive such treatment." "The argument fails to recognize that each category of employees must be measured in terms of comparable types of work and all City employees cannot be lumped together as a class."

The Board also took exception to the Union's comparison of the wage settlement at Consumers Power and the Boards offer, setting forth in its brief, five reasons why such a comparison was totally inadequate.

1. "The difference between a private and a public utility. The City operates the electric utility as a unit which provides service at a more economical rate than a public utility. Operating the electric department also provides a source of income to a limited extent which offsets losses suffered in connection with the operation of the water and sewer department."
2. "The Consumers contract is a statewide negotiation which bears little relationship to the Holland area. The pressures of other parts of the state must be considered."

3. "The Consumers settlement follows an agonizing strike which hopefully no one will have to face in Holland. Such an extended strike often times results in situations that can only be considered unrealistic."

4. "The record does reflect that Consumers is seeking further rate increases.....The documents (Union Exhibit No. 3) as compared to testimony offered show Consumers rates to be about 20% above the Holland Board rates for providing service. This difference must be considered a major factor distinguishing the two situations.

5. "Finally, it must be said that there has been no showing whatsoever that would indicate any reliable basis to believe the operations of the utility in Holland compare to any significant degree with the Consumer plants across the state in terms of size, capacity, personnel or responsibilities. The witness for the Union acknowledged he had no idea of what the Holland utility was like or how it operated."

In its wage comparison, the Board submitted a series of exhibits based upon figures available through the Michigan Municipal League. The comparative figures shown were for cities with a population of between 10,000 and 25,000, located in that portion of the Lower Peninsular outside the metropolitan Detroit area and below a line drawn just north of Bay City, Midland, and Mt. Pleasant. This wage survey covered four allegedly bench mark job in water and sewage departments and, according to the Board, indicated that Holland pay rates were above the average for cities of comparable size.

The Board also introduced two surveys made of local conditions. One covered the increase in wages for 1971, with 32 Holland-Zeeland companies reporting. The other covered the vacation benefits of 50 local companies. The Board claimed these surveys showed that the wage increase offer of 5% was in-line with local increases and that the City's present vacation policy was better than the local average.

The Board also took issue with the Union's interpretation of the cost of living index, stating; "... the cost of living annual rate of gain is slowing down and is now approximately 4.5% annually. There is no

conceivable way that these figures can be stretched to reach any figure even close to 10%.

In conclusion, the Board argued, "the updating of the information relating to the Board of Public Works shows that there is only a very small adjustment necessary to enable these employees to continue to maintain their lead over comparable employees in other communities."

#### Discussion

One of the first points raised by the Union in support of its request for a 10% wage increase was that it was reasonable in view of the amount of profit the City realized from the operation of the power plant. This profit figure, as submitted by the Union, was \$ 209,000 for the year 1971 and was confirmed by the Board. However, this wage increase request involves the employees, not only from the power plant, but from the sewer and water departments. If profit is to be used as a basis for determining what would be an equitable wage increase, then it is only proper that any figure used include the results of all three facilities. According to the 1971 operating report for the sewer, water, and power plant, because of a loss by the sewer system, the final figure was \$ 112,000.

However, even though this may be considered by some as a fairly respectable profit, and thereby justifying the requested wage increase, the Fact Finder does not feel it is an appropriate measure for determining the amount of any wage increase. Within certain limits, the amount of profit from the power plant is controlled by the amount charged for electric service. From the information supplied, this service charge is set by the City and can be raised or lowered by the City. If the City elects, as it apparently has, to set a rate for light and power substantially lower than Consumers



Power, the profit potential is obviously reduced. Any comparison between Consumers Power and Holland Electric Department on the basis of actual operating profits would be misleading and the use of any such figure to determine the amount of any wage increase to Holland employees would be unfair.

It should be said that, in countering the Union's argument, the City did not plead "inability to pay." They did pose the question; "When does the service become an unrealistic cost factor for the City to bear", however, for the reasons outlined above, the Fact Finder was not influenced by either the Union's or the City's arguments.

At this point, the Fact Finder should comment upon an argument put forth by the Union, and upon which they placed considerable emphasis.

The Union contended, that in the past, when one segment of the City employees were awarded a wage increase, the same amount was awarded all others. Earlier in the year, Holland Police and Firefighters were granted a 10% wage increase and, under the across-the-board policy previously applied, the Board of Public Works employees were justified in expecting equal treatment.

After reviewing the testimony and evidence, the Fact Finder does not find that the City has applied an "across-the-board" wage policy with sufficient consistency, or of duration, to constitute a precedent setting past practice. Therefore, the Fact Finder does not agree with the Union, that solely because a ten percent wage adjustment was granted Police and Firefighters, the same wage adjustment should be applied to the Board's employees. Further, the Board explained, that in granting a wage increase to Police and Firefighters, one of the major considerations applied was the fact that their wage level was below the State average and the ten

percent increase was granted to bring them more inline with comparable communities. Also, the Board stated, the increase was not applied equally to all members of the Police and Firefighters unit, some receiving less, and some receiving no increase at all.

The evidence that impressed the Fact Finder to the greatest degree and influenced his recommendations were the wage comparison and vacation policy comparison introduced by both parties.

The Union introduced, through the testimony of Jim Lindsey, an employee of Consumers Power and President of Local 103, Utility Workers of America, the wage rates at Consumers Power and in effect at the Port Sheldon and Muskegon generating stations. Also included, was the wage increase negotiated in the recent contract settlement. Rates for eight job classifications were discussed, classification which, in Mr. Lindsey's opinion, would be common to both Consumers Power and Holland. The Union contended this evidence showed the Holland employees were below Consumers Power, and further, and more important, the wage increase to be effective November 13, 1971, amounted to ten percent. The Union argued, that inasmuch as the Holland rates were lower to begin with, and a ten percent increase was awarded Consumer Power employees, a ten percent increase was both justified and necessary to keep the Holland rates from falling too far below these neighboring plants.

The Union's argument is not without merit, however, the Fact Finder agrees that certain factors, as pointed out by the Board, should be considered when considering the validity of the Union's conclusions.

First, Consumer Power rates are negotiated and applied on a statewide basis and as such are influenced by the large metropolitan areas. Therefore, these rates should be interpolated when comparing them against a relatively small community such as Holland, Michigan.

Second, job titles are relatively standard throughout Consumers Power statewide generating plants and are not intended to indicate minor job duties as they may prevail at individual plants. This makes it difficult to arrive at a proper conclusion when these job titles are used to define the duties and responsibilities of jobs with the same titles at a different plant, particularly when duties and responsibilities should be considered when comparing wage rates.

Third, although Mr. Lindsey was familiar with the jobs in the Port Sheldon and Muskegon generating stations, he had no first hand knowledge of the Holland operation. His opinion, therefore, as to what were common jobs had to rely on certain assumptions, which may, or may not, have been correct.

However, despite these questions, the Fact Finder did evaluate this wage comparison submitted by the Union, and from it developed some figures which he considered in arriving at the recommendations.

Out of the Consumers Power job classification list, Mr. Lindsey stated he felt eight would be common to the Holland operation. The rates for these jobs, which Mr. Lindsey read into the record and which were in effect until April 1, 1971, showed a high of \$5.01 and a low of \$ 3.85, or an average of the eight of \$ 4.32 per hour. The number of people in each classification was not supplied, therefore, this figure is inaccurate to the extent it is not weighted. However, the same procedure was applied to the same jobs in the Holland operation. This average was \$ 4.28 per hour. This indicates, that prior to the Consumers Power increase, the Holland rates were 1% low as compared to Consumer Power rates for the eight jobs judged by Mr. Lindsey to be common to both.

Consumer Power employees received a 40¢ increase effective November

13, 1971 and consisting of a 30¢ hourly increase plus 10¢ cost of living. This amounted to an 8% increase of the high rate and a 10% increase of the low rate, or an average of 9% over the eight rates considered. These figures do not quite agree with those submitted in the Union's brief, but are based upon the rate figures submitted by the Union at the Hearing.

The same questions that were discussed in connection with the Union's wage rate comparison also apply to the wage rate comparisons submitted by the Board. It is agreed, the three jobs in the water department and the one job in the sewer department which the Board called bench-mark jobs, indicate that Holland Water Department rates and Holland Sewer System rates are somewhat higher than those in communities of approximately the same size, and those in communities within 50 miles of Holland. However, the Holland Electric wage rates appear to be about 5% lower than the rates in the City of Lansing, which was the only comparison submitted for this group.

Despite the wage comparisons submitted by both parties, the real issue in this dispute does not involve wage rates as such, but a wage increase. The most pertinent information submitted by the Board, therefore, was the wage increase survey covering 43 companies in the Holland-Zeeland area, dated June 25, 1971 and conducted by the Holland-Zeeland Personnel Association. This survey covered 5,449 local employees and shows the average wage increase during the last half of 1970 and the first half of 1971, amounted to 5.3%. Inasmuch as, the employees involved in this dispute are local people, working for a local operation, in the Fact Finder's opinion, this survey of the local wage increase pattern can very nearly be accepted as a criterion for what would be reasonable and equitable in the instant case.

In summary, it is the conclusion of the Fact Finder that, based upon the information supplied, the wage level of all Board employees as a group is either slightly above average, or at worst, only slightly below employees holding comparable jobs elsewhere. As noted earlier, this latter group, employees in the Electric Department, are 5% below Lansing electric employees and 1% below Consumers Power before the recent wage increase was granted. The local wage increase pattern is 5.3% which if applied to this group would bring them slightly above Lansing and about 3.5% below the latest Consumers Power scale.

Also, of no minor consideration, is the cost of living increase over the past twelve months. Despite the attorneys' argument as to how the Consumer Price Index should be figured, the Index for August 1970 was 116.9, and for August 1971, 122.2 or an increase of 5.3%. The fact this figure exactly matches the local wage increase figure is coincidental, but it does support the conclusion that a wage increase figure in this area would be equitable.

One fact that was established but never explained at the Hearing, was that, with the noted exception of the Police and Firefighters, the City awarded all other City employees a wage increase of 7%. It does not seem to the Fact Finder that it would be either equitable or reasonable to recommend a lesser amount to the employees of the Board of Public Works. Therefore, despite the merits of this case as discussed in this report, the Fact Finder recommends a 7% wage increase be granted the employees of the Holland Board of Public Works.

In the issue of an increase in vacation benefits, the Union pointed out that Consumer Power employees received five weeks after 24 years service, and confined its argument to the statement that "it would be nice to have."

In reaching a recommendation on this issue, the Fact Finder was influenced, almost entirely, by the results of the vacation practice of 50 local companies which was established by the survey submitted by the Board. This survey indicates that the present City vacation program, more than meets the average local practice. Further, the Fact Finder could find no justification for recommending an increase in vacation benefits to the Board's employees while the rest of the City's employees operate under the present schedule. It would be difficult for anyone to understand why this small segment of the City's employees should be singled out for a more liberal vacation policy. Therefore, it is the opinion of the Fact Finder that any increase in vacation benefits at this time would be inappropriate and unjustifiable.

#### Recommendations

It is the recommendation of the Fact Finder that the employees of the Holland Board of Public Works be granted a seven percent (7%) wage increase in keeping with the increase granted to certain other City employees.

It is further recommended, that there should be no increase in vacation benefits at this time

*Samuel S. Snaw*  
Samuel S. Snaw  
Grand Rapids, Michigan  
November 15, 1971