

1/20/76

FF

HOUGHTON COUNTY ROAD COMMISSION

1257

STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
FACT-FINDING PROCEEDINGS

In the Matter of,
Houghton County Road Commission

and

Local Union No. 328
International Brotherhood of Teamsters.)

REPORT OF FINDINGS,
CONCLUSIONS, AND RECOMMENDATIONS

Fact Finder:

Carmen DelliQuadri
Michigan Technological University
Houghton, Michigan 49931

January 20, 1976

APPLICATION FOR FACT-FINDINGS

- a) Collective Bargaining Agent: Local Union No. 328, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, Box 605, Escanaba, Michigan.
- b) Public Employer: Houghton County Road Commission, Ripley, Michigan
 Represented by: Joseph Masini, Chairman, Ripley, Michigan
 Paul J. Tomasi, Attorney, 400 E. Houghton Avenue, Houghton, Michigan
- c) Bargaining Unit: All "regular" heavy equipment operators, light equipment operators, Master Mechanics, Mechanics I and II, stock clerks, laborers and watchmen, employed by the Houghton County Road Commission, "regular" being those employed for six continuous months or more in any 12-month period.
- d) Approximately sixty-four (64) members presently in the unit.
- e) The Houghton County Road Commission has attempted to and has engaged in good faith collective bargaining since November 13, 1975, and participated in mediation on December 22, 1975, but has not been able to resolve the matters in disputes. It was the recommendation of the mediator that fact-finding be pursued as promptly as possible. The existing contract terminates on December 31, 1975.
- f) No contractual grievance procedure is applicable.
- g)
 - 1. The Employer has offered and the Union has accepted a 5 cent per hour increase in pension benefits effective January 1, 1976, and 2-1/2 cent per hour increase effective January 1, 1977, and January 1, 1978. The Employer and Union have also agreed that the Employer shall assume any and all increases in costs of the present accident and life insurance program over the next three years.
 - 2. The only issue presently unresolved is that of hourly wage rates:

Present wages:	\$3.93 per hour to \$4.67 per hour, depending upon classification
Offered:	20 cents per hour increase
Demanded:	56 cents per hour increase
- h) It is felt that a public airing of the facts would assist in resolving the issues in dispute, as would recommendations, because of the great disparity in the present positions of the parties. Public knowledge of the Road Commission's offer, the Road Commission's present and anticipated financial status, and the Union's demands in relation to those of other similar employees would serve to motivate public opinion and prompt a settlement of the controversy. The appointment of a fact-finder is therefore requested.

HOUGHTON COUNTY ROAD COMMISSION

By: _____

Paul J. Tomasi, of
LaBINE, VAIRO & MECHLIN
Its Attorneys

Also requested and approved by
Teamsters & Chauffeurs Union
Local #328
Earl Destrampe
Business Agent

Dated: December 23, 1975.

PROCEEDINGS

January 9, 1976 Fact finding ordered by Michigan Employment Relations Commission.

January 13, 1976 Fact Finder received notification of official notice.

January 15, 1976 Fact Finding Hearings convened at 1:30 P.M. in the Houghton County Road Commission offices, Ripley, Michigan.

For the Union:

Earl Destrampe, Business Agent
Kenneth W. Kuru, Steward
Bernard Schmalzel, Steward
Jack Schaaf, Alternate Steward
Cal Zhernian, Alternate Steward

For the Commission:

Paul Tomasi, Attorney-at-Law
W. W. Intermill, Commissioner
Joseph G. Masini, Commissioner
Gabriel J. Masini, Superintendent
Robert L. Turnquist

January 23, 1976 Report of Findings. Date requested by Earl Destramp, with concurrence by the Commission.

ISSUE IN DISPUTE

The only issue in dispute is that of hourly wage rates:

Management offered 20¢ per hour;

Union demand 56¢ per hour.

POSITION OF THE PARTIES

Union:

The Union requested an increase of 56¢ an hour plus 5¢ for pension benefits, approximately an increase of 15% over last year's wages.

The Union's major arguments can be classified under two major headings: comparable wage rates, and the increase of cost-of-living.

A. Comparable wage rate: (Major emphasis)

Hourly wage scale 1/1/76 - Great Lakes Council

	<u>Houghton County</u>		<u>Baraga</u>	<u>Keweenaw</u>
	<u>Present</u> <u>Rate</u>	<u>Proposed</u> <u>Rate</u>		
Equipment Operator				
Light	\$3.93	\$4.13	\$4.65	\$4.60
Heavy	4.14	4.34	4.79	4.60
Mechanics	4.19	4.39	4.99	4.80
Laborer	3.49	3.69	4.00	2.95-3.20

The proposed rate increase of Management would still be far short of rates paid by Baraga and Keweenaw Counties. The Union's 56¢ proposal would bring the rates into line.

B. Cost-of-living:

The Union members were deeply concerned with the erosion of their purchasing power, the increase in all taxes, and the general overall cost of trying to live in today's economy. Their overall impression was that the rate of inflation grew at the rate of 15 to 26% per year.

MANAGEMENT RESPONSE

Management responded to the Union presentation by submitting a mass of evidence that would illustrate their position. First, that in a comparative wage analysis, the simple wage rates do not tell the total story, and secondly, that the ability to pay argument is their major concern at this time.

The comparable wage rate presentation would be divided into two parts, the first dealing with the Great Lakes Regional Area, and the second on a county-wide basis.

A. Comparative wage rates:

EXHIBIT I

1. Great Lakes Council - Hourly Wage Scale as of 1/1/76

<u>County</u>	<u>Equipment Operator</u>		<u>Mechanic</u>	<u>Laborer</u>
	<u>Light</u>	<u>Heavy</u>		
Alger	\$4.09	\$4.17	\$4.27	\$3.43
Baraga	4.65	4.79	4.99	4.00
Delta	4.40	4.61	4.61	4.12
Dickinson	4.17	4.25	4.22-4.39	4.05
Gogebic	3.81	3.96	4.15	3.75
Iron	4.00	4.00	4.11	3.85
Keweenaw	4.60	4.60	4.80	2.95-3.20
Marquette	4.36-4.45	4.59	4.65	4.26
Menominee	4.11	4.16	4.08	3.86
Ontonagon	3.85	3.96	4.06	3.64
Houghton (Present)	3.93	4.14	4.19	3.49
(Proposed)	4.13	4.34	4.39	3.69
Average (including proposed increase)	4.20	4.31	4.40	3.78

It must be noted, however, that the majority of the counties do not have a longevity pay provision as does Houghton County. Only two others do. Houghton County's \$400/year maximum longevity pay amounts to a 19¢ per hour benefit for each employee. Likewise, other counties do not assume the employees full pension plan costs as does Houghton County. Houghton County's proposed pension plan amounts to a 20¢ per hour benefit. If these hourly costs are included in the computations, the averages for the council counties change as follows:

Average hourly wage with longevity and pension provisions:

4.32	4.43	4.53	3.90
------	------	------	------

If Houghton County's longevity and pension benefits are also included in the proposal, the Houghton County wage offer calculates out as follows -- well above the average. These are more specifically broken down on the following Exhibit II.

Houghton County Road Commission's offer with longevity and pension provisions:

4.52	4.73	4.78	4.08
------	------	------	------

Wage Scale as Affected by Longevity and Pension Differences EXHIBIT II

	<u>Light</u>	<u>Heavy</u>	<u>Mechanic</u>	<u>Laborer</u>
Average Council Wage	\$4.20	\$4.31	\$4.40	\$3.78
<u>Longevity Pay:</u>				
Baraga - \$375/yr. maximum - 18¢/hr.				
Houghton - \$400/yr. maximum - 19¢/hr.				
Iron - \$375/yr. maximum - 18¢/hr.				
Average Longevity Pay in Great Lakes Council - 5¢/hr.				
Average with Longevity	4.25	4.30	4.45	3.83
H.C.R.C. Offer with Longevity	4.32	4.53	4.58	3.88

Pension and Longevity

Average Pension contribution - 7¢/hr.
(Great Lakes Council)

Average with Pension and Longevity	4.32	4.43	4.53	3.90
H.C.R.C. offer with Pension and Longevity	4.52	4.73	4.78	4.08

Houghton County Road Commission Schedule of Fringe
Benefits for 1975

EXHIBIT III

Total Payroll for 1975	<u>\$896,978.30</u>
Total Vacation, Sick Leave, Holiday & Longevity	<u>\$ 83,009.89</u>

<u>Fringe Benefit</u>	<u>Total Cost</u>	<u>Percent of Payroll</u>
Vacation, Sick Leave, Holiday & Longevity	\$ 83,009.89	10.20
Compensation Insurance	51,759.00	6.36
Social Security	53,307.10	6.55
Pension	39,430.00	4.84
Group Insurance	<u>67,316.34</u>	<u>8.27</u>
Totals	\$294,822.33	36.22

During 1975 the following amounts were paid out for sick leave and longevity:

Sick Leave	\$23,536.82
Longevity	9,878.41

Labor and Fringe Benefits as Percent of Income

Total Income for 1975 including receivables	\$2,036,819.00
Total Payroll for 1975 excluding vacation, sick leave, holiday and longevity	813,968.41
Total Fringe Benefits for 1975	294,822.33
Payroll as % of Income	39.96%
Fringe Benefits as % of Income	<u>14.47%</u>
Labor as % of Income	<u>54.43%</u>

Houghton County Road Commission Schedule of Annual
Wages, 1975

EXHIBIT IV

<u>Classification</u>	<u>Fringes</u>	<u>Wages</u>	<u>Total Cost to Commission</u>
M-I	\$2,481.86	\$ 9,545.61	\$12,027.47
M-I	2,575.40	9,905.38	12,480.78
M-I	2,452.77	9,433.73	11,886.50
M-I	2,302.25	8,854.79	11,157.04
HEO	2,744.21	10,554.66	13,298.87
HEO	2,658.83	10,226.27	12,885.10
HEO	2,875.78	11,060.69	13,936.47
HEO	2,718.72	10,456.63	13,175.35
HEO	2,691.65	10,352.49	13,044.14
HEO	3,366.42	12,947.76	16,314.18
HEO	3,106.23	11,947.04	15,053.30
LEO	2,433.68	9,360.32	11,794.00
LEO	2,351.29	9,043.41	11,394.70
LEO	2,607.26	10,027.93	12,635.19
LEO	2,394.05	9,207.88	11,601.93

2. County Wage Rates

EXHIBIT V

Hourly Wage Rates - Local Public Employers:

<u>Employer</u>	<u>Bus Driver</u>
Calumet Public Schools	\$3.87
Portage Township Schools	\$4.09
Hancock Public Schools	\$4.06-\$4.21
Lake Linden-Hubbell Public Schools	\$3.99 (Part-time) pay own retirement \$3.80 (Full-time) custodial and bus driver - school pays retirement
AVERAGE BUS DRIVER	<u>\$3.99</u>

	<u>Light Truck</u>	<u>Heavy Truck</u>	<u>Grader- Shovel</u>	<u>Mechanic</u>
Calumet Village Part-Time for Winter	\$3.20 (2.75)	\$3.20	\$3.20	\$3.20.
City of Hancock	3.75	3.96	3.96	4.47
City of Houghton	3.50	3.85	3.85	3.98*
Laurium Village	3.41	3.51	3.51	3.51
Lake Linden Village	3.33	3.33	3.33	3.33
Michigan Tech. Univ.	3.76	3.94	4.45**	4.65
AVERAGE	3.52	3.71	3.71	3.85
HOUGHTON COUNTY ROAD COMMISSION OFFER	<u>4.13</u>	<u>4.34</u>	<u>4.44</u>	<u>4.39</u>

*15¢/hr. at night
10¢/hr. afternoon

**Greyhound Bus

B. Ability to Pay:

Board of County Road Commissioners, Houghton
County, Michigan

EXHIBIT VI

RECEIPTS AND DISBURSEMENTS FOR THE PERIOD OF 12/16/75
 THROUGH 1/12/76

Cash Balance - December 16, 1975		\$ 28,554.63	
Receipts:			
State Trunkline Maintenance	\$ 17,115.15		
State Non Maintenance	153.49		
Sundry Accounts Receivable (*)	266.50		
Federal Aid Secondary	11,334.74		
CETA Funds	3,047.07		
Township Contributions (Stanton Twp.)	7,374.81		
Expenditure Credits	171.19		
Property Taxes	506.81		
Revenue Sharing Funds	9,562.60		
Snow Removal Funds	153,012.40	202,544.76	\$231,099.39
Disbursements:			
Payroll for period ending 12/13/75		31,414.69	
Payroll for period ending 12/27/75		32,253.80	
Payables to be approved at 1/12/76 meeting		75,165.99	138,834.48
Cash Balance 1/12/76			<u>\$ 92,264.91</u>

SUNDRY ACCOUNTS RECEIVABLE (*)

Northern Michigan Water Co. - labor, rental & material	\$ 77.10
Houghton County Medical Care Facility - gasoline	19.32
Laird Township - signs	35.08
Herman Gundlach, Inc. - land rental	135.00
	<u>\$ 266.50</u>

ESTIMATED RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD OF 1/13/76 to 2/01/76

Receipts:			
Cash Balance - January 13, 1976	\$ 92,264.91		
Estimated Receivables for January	44,500.00	\$136,764.91	
Disbursements:			
Accounts Payable as of 12/31/75	\$182,509.47		
Estimated Payables for January	16,000.00		
Estimated Payrolls for January	82,000.00		
Capital Outlay: 4-4 wheel drive trucks	74,343.00	354,852.47	
Estimated deficit as of 2/01/76			<u>-\$218,087.56</u>

The above figures are based upon the previous year's experience and it is assumed that similar conditions will exist this year so there is that possibility that the deficit could be greater if we get severe winter conditions for the month of January.

With respect to receipts for the year 1976, Houghton County Road Commission received notice in December that it would receive \$130,000.00 less in snow money than it received last year as a result of the new snow formula. This \$130,000.00 had been anticipated as revenue. As a result of the increased price of fuel and reduced motor vehicle use the Road Commission will also lose an estimated \$16,000.00 on gas and weight taxes this year. Finally, whereas the Road Commission had received \$125,000.00 of revenue sharing funds from the County Board in past years, the County Board has advised that they have already overspent and overcommitted their revenue sharing and that absolutely none could be granted to the Road Commission this year. These three items result in a loss of revenue of \$261,000.00.

The proposed wage increase of 20¢ per hour across the board and 5¢ on the pension plan would result in a cost to the Road Commission of approximately \$55,000.00 for the year. In light of the drastic loss of revenue and the increase in all other operating costs, the Road Commission is unable to grant any increased benefits over the 25¢ per hour offer.

It is anticipated that by eliminating the major part of the construction activity previously planned the County's budget can be balanced by the end of calendar year 1976. At the present time the Road Commission is applying for an emergency short term loan to meet its payroll and other current obligations.

EQUIPMENT PRICES

EXHIBIT VII

Oshkosh-Klauer Snow Blower

Purchased December, 1973.....\$51,298.10

Same Oshkosh-Klauer Snow Blower, October, 1975

(Did not purchase, too high) - List Price.....\$84,384.00

Bid Price.....\$69,000.00

Oshkosh Snow Plow Trucks

Truck #269 - Purchased November, 1971.....\$28,510.00

Truck #274 - Purchased December, 1973.....\$34,113.00

Same Truck as #269, Bid in October, 1975

(Did not purchase, too high).....\$68,780.00

Tandem Trucks - Ford

Truck #352 - Purchased October, 1971.....\$20,222.39

Truck #379 - Purchased July, 1975.....\$26,849.52

Bid Price, January 1, 1976.....\$29,500.00

Tandem Truck - Chevrolet

Truck #366 - Purchased December, 1974.....\$31,167.00

Single Axle Dump

D-300 Dodge - Purchased November, 1972.....\$ 7,407.34

(Add \$1,500.00 for Dump Box)

D-800 Dodge - Purchased February, 1975 (with box).....\$13,385.00

Galeon Grader

Purchased March, 1974.....\$31,566.00

Same Grader - Quoted Price, December, 1975.....\$54,000.00

FINDINGS AND RECOMMENDATIONS

The fact finder does appreciate his fine reception at the hearings, and wants to commend both parties for their excellent cooperation in obtaining the essential information necessary to understand the background of the present stalemate at the bargaining table.

Houghton County is one of eleven counties that comprises the Great Lakes Regional Council for the County Road Association. These counties represent the western part of the Upper Peninsula. Some statistical comparisons of our county might be interesting and also relevant to the problems under consideration:

<u>Comparisons of:</u>	<u>Rank</u>
Population	3
State Equalized Value	3
Average Weekly Earnings	10
Total Certified Mileage	3 (907.16 miles)
Total Snow Fall	3 (193.20 inches)
Total Employment Highway Commission	1

With these comparisons in mind, how well does the County do in the area of wage rate comparison, and the total package of fringe benefits.

In dealing with wage rate comparisons, a fascinating exercise in itself, one must use extreme caution, because the whole subject can be fraught with pitfalls and hidden complexities. In the examples given by Management and Union, we find straight hourly rates, averages, rates plus added employer costs, etc.

The wage rates of Houghton County should include longevity pay which is a direct payment to the men. Using this definition, Houghton County Road Commission wages are above the average of the Regional Council and certainly would be higher than the local wage rates. The local wage rates in Houghton County are low and have historically been so - their roots probably going back to the Boston Barons of the Cooper County. The persistence of these low rates over time seem to suggest some conspiracy to keep them low through the use of comparable wage rate analysis.

The inequities that are presented by the Union in their comparison with Baraga and Keweenaw counties are partially connected with the use of specific pension costs, and longevity pay. In looking over the contract provisions of the Counties, I wouldn't hesitate to state that Houghton County does compare favorably to these counties. When you compare the total labor cost package of Houghton County to the Region, along with their historical role in providing more jobs than the other counties, this is commendable.

We must leave the area of quixoties and vexing problems of wage inequities and comparisons and face up to the very real and practical consideration of the budget. There is no question in my mind that this consideration is paramount in the present negotiations, and must take precedence over all other issues.

The amount of revenue to the County is declining, has declined, and will continue to do so. The economic picture for the State is gloomy and there seems to be little relief in sight.

The bulk of revenue comes from the sale of gasoline and from the weight tax from the sale of license plates. Although the total dollars on gasoline sales will go up, without really knowing the elasticity of the demand curve, the actual volume of sales will go down. After all this is the stated objective of the price increase. This trend may be disastrous since the revenue received by the County is passed on the volume of gasoline sold and not on the dollar sales.

Compounding the above problem will be the loss of future revenue with the new trend in the size, weight, and gasoline consumption of the new cars that will hit the American market.

These long run considerations, along with the short run decline in revenue from "snow money" as well as loss of money from County revenue sharing funds does present a bleak picture, offset only by the new State equalized value for the County which increased by 15% but the revenue from 1 1/2 mill increase will bring in only \$13,500.

In light of the budget considerations, if I were given only one choice of alternatives, of Management and labor position relative to the wage question, as is the practice in baseball arbitration awards, I would have to select the last offer of Management for 20¢.

But as a fact finder under the provisions of Public Act 379 in Michigan, I must make a recommendation to the parties involved in the hope that my suggestion might resolve the deadlock that now exists.

As fact finder, I have outlined the problems of comparative wages and the budgetary situations, and have left for a last consideration the problem of the declining real income of the worker. I need not dwell overly on this problem that has persisted tenuously for the last ten years. We all know its effects. But social justice demands that the worker should at least be able to keep up with the inflationary pressures on his income.

Management has already offered a 20¢ wage increase plus 5¢ for pensions. This amounts to about a six percent increase. This is somewhat less than the Consumer Price Index for the year of 1975.

I am going to recommend that Management reconsider its last offer, and give a 25¢ an hour wage increase across the board, plus the 5¢ for pension benefits. This 30¢ an hour increase will just equal the Consumer Price Index of 7.3% for 1975.

I hope that Management will be able to find enough flexibility in its budget and administrative planning to be able to accommodate this recommendation.

And to the Union, I hope that this increase will keep the present wage package in tact with respect to your real income.

Any increases in wages beyond the present recommendation would be unrealistic in view of the economic situation in our State and County. Any increase in wages beyond the recommendation would surely add to the already heavy burden of unemployment in the Upper Peninsula which is already over 12%, and in our County is over 18% at this date.

RECOMMENDATION

1. That an across-the-board wage increase of 25¢ per hour be granted all employees covered by the collective bargaining agreement.
2. That 5¢ per hour be added to the pension fund as previously agreed.