

In the Matter of Fact Finding

Between

TEAMSTERS STATE, COUNTY AND
MUNICIPAL WORKERS, LOCAL 214

and

MANISTEE COUNTY ROAD COMMISSION

REPORT AND RECOMMENDATIONS

Leo W. Walsh
Fact Finder

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BACKGROUND:

Teamsters Local 214, referred to below as the Union, petitioned Michigan Employment Relations Commission, referred to below as M.E.R.C., for fact finding of a dispute regarding contract terms between the Union and Manistee County Road Commission, referred to below as the Commission, on September 13, 1973.

The petition was granted and the undersigned was appointed Fact finder under Section 25 of the Labor Mediation Act (Mich. Stat. Ann. 17.454(27) Mich. Comp. Laws 423.25 and Part 3 of M.E.R.C. General Rules and Regulations).

The Union is the collective bargaining representative of all employees of the Commission except engineering and office personnel. The parties entered into a collective bargaining agreement effective July 1, 1971 and terminating

June 30, 1974 subject to certain conditions not involved here (Union Exhibit 3). Article XXVII of the agreement provides for reopening upon notice on July 1, 1973 for renegotiation of wages under Appendix A of the agreement and Insurance benefits provided for in Article XIX of the agreement.

The Union reopened these provisions for renegotiation in accordance with Article XXVII of the agreement. Since that time the parties have bargained both without and with the assistance of mediation and have been unsuccessful in resolving their differences.

During these negotiations the Commission had made several offers of settlement all of which have been rejected. The latest offer was for an increase of 20¢ per hour across the board, retroactive to July 1, 1973, two hours guaranteed call in pay, reduction of the number of years seniority to earn four weeks annual vacation from 20 years to 16 years, inclusion of the Blue Cross, Blue Shield provision covering cost of prescription drugs to the current Blue Cross, Blue Shield MVF-1 Plan of Hospital and Medical coverage under Article XIX of the agreement. This offer, although recommended by the Union Committee, was rejected by the membership.

The fact finding hearing was held at the offices of the Commission in Manistee on Wednesday, October 24, 1973.

The presentation of the Union position was made by G. N. McIlvain, Secretary-Treasurer of the Union. The presentation of the Commission was made by George T. Roumell, Jr. of the law firm of Riley & Roumell, attorneys for the Commission.

UNRESOLVED UNION DEMANDS:

1. 35¢ per hour across the board, retroactive to July 1, 1973, or, in the alternative, 5¢ per hour increase across the board in the hourly rates with a new cost of living provision added to the agreement which would anticipate a 10¢ per hour increase during the year and would contain a 10¢ per hour annual maximum of cost of living increases.
2. Add to the current MVF-1 Blue Cross, Blue Shield Hospital and Medical coverage, the Blue Cross, Blue Shield cost of prescription drugs coverage.

DISCUSSION:

Evidence was submitted by the Union on comparative wage rates for 1972 (Union Brief) and cost of living increases (Union Exhibit 2). The Commission also submitted comparative wage rates for the years 1971, 1972, and 1973. In each instance the wage rates of the Commission are compared with other County Road Commission rates. The Counties selected for comparison differ. The Commission selected Counties contiguous to or near to Manistee County. The Union selected Counties for com-

parison which have comparable Gas and Weight tax income and a comparable number of employees. Some are contiguous or near to Manistee County and some are not.

The Commission objects to a comparison of rates of Counties which are not nearby. It appears, however, that Counties receiving similar amounts of Gas and Weight tax monies and having a similar number of employees would be comparable in most other respects and provide a basis for a valid comparison of wage rates.

Averaging the 1973 Small Truck Driver wage rates in the Counties whose rates were submitted for comparison by the Commission results in an average hourly rate of \$3.801. That is .301¢ more per hour than the 1972 rate of \$3.50 for the same job classification at the Commission. The 1973 average on the Heavy Equipment Operator wage rates is \$3.978 per hour, whereas the 1972 rate for the same job classification at the Commission is \$3.75 per hour or .228¢ less.

The Heavy Truck Driver hourly rates submitted by the Commission for comparison for 1973 average \$3.847. The 1972 Commission hourly rate for Heavy Truck Driver is \$3.55 or .297¢ less. The 1973 average hourly rate for mechanic based upon rates submitted by the Commission for comparison is \$3.97. The 1972 Commission hourly rate for mechanic is \$3.80 or .17¢ less.

Averaging the small truck wage rates in the Counties whose rates were submitted for comparison by the Union results in an average 1972 hourly rate of \$3.682, .182¢ more than the 1972 rate of \$3.50 for the same job classification at the Commission. The average on the Heavy Equipment Operator hourly wage rate for 1972 is \$3.853, whereas the 1972 rate for the same job at the Commission is \$3.75 per hour, or .103¢ per hour less.

The average hourly rate for Counties submitted for comparison by the Union for the Heavy truck driver for 1972 is \$3.74. The 1972 Commission rate for this job is \$3.55 or .19¢ less. Averaging the hourly rates for mechanic for 1972 in the comparison rates submitted by the Union results in a rate of \$3.897. This is .097¢ per hour less than the Commission 1972 rate of \$3.80 for this job classification.

The 1972 rates in the Counties submitted by the Union in the four job classifications in which rates were submitted average .19¢ per hour less than the 1972 Commission rates in the same job classifications.

In comparing the 1973 wage rates in the Counties submitted by the Commission for comparison with the 1972 rates of the Commission, the average rate for the same job classifications at the Commission is .2512¢ per hour less.

From the foregoing it is apparent that the hourly rates at the Commission as compared with the rates of those Counties submitted for comparison both by the Commission and the Union, were lower in 1972 than the hourly rates for the same job classification at the Commission and the gap has widened in 1973.

Using wage rates for comparative County Road Commissions submitted by the Commission on page 5 of its brief, the average increases in hourly rates from 1972 to 1973 are as follows: Small Truck Driver .25¢, Heavy Equipment Operator .356¢, Heavy Truck Driver .242¢ and Mechanic .244¢. The average of these increases is .273¢ per hour.

The Union suggests the Fact finder recommend that a new cost of living provision be included in the agreement; and that anticipated cost of living increases be substituted for part of the hourly rate increase for the current year. In 1972 27 of the 83 county road commissions had cost of living provisions in their labor agreements. The Fact finder is not going to recommend the suggested alternative plan of the Union to increase the hourly rate for 1973 in part through a cost of living provision.

This is not to say that the Fact finder is opposed to cost of living provisions. They are an essential part of a progressive and equitable collective bargaining agreement when

its duration exceeds one year. However, the Fact finder suggests that the Commission give serious consideration to including such a provision in its labor agreement in the near future.

Article XIX of the agreement, among other things, includes Blue Cross, Blue Shield MVF-1 Plan group hospital and medical coverage to all employees and their wives and their children to age 19 years except temporary and seasonal employees, with premiums fully paid by the Commission. The Union requests that this be supplemented with the Blue Cross, Blue Shield prescription drug coverage paid for by the Commission. The cost of this coverage is approximately .03¢ per hour. Including this coverage in the health insurance benefits would cost the Commission \$3510.00 annually exclusive of overtime.

The Commission submitted information regarding its income and expenses for the years 1971, 1972 and 1973; 1973 is anticipated. (Commission Exhibit 2) It had a substantial deficit in 1971 of \$102,852.31. In 1972 it had a surplus of \$9,086.00 and in 1973 it anticipates a surplus of \$2,300.00. It contends it cannot operate within its budget if the hourly rate of its employees is increased beyond .20¢ and it accedes to the other Union demands. The income of the Commission for

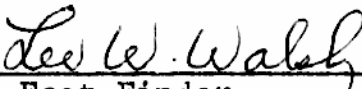
granting such improvements. Under the circumstances and considering the minimal cost involved including these items in a settlement would create more good will among the Commission's employees, it would seem to the Fact finder, than could be purchased with an expenditure of many times more than the cost involved.

Each cent of increase in the hourly rate costs \$1170.00 exclusive of overtime. The foregoing recommendations if adopted would result in a cost to the Commission of \$32,760.00 exclusive of added costs involved in overtime. Based on ten months of actual overtime during calendar year 1973 as shown in Appendix C of the Commission's brief, it is estimated there will be 3226 hours of overtime in the fiscal year 1973. Inclusion of overtime cost of the proposed recommendations based on this overtime estimate would add \$903.28 to the annual cost for a total of \$33,663.28.

More than .23¢ per hour of increased labor costs was included in the estimated expenditures for 1973 contained in the Commission estimate of operating costs for 1973 (Commission Exhibit 2). The .23¢ per hour is arrived at by .20¢ per hour added to the hourly rate and .03¢ per hour estimated cost of the prescription drug insurance rider. These costs were included in the Commission expenditure estimate because they had been

offered to the Union at the time the estimate was made. The cost of a two hour guaranty on call in pay and the vacation improvement offered by the Commission are not included because no estimate of their cost was given. Surely also included is some amount for additional overtime cost but this amount was not given to the Fact finder. This .23¢ per hour involves an annual cost of \$26,910.00 of the total cost of \$33,663.28 set forth above. This leaves an added cost based on the estimates contained in Commission Exhibit 2 of \$6,753.28. In Commission Exhibit 2 the Commission estimated a 1973 surplus of \$2,300.00. Adding \$6,753.28 to its cost estimate, would result in an estimated deficit for 1973 of \$4,453.28.

It is apparent from the above figures that with a 1973 estimated income of \$1,104,000.00, economies of a minor nature can be invoked by the Commission that will eliminate this small deficit.



Fact Finder

Dated: November 26, 1973.