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In the Matter of the Impasse between
City of Marshall, Board of Public
Utilities

Case No. L84 E-389

-and-

Fact Finder:
Sol M. Elkin

Teamsters State, County and Municipal
Workers, Local 214
Sol Elkin 7-15-85 /

FACT FINDER'S REPORT AND RECOMMENDATIONS

In their negotiations for a collective bargaining agreement to replace a prior agreement which expired on November 1, 1984, the parties have been unable to resolve all the issues in dispute, despite two mediation sessions. On February 12, 1985 the Union petitioned the Michigan Employment Relations Commission for fact finding. Upon reviewing the application, the Commission concluded that the matters in disagreement between the parties might be more readily settled if the facts involved in the disagreement were determined and publicly known. Accordingly, the Commission appointed the undersigned as its Fact Finder and agent to conduct a fact finding hearing pursuant to Section 25 of Act 176 of Public Acts of 1939, as amended.

Marshall, City of

The Board of Public Utilities (hereinafter the "Board") is a municipal corporation which functions separately from the City of Marshall government. The Board is appointed by the mayor of the City of Marshall and derives all of its income from revenues for electric, water, and water waste services.

The bargaining unit consists of 28 members and includes the classifications of maintenance mechanics and operator, water distribution working foreman, lineman, utility man, groundsman, storekeeper, meter tester, meter reader, and meter serviceman.

Hearing was held at the City Hall, Marshall, Michigan on June 21, 1985, during which the parties presented evidence and argument in support of their respective positions.

Appearances

For the Board

Darrel D. Jacobs, Esq., (Jacobs & Ward)
Richard Ashdown, Administrator

For the Union

James Markley, Business Representative, Local 214
Frederick L. Pratley, Steward, Water Dept.
Gary L. Saylor, Steward, Power Plant
William Miller

The Issues in Dispute

The Union and the Board failed to reach agreement on wages, health and dental insurance, pensions, good attendance days, on-call compensation, overtime payment, shoe allowance, and the duration of the agreement. The position of the parties on each of these issues and the Fact Finder's recommendation is set forth below:

Wages

The expired contract, which was in force from May 15, 1981 to November 1, 1984, set forth the wage schedule in Appendix A. At the time the contract expired, the average wage rate was \$8.85 per hour.

Union Proposal. Fifty cent per hour increase, across-the-board, for each of the three years of the contract, effective on November 1 of 1984 (retroactively), 1985, and 1986.

Board Offer. A four percent increase across-the-board, including any increase in fringe benefits, to be effective upon Union ratification of the new agreement.

Discussion and Recommendation. The Board's offer of a four percent increase, based on the \$8.85 average hourly wage, equates to a 34.4 cents per hour increase, as contrasted to the Union's demand for 50 cents per hour for each of three years, or 5.65 percent.

For comparison purposes, the Union surveyed the contracts of eight Michigan communities with respect to each of the issues here in dispute. These were Chelsea, Eaton Rapids, Hillsdale, Petoskey, Saline, South Haven, Traverse City, and Zeeland. For the same purpose, the Board selected Charlotte, Coldwater, Dowagiac, Grand Haven, Hastings, Hillsdale, Sturgis, and Three Rivers.

Comparison with employees performing the same job in communities with the same characteristics is a major criterion commonly used in arriving at equitable recommendations. Although the Union asserted that its group was selected

because these communities are similar to Marshall in their relevant characteristics and because they provide at least some of the same services the Board provides, no data was offered in support of this assertion. Likewise, the Board provided no rationale whatever to explain its choices. Of the eight communities selected by the Union as comparable to Marshall, and of the eight selected by the City, only Hillsdale was common to both groups. With little in the record regarding the characteristics of the communities selected, it is difficult to determine which group of communities most closely resembles Marshall and is thus the best for comparison purposes. Under the circumstances, it is reasonable to assume that both parties chose communities with compensation levels and benefits for its employees most supportive of their respective positions. Thus, comparisons to these groups, while useful, can be only suggestive rather than definitive.

For the eight communities selected by the Union as comparable, the average wage for all classifications is calculated by the Union to be \$10.21, or \$1.36 more than the current Board wage. However, for the eight communities selected by the Board, the average wage was \$8.96, or only 11 cents more than Board employees. Regarding the cost of living, the Board offered evidence to show that for 1982, 1983, and 1984, the Consumer Price Index rose 3.4 percent, 3.2 percent, and 3.0 percent, respectively, which the Board notes compares very favorably with its offer of a four percent

increase. As to the cost of the Union's wage demand, the Board points out that it is actually considerably higher than 50 cents per hour because of the "roll-up" effect on other benefits which are indexed to the wage rate. With respect to the employers ability to pay the requested increases, the Board asserts that the Union's wage demands exceed the amount it can afford and, in support of this assertion, produced financial data for the Electric Department showing a loss for 1984 of \$200,000.

After reviewing all the data submitted by both parties, taking into account the moderating rate of inflation and the operating deficit incurred by the Board for 1984, the Fact Finder recommends acceptance of the employer's offer of a four percent increase, across-the-board, for each of the three years of the new contract.

As to when the increase should take effect, there is nothing in the record to suggest that during the protracted negotiations in a effort to agree on a new contract, either party bargained in bad faith. Responsibility for the delay in reaching agreement must therefore be assigned equally to both and there is no justification for penalizing the Union members by denying them the increases until ratification of the new contract, as proposed by the Board. Accordingly, the Fact Finder recommends that the first year increase be retroactive to November 1, 1984, with the increases thereafter on November 1, 1985 and November 1, 1986.

Health and Dental Insurance

The expired contract was silent on insurance benefits. However, the Board does provide health insurance, paying the full cost of the premiums, which increased as of July 1, 1985 to \$97 per month for single and \$215 per month for full family coverage. No dental insurance is now provided.

Union Proposal. (a) Continued full payment of health insurance premiums, including future increases, if any. (b) The same dental insurance now provided to City of Marshall employees.

Board Offer: (a) Health insurance premiums to be capped at their present levels. (b) No dental insurance.

Discussion and Recommendations. It is understandable that the Board should seek to protect itself against any future increases in premiums. Also, there is some merit to its argument that if the burden of future premium increases were to be placed on the users of health services, they would have an incentive to reduce their use of those services and thus help control insurance costs. Nevertheless, in view of the modest level of fringe benefits now available to Board employees, the Fact Finder recommends against a cap on employer payments of premiums at this time.

With respect to dental insurance, the Board calculates the cost would be \$27.86 per month, or 16 cents per hour per employee. This is a fringe benefit now enjoyed by a large proportion of employee groups and the Fact Finder recommends that it be added for Board employees also.

Pensions

Union Proposal. Currently, regular City of Marshall employees enjoy more generous pension benefits than Board employees, and the latter ask for equal benefits.

Board Offer. No change in present pension plan.

Discussion and Recommendation. An actuarial study offered into evidence by the Board indicates that the cost of the sought after improvement, the details of which need not be described here, would be 18.7 cents per hour per employee. The Union's major rationale, i.e., parity with City employees, is pertinent. However, while this improvement would be desirable, in view of the Fact Finder's recommendation to add the major benefit of dental insurance, the additional cost of pension improvement would be excessive. Accordingly, the Fact Finder recommends no change in the pension benefits at this time.

Good Attendance Days

The expired contract provided for earning extra vacation days as a reward for good attendance. The pertinent provisions are shown below:

ARTICLE VI - LEAVES OF ABSENCE

Section 2: Sick Leave.

(g) Sick leave shall be allowed for medical treatment or dental extraction in not less than one-half (1/2) day increments, provided three (3) days advance written notice is given to the Department Head, unless the required treatment/extraction is of an emergency nature.

ARTICLE X - VACATION

Section 3: Utilization of Vacation:

(d) Commencing with July 1 of each calendar year and for each succeeding ten (10) consecutive weeks thereafter, employees who are neither sick or absent except for approved holidays and vacations,

shall earn one (1) Waidelich day off, which day may only be taken in conjunction with the employee's vacation.

Union Proposal. No change in these contract provisions.

Board Offer. The Board would make certain revisions in both the above-quoted provisions. The proposed change in Article VI, Section 2(g) to which the Union is particularly opposed is:

"...Employees, who use more than two (2) hours at any one time under this provision, shall not earn credits under Section 3(d) of Article X."

Discussion and Recommendation. The Board's proposal to reduce a benefit now enjoyed by its employees might be warranted if there had been significant abuse of this provision in the past, or if it had proven to be in some way troublesome or undesirable. No such showing was made by the City. The Board pointed out only that if the Union's wage demand were to be met, and if each employee earned the five-day maximum number of additional vacation days, then the increased cost of this benefit would be 96 cents per hour per employee. However, the Fact Finder's recommended wage increase is considerably less than the Union's demand. Also, no evidence was offered to show that maximum use of this benefit could reasonably be anticipated, so the projected cost estimate is undoubtedly too high. Moreover, since the extra vacation time is earned by refraining from using sick leave, there is a benefit to the employer as well as to the employee in retaining the more liberal incentive. For these reasons, the Fact Finder

recommends that this provision remain unchanged, as urged by the Union.

Compensation for On-Call Duty

Article XIII, Section 5, of the expired contract requires one week of on-call duty every four weeks, and provides compensation of \$650 per contract year, paid at the rate of \$25 per pay period.

Union Proposal. Either eliminate this duty requirement or double the compensation.

Board Offer. The Board is not willing to eliminate this duty requirement and offers an increase to \$780 per year.

Discussion and Recommendation. In the communities surveyed by both parties which they judged to be comparable to Marshall, the on-call arrangements vary so widely that a common pattern that might serve as guidance cannot be discerned. The Board's offer represents a 20 percent increase over the previous rate and the Fact Finder recommends its acceptance.

Payment for Overtime

The expired contract provides for the overtime rate of pay for work in excess of 40 hours actually worked that week.

Union Proposal. All time paid for, whether actually worked or not (e.g., sick leave) shall count toward the 40 hours.

Board Offer. No change from prior contract.

Discussion and Recommendation. The fact that all the eight communities surveyed by the Union counted approved leave as time actually worked for purposes of computing overtime is a

persuasive rationale for extending this added benefit to Board employees, and the Fact Finder so recommends.

Shoe Allowance

The expired contract contains no provision regarding a shoe allowance.

Union Proposal. A shoe allowance of \$50 per year.

Board Offer. No shoe allowance.

Discussion and Recommendation. All the available data show that this benefit, which would cost 2.4 cents per hour per employee, is not commonly available to similar employees in most other communities. The Fact Finder recommends it not be added at this time.

Duration of Agreement

Union Proposal. To November 1, 1987

Board Offer. To June 1, 1988

Discussion and Recommendation. Considering the difficulty the parties have experienced in their negotiations for the contract here in dispute, it is unlikely that final agreement will permanently put to rest all outstanding differences between them. Therefore, the shorter contract duration period will give the parties an earlier opportunity to again address these problems. Accordingly, the Fact Finder recommends that the contract extend to November, 1987, as proposed by the Union.

Summary of Recommendations

Wages: A four percent increase, across the board, for each of the three years of the Agreement. The first year increase

shall be retroactive to November 1, 1984, the second and third year increase to become effective on November 1, 1985, and November 1, 1986, respectively.

Health and Dental Insurance: No cap on health insurance premiums. Add dental insurance coverage, as proposed by the Union.

Pensions: No change in pension benefits.

Good Attendance Days: No change in contract language.

Compensation for On-Call Duty: Increase to \$780 per year.

Payment for Overtime: All time paid for shall count toward computation of overtime.

Shoe Allowance: No shoe allowance.

Duration of Agreement: Contract term to expire on November 1, 1987.


Sol M. Elkin,
Fact Finder

Ann Arbor, Michigan
July 12, 1985