

LABOR AND INDUSTRIAL
RELATIONS COLLECTION
Michigan State University

STATE OF MICHIGAN
DEPARTMENT OF LABOR
EMPLOYMENT RELATIONS COMMISSION

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In the Matter of the
Fact Finding Between:

CITY OF MARSHALL

MERC Case No. L90 J-0300

-and-

TEAMSTERS, STATE, COUNTY
AND MUNICIPAL WORKERS,
LOCAL 214

FACT FINDER'S FINDING OF FACTS
AND RECOMMENDATIONS

APPEARANCES:

FOR THE CITY OF MARSHALL:

Doug Callander, Attorney
John Bowen, Attorney
Chester E. Travis, City Manager
Richard Watkins, City Clerk/
Treasurer
Betty J. Rutledge, Legal Asst.

FOR TEAMSTERS LOCAL 214:

Henry J. Mueller, Bus. Agent
Stuart Y. Webb, Equipment
Operator

BACKGROUND

The City of Marshall is located in central, southern Michigan near the Ohio border. Marshall has 89 employees. The Police Officers, Dispatchers and Meter/Dispatchers (10) are represented by the FOP, the Fire Fighters (9) are represented by the IAFF. The general City employees (clerical, dial-a-ride, custodians, etc.) are not unionized. The Board of Public Utilities was, by a vote of the citizens of Marshall, taken over as a City department in January 1990. The employees of the new Department of Public Utilities are represented by Teamsters Local 214.

The Department of Public Works employs eight people who

Marshall, City of

George T. Roumell, Jr. : Fact Finder

are commonly referred to as the "Street and Cemetery Workers". Those employees are represented by Teamsters Local 214.

The most recent Collective Bargaining Agreement between the City and Teamsters Local 214 was effective from July 1, 1987 through June 30, 1990. On May 18, 1990, the parties commenced negotiation for a successor Agreement. The parties held six bargaining sessions, the last two of which were attended by a State mediator. The parties were unable to reach agreement and, therefore, reached an impasse.

By October 9, 1990, Teamsters 214 had petitioned for fact finding, listing the items in dispute as being:

1. Pension
2. Wages
3. Health Insurance
4. Uniforms
5. Dental/Optical Insurance

The City, in response to the Local 214's petition, agreed that the above five issues had not been resolved between the parties.

The Criteria

Introduction:

Fact Finding is a technique designed to assist the parties in reaching a Collective Bargaining Agreement after bargaining and reaching impasse through mediation. The Fact Finder is not employed to suggest a basis of settlement without any foundation. Instead, a Fact Finder applies certain recognized criteria that can give some guidance as to what could be a reasonable settlement under the circumstances.

Comparables:

The concept of comparables is to ascertain what the marketplace dictates should be a reasonable settlement.

Comparables take two forms. Comparisons can be made with the settlements reached with the other unions representing the City of Marshall's employees, including any wage increases given to non-represented employees.

The other form of comparables is with similarly situated employees in other units of government in the geographical area, namely, similarly sized villages and cities nearby to Marshall.

When these comparables are considered, then some guide emerges as to what the marketplace is setting as a value for the type of employment performed by Local 214 represented employees in Marshall.

Cost of Living:

Whether public or private employees, employees do compare their wages and other economic benefits with the cost of living, with employees attempting to keep pace with the cost of living. This is a factor that can be considered.

Bargaining History:

The bargaining history criteria has several aspects. Current bargaining history can be utilized to determine where the parties are apart in bargaining for the successor contract. It may be that the parties agreed through the mediator to reach agreement, but could not do so across the table. The bargaining history may indicate the outer limits that a particular party might reach in an attempt to obtain settlement.

Historically, bargaining history is useful to compare the relationship, in this case with Local 214 members, and other employees of the City. If 214 has had a similar pattern of

settlements over the years that the other employees in Marshall have had, this may be a valid criteria in predicting what a reasonable settlement should be in this case.

Bargaining history also plays a part in external comparisons. For example, the Local 214 City of Marshall employees have in the past received certain wage increases. These past increases, plus current increases, should be compared with other communities. It may be that Marshall employees may be a percentage above or a percentage below a comparable community over the years. Thus, a wage offer that keeps the same pattern may be a fair predictor of a reasonable settlement.

The bargaining history that the parties have developed over the years may show where they would settle in relation to other employees employed in Marshall.

Strike Criteria:

It may be that a major private employer in the area has gone on strike and, as a result of the strike, reached an agreement. Such a fact may be helpful in predicting what might have happened if there had been a strike with the public employees. Though strikes are illegal in Michigan among public employees, strikes are not unknown among public employees. It may be that another public employer has gone on strike and has reached a settlement. Such a pattern resulting from a strike might give an indication of a settlement if the parties were left to the strike possibility.

Another variance of the criteria is a prediction as to what the parties may have settled for if there had been a

strike. This might be a mixture of reviewing the dynamics of the situation and comparing same with strikes that may have occurred in the area.

The Art of the Possible:

The art of the possible criteria is to consider what might be a realistic settlement under all the circumstances. This criteria is closely allied with the bargaining history criteria. Fact finding is not a rigid legal process. As already noted, it picks up where the parties were at in mediation. It is not a question of reviewing table positions. It is what the parties offered each other, either across the table or through mediation, to reach an agreement. Though an agreement has not been reached when fact finding has been applied for and invoked, the fact that the parties may have processed beyond their table positions gives some indication of the art of the possible, the art of attempting to reach agreement.

Ability To Pay:

After applying all of the above criteria, then a Fact Finder will have an indication of what should be a reasonable settlement, given the dictates of the marketplace. Having done so, then the Fact Finder must consider the employer's, here Marshall's, ability to pay. This may take the form of reviewing the tax base, the budget, and other financial information that may impact on the City's ability to pay. It may be that the report may have to be moderated in order to reach an agreement that is consistent with the economics of the City.

Having set forth the criteria that should be used, the

Fact Finder now turns to the issues in an attempt to arrive at a finding of fact and recommendations that can bring about settlement of the dispute.

THE ISSUES

Introduction

Teamsters Local 214 and the City of Marshall had a contract covering the period from July 1, 1987 through June 30, 1990. The parties are in the process of negotiating a successor Agreement. There is no dispute that the successor should be a three year contract. At about the time the July 1, 1987 Agreement expired, the City proposed, beginning in 1991, a 4% increase for each of three years for the City's general employees for a total of a 12% increase over three years; made no change in the said employees' hospitalization, dental and optical program. Likewise, the City proposed a change in the pension plan to a B3 Plan under the Michigan Employees Retirement System. This internal comparison cannot be ignored and further comments will be made concerning same by the Fact Finder.

Wages

At the time the Fact Finder arrived, the table positions of the parties were as follows.

UNION POSITION:

1ST YEAR	2ND YEAR	3RD YEAR
6% Increase	6% increase	6% increase

CITY POSITION:

1ST YEAR	2ND YEAR	3RD YEAR
3% Increase	3% increase	3% increase

There are eight employees in the Teamsters Local 214 unit which are the subject of this fact finding. The Fact Finder is led to believe that the 3% three year table position of the City will cost in direct wages about \$32,000 in new money over three years. Based upon the Union's above-quoted table position, the cumulative cost would be approximately \$40,000 for three years. The difference between the two figures over three years is about \$8,000.

It was revealed to the Fact Finder that during mediation the City had offered to Local 214 a settlement based at least on 4% for each of the three years. There was even a suggestion, although not as clear, that in one year the City was willing to settle for 4-1/4%. As far as the Fact Finder can ascertain, a 4% settlement would represent \$36,000 in new money, or \$4,000 more than the 3% settlement. As compared to the position taken by Local 214 at fact finding, the difference between \$36,000 and Local 214's offer costing \$40,000 is \$4,000.

The Fact Finder made inquiry of the parties whether a settlement, based on 4% per year or even slightly higher one year at 4-1/4% could be obtained. Such a settlement was rejected.

In the post-hearing briefs the Fact Finder received from the parties, the City announced that its "final offer" was a 3% increase in wages in each of three years. At fact finding, and certainly by the time of the post-hearing briefs, the Union has requested a 2-1/2% increase every six months of a three year contract, retroactive to July 1, 1990. As to retroactivity, the City agrees that the contract at issue is to be retroactive to

July 1, 1990, at least as to wages. The 2.5% increase every six months is a change from the 6% across the board. In terms of absolute cost, the 2.5% increase is something less than 5% a year. Thus, in terms of cost, this probably brings the Union's offer to a cost of about \$37,000-\$38,000, as compared to the City's last "final position" of \$32,000 at 3% across the board.

As the Fact Finder has indicated, there was a point where the cost difference was \$4,000, namely, \$36,000 for the City's 4% across-the-board and \$40,000 for the Union's 6% across-the board. In some ways, the last positions of the parties have spread the difference as compared to where they were in mediation.

If the Union's mediation position had been 2-2/1% each year and the City's position had been 4% each year or even 4-1/4% one year and 4% for the remaining two years, then the spread would be the difference between \$36,000 and \$38,000. Indeed, this is a very close spread and certainly should not keep the parties from settling. The Fact Finder, hopefully, will have a recommendation that will cause the parties to recognize the narrow spread and the need for this matter to be settled.

The internal comparisons would at least dictate a 4% increase, which confirms how narrow the total wage cost spread is between the parties -- \$36,000 to \$38,000. There would have to be some compelling reason to conclude that the settlement should not be at least 4% for each of the three years involved.

The internal bargaining history, 1988 through 1991, suggests the following wage increases among the various units:

YEAR	FIRE FIGHTERS	POLICE OFFICERS	DPW	GENERAL CITY EMPLOYEES	METER AND DISPATCH
1988	3.4	3.4	3.6	3.5	4.5
1989	2.5	3.6	3.7	3.5	3.7
1990	4.0	3.9	?	4.0	3.3
1991	4.0	contract expires	?	4.0	contract expires

The above numbers reflect the percentage increase granted to the employee group effective July 1 of the year indicated. These internal comparisons, at least as compared to the general City employees, is that the DPW employees, the unit involved here, have in 1988 and 1989 received a slightly higher increase than the general employees, namely, DPW 3.6 to general 3.5 in 1988 and in 1989 DPW 3.7 to general employees 3.5. As to Meter and Dispatch, these groups in 1988-89 received a total of 8.2% increases as compared to the DPW's 7.3 and the general employees' 7%. Thus, in 1990, apparently, the parties agreed in the third year of the Dispatch contract to go to 3.3, which is less than the general City employees of 4.0.

The Fire Fighters have received less wage increases than the DPW, at least in 1988 and 1989, and the Police Officers in the two years have received slightly less than the DPW. Actually, the Police Officers received the same wage increase for the 1988 and 1989 years, a total of 7%, as did the City employees, who received 7% during said period, although in a different configuration. During the same period, the DPW, as noted, received 7.3%. Now what these comparisons do suggest is at a minimum the 4% that the general City employees have received retroactive to July 1, 1990 for the 1990, 1991 and 1992

contract years should also be given to the DPW employees. This was the City's mediation position. The final 3% offer of the City finds no support in the internal comparisons.

In support of its position, the City had turned to outside comparables plus some internal bargaining history. In 1983, there were three classifications among the eight DPW employees: Laborers, Equipment Operators I and Equipment Operators II. The Laborers did general work; the Equipment Operator I apparently operated light equipment, whereas the Equipment Operator II operated heavy equipment. There was some question as to whether the City had much of what is normally classified as heavy equipment.

In any event, most of the employees, six of eight, were in the Laborer classification. There was a movement afoot to contract the classifications into one classification called Equipment Operator. As a result, in 1984, the Laborers received a 6.4% increase. The Equipment Operator II, constituting one employee, received less of a percentage increase as did the one employee in Equipment Operator III. In addition, there was a \$700 amount apparently paid to the Equipment Operator III. By the July 1, 1985, the Equipment Operator I had received a 2.1% increase; Equipment Operator II a 2.9% increase; and Equipment Operator III a 2.3% increase.

On July 1, 1986, the parties provided that effective January 1, 1987, all employees covered by the contract "would be classified as Equipment Operators and everyone with three or more years service will receive \$9.25 per hour." This represented between 5.7% and a 7% wage for the employees that had been previously Laborers and a 4.5% increase for Equipment

Operators. By July 1, 1987, there was only one classification, namely, that of an Equipment Operator.

The testimony reveals that the employees do not perform work on heavy equipment at all times; that, at best, the employees use heavy equipment about 50% of the time.

The City has suggested that the compacting was costly and that for this reason the Fact Finder should consider this in making his recommendation in this dispute. Yet, the City did admit that by combining the classifications, it has more flexibility in the workforce as there are no disputes over jurisdiction lines as might have been the case at one time when there were three classifications affecting eight employees. Nevertheless, the City does suggest that in making the external comparables, these comparables should not be base on heavy equipment operators because of their nature of work at Marshall, but in terms of a blend as between what other communities are paying laborers and heavy equipment operators.

The City begins by presenting comparables as of June 30, 1990 as follows:

CITY	LABORER	EQUIPMENT OPERATOR	BLENDED WAGE RATES
Albion	\$ 8.20	\$ 8.85	\$ 8.53
Charlotte	8.42	10.91	9.67
Coldwater	10.14	10.47	10.31
Hastings	9.94	10.25	10.10
Hillsdale	8.34	8.91	8.63
Mason	10.67	11.32	11.00
Sturgis	7.99	10.63	9.31
Three Rivers	8.14	10.30	9.22
Average Rates	\$ 8.98	\$10.21	\$ 9.60
Marshall	\$10.28	\$10.28	\$10.28

Then the City makes the following comparables on the same basis as of March 22, 1991:

CITY	LABORER	EQUIPMENT OPERATOR	BLENDED WAGE RATES
Albion	\$ 8.20	\$ 8.85	\$ 8.53
Charlotte	8.71	11.29	10.00
Coldwater	10.44	10.77	10.61
Hastings	10.33	10.66	10.50
Hillsdale	8.67	9.27	8.97
Mason	11.07	11.72	11.40
Sturgis	8.39	11.16	10.46
Three Rivers	8.23	10.40	9.32
Average Rates	\$ 9.26	\$10.52	\$ 9.97
Marshall	\$10.28	\$10.28	\$10.28

If Union had accepted 3% wage offer effective July 1, 1990, present rate would be \$10.59/hour.

Although the City suggests that if the Union had accepted the 3% wage offer effective July 1, 1990, the present rate would be \$10.59, this certainly would be less than the Equipment Operator rate in most of the compared cities. Albion is probably not a reasonable comparison because its wage rates are substantially behind the other compared cities. But significantly, when one compares the average rate on June 30, 1990 to the average rate of 1991, the rate increases, \$10.21 for Equipment Operator to \$10.52 for Equipment Operator, \$9.60 for blended wage rates to \$9.97 for blended wage rates, the comparisons would suggest that the wage increases have been around 4%. In one nearby community, Sturgis, there has been a dramatic wage jump substantially over the 4%. Thus, the outside comparables are very similar to the internal comparables of the City.

The City, at page 3 of its post-hearing brief, makes the following comment:

As Exhibits A-1 through A-12 show that the Union itself negotiated a merger of classifications in 1984. That merger took place progressively in each year of the collective bargaining agreement in effect

from July 1, 1984 through June 30, 1987. As the fact-finder will note from an examination of the Employer's Exhibits, had the merger not taken place and had the employees been granted wage increases similar to those of other employee groups (see Exhibit A-9) the top wage at the end of the recently expired collective bargaining agreement would have been \$11.46 per hour as opposed to the present level of \$10.28 per hour.

The City of Marshall should not be "punished" for responding to an employee's negotiated request. The Union cannot "have its cake and eat it, too."

The Fact Finder has considered this point, but nevertheless concludes, based upon the comparables, both external and internal, that at least a 4% increase for each of the three years would be appropriate.

However, the internal comparables would suggest that the DPW apparently has received a slightly higher wage increase than at least the general employees in 1989 though the Meters and Dispatch employees received during that period 8.2% compared to the DPW's 7.3% and the general employees 7% when the Meter and Dispatch rate for 1990 is added in, the rate goes to 11.5% versus the general employees at 11%, suggesting the gap between the two is closing. The point the Fact Finder makes is that it would seem, absent any other factors and recognizing that there is a merger of the classification, that a 4-1/4% retroactive to July 1, 1990, a 4-1/4% increase for July 1, 1991 and a 4% increase for July 1, 1992 would be appropriate. It is consistent with the internal comparisons, where the DPW has been paid slightly higher than the general employees, and supported to a point by the external comparisons and recognizes the practicalities of the situation.

In doing so, the Fact Finder has recognized that there is longevity pay in Marshall that might be compared with the other communities. Although longevity pay is not at issue, it does give some indication about the total wage package. This comparison is as follows:

Albion	\$ 350.00
Charlotte	\$ 603.40
Coldwater	\$ 600.45
Hillsdale	\$1,110.00
Mason	\$ 420.00
Sturgis	\$ 200.00
Three Rivers	\$ 383.55
Marshall	\$ 598.70

Interestingly enough, at least three of the communities pay a higher longevity than the longevity paid at Marshall and the Marshall longevity payment is no basis for not reaching the conclusions as set forth above.

There is another factor in the recommendation. As will be discussed immediately below, the City wishes a change in hospitalization benefits because of rising cost factors. If the parties adopt the Fact Finder's recommendation as to hospitalization cost containment, which the City has not obtained from the other bargaining groups, then the Fact Finder would recommend that the wage increases be 4-1/4%, 4-1/2% and 4-1/2% across the board. There must be some give and take. It is recognized that this alternative wage recommendation would provide Teamsters Local 214 a slightly higher wage increase than the other groups. And the City would receive the start of health insurance cost containment.

Health Insurance

The issue is stated to be as follows:

PRESENT PLAN COVERAGE:

The extent of the present plan coverage is not particularly relevant to a statement of the health insurance issue. The following existing details of the plan coverage, however, are the subject of the City's proposal:

CURRENT:

- A. Deductible: \$50.00 per individual/
\$100.00 maximum per family.
- B. \$2.00 deductible for each drug
prescription.
- C. No second opinion required before
surgery.

CITY PROPOSAL:

The City intends to maintain the present health insurance coverage with the following changes:

- A. Increase the deductible to \$100.00
per individual with no maximum per
family.
- B. Increase the drug prescription from
\$2.00 to \$5.00 per prescription.
- C. Require a mandatory second surgical
opinion before undergoing non-
emergency surgery.

UNION RESPONSE:

No change in present coverage or deductibles.

The City explains the rationale for the change in its presentation in part as follows:

The City is self-insured for health and hospitalization insurance. The plan is administered by ASR. The attributable premium costs are presently \$265.00 per month for family coverage and \$145.00 per month for single coverage. All 89 employees of the City of Marshall are covered by this group plan.

In early June 1990, shortly before the expiration of the collective bargaining

agreement, the Marshall City Commission had to transfer from reserves to the general fund the additional sum of \$35,000.00 to fund the health insurance line item of the budget because of the unforeseen additional costs incurred in the hospitalization, optical, dental and drug rider funds.

This proposal is designed to introduce changes into the group plan which will, in turn, be negotiated with each bargaining unit when their current collective bargaining agreements expire.

* * *

The administrator of the plan did write the City a letter dated July 5, 1990, suggesting that the City's proposal would accomplish the following cost savings:

Enclosed is an illustration of the cost savings which the City of Marshall would have realized if your benefits were changed slightly under the major medical portion of your health benefit plan. This change is based upon increasing the individual deductible from \$50/individual to \$100/individual. There is a limitation to this program in the area of family deductible limits. This program will apply a \$100 deductible to each individual in the family (without stopping at two or three only). The coinsurance provision is based upon 80% coverage of the next \$5,000 with a maximum out of pocket of \$1,100/individual and \$1,300/family. The basic benefits under your plan remain unchanged.

Based upon the changes outlined above the savings would have been approximately \$12,000. This total does not reflect the savings of an increase in the prescription drug card deductible from a \$2.00 copayment to a \$5.00 copayment. This would have generated a savings of approximately \$1,400. The cost savings due to the implementation of a mandatory second surgical opinion is difficult to determine. It has the opportunity to save you substantial dollars but the frequency of the events are low. It is also usually only appropriate for a selected few procedures as many studies are now questioning the cost effectiveness of second opinion programs.

If you have any questions regarding this information or wish to discuss it in further detail please do not hesitate to contact me.

The Fact Finder approaches this matter, recognizing that health care costs are soaring and that an employer like the City of Marshall wishes to contain the costs. To the City's credit, it has not attempted to shift the premium costs to the employees, but only to adopt cost containment programs which are modest, namely, increasing the deductibles and providing for a second surgical opinion. On the other hand, the City admits that it has not obtained this cost containment with the other bargaining units as yet.

There is no question that a second surgical opinion is to the benefit of the employees and the City. It is always preferable on elective surgery to obtain a second opinion. It may turn out that surgery is unnecessary. This would be a relief to the employee and would be cost saving to the employer.

Increased drug co-pays are not uncommon. It would seem that a modest increase from \$2.00 to \$5.00 will be an important cost savings and would not be a burden on the employees.

As to the deductibles on the policy itself, contrary to the City's position, the City is asking for a substantial deduction which it did not obtain from other employees. A modest deduction is reasonable, but there must be a cap. Thus, the Fact Finder is recommending \$100 per individual and a cap of \$200 per family. This is not quite what the City has asked, but it does provide some modest cost containment without putting the employees in jeopardy. Therefore, the recommendation would be to modify the health insurance plan to requiring a second opinion, a \$5.00 drug co-pay and a \$100 and \$200 deductible.

But this recommendation is conditioned on a 4-1/4%, 4-1/2% and 4-1/2% wage increase.

If the City is not prepared to give this wage increase or the Union is not prepared to accept the recommendations as to hospitalization, then the wage recommendation will be 4-1/4%, 4-1/4% and 4-1/4%.

Pension

There are 89 employees in the City of Marshall. Local 214, for this year, represents eight employees.

The issue is as stated as follows by the City:

CURRENT PLAN:

The employees are presently participants in the City of Marshall Employees Retirement System. That system provides for a defined benefit retirement plan. The relevant portions of the current plan are as follows:

- A. 60 years and 10 years of service or 55 years and 25 years of service.
- B. FAC equals highest 5 consecutive of last 10 years of service.
- C. Multiplier equals 1.325% of first \$4,200.00 of FAC plus 1.625% of FAC in excess of \$4,200.00
- D. Employees contribution - The employees contribute 3% of the first \$4,200.00 of their pay and 5% of pay in excess of \$4,200.00.
- E. Vesting - 15 years.
- F. Employee contribution earns 3%.

CITY PROPOSAL:

Adopt the Municipal Employees Retirement System (MERS) with the following terms:

- A. F 55 at 25.
- B. FAC 5 (same as current).
- C. Multiplier - B-1 - 1.7% of final average compensation.
- D. Employee contribution - 4% of gross wage (a reduction from 3% of first \$4,200.00 and 5% of excess over \$4,200.00.

- E. Vesting - 10 years.
- F. Employee contribution earns 6%.

PROVIDED: This offer is conditioned upon all other employee groups (both Union and non-Union) within the City of Marshall agreeing to change to the MERS Retirement System on terms and conditions which are similar to the above. All employee groups, except this unit and the Department of Public Utilities, have agreed. The Department of Public Utilities and Department of Public Works are the only two units in the City of Marshall represented by Teamsters Local 214.

Below is a summary of the City proposal:

	<u>CURRENT SYSTEM</u>	<u>PROPOSED MERS SYSTEM</u>
Member Contr.	3% of 1st \$4,200 5% over \$4,200	4% of all pay
Int. Rate on Contr.	3%	6%
Vesting	15 years	10 years
final Avg. Comp.	Best 5 of 10 cons. yrs.	Highest 60 cons. month
Benefit Program	1.325% of 1st \$4,200 FAC 1.625% over \$4,200 FAC	1.7% of FAC for all yrs
Retirement Age	60 or 55 w/25 yrs ser.	60 or 55 w/25 yrs ser.
Beneficiary Option	No change once selected	Auto change on ben. death

These represent the facts. There are advantages to the employees to going to a State administered program, namely, the Municipal Employees Retirement System (MERS). Most of the employees have agreed to go to MERS. It would seem that eight employees should not hold up this change.

The important thing is to obtain the change. It may be that in future bargaining, modifications can be made in the MERS plan. But for the current situation, it is a question of the art of the possible, namely, one step at a time. A step in this case is going to the MERS program which is to the advantage of the employees.

It is for these reasons that the Fact Finder will recommend the City's pension proposal.

Dental-Optical

The issue on the dental/optical is that the Teamsters wish to go to a Teamsters plan. However, all the other City employees are in a Delta Dental plan. There is an indication that the Teamsters plan would be more costly than the Delta Dental plan. Furthermore, in terms of the art of the possible, it would seem that the City will not withdraw a unit of eight employees from the Delta Dental plan. Local 214 does have a Delta Dental plan and there is no reason not to keep it. The recommendation will so provide.

Uniforms

The City present provides seven uniforms. The Union has requested eleven uniforms. The City has indicated a willingness to supply said uniforms. The recommendation will so provide.

Retroactivity

The wages will be retroactive to July 1, 1990. There has been no dispute about this. Any changes in health insurance would be effective when agreed upon.

SUMMARY

The wage package at 4-1/4%, 4-1/4% and 4-1/4% is consistent with the comparables, both internally and externally, and moves the difference in wage cost between what was the mediation position of the City and what is the Union's position to somewhere around \$37,000. The City proposal in mediation 4,

4 and 4 costs \$36,000. This proposal represents a \$1,000 increase.

If the City wants hospital insurance containment, then the City should be willing to pay a slightly higher increase and the 4-1/2 the last two years of the contract would put about \$38,000 in wages, the very package, although in a different form, that the Union was proposing.

As to pensions, dental and optical, the recommendation is a matter of the art of the possible.

In arriving at the recommendations, this Fact Finder has considered the City's ability to pay. This Fact Finder recognizes that there are difficult economic times in Michigan. Nevertheless, there is no indication that the City cannot financially meet the proposed recommendations.

RECOMMENDATIONS

1. Wages: Without any changes in medical insurance retroactive to July 1, 1990, 4-1/4%; effective July 1, 1991, 4-1/4%; effective July 1, 1992, 4%.

With changes in health insurances as recommended, wage increases effective July 1, 1990, 4-1/4%; effective July 1, 1991, 4-1/2%; effective July 1, 1992, 4-1/2%.


2. Health insurance: No changes if the wages are 4-1/4% for each of three years. If wages are 4-1/4%, 4-1/2% and 4-1/2% as recommendation, then the following changes:

- A. Second opinion on elective surgery.
- B. \$5.00 drug co-pay.
- C. Deductible of \$100 for individual/\$200 per family per year

3. Pension: Adopt the City's offer of going to MERS if all employee units agree as proposed.

4. Dental-Optical: No change in current dental/optical program.

5. Uniforms: Furnish eleven uniforms effective on agreement.


GEORGE T. ROUMELL, JR.
Fact Finder

June 20, 1991