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STATE OF MICHIGAN
MICHIGAN EMPLOYMENT RELATIONS COMMISSION

BEFORE
 PATRICK A. McDONALD
 FACT FINDER

SAGINAW COUNTY ROAD COMMISSION,

Employer

LABOR AND INDUSTRIAL

-and-

FILE

Case No. D77 A-25

MICHIGAN COUNCIL 11, AFSCME,
 AFL-CIO,

Union.

FACT FINDER'S REPORT AND RECOMMENDATION

I. APPEARANCES.

Saginaw County Road Commission
 Charles E. Minner
 Charles Minner & Associates
 4710 W. Saginaw
 Lansing, Michigan 48917

Council 11, AFSCME, AFL-CIO
 David Hershey, Staff Rep.
 1034 N. Washington Avenue
 Lansing, Michigan 48906

II. INTRODUCTION.

Your Fact Finder did receive notice from the Department of Labor for the State of Michigan on March 1, 1977 that he had been appointed the Hearing Officer and agent to conduct a fact finding hearing pursuant to Section 25 of Act 176 of the Public Acts of 1939 and to issue a report with recommendations with respect to the matters of disagreement between

Saginaw County
 Road Commission

the above referenced parties. Pursuant to such authority the parties were contacted and a hearing scheduled for April 4, 1977. At the request of the parties, the matter was adjourned until April 20, 1977 at which time the hearing commenced in Saginaw, Michigan with all parties being present.

The parties, when requesting these services of the Department of Labor, did specifically stipulate in writing that "the findings and recommendations of the Fact Finder shall be final and binding on both parties based upon the last best offer made by each party on each economic and non-economic proposal at a time and when requested by the Fact Finder". The parties, at the commencement of the April 20th hearing, did reaffirm such an understanding. While the fact finding process was continuing, the parties agreed that the existing contract between them would continue and remain in effect until the Fact Finder returns his findings.

At the hearing commencing on April 20th, the parties outlined a large number of issues dividing them. They numbered at least 18 and concerned matters such as management rights, sick leave, holidays, insurance, funerals, vacations, hours of work, work equipment, longevity, duration of contract, subcontracting problems, supervisory work provisions, etc. After receiving evidence on these issues in summary form, your Fact Finder, at the request of the parties and with their full cooperation, did act in the capacity of a mediator. As the parties to this proceeding were ably represented by experienced, labor relations representatives, the parties were able to narrow the issues considerably through continued negotiations. During the hearings on April 20th and 21st the number of

issues was reduced from approximately 18 to 3. These concerned an annual improvement factor for wage, rates, longevity and a cost-of-living formula. Throughout this period of time the parties negotiated in good faith and, as noted, made considerable progress. Your Fact Finder wishes to take this opportunity to commend both parties and their representatives for their assistance and cooperation.

Following such hearings the matter was continued until Monday, May 2, 1977 at which time both parties were offered the opportunity of presenting additional evidence, testimony and exhibits on the remaining issues dividing them. Following that presentation, both parties were requested to submit their final best offer concerning the remaining issues. Longevity, one of the 3 issues remaining, was resolved at that hearing. As a result, that proposal, listed below, is no longer in dispute and dividing the parties.¹ Following the submission of the final best offer on wage rates and cost-of-living formula, the parties indicated that they wished to submit written memorandums in support of their respective positions.

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Amend Article 19 - Longevity Pay, Section 2 to read as follows:

2. Longevity allowance will be paid to all employees according to the following schedule based on years of service as an employee:

5	-	10 years	=	2%
10	-	15 years	=	4%
15	-	25 years	=	6%
		25 and Over	=	7%

As a result, your Fact Finder received written memorandums during the week of May 16, 1977 and thereafter commenced the preparation of this report.

III. FACTS AND DISCUSSION.

Saginaw County is located in central southeastern Michigan, south-east of what would be called the Saginaw Bay Area. It is fortunate to have well maintained roads and have access to all major express systems, including Interstate 75. According to the 1970 census, Saginaw County had a total population of 219,743 people. For county road purposes, however, its rural population is more important and that number 115,755 ranks it 5th among counties in the State of Michigan. In terms of land area and acreage, it has 519,680 acres, which among the more populated counties in the State of Michigan, would rank it 3rd. In terms of county-wide roads, among the same 20 well populated counties, it has 1,788 miles of county-wide roads which would rank it just behind Oakland County in that category.

From all the evidence submitted it appears that the Saginaw County Road Commission is fairly efficient in its operation. For the year January 1, 1975 through December 31, 1975, the Road Commission had a beginning year balance of \$223,739.00. Its year end balance was \$622,948.00. For the calendar year 1976 which encompassed the period January 1, 1976 through December 31, 1976, the Road Commission had a beginning balance of \$622,948.00 and an ending balance of \$461,867.00 in available operating funds. (Employer Exhibit 1; Union Exhibit 6 and Employer Exhibit 6). The parties were given the full opportunity to present surveys of comparable

communities. Council 11 presented a 20 county survey which it deemed to be comparable in terms of population, land area and county road mileage. (Union Exhibits 3, 4 and 9).

For its part the County Road Commission presented a survey of 25 comparable counties which they deemed to be quite close to Saginaw County in relationship to road responsibilities, tax base and population (Employer Exhibit 3).

Sixteen (16) counties appeared on both surveys and were common to both lists. The Employer's survey included additional counties such as Kent, Jackson, Monroe, Berrian, Kalamazoo, Clare, Allegan, Huron and Sanilac, while the Union's survey included the additional counties of Ionia, Isabella and Montcalm.

In discussing and reaching conclusions on the 2 issues separating the parties, I will restate the final best offer of each party. Each subject will then be discussed separately and one of the final offers adopted.

IV. DECISION AND OPINION.

Issue No. 1 -- Wage Plan

Union's Last Best Proposal

Effective January 1, 1977 -- 25¢ per hour across-the-board

Effective January 1, 1978 -- 18¢ per hour across-the-board

Effective January 1, 1979 -- 18¢ per hour across-the-board

Employer's Last Best Offer

Effective January 1, 1977 -- 10¢ per hour across-the-board

Effective January 1, 1978 -- 12¢ per hour across-the-board

Effective January 1, 1979 -- 14¢ per hour across-the-board ²

Your Fact Finder has carefully reviewed the 20 counties surveyed by the Union (Union Exhibit 9) and the 25 counties surveyed and submitted by the Employer (Employer Exhibit 3). In each survey, taking into account the cost-of-living amount which would be added to the base rates for all of the classifications within the unit being discussed, Saginaw County would rank quite high and second only to Wayne County within the State of Michigan. Many of the other counties surveyed are well under that of Saginaw. In some cases the difference is as much as \$1.50 (See Eaton and Tuscola for example). Thus, whether one takes the Union's survey of counties or those of the Employer as being comparable communities, the fact is that Saginaw is among the leaders in the State of Michigan as it pertains to wage rates. As the rates quoted for Oakland County have been in effect since 1975 and the parties are still in negotiations, it may well be that a new contract would place that County above Saginaw. In any event, it is safe to say that Saginaw County presently is within the top three counties as it pertains

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The Employer's final best offer contained the exact pay rates for the years 1977, 1978 and 1979 for 16 separate classifications. Rather than reproducing that offer verbatim, the 10¢, 12¢ and 14¢ per hour increases which were reflected in such rates for the years 1977, 1978 and 1979 respectively were stated.

to wage rates within the State of Michigan. What is needed then is a wage increase that would allow the Saginaw County Road Commission to be competitive with other public and private employers in and around the Saginaw area.

In comparing communities and counties similar to Saginaw, I do agree with the Employer that counties such as Washtenaw, Kalamazoo, Ingham, Berrien and Monroe are very close in terms of population and mileage covered. The revenue likewise is similar to that of Saginaw from the weight and gas tax. Taking these and numerous other factors into consideration, I believe that the Employer's final best offer is a fair and reasonable one and do adopt it as my finding. With such a wage plan, including cost-of-living, all job classifications including laborers would be earning over the \$7.00 per hour rate. Some classifications, with cost-of-living, would be earning in the \$8.00 per hour rate. I do therefore adopt the Employer's final best offer. Such a wage settlement added to present attractive rates, coupled with the protection of a cost-of-living formula, is a fair and equitable resolution of this matter.

Issue No. 2 -- Cost-of-Living Formula

Union's Final Best Offer - Cost-of-Living

Maintenance of C.O.L.A. clause as currently contained in the Collective Bargaining Agreement with the following exception:

All C.O.L.A. premium payments made prior to January 1, 1978 will be subject to a maximum of 25¢ per hour. On January 1, 1978 the maximum will be increased to 35¢ per hour for the payments to be made between January 1, 1978 and December 31, 1978. Effective January 1, 1979 there shall be no maximum C.O.L.A. premium payment.

The above maximums do not apply to any premiums previously made a part of the base rates as set forth in Article XX, Wage Plan, paragraph 1.

Employer's Final Best Offer - Cost-of-Living

All cost-of-living increments paid previously to this contract are a part of each employee's base pay. No temporary employee will receive cost-of-living increases for the duration of this Agreement.

A cost-of-living allowance will be determined in accordance with changes in the Consumer Price Index (all cities), published by the Bureau of Labor Statistics, U.S. Department of Labor (1967) and hereinafter referred to as the BLS-CPI.

Beginning with the BLS-CPI published in February, 1977 (137.6), as a base, the rates will be adjusted up or down as indicated by the BLS-CPI published in February, May, August and November of each year.

For each 1.0% index rise, or major fraction thereof, each employee shall receive an increase of three (3¢) cents per hour. In no event is the cost-of-living allowance to exceed the amount of twenty-five (25¢) cents per year within the contract year.

The cost-of-living adjustment will not be added to the hourly rate for any classification but will be paid quarterly based on the quarterly adjustment, in a separate check.

The amount of any cost-of-living allowance in effect shall be included in computing pay for overtime, vacation, holiday and call-in.

No adjustments, retroactive or otherwise, shall be made due to any revision which may later be made in the published figures for the BLS-CPI for any base month.

A comparison of the two offers indicates three differences.

The first concerns a change in the computation of the cost-of-living formula. The second difference is whether there would be a cap in the third year of the Agreement and the amount of the cap in the second year of the agreement. The third difference concerns the method of paying cost-of-living

adjustments. Of these differences the first two appear to be the major sources of dispute.

The first area of dispute concerns the computation of the cost-of-living formula. The formula under the presently existing agreement calls for an increase of 3¢ per hour for each one point increase in the Consumer Price Index published by the Bureau of Labor Statistics. The Road Commission's offer proposes basing increases on the basis of three (3¢) cents per hour for each one percentage point change in that Index. As a Consumer Price Index continues its upward spiral, this change in formula would have the effect of reducing the amount of the monetary adjustment to be given to employees in the unit. An example cited by the Union representative clarifies this to some extent. For example, should the Index rise to the level of 200, it would be necessary under the percentage proposal for the Index to move two full points in order to have risen one percentage point. Translated, the old formula would call for a 6¢ increase in the cost-of-living while the proposed new formula would call for a 3¢ per hour increase. This example is cited merely for illustration purposes and not in any way indicates that the Arbitrator is under the impression that the cost-of-living was at the 200 level.

The second major source of differences within the cost-of-living formula is that of the use of maximums or caps per year. The Employer is proposing a 25¢ cap on each of the 3 years of the Collective Bargaining Agreement for cost-of-living purposes. The Union includes a 25¢ cap the first year on the three quarterly payments remaining in 1977, a 35¢ maximum cap in the second year of the Agreement and no cap at all in the third year

of the Agreement.

In looking at the surveys of comparable counties submitted by the parties, your Fact Finder finds that a majority of the cost-of-living formulas are based on a 1¢ for each 0.4 increase in the Consumer Price Index. Several counties had a 1¢ for each 0.5 increase while a number of other counties had 1¢ for each 0.3 increase. Thus, I find the present formula generally competitive. While several counties had caps on the cost-of-living, a majority of those surveyed even from the Employer's survey did not have such a cap.

Your Fact Finder was unable to locate a contract from one of the comparable counties cited by either party which called for a percentage formula such as suggested by the Road Commission. While your Fact Finder believes this to be an imaginative approach and one that has merit, it would be unique and out of the ordinary as it pertains to comparing Saginaw County with other comparable communities. As such I am disposed more favorably toward the present traditional approach for hourly employees.

The Employer has presented strong arguments concerning the need for the County to know the expected cost of their operations each year. It points out that with the cost-of-living being unpredictable, budgetary projections are almost impossible. The Employer contends that if the cost-of-living allowance were based upon a percentage, that would be a type of control and if there were a maximum cap the budget could at least have maximum limits. While I am impressed with the second portion of that argument, I must look at this cost-of-living formula issue as one

entire issue rather than as a series of three separate issues under that heading. This was discussed at the hearing and confirmed with the parties prior to the last best offers being submitted. The Employer points out that for 1976, the Road Commission spent 103% of its income. It stresses that such a condition cannot continue for any length of time without adversely affecting the financial stability of the County. While that conclusion is true, the year 1976 cannot be isolated without examining other years. For example, the Commission since 1971 has had a rather mixed financial expenditure picture. In 1971 and 1972 the Commission spent 105% and 104% respectively, of its income. In 1973, it spent 99.97%. In 1974, it was above the 100% mark with 107% of income being expended. In 1975, that figure was greatly reduced to 92% (Employer Exhibit 6). As can be seen, therefore, the 1976 budgetary expenditure of 103% cannot be taken out of context. Working under this constraint therefore, and based upon the surveys presented to me along with other testimony, it is my finding that the last best offer of the Union concerning the cost-of-living formula adjustments be adopted. Such a finding continues the traditional language found in this Collective Bargaining Agreement hitherto agreed to by the parties yet still puts a maximum cap during the first and second years of that Agreement.

For the first 2 years of the Agreement the Road Commission will have maximum limits on the cost-of-living formula. During the third year estimates, as were used during the past few years, will have to be utilized. As the parties have had several years experience under this formula, this should prove to be less difficult.

Miscellaneous Issues

The Employer in its Post-Hearing Brief, raised a number of miscellaneous matters. Perhaps a short note concerning several of them might assist the parties and clarify the remaining issues.

The first matter mentioned was the dispute between the parties on whether the job classification for the Tri-axle truck would be placed in a Group 6 or Group 7 classification under the Collective Bargaining Agreement. The Employer's final best offer included this classification in Group 6. That wage plan was the one adopted by this Fact Finder. Under such circumstances, therefore, the Tri-axle truck as part of that wage plan would fall within the Group 6 wage classification.

A second matter raised by the Employer concerned that of holiday provisions. Apparently it was the Employer's understanding that the two parties were exchanging one-half day before Christmas and the one-half day before New Years in the previous contracts for one full day off before Christmas. My notes do not reflect such an understanding. On the contrary, they reflect the fact that the one-half day before New Years was continued and the one-half holiday before Christmas was enlarged to one full day.

The third matter raised concerned language governing work equipment allowance. The Union has proposed language utilizing the words "tools of equal quality". The Employer, on the other hand, used the term "tools of equivalent value". My notes on this matter indicate that the parties had agreed to the following language:

"The Employer agrees to replace broken and worn out tools used by mechanics in the performance of their duties, with tools of equivalent value; not necessarily the same brand, provided such tools are turned into the stock clerk when there is a need for a replacement."

It was agreed by both parties that the Employer whenever possible would attempt to obtain the identical brand. However, as this is not always possible, in that situation tools of equivalent value could be substituted.

Several other matters were raised by the Employer in his Post-Hearing Brief concerning issues that were resolved by the parties before they went to Fact Finding. Having not had testimony or evidence presented to me concerning these matters, I can express no opinions about them. If your Fact Finder can be of assistance to the parties in expediting a final settlement of the Collective Bargaining Agreement, I shall certainly be happy to do so. It was my impression that with the resolution of the wage plan and cost-of-living formula issues, coupled with the 16 other issues having previously been settled at the hearings, the parties have their major differences resolved and should be able to conclude an agreement.

May I again thank the parties for their cooperation and the spirit they exhibited throughout the fact finding sessions.

V. AWARD.

Issue No. 1 -- Wage Plan

The Employer's final best offer including Tri-axle truck classification is adopted.

Issue No. 2 -- Cost-of-Living Formula

The Union's final best offer concerning the cost-of-living formula is adopted.

Jurisdiction is continued over these matters by your Fact Finder. Upon resolution of any miscellaneous matters still pending between the parties and notification to the Fact Finder to this effect, this matter would be deemed closed.

Respectfully submitted,

A handwritten signature in cursive script, reading "Patrick A. McDonald". The signature is written in dark ink and is positioned above a horizontal line.

Patrick A. McDonald,
Fact Finder

DATED: June 9, 1977