

STATE OF MICHIGAN
DEPARTMENT OF LABOR
EMPLOYMENT RELATIONS COMMISSIONIN THE MATTER OF FACT FINDING
BETWEEN:

CITY OF SCOTTVILLE (City)

MERC CASE NO. G78 C572

-and-

TEAMSTERS LOCAL 214 (Union)

Mario ChiesaO P I N I O NINTRODUCTION

Pursuant to Section 25 of Act 176 of Public Acts of 1939, as amended, and the Commission's regulations, a Fact Finding hearing was held regarding matters in dispute between the above parties. Pursuant to an agreement between the parties, the hearing took place on Monday, October 23, 1978, at the Scottville City Hall.

The record in this matter was closed by the Fact Finder on November 2, 1978.

APPEARANCES

FACT FINDER:	Mario Chiesa
FOR THE UNION:	G. N. McIlvain, Secretary-Treasurer Teamsters Local 214
FOR THE CITY:	Blaine E. Bacon, City Manager James Engelbrecht, Police Chief Dan J. Stacey, Commissioner

ISSUES

Pursuant to an agreement between the parties, there were only two issues that were litigated. Those issues were: duration of the Collective Bargaining Agreement, and wages.

HISTORY

The unit involved herein consists of approximately five employees. The parties engaged in negotiations and subsequent to impasse employed mediation. The Union's Petition for Fact Finding was received by MERC on August 2, 1978

DISCUSSION AND RECOMMENDATIONS

The first issue that will be considered is the question of duration. The Union takes the position that any new Collective Bargaining Agreement should have a duration of only one year. The City seeks a two-year Collective Bargaining Agreement.

The prior Collective Bargaining Agreement had a duration of one year and terminated on July 1, 1978.

The Union takes the position that because of the instability of the economy, it is reluctant to enter into a two-year agreement and run the risk of spiralling inflation seriously injuring employees in the bargaining unit.

The City is seeking a two-year Collective Bargaining Agreement, arguing that a multi-year agreement would allow the parties to enjoy a longer period of labor peace and, further, the City would be in a better position to judge and budget for the anticipated expenditures.

As a general proposition, it is more beneficial to the parties involved if they could agree to a multi-year Collective Bargaining Agreement. Even in times of spiralling inflation the stability offered by a multi-year agreement cannot be ignored. It must be remembered that inflation cuts both ways and there is no guarantee that even if the Union realized its goal of signing a one-year Collective Bargaining Agreement, that subsequently the City would be in a position to afford the anticipated wage demands

caused by spiralling inflation.

In the present situation, there is actually very little, except the arguments, that can be looked at in order to determine whether a single or multi-year agreement should be recommended. Therefore, your Fact Finder is not going to recommend that either one or the other demand be adopted, but will go on to the wage dispute and make a recommendation for a one-year contract and subsequently a recommendation for a two-year contract.

The Union has approached this matter by presenting evidence directed at four different areas.

The first area addressed by the Union concerns wages paid by other cities of approximately the same population. The Union contacted the cities of Frankfort, Kalkaska, Reed and Hart. Apparently, it received a response from the City of Hart and the City of Reed. It further maintains that the classification of equipment operator in Scottville, Michigan is a multi-job function, while in some of the other cities, the classification is restricted only to operating equipment. Nevertheless, the Union has shown that the 1977 hourly rate for an equipment operator in the City of Hart is \$5.46, while in the City of Reed, the figure was \$4.61 to \$6.00 per hour.

The second area addressed by the Union were the wages paid to similar classifications in other governmental units in the immediate area. The Union's evidence shows that in the City of Ludington a laborer receives \$4.65 per hour; equipment operator \$5.06 per hour; heavy equipment \$5.34 per hour; and mechanic \$5.41 per hour. In the City of Manistee, a laborer receives \$5.64 per hour; heavy equipment \$5.98 per hour; heavy truck \$5.72 per hour; and mechanic \$6.08 per hour. Mason County pays heavy equipment operators \$5.57 per hour; truck driver \$5.41 per hour; and light truck driver \$5.36 per hour.

The Collective Bargaining Agreement indicates that as of July 1, 1977, a working foreman in the City of Scottville was receiving \$6.19 per hour; equipment operator \$5.69 per hour; seasonal employees \$3.64 per hour; and parks and recreation employees \$3.50 per hour;

In its third analysis, the Union shows that members of the Police Department received a wage increase of approximately five (5%) percent. It points out that when reduced to dollars and cents, the Police Chief received a wage increase of \$679.45; the Police Sargeant received an increase of \$619.40; the Police Officer received a pay increase of \$589.60.

Lastly, the Union seeks to support its demands based upon the increase in cost of living. It points out that the July index (1977), 1967 = 100, was 182.6, while the August index (1978) was 197.8. This represents an 8.3 percent increase in the consumer price index for the period indicated. Further, the Union argues that the index shows that there has been a change of 15.2 points and based upon the formula of .4 = one cent, the employees in this unit have lost 38 cents per hour purchasing power. For the year it maintains that employees have lost \$790.40 of purchasing power.

Based upon its evidence, the Union is seeking a 38 cent per hour rate increase effective July 1, 1978.

The City is seeking a two-year Collective Bargaining Agreement and has offered a wage increase of 17 cents per hour for the first year and 20 cents per hour for the second year.

The City has also utilized comparable data and in so doing has compared Scottville with Shelby, Hart, Reed City, and Ludington. Out of all the communities listed, Scottville is the smallest, but has the highest 1978 local tax rate, 1978 total tax rate, 1978 local tax dollars per person, and 1978 total tax dollars per person.

In comparing wages, a laborer in the DPW working in the City of Scottville has a higher per hour rate than a comparable employee working in any of the other cities with the exception of Hart. A heavy equipment operator working in Scottville has a higher per hour rate than any of the other communities, again with the exception of Hart. The same comparison holds true for the classifications of heavy truck and mechanic. Further, the City's evidence establishes a comparison with other employees and officials to comparable employees and officials in the aforementioned communities. The Police Chief in Scottville receives a higher pay than any of the other communities, with the exception of Ludington. The DPW foreman receives a wage rate higher than Reed City, but lower than Ludington and Hart. The information for Shelby was not available. In the area of Police Sargeant, the Sargeant in Scottville receives a higher salary than the Sargeant in Shelby, but the Sargeant in Ludington receives more than both. In the area of DPW laborer, the salary for a Scottville employee is higher than all of the communities listed. A Police Officer in Scottville receives a higher salary than an officer in Hart or Reed City, but a lower salary than an officer in Ludington. The Treasurer in the City of Scottville receives a salary lower than that received by the Treasurer in Reed City or Ludington. The Deputy Clerk in Scottville receives a salary lower than the Deputy Clerk in Hart or Reed City. A clerical in Scottville receives a salary lower than Reed City or Ludington.

Where the information was not available, obviously it was not stated; thus, some of the omissions from the data stated above.

The City also introduced a vast amount of financial data all of which cannot be specifically stated herein. However, a brief analysis is necessary.

The operating fund had a positive balance of \$82,181.04 as of June 30, 1978. The information supplied by the City indicates that the balance as of the date stated was comprised of the previous year's fund balance of \$41,568.50, and the excess revenues from the year ending June 30, 1978 of \$40,612.54. The City maintains that the previous year's fund balance was put into the 1978-1979 general fund budget as a revenue item and will be expended as part of the general fund expenditures. It further points out that much of the excess revenue has been returned to the funds which generated same and that \$16,200.00 is needed to make up the fund deficit in the park improvement fund.

Further, at the September 13, 1978 meeting, the Mason County Board of Commissioners offered to pay up to one-half the cost of a new fire apparatus for the City of Scottville provided their share does not exceed \$25,000.00. The City accepted the County's offer and proposed to use the \$11,000.00 now set aside in an unemployment compensation reserve account because the amount in the account was no longer needed in light of the City's membership in an unemployment group fund. The evidence further indicates that the City expects to use \$14,000.00 of the fund balance to make up the City's share of the cost of the fire apparatus. It maintains that this will allow a fund balance of only \$1,000.00, which is negligible.

In analyzing all the evidence, a few basic conclusions are in order. First of all, the wages for the classifications considered, including Police Chief, Sergeant, and Patrolman, paid in the City of Scottville are comparable and in fact in most cases exceed the wage rates paid in the communities utilized by both the City and the Union. Employees in Scottville are not at a disadvantage when compared to employees in other communities.

Additionally, your Fact Finder cannot take the position that the City of Scottville is in financial difficulty. The documents and the evidence produced indicates to your Fact Finder that the City has been well managed and is suffering no serious financial difficulties.

Of course, the evidence also establishes that residents of the City of Scottville are paying a higher rate, when expressed in both mills and in actual dollars, than residents of the other listed communities. The residents in Scottville should not at this time be subjected to an increase in millage. They are carrying their fair share of the load.

The data introduced regarding the cost of living clearly indicates that the consumer price index is following a steep inflationary spiral. The percentage increase in the CPI, as indicated by the data previously examined, is extremely high and its impact both on the employees in this bargaining unit, and the City, must be carefully examined. An increase in the cost of goods and services is felt by both the employees and the City. As the purchasing power of the employee's wages decreases, the employee demands a higher wage increase. At the same time, the purchasing power of the City's dollar is also decreasing, both as to the labor needed to run the community, and the goods that must be purchased.

The question is how to fairly allocate the economic pressure. The City's audit report displays a substantial general fund balance as of June 30, 1978. Yet, the explanations offered by the City regarding the use of that balance is not unreasonable.

Looking first to a one-year Collective Bargaining Agreement, it becomes obvious that the 38 cent per hour increase sought by the Union is just as unacceptable as the 17 cent per hour increase

offered by the City. A 38 cent per hour increase equates to a yearly dollar increase of \$790.40. This is much higher than that received by the Police Department per the Union's evidence. By the same token, the City's offer would represent a yearly increase of only \$353.60. This is substantially less than received by the Police Department. Further, the total cost of the Union's proposed increase, based on 2,080 hours, would be \$3,952.00 per year, while the City's total cost would be \$1,768.00 per year. Further, the City's position does not adequately deal with the increase in the CPI.

If the parties agree on a one-year Collective Bargaining Agreement, your Fact Finder recommends that the wage increase be 28 cents per hour retroactive to July 1, 1978. Actually, there is no question regarding the retroactivity. The 28 cent per hour increase represents a yearly increase of \$582.40. This is much more in line with the evidence introduced by the Union. Further, the total cost to the City would be \$2,912.00. This is an amount which the proofs indicate the City can easily cope with. Further, the 28 cent per hour increase alleviates the pressures felt by inflation to a greater degree than the offer made by the City. It is true that the 28 cent per hour increase would make the employees in this unit the highest paid as compared to some of the communities listed. However, the wage history in the City of Scottville has always been of such a nature. In arriving at this recommendation, your Fact Finder carefully considered the increases in the CPI, wages in surrounding areas, cost to the City, the City's financial condition and a number of other items. The recommendation is a fair and equitable figure on which the parties may settle a one-year Collective Bargaining Agreement.


If the parties ultimately agree on a two-year Collective Bargaining Agreement, your Fact Finder recommends that the salary increase for the first year be 30 cents per hour, while the salary increase for the second year be 25 cents per hour. The recommendation offered by your Fact Finder would provide for a \$624.00 salary increase in the first year of the contract, and a \$520.00 salary increase in the second year. This is compared to the City's offer which would provide a \$353.60 salary increase in the first year and \$416.00 salary increase in the second year. Again, the figures offered by the Fact Finder more adequately protect the employees against inflation and yet do not represent an increase that would economically injure the City. Because of the benefits enjoyed in a multi-year Collective Bargaining Agreement, it is entirely reasonable to suggest that two cents per hour more be offered in the first year. True, this recommendation is higher than for a one-year Collective Bargaining Agreement, but this result is not uncommon. The stability offered by a two-year Collective Bargaining Agreement must be considered in light of the risk assumed by the parties. As far as the Union is concerned, the risk is that the cost of living will increase at such a rate as to make the salary increases very inadequate. This recommendation affords the City the stability it desires and by the same token, should protect the bargaining unit employees against inflation to a more acceptable degree.

It should be noted that the salary increase recommended for the second year of the Collective Bargaining Agreement is slightly higher than that offered by the City. Yet, there is ample justification for the Fact Finder's recommendation. The CPI has risen tremendously as indicated by the Union's evidence. Even if we

assume that it will slow down in the second year of the contract, it must be remembered that these recommendations are being formulated in November of 1978. This is almost half way through the first year of the Collective Bargaining Agreement. There doesn't appear, from the evidence, to be any reason to conclude that the increase in the CPI is going to be reduced in any substantial manner. Thus, if the City desires a multi-year agreement, it must make some concession in order to gain the stability it desires.

CONCLUSION

Your Fact Finder has carefully considered the evidence presented at the hearing and believes that the above stated recommendations should serve as a basis for settling this dispute.

A handwritten signature in dark ink, appearing to read 'Mario Chiesa', is written over a horizontal line.

MARIO CHIESA

Dated: December 4, 1978