

Michigan State University 185
LABOR AND INDUSTRIAL
RELATIONS LIBRARYSTATE OF MICHIGAN
DEPARTMENT OF LABOR
LABOR MEDIATION BOARD

In the Matter of

SHELBY TOWNSHIP, a Municipal Corporation

-and-

INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS,
LOCAL 1338, a/k/a
SHELBY FIRE FIGHTERS ASSOCIATION, AFL-CIO

On February 10, 1969, the undersigned, Leon J. Herman, was appointed by the Labor Mediation Board as its hearings officer and agent to conduct a fact finding hearing relevant to the matters in dispute between the above parties, pursuant to Section 25 of Act 176 of Public Acts of 1939 as amended, and the Board's regulations. Accordingly, and upon due notice, hearings were scheduled and held on March 19, March 31 and April 7, 1969, at the Township Hall, Shelby Township (49960 Van Dyke, Utica), Michigan.

Kirby Holmes, Supervisor; Mae Stecker, Clerk; Jack Millard, Treasurer; Jack Jenkins, Trustee and Russell R. Zielesch, Certified Public Accountant, appeared on behalf of the Township

Winston L. Livingston and Gordon A. Gregory, Attorneys; Ruben R. Gomez, Spokesman, Local 1338; Thomas Slovey, President, Local 1338; George Media, Bargaining Member, Local 1338; Roger J. Krings, Vice President, Local 1338; and Anthony Zografos, Pontiac Fire Fighters Union, Local 376, represented the Association.

Shelby Township

Shelby Township is a community of some 28,000 persons incorporated as a township in Macomb County, Michigan. It maintains a fire department of 20 persons.

To support the department the citizens of the Township voted a 2½ mill allocation intended exclusively for fire department maintenance. Currently this millage produces approximately \$240,000.00 per year. All salaries, equipment and maintenance expenses of the fire department are paid exclusively from the millage receipts.

The Township and the Association were party to a Collective Bargaining Agreement which expired June 30, 1968. Under that contract the Fire Fighters received a base salary of \$8,000.00 per year. Sergeants received a 6% increment, lieutenants a 12% increment and captains an 18% increment. The fringe benefits provided by the contract were three holidays per year, one day of sick leave per month with unlimited sick leave accumulation, \$150.00 per annum clothing allowance for fire fighters, with \$200.00 clothing allowance for the fire prevention division, a longevity provision, fully paid Blue Cross coverage including family protection, plus life insurance up to \$10,000.00 for deaths occurring the course of duty, fully paid by the Township, and \$3,000.00 life insurance of which one-half was paid by the Township and one-half by the individual fire fighters.

On May 20, 1968, the parties held their first meeting to negotiate for a new contract. No offer was made by the Township at that meeting. A series of subsequent meetings through January 14, 1969 produced an offer of \$700.00 increase across the board for fire fighters, to include any fringe benefits which were desired.

On January 18 this offer was rescinded, and the Township substituted a 6% across the board increase based upon a three year contract with no change in fringe benefits.

During the week of March 24, at the suggestion of this fact finder, the parties resumed negotiations. The final offer made by the Township was \$8,450.00, retroactive to July 1, 1968, \$9,400.00 effective July 1, 1969 and \$9,900.00 effective July 1, 1970, with a 6% differential between ranks and no change in fringes. The Association demanded a two year contract with a base salary of \$8,750.00 as of July 1, 1968, \$9,400.00 as of January 1, 1969 and \$9,900.00 as of July 1, 1969, plus a food allowance of \$20.00 per month for employees working the platoon system; an increase in paid holidays from three 8 hour days to three 24 hour days; an improvement in Blue Cross and Blue Shield coverage to provide the master medical plan and a payment or credit of 50% of accumulated sick leave upon retirement.

The Township withdrew its offer, because its current audit disclosed that the revenue from the 2½ mill allotment for the 1969-70 year is expected to produce approximately \$250,000.00. Of this \$16,000.00 must be applied to the deficit which will result in the current year. At current costs and without providing any increases whatever, the Township argued that costs will exceed millage receipts for 1969-70 and for that reason it is utterly impossible for it to grant an increase.

The Township concedes that legally it may apply moneys out of the general fund toward the fire department, but the Board has a strict policy limiting the fire department expenditures to the millage levy

exclusively. It will not under any circumstances apply any part of the general fund to operation of the fire department.

The 15 member police department of the Township was maintained for years by appropriation from the general fund. In August, 1967, a 2½ mill levy was approved for maintenance of the police department. The police department budget was then removed from the general fund and limited to the receipts from the 2½ mill levy. Because the police department is smaller and its expenses lower, in that the annual cost of the police department is only \$115,000.00, the Township felt that it could give the police department a wage increase. Effective as of January 1, 1969, the patrolmen were given an increase to from \$8,000.00 to \$9,250.00 to be increased July 1, 1969 to \$9,600.00 and July 1, 1970 to \$10,200.00. Prior to this time the police and fire departments had been on a parity as far as wages were concerned, but the parity formula was broken by the new police department contract. It was felt that the police and fire department should not necessarily be on a parity basis, because the police work a 40 hour base week as against 56 hours for the fire department. Furthermore, the 2½ mill police levy generated sufficient funds to make higher wages possible for the police department while the fire department levy was insufficient to grant such increases.

I find as a fact that the Township will not have in its 2½ mill levy receipts sufficient funds to pay any increases to the fire department personnel, and that in all likelihood it will end the year 1969-70 with a deficit of some \$10,000 to \$20,000.

I also find as a fact that the fire department personnel are grossly underpaid when contrasted with salaries paid to fire fighters in the surrounding communities. The base salary in Dearborn is \$9,000; in Royal Oak \$9,400; in St. Clair Shores \$9,500, and in Bloomfield Township \$10,000. In Birmingham, fire fighters receive \$9,300; in East Detroit \$9,000; in Hamtramck \$8,739 plus a \$230.00 night shift differential and a \$300.00 food allowance. Highland Park pays \$9,547 plus a 400.00 food allowance; Madison Heights pays \$9,215; Sterling Heights \$9,540 and Warren \$9,413. Mt. Clemens pays \$8,400 and Pontiac \$9,000, although currently the fire department there is aggressively seeking an increase. The City of Pontiac has offered \$10,160 as of January 1, 1969, which has been rejected by the fire fighters there. In the City of Detroit, the fire fighters receive \$10,300; they have been offered a \$650.00 increase, plus a \$230 night shift differential. Waterford Township has offered its fire fighters \$9,750.

I find as a fact that the 2½ mill police budget produces an income of \$135,000 to \$150,000 over and above that required to pay for the police department, even after the increased rates, and that the overage has been transferred to the general fund. I also find that the Township has received, and probably will continue to receive into the general fund approximately \$70,000 in State Income Tax refunds.

The Township, with a population of 28,000, is far too large to reasonably continue to operate under the archaic township governmental system. In 1965 a vote was taken to change the Township status to a city form of government, but was rejected. A new vote is projected for the same purpose in 1970. The people

of the Township apparently prefer to keep their pastoral status rather than convert to an urban community with the consequent problems of urban life. However, by conversion to a city form of government the community will have available to it funds which it presently must forego. For example, traffic fines collected by the Township are not paid into the Township Fund but are turned over to the County Library. However, it is not the province of this fact finder to make recommendation with regard to the form of government which the people of the community wish to maintain. It is pertinent, however, that the residents of the Township in continuing the township system are thereby doing considerable disservice to the employees whom they have hired and to whom they owe a fair standard of living. No community has the right to demand its employees accept a substandard income so that the other residents of the area may enjoy country living with urban facilities.

The Township Board has restricted fire department costs to the proceeds of the 2½ mill levy because of a promise made to the public to that effect in 1953, when the levy was voted. It has as fixed policy refused to divert any part of the general fund to the fire department, in keeping with that promise. On the other hand, it has not hesitated to appropriate to the general fund the excess receipts from the police department levy, which should be equally inviolable. It has found no difficulty in financing such urban projects as street lighting, purchase of lands for parks and recreation, and funding the improvement and maintenance of the parks. It has found available funds to increase the salaries of its bookkeeper, assessor, police chief, building inspectors and DPW chief by \$900 to \$1500. When asked to appropriate

part of the general fund to fire department salaries, however, the Township Board insists that it could not do so even if it would, because all the fund had been allocated for specific disbursements. I am of the impression that the Township budget was formulated in compliance with Parkinson's Law that disbursements expand to meet expanding revenue.

The Board's insistence that it will not apply any general fund money to support of the fire department is unreasonable, unfair and altogether inconsistent. It is an allocation of funds without any reasonable justification. The Township expects and requires all the fire prevention and fire protection it needs, but is not willing to bear the fair cost. Instead it insists that a limited fund be the sole source of revenue from which the fire department shall be maintained.

I do not believe that the citizens of this community are as penurious as the Board would tend to indicate. The citizens voted a bond issue of \$900,000 to be paid for out of a 1½ mill levy for new fire department construction and equipment, including a new Mack truck. Are the new building and equipment to be manned with the present manpower at the same salaries? It should be recognized that the growth of the Township and the changes in economic conditions in the 16 years since 1953 warrant a change in the treatment of the fire department by the Board and the citizenry.

There is nothing sacred about a general fund. The refusal to take moneys out of the general fund is purely and solely a Board policy. Such a use of general funds is quite legal, as the Township admits. The policy should not be used to keep the Township's employees on

a low scale of living just to meet an arbitrary artificial fiscal formula. I strongly urge the Board to reassess its policy in the light of fair treatment to its employees.

I recommend that firemen be given parity with policemen insofar as is now possible, and that the following base wage scale be adopted:

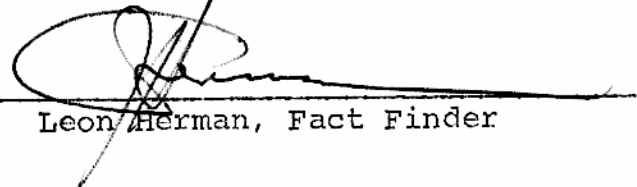
\$9,250, retroactive to July 1, 1968

\$9,600, effective July 1, 1969; and

\$10,200, effective July 1, 1970, on a three year contract.

I recommend that sergeants be given an additional 6%, lieutenants 12% and captains 18% over the base pay.

I further recommend a food allowance of \$20.00 per month for all employees working the platoon system, since they must have a good many of their meals in the fire station; that the number of paid holidays be increased to six 8 hour days; and that other fringe benefits presently in effect be continued unchanged.



Leon Herman, Fact Finder

Southfield, Michigan

April 22, 1969