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STATE OF MICHIGAN
LABOR MEDIATION BOARD

In the matter of:

CITY OF ADRIAN, MICHIGAN

and

Case No. 166-E-125

LOCAL 1511, INTERNATIONAL ASSOCIATION OF
FIRE FIGHTERS, AFL-CIO

Adrian, City of

HEARINGS OFFICER'S FACT FINDING REPORT

APPEARANCES:

For the Employer: Clifford R. Miles, City Administrator
Earl R. Boonstra, Attorney for the City

For the Fire Fighters: Daniel T. Delagato, President, Michigan State Fire
Fighters Association, AFL-CIO
Willis Long, President, Local 1511
Ezra Brock, Bargaining Committee, Local 1511

This is a fact finding report under the provisions of Section 25 of
Act 176 of the Public Acts of 1939, as amended, which provides in part as
follows:

"Whenever in the course of mediation under Section 7 of
Act No. 336 of the Public Acts of 1947, being Section 403.007
of the Compiled Laws of 1948, it shall become apparent to the
Board that matters in disagreement between the parties might
be more readily settled if the facts involved in the disagree-
ment were determined and publicly known, the Board may make
written findings, with respect to the matters in disagreement.
Such findings shall not be binding upon the parties but shall
be made public. . . ."

In accordance with the Board's Rules and Regulations relating to fact
finding procedures, the undersigned Hearings Officer was designated to conduct
a hearing in the matter and to issue a report in accordance with Article V,
Section 1 of Rules and Regulations which provides as follows:

"After a hearing for the purpose of taking evidence upon a
petition, the Labor Hearings Officer shall prepare a report.
Such report shall contain findings of fact and the reasons or
basis therefor. The Labor Hearings Officer shall file the
original with the Board and cause a copy thereof to be served
upon each of the parties. Within ten days from the date of
service of the report, the parties may file written comments
with the Board."

Background

In a letter dated July 2, 1966, to the State Labor Mediation Board requesting fact finding, Mr. Willis Long, President, Local 1511, stated that their first proposal was submitted on January 27, 1966, requesting an increase in base pay from \$6006 to \$7000 per year and a longevity pay plan of 2 percent every five years to a maximum of 10 percent at 25 years. On March 29, 1966, The City of Adrian through Mr. Clifford Miles, the City Administrator, proposed an increase in base pay from \$6006 to \$6162 per year for the fire fighters but no longevity plan.

On April 7, 1966, the Fire Fighters proposed an increase in base pay from \$6006 to \$6932 per year and a longevity pay plan of \$50 at five years and \$50 every five years to a maximum of \$250 at 25 years.

On May 3, 1966, the City offered another proposal increasing the base pay from \$6006 to \$6214 per year but no longevity pay plan.

The Fire Fighters met with Mr. Miles on June 30, 1966, to get a written agreement that any salary adjustments would be retroactive to July 1, 1966, but this was not effectuated.

In the City's reply dated July 11, 1966, to the petition filed by Local 1511 for fact finding, Mr. Miles, City Administrator, stated:

'The City of Adrian objects to the Board instituting 'fact finding' for the following reasons:

1. The Petitioner did not present the City with its entire set of contract requests until June 9, 1966.
2. There are no 'impasse' questions before the parties at this date. Fact finding will, therefore, serve no useful purpose.
3. The process of mediation has not yet been exhausted. There has only been one meeting with State mediation present and that prior to the Union having presented its entire list of requests.
4. This request is entirely premature.

Accordingly, it is, therefore, requested that the Petition be denied or, as an alternative, indefinitely postponed. The normal procedures of negotiation and mediation should be permitted to operate in an effort to achieve an orderly collective bargaining agreement.'

In a telephone conversation of July 11, 1966, Mr. Earl Boonstra, Attorney for the City of Adrian, informed Mr. Hyman Parker, Chief Hearings Officer, State Labor Mediation Board, that the City contemplates further

negotiations and collective bargaining with the Union and that new proposals regarding the matters in disagreement may be exchanged. Accordingly, in line with the policy of the Board to encourage the parties to completely exhaust collective bargaining and mediation, the Board postponed without date the Fire Fighters request for fact finding. It did not dismiss the petition. The parties were so notified in a letter from the Board on July 13, 1966.

Local 1511, in a letter to the Board dated July 15, 1966, agreed to the postponement of the request for fact finding if a final date of August 15, 1966, was set. If negotiations are not completed by this date, it wanted the Board to proceed with fact finding.

On August 3, 1966, Local 1511 requested the Board to proceed with fact finding since the parties were not able to reach agreement. On August 9, 1966, Mr. Bounstra, Attorney for the City, in a letter to the Board, also requested a rescheduling of the Fact Finding Hearing inasmuch as the mutual meetings had not produced satisfactory progress.

On the basis of these letters, the Labor Mediation Board concluded that 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 Board appointed Dr. Daniel H. Kruger as its Hearings Officer and Agent. A meeting of the parties was held in Adrian on November 1, 1966.

The Issues

At the hearing, Mr. Daniel T. Delegato, President, Michigan State Fire Fighters, stated that Local 1511 and the City of Adrian had been negotiating since January, 1966, for the adjustment of wages and fringe benefits. The issues in dispute, according to the Union, are:

1. Increase in base pay from \$6006 to \$7000,
2. Longevity pay of 2 percent in steps of five years to a maximum of 10 percent at 25 years,
3. Fully paid hospitalization insurance that has been tentatively agreed upon and has been paid for the rest of the city employees since July 1, 1966,
4. All issues shall be retroactive to July 1, 1966.

The City of Adrian, through its Attorney, Mr. Earl Bounstra, entered a statement of position (City of Adrian Exhibit #1) as to this hearing. It

demanded that "the Board advise the City and the Union of its respective responsibilities and legal obligations with respect to bargaining as required by the Act" (Act 336 of the Public Acts of 1947, as amended). The issue appears to be that Local 1511 will not bargain on matters referred to in Act 78, Public Acts of 1935, as amended. This Act, inter alia, provides for a Board of Civil Commissioners and a Civil Service System "which deals with such matters as recruitment, hiring, promotions, suspension and discharge of all officers and men appointed in the Fire Department." In the City's view, this means that the City cannot negotiate on wages, hours and other conditions of employment as required by Act 336, but only on a selected number of conditions of employment as determined by the Union. This leaves the City "a partial labor agreement" which it cannot be required to negotiate. Its rationale is that "the considerations for wages and other benefits is the complete documentation of a labor agreement covering all the terms and conditions of employment." Accordingly, the City maintains

"Local 1511 cannot require the City to bargain with respect to wages because the concomitant of granting economic improvements is the right of the City to have a definitive Labor Agreement covering all the terms and conditions of employment, not just a portion of them.

The City, therefore, respectively requested that this Board's Hearings Officer find as follows:

1. That Local 1511 is not requesting a complete definitive collective bargaining agreement with the City of Adrian as the sole and exclusive bargaining representative of the employees within its Fire Department.
2. That the City of Adrian need not bargain with Local 1511 until such time as Local 1511 is ready, willing and able to negotiate a complete definitive collective bargaining agreement, covering wages, hours and other conditions of employment as prescribed in Act 336 of the Public Acts of 1947, as amended.
3. That the City of Adrian has offered to discuss with a duly designated Committee of its Firemen, which may or may not be the bargaining committee of Local 1511, such wage rates as may be desired by the employees, and, has further agreed and offered to place wage rates, as may be discussed on an advisory basis, into effect for the Fire Department employees and will continue its personnel policies currently in effect covering said employees until such date as Local 1511 is ready, willing and able to assume its responsibilities as sole and exclusive collective bargaining agent, after which time the City of Adrian offers to meet, negotiate and execute a definitive complete collective bargaining agreement covering wages, hours and all other conditions of employment"

The Hearings Officer stated that he would note the objections of the City but urged that the hearing be continued. The City agreed to its continuation.

In its presentation, the City stated that it had proposed to the Fire Fighters Local 1511 on May 3, 1966, the following:

1. Base Pay: An increase from \$5006 to \$6214 per year.
2. Longevity Pay Plan: No plan at this time.
3. Blue Cross: The City would pay Blue Cross (M-75 Ward) for all active employees of the Fire Department and their dependents.
4. Hours: A reduction in hours from 67½ to 63 per week.
5. Vacation: A reduction in the number of duty days off for vacation from 7 to 6.
6. Sick Leave: The number of sick leave days earned per year for the Fire Department will be six - the same as in the past.
7. Rules: Rule 6, page 3, of the Fire Department personnel rules should be amended to read as follows; No sleeping will be allowed on the apparatus floor. Sleeping will be permitted only during the following hours - 8 p.m. to 7 a.m.
8. The foregoing proposals are submitted as a complete package and not as separate proposals.

Discussion and Recommendations

The City of Adrian in its statement of position requested the Hearings Officer to rule, in effect, on two legal issues. The first revolves around the duty to bargain on part of the Union under Act 336 of the Public Acts of 1947 as amended and the second is the relationship of Act 78 of the Public Acts of 1935 and Act 336. The interpretation of legal issues is beyond the jurisdiction of this Hearings Officer. Fact finding, as provided in Section 25, Act 176 of the Public Acts of 1939 as amended, is essentially an extension of the mediation process under Section 7 of Act 336. As such, it focuses on the facts involved in the disagreement. If the City desires a determination of the legal issues as it perceives them, there are other forums available for this purpose.

The issue of the duty to bargain on the part of the Union, however, requires an additional comment. The duty to bargain is implicit if collective bargaining is to be an effective mechanism for the reaching of a consensus between the employee organization and the employer as to rates of pay, wages,

hours of employment and conditions of employment. Act 336 as amended explicitly states that it is unlawful for a public employer to refuse to bargain collectively with representatives of its employees (Section 10). There is no similar provision in the Act with respect to the Union's refusal to bargain.

The Salary Adjustment Issue

Turning next to the issues in dispute, the Fire Fighters requested that their maximum pay be raised from \$6006 to \$7000 per year, an increase of 16.5 percent. In support of their demand, they introduced salaries being paid to firemen in cities within a 50 mile radius of Adrian (Union Exhibit #2). The maximum salary as of January 1, 1966, in these cities was:

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|-----------|--------|
| Ann Arbor | \$6110 |
| Jackson | 6146 |
| Monroe | 5646 |
| Wayne | 7091 |
| Ypsilanti | 6474 |

Adjustments, however, have been made since January 1, 1966, according to the information supplied by the Fire Fighters. Ann Arbor raised its maximum to \$6500 and Monroe to \$7032 after 5 years. Additional information obtained from the Michigan Municipal League Information Bulletin No. 106 (September 1966) shows that the maximum for Jackson is \$6416; Wayne, \$7827; and Ypsilanti, \$7384. All of these cities except Ypsilanti have a 63-hour work week for firemen. Ypsilanti has a 56-hour work week. Adrian also has a 63-hour work week for firemen.

In determining salary rates, comparison are frequently made of rates paid other public employees for similar work in the local geographical area. Location of a community in relationship to other jurisdictions, therefore, is taken into account. For example, the State Labor Mediation Board in City of Monroe and Local 326 International Association of Fire Fighters AFL-CIO (Case No. D65-D868) noted that Monroe is located about 38 miles southwest of the City of Detroit and, therefore, is located in what is called the Detroit Metropolitan Influence Area. Consequently, the Hearings Officer accepted, for comparison purposes, the firemen salary structure of cities of approximate size in this geographical area. Adrian is located 69 miles southwest of Detroit and is not in the influence area.

There is another factor relative to the current salary level of firemen employed by the City of Monroe. The City of Adrian introduced minutes of the meeting held on March 28, 1966, of the Monroe City Commission in which it was stated that "no review of wages will be made until 1968." Thus, the salary adjustments made in 1966 are for a period of two years. This needs to be taken into account in appraising the salary level for Monroe firemen as compared with Adrian.

Other factors considered in salary determination in public jurisdictions are size of community, its tax and property structure, the extent of residential, commercial and industrial property, and the composition of its business and industrial base. The Fire Fighters, in their presentation, compared Adrian with Jackson and Ann Arbor. Jackson is located 38 miles from Adrian and Ann Arbor is 42 miles. The 1960 population of Jackson was 50,720 and for Ann Arbor, 67,340. By comparison, the population of Adrian was 20,347. Larger cities have a different kind of labor market in which to compete for their employees as compared with smaller jurisdictions.

Another important consideration in salary determination is the salary or wage structure existing in the community. The Fire Fighters presented wage data on the postal employees pay scale in Adrian (Union Exhibit #3). Postal employees are paid according to a national pay plan. It also presented average hourly wage rates for production workers in manufacturing plants located in the area (Union Exhibit #4).

The City of Adrian also presented wage data for five corporations located in Adrian which have a total of 2,508 employees (City of Adrian Exhibit #2). This exhibit shows hourly rates and annual rates calculated on 2080 hours, i.e. 52 weeks at 40 hours, for 16 different skilled jobs in these five corporations. The average annual rate of these jobs is \$6517.

The City of Adrian, in its presentation, stressed that the Fire Fighters were seeking parity pay, i.e. pay equal to that received by the policemen (City of Adrian Exhibits #3, #4, #5, #6, #7 and #8). The Fire Fighters denied this. The evidence tends to support their denial inasmuch as policemen employed by the City of Adrian are paid \$6500 per year. The Fire Fighters, as noted above, are seeking an increase in the maximum pay from \$6006 to \$7000 per year.

On the basis of information presented, it does seem that the \$6006 annual maximum salary of Adrian Fire Fighters is considerably below the annual average wages for skilled jobs in Adrian. The City recognizes the need for some kind of adjustment as evidenced by its offer of an increase of \$208 which would raise the maximum to \$6214 per year.

Hospitalization Insurance

In its proposals dated May 3, 1966, the City proposed to provide without cost to the firemen Blue Cross Hospitalization Insurance (M-75 Ward) for all active employees of the Fire Department and their dependents. The City and Local 14663, United Mine Workers, have already negotiated a similar plan covering employees of the Department of Public Works. Currently, all city employees except the policemen and fire fighters have been covered in such a plan since July 1, 1966. The City of Adrian estimates that this hospitalization insurance plan represents a 2.9 percent increase over the previous year's salary and fringe benefits of its firemen.

Longevity Pay

The City does have what is referred to as 'Keyman pay.' Under this arrangement, the City provides funds for the Chief of the Fire Department to use at his discretion. According to testimony presented, the Fire Fighters elected to give the Keyman pay to those firemen with the most years of service. Currently, eight firemen are each receiving \$130 per year, though funds are available for nine men. The Keyman pay, however, is not a longevity pay plan as commonly found in some jurisdictions.

Recommendations

The Hearings Officer notes the desire of the City of Adrian to negotiate with the Fire Fighters a total economic package covering both wages and fringe benefits. This has been a long-established practice in collective bargaining in the private sector.

After careful consideration of the entire record, the Hearings Officer finds and recommends the following:

1. A total economic package of 10 percent over the previous year's salary and fringe benefits of the Fire Fighters employed by the City of Adrian. The 10 percent increase is to be allocated as follows: 7.1 percent for a salary adjustment and 2.9 percent for hospitalization insurance.

A 7.1 percent increase in salary would raise the firemen's salary by \$126 from \$6006 to \$6132 per year. Such an increase would bring their salaries more in line with the annual average pay for skilled jobs in the community.

2. The City of Adrian establish a fully-paid hospitalization insurance plan (Blue Cross M-75 Ward) for all active employees of the Fire Department and their dependents. The City has estimated that the cost of this benefit represents a 2.9 percent increase in the salary and fringe program of the firemen.
3. The Fire Fighters Local 1511 drop their demand for longevity pay at this time. In future negotiations, the parties, if they choose, can bargain on this demand.
4. The total economic package of 10 percent be made retroactive to July 1, 1966. The effective date of the hospitalization programs should, however, be reviewed by the parties. If the parties agreed on some other date for beginning the insurance program, the City should pay the firemen the amount of money which would have been expended by the City for the insurance program from July 1, 1966, to its effective date.
5. The City of Adrian does not institute at this time any changes in its existing vacation and sick leave policies for firemen.

Daniel H. Kruger, Hearings Officer

January 12, 1966