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Escanaba City

STATE OF MICHIGAN  
DEPARTMENT OF LABOR

EMPLOYMENT RELATIONS COMMISSION  
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Compulsory Arbitration Proceedings

pursuant to Act 312 of the  
P.A. of 1969

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In the Matter of )  
)  
)

CITY OF ESCANABA, )  
)

Public Employer, )  
)

-and- )  
)

INTERNATIONAL ASSOCIATION OF FIREFIGHTERS )  
Local 443, )  
)

Employee Representative )  
)  
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Panel of Arbitrators:

James R. McCormick, Chairman

Gary LaPlant, City Panel Member

Arnold Johnson, Local 443 Panel Member

For the Public Employer: Ralph B. K. Peterson, City Attorney  
Howard Smale, City Controller

For the Employee Representative: Nino Green, Attorney at Law

Hearing held: July 8, 1970

Panel Meeting Held: September 17, 1970

FINDINGS, OPINION AND ORDER

Introduction:

Pursuant to Section 3 of Act 312 of the Public Acts of 1969,  
International Association of Fire Fighters, Local 443, bargaining repre-  
sentative of the fire fighters of the City of Escanaba, initiated  
binding arbitration proceedings in connection with a dispute concerning  
wage rates and conditions of employment. The proceedings were initiated  
on May 27, 1970, and concern rates and conditions beginning with the

fiscal year 1970-1971. The Chairman was appointed by the Employment Relations Commission on June 17, 1970, and the hearing commenced on July 8, 1970 at Escanaba, Michigan. The tri-partite panel of arbitration has met in executive session to review the testimony and the extensive documentary evidence submitted by the City and Local 443. On the basis of the entire record in the matter, and in the light of the factors enumerated in Section 9 of Act 312, P.A. 1969, the undersigned submits the following findings, opinion and order.

#### FINDINGS AND OPINION

While the parties have negotiated wages and conditions of employment in prior years, this is the first time they have agreed to formalize their arrangement in a typical collective bargaining contract. Prior to and at the commencement of the instant proceedings the parties reached agreement on all outstanding issues except (1) wage rates, and (2) Local 443's request for an additional holiday. The substance of the agreements reached was recited on the record at the opening of the hearing. By stipulation of the parties the scope of these arbitration proceedings and the order to be issued are limited to the settling of the wage rates and the question of the additional holiday.

#### Wage Rate Issue:

The Union seeks wage increases of 17 per cent, while the City's last offer was 6.5 per cent. The Union originally sought increases of approximately 14% and modified its demands to 11.3% prior to mediation. Three other bargaining units of City employees have received raises of 7%. The City contends its offer is equitable and in line with rates of pay for fire fighters in comparable Upper Peninsula communities, as well as being in line with compensation received for other kinds of work

in the Escanaba area. The Union disputes these propositions, and each side presented documentation in support of its position.

Section 9 of Act 312 stipulates the specific factors to be considered by this panel in reaching a decision concerning wage rates. The first factor is the question of the lawful authority of the City. It is found that no issue concerning the City's lawful authority is applicable to this case. The second factor enumerated in Section 9 is stipulations of the parties. There are no factual stipulations of importance here, except that the parties did stipulate to the admissability of numerous documents without the laying of a foundation through witnesses.

The third factor to be considered is "The interests and welfare of the public and the financial ability of the unit of government to meet those costs." In this case the City contends it lacks funds which could be diverted into wage increases for fire fighters in excess of the 6.5% offered in bargaining. The City also contends that use of available City resources to grant the firefighters more than 6.5% would not be in the public interest. Since it would be in the public interest to, grant greater wage increases if such are required to do equity and to be competitive, we must look to the next factor enumerated in Section 9 of Act 312, namely a comparison with wages paid to firefighters and for other jobs in public and private employment in "comparable communities."

Finally, cost of living increases and the overall compensation received, including fringe benefits, must be, and have been, considered by the panel. Since the order entered pursuant to these findings and conclusions are made retroactive to July 1, 1970, it is not necessary to consider any changes in the above factors since the hearings held herein.

The Union points to the increase in the cost of living, the annual rate of increase being in the neighborhood of 6%. The City makes an elaborate argument that the cost of living increase during the course of a given year only gradually overtakes a wage increase granted at the beginning of the said year. However, the Union's point is well taken,

since the Union wishes to at least preserve the real wages the employees were receiving as of the prior year. A month after a wage increase goes into effect, the employees' "real wages" are lower, assuming a continuing pattern of increase in the cost of living. Absent a cost of living escalator clause in the contract, the Union seeks to offset the anticipated continuation of the well-known pattern of cost of living increases through setting correspondingly high basic wage rates.

A fire fighter witness called by the Union testified that when he started in 1961 a police patrolman earned only \$60.00 per year more than a fire fighter, but that the "big change in differential" came about five years ago, at which time the fire fighters were offered a choice between a cut in the work week by 3½ hours or else a 4% pay raise. They chose the former. He further testified that all City employees used to receive the same flat annual rate increase, but that also began to change about five years ago. This, of course, reflects the fact that collective bargaining under the purview of the Public Employment Relations Act came into being about five years ago.

In the 1967-68 negotiations the Union was displeased with the City's offer. The City Manager offered to survey other cities and promised that he would do all in his power to see that the firefighters got a pay adjustment if the City were found to be "far off". According to a compilation made from the survey in 1968, Escanaba firefighters were approximately \$400 per year below the average of the other cities surveyed. The survey compilation shows that Escanaba was generally competitive as to holidays, overtime pay and call back pay, but below average as to vacations and sick leave. The cities surveyed are located in all parts of Michigan except the Detroit area, and are, in general, cities of the same general size as Escanaba.

In preparation for 1970-71 negotiations the Union resurveyed the same seventeen cities on the same basis. Union Exhibit 4 represents a comparison of Escanaba rates and certain fringe benefits with the other seventeen cities prior to the beginning of the current (July 1, 1970-June 30, 1971) fiscal year. It does not reflect the 6.5% offer of the City, but most, if not all, of the other seventeen cities may be presumed to have granted some increase in pay for the new fiscal year also. Union Exhibit 4 indicates Escanaba's top salary for a regular firefighter to be \$6,819, or \$548 below the average of \$7,367 for the seventeen. The City contends this comparison is unreliable since, among other things, (1) Escanaba has a high ratio of officers to firefighters, (2) Escanaba's fringe benefits are high, and (3) Escanaba actual annual earnings, are substantially higher than base pay.

Union Exhibit 4 compares Escanaba with three other Upper Peninsula cities: Marquette, Menominee and Sault Ste. Marie. The comparative rates, as of early 1970, were:

	Firemen Starting	Firemen Top	Holiday Hours	Vacations 2wks.	3wks	4 wks.	Sick Leave
Average of 17	6413	7367	106	1-8 yrs.	10 yr.	16 yrs.	174 hrs
Escanaba	6137	6819	96	2 yrs.	10 yr.	20 yrs.	112 hrs
Difference	276	548	10	2 yrs.	-	4 yrs.	62 hrs
Marquette	5280	6120	192	2 yrs.	15 yrs.	-	135 hrs
Menominee	5601	6032	96	4 yrs.	4 yrs.	15 yrs.	288 hrs
Sault Ste. Marie	6115	6750	-	2 yrs.	10 yrs.	20 yrs.	180 hrs

Union Exhibit 8 reveals that Escanaba firefighters presently move from a starting base of \$5,643 and premium pay of \$590 to a maximum base pay of \$6,270 and premium of \$656. Firefighter driver's comparable rates are \$5,751, \$602, \$6,390 and \$669. Despite the fact that Escanaba does not fare well in comparison with the other seventeen Michigan cities of roughly comparable size, it does fare quite well when the comparison is with the three other comparable size Upper Peninsula cities included in the 1970 Union survey. It's rates were, as of early 1970, substantially

higher than Marquette and Menominee and a little higher than Sault Ste. Marie, even by the Union figures.

The City's Exhibits 3, 4, 5 and 6 seek to directly compare Escanaba with Marquette and Sault Ste Marie, based upon wage rates in the other two cities as of July 1, 1970 and assuming a 6.5% raise for Escanaba firefighters. Again, the City's rates appear higher than those of these two most obviously comparable cities. These exhibits take into consideration base pay, driver's pay, holiday pay, longevity, Sunday pay, and food allowance. An effort is made to weigh the figures by taking into consideration the percentage of the men in each department who receive driver pay. The City, through these exhibits, draws the conclusion that the average pay with fringes in Escanaba, assuming the 6.5% increase previously offered, would be \$7,643, while the figures for the other two would be: Sault - \$7,257.14 and Marquette - \$6,999.99. All three cities have equivalent insurance coverage, and all three participate in pension plans under Act 345. The three were treated as comparable by the panel in the recent Marquette police arbitration award.

The City exhibits do not reveal the source for the base pay figures for Marquette and Sault Ste. Marie, but it appears the Escanaba base pay figure is that for the top level and assumes that everyone has received his annual increments.

City Exhibit 8 points up the validity of comparing Escanaba wages with other Upper Peninsula cities. The 1970 first quarter unemployment rate in the Upper Peninsula was 12.3%, twice the rate for the State as whole. Average gross weekly earnings during the same period for Upper Peninsula production employees on manufacturing payrolls was \$126.50, as contrasted to \$165.48 for the State as a whole. While no public employer should be permitted to hide behind regional figures if it is in a good position to move into a leadership position in wage rates within the region, it appears that Escanaba has suffered some reverses

as a result of a decrease in population, and that the City government is somewhat hard-pressed in terms of its budget for the current fiscal year.

For the 1969-70 fiscal year the firefighters and police each received 4% raises. However, as noted above, the disparity between the two departments has risen considerably over the past few years. The Union's insistence on a raise well in excess of the 6.5% offered by the City is premised on the principle of parity. Even though the firefighters do not hope to achieve absolute parity this year, they do seek a reduction of the present differential. The City's position is that there is little similarity between police and firefighting duties, skills and dangers, and that each unit must stand on its own merits. Statistics presented by the Union, from the booklet entitled "Economic Justice - The Needs of FireFighters", by Stanley H. Ruttenberg & Assoc., Inc. tend to establish that firefighting is, on the average, as hazardous as police work, in terms of severity and frequency of job-related injuries. However, as argued in a booklet authored by Carl F. Lutz, "Relating Police and Fire Department Salaries", there are new areas of responsibility in modern police work which are unknown to firefighting. Both are becoming much more sophisticated, but the similarities which were the basis for parity, wherever it existed, are probably decreasing.

Parity has not existed in Escanaba for a long time. As far back as 1961, according to a Union witness, there was a small disparity, which has been growing for at least five years. The City, in Exhibit 7, presented an analysis of police and firefighter salary disparity in Escanaba. It appears that the present disparity has not been a hindrance to firefighter recruiting. The City contends the disparity is acutally needed for police recruiting.

In any event, the panel finds that the equitable wage rates for the City's firefighters do not depend upon what is equitable for



policemen or what is required to be competitive with other police departments. Therefore, especially since this City has not practiced parity for some years, the findings regarding the proper rate of pay for this unit will be made without regard to the concept of police-fire parity.

The Union engaged in some arithmetic calculations during the hearing, showing that the 56 hour work week of a firefighter results in his working 2912 hours per year, or 832 hours more than the standard 2080 worked by 40 hour employees. While the requirement of being away from home for 56 hours a week is a significant feature of the firefighter's job the panel concludes that it is not a basis for extra compensation, since 24 hour tours of duty include a night's sleep.

While the Union presented copies of numerous collective bargaining contracts covering employees in the building trades and manufacturing industries in the Escanaba area, the most vital comparisons, the panel finds, are with firefighting departments in comparable cities. When compared with the new 1970-1971 rates for Marquette and Sault Ste. Marie, the most obvious comparisons, Escanaba's 6.5% offer appears reasonable. When compared with the widely-scattered 17 Michigan cities of roughly comparable size, Escanaba's rates, as of early 1970, were somewhat substandard. However, as noted, the Upper Peninsula economic situation, including unemployment rates and general pay levels, is not good.

The 6.5% offer was not clearly unrealistic, but there is a practical factor which militates in favor of a slightly higher increase. As mentioned earlier, the City settled with other units at 7%. These included the police, who are represented by Teamsters Local 328. While this would not in itself justify ordering the City to grant a 7% raise to the firefighters, there is the further compelling factor that the City provided for a 7% increase for the firefighters in its proposed 1970-1971 budget. That provision was made before contracts were negotiated.



The circumstances would indicate that the City held back the final half percent as a cushion, with the well-known proclivity of arbitrators for compromise in mind.

In a situation of this kind, absent proof that the City is without the means to pay the full 7%, the panel concludes that the City ought to be directed to grant the amount which it had tentatively budgeted, despite the fact that the 6.5% which was offered was itself a reasonable offer. Section 9(h) of Act 312 calls upon the panel to consider all factors which would be considered in bargaining between the parties themselves, in public or private employment. Certainly this fact of the tentative budgeting of the 7% is the sort of thing which would loom large at the bargaining table. With this in mind the panel will direct a 7% wage increase, retroactive to July 1, 1970, effective for the fiscal year 1970-1971.

Holiday Issue:

The firefighters currently receive holiday premium pay to offset the fact that they work, on the average, three of the City's nine holidays each year. Generally speaking, paid holidays do not result in increased earnings for ordinary employees, who simply get their regular days pay without having to work. Firefighters, however, work a 24 hour shift every third day. If a man is scheduled for a holiday he works that day, just like any other day. Since he routinely works an average of three holidays each year, he is compensated by payment of a "premium" which comes out to four extra days' pay annually. His work day is 24 hours, so he receives the equivalent of 96 hours pay annually as a "premium", which is spread over his 26 annual pay checks. Thus, in a typical year he will be off duty on six holidays and on duty on three holidays, but will receive four extra days' pay as a premium for having to work on three holidays.

The Union is asking for a fifth 24 hour period of premium pay. However, it did not establish at the hearing that this request was justified by comparisons with other Upper Peninsula cities. While the average of the 17 cities surveyed granted 106 holiday hours, according to Union exhibit 4, Upper Peninsula cities were not ahead of Escanaba. It is the conclusion of the panel that the existing premium pay arrangement is fair and that no adjustment is called for at this time.

O R D E R

On the basis of the record as a whole, applying the principles set forth in Section 9 of Act 312, the panel orders the parties to execute an agreement incorporating a 7% wage increase, retroactive to July 1, 1970 for the employees in the unit represented by the International Association of Firefighters, Local 443, and that said increase be effective for the fiscal year ending June 30, 1971, and the panel further orders the Union to abandon its demand relative to holiday premium pay for the current fiscal year.

Dated: September 18, 1970

ESCANABA ARBITRATION PANEL,

James R. McCormick  
James R. McCormick, Chairman

/s/ GARY LA PLANT

Gary LaPlant, Panel Member

DISSENTING OPINION

I disagree with the conclusions reached by the panel majority, and would direct a substantially higher wage settlement than the 7% directed by the panel majority. Therefore, I must dissent from the order entered above.

/s/ ARNOLD JOHNSON

Arnold Johnson, Panel Member