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## MICHIGAN DEPARTMENT CONSUMER AND INDUSTRY SERVICES EMPLOYMENT RELATIONS COMMISSION LABOR RELATIONS DIVISION ARBITRATION UNDER ACT 312, PUBLIC ACTS OF 1969, AS AMENDED

In the Matter of the Act 312 Arbitration Between:

MICHIGAN ASSOCIATION OF FIRE FIGHTERS Union,

-and-

MERC Case No.: DO6 K1949

Opinion and Award

CITY OF FLAT ROCK Employer.

**APPEARANCES** 

For the Union

Fred Timpner

Michigan Association of Fire Fighters

For The Employer

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Panel Chair Union Delegate

Richard James

**Employer Delegate** 

A Petition was filed by the Union for arbitration under Act 312 was filed on August 20, 2007. Hearings on the matter were held at the offices of the Employer on November 6, 2008, November 7,2008, January 9, 2009, January 14, 2009.



#### STATUTORY AUTHORITY

This matter is a proceeding brought under the provisions of Act 312, MCL 423.231 *et seq.* The statutory criteria upon which the award of the Arbitration Panel must be based are set forth in Section 9, MCL 423.239:

Where there is no agreement between the parties or where there is an agreement but the parties have begun negotiations or discussions looking to a new agreement or amendment of the existing agreement, and wage rates or other conditions of employment under the proposed new or amended agreement are in dispute, the arbitration panel shall base its findings, opinions and order upon the following factors, as applicable:

- (a) The lawful authority of the Employer.
- (b) Stipulations of the parties.
- ©) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.
- (d) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
  - (I) In public employment in comparable communities.
  - (ii) In private employment in comparable communities.
  - (e) The average consumer prices for goods and services, commonly known as the cost of living.
  - (f) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
  - (g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
  - (h) Such other factors, not confined to the foregoing which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

#### COMPARABLE COMMUNITIES

On submission by briefs, the following communities were determined to be comparable to Flat Rock for purposes of this Act 312 proceeding:

Huron Township Woodhaven Saline Ecorse

#### **BACKGROUND**

The City of Flat Rock has a population of 9,751, with 3,866 housing units. The City has 80 full-time employees; all but 20 are represented by labor organizations. It has five full-time firefighters, and 20 paid on-call firefighters. The Fire Department also provides EMS services to the community. In 2002, the City moved from an all volunteer department to a mix of 6 full-time firefighters and 20 paid on-call firefighters. At that time, the MAFF became the bargaining representative, and a contract was arrived at which expired June 20, 2006.

The Employer has characterized the fiscal situation of the City as follows: the three major factors affecting the financial health of the City, along, of course, with the overall national and state economies, are increase in costs, particularly health insurance, reduction in revenue caused by the decrease in assessed taxable value, and the state's inability to make up these reductions with state revenue sharing. In light of these factors, the Employer asserts it has been constrained to take drastic measures to meet its obligation to enact yearly balanced budgets, and to focus not only on the present but on budgets in the foreseeable future.

Testimony at the hearing demonstrated that since the fiscal year ending June 30, 2006, general fund tax revenue has stayed around \$4 million, with revenue from the TIFA District dropping from 2.8 million in 2006 to 1.7 million in the 2009 fiscal year.

The major taxpayer in Flat Rock is AutoAlliance making up 58% of the Employer's tax base. The downturn in the automotive sector has caused a reduction in the tax revenue from the major taxpayer, and the prospects for any improvement appear to be unlikely.

The trend of reduced tax revenue caused by the decrease in assessed values, has not been made up by State Revenue Sharing. In fact, state revenue sharing for the 2006 – 2009 period has fallen more than \$100,000.

The Employer contends that up to the fiscal year 2006, it had enjoyed a relatively good financial position. In that year, the Employer had a fund balance of approximately 2.1 million, stemming from keeping expenditures lower than tax revenues since 2002. In 2005, expenditures matched revenue, but ever since that year expenditures have exceeded revenue, by \$500,000 in both 2006 and 2007, and by \$1.3 million in 2008. It is only the recent cutbacks in expenditures in the 2009 budget year that prevented an excess of expenditure over revenue by \$1.2 million in a budget of just over \$9 million. In the budget year ending June 30, 2009, the Employer spent approximately \$600,000 over revenue, further decreasing its fund balance.

The Employer contends that the 2008 – 2009 budget faced a \$60 million loss in tax base from AutoAlliance, creating the need to decrease expenditures by 12.5%. For a variety of reasons, it says, ultimately it was necessary to cut expenditures by \$1.7 million. Given the decrease in revenue, the 2009 budget was \$8.7 million, down \$3 million from the budget years ending 2005, 2006, and 2007, when the budget was somewhat over \$11 million. That budget and expenditures are at about the level of the 2002 budget year.

The Union disputes the City's characterization of its financial position. Thus, in its argument with respect to wages, the Union focused on the general fund balance. From the

testimony of the City treasurer, the Union established that the fund balance as of June 30, 2008 was \$880,051. Further, the Union has argued that over an extended period of years the City has always had a positive general fund balance.

#### <u>ISSUES</u>

#### I. WAGES SECTION 46.1

The parties have each presented wage proposals for the three years of the new contract, each year to be considered as a separate proposal.

- A. Both parties have proposed a 2% increase for the first year of the contract, for each step delineated in the contract, commencing July, 2006.
- B. For the second year of the contract, the Employer proposes a 1% increase for each step delineated in the contract; the Union proposes a 2% increase.
- C, For the third year of the contract, the Employer proposes a wage freeze, that is, no increase at all. The Union proposes a 2% increase.

#### **EMPLOYER POSITION**

The Employer argues that firefighters have had substantial pay raises over the course of the expired contract, outstripping the pay raises of all internal and external comparables, and far exceeding increases in the cost of living for the term of the expired contract, and beyond. The somewhat unique structure of the contract calls for a firefighter's rate of pay to be based on the employee's length of service, by months, with no increment percentage change in hourly rates based on the year of the contract, but only on the seniority date of the employee. As a result, the average pay for a firefighter, even a year after the expiration of the contract, continued to increase 4.5% one year after expiration of the contract and an additional 2.2% two years after expiration of the contract. These increases far exceeded those of all other

employees of the Employer.

Throughout the effective period of the previous contract, internal employee units received an increase in pay of 2% annually; firefighters received pay raises ranging from 4.5% to 9.5% annually. In that time, the average pay of a firefighter increased 25.6% as opposed to 6.1% for every other full-time employee employed by the Employer.

The Employer contends that one of the Section 9 factors to be considered is the cost of living. It argues that a Flat Rock firefighter has had increases in wages far exceeding the rate of inflation. Through the period July 1, 2003 through January 1, 2008, cost-of-living increased 11%, and the average pay for a firefighter increased 28.1% in the same period. In sum, full-time firefighters have enjoyed substantial increases in wages through January 1, 2008, far exceeding the rate of inflation.

The Employer argues that a 1% increase would bring a Flat Rock firefighter to \$21.90 per hour. The unit's ranking would be second among comparable communities on an hourly wage basis. On an annual basis, a firefighter would receive \$47,830 and would be ranked third among all comparables. The average comparable hourly rate is \$20.48 per hour. This would increase the top hourly rate to \$22.11 per hour, and \$48,280 annually. The relative ranking among the comparables communities would remain the same.

The Employer argues that on an hourly basis, the Union's proposal would have a Flat Rock firefighter making approximately 8% more than the average pay for all the comparable communities. Given the totality of the City's financial situation, it contends the Union's proposal is far beyond what can be considered reasonable.

The Employer's maintains its proposal is not only more than has been given to other City employees, but keeps a Flat Rock firefighter with the same position relative to other

comparable communities. It says it is important to note that the CPI for July 1, 2006 to July 1, 2007, increased by merely .5%, so that a 1% raise would exceed what was needed to maintain a firefighters purchasing power..

The Employer asserts that because of its dire financial position, a wage freeze would be appropriate for the firefighter unit, commencing July 1, 2008. No other employee units of the Employer have received a raise for that year. An increase in pay for this unit would jeopardize the Employer's position as all other employees working for the Employer.

The record is silent as to comparable communities, as they have not settled their contracts. The hourly rate for a Flat Rock firefighter would be frozen at \$21.90. The next lowest hourly rate would be Huron Township at \$21.32. In order for Huron Township to move into second place a pay increase would have to exceed 3%. Similarly, the average hourly pay for comparables units would have to be increased by more than 6.5% to equal the frozen hourly rate of pay for a Flat Rock firefighter.

The Employer contends that the pay freeze in the third year of the contract does not really affect the purchasing power of a Flat Rock firefighter. From July 1, 2006 to January 2008, the CPI rose approximately 3.7%. With the Employer's proposal for a 2% wage increase, a 1% wage increase, and the freezing of the rate for the third year, the effective pay for a Flat Rock firefighter would rise 3.1%. This is a difference of .6%. The CPI has decreased more than .6% over the past year, thus the purchasing power of a firefighters wage would not be affected by a freeze in the third year of the contract.

#### UNION POSITION

Flat Rock's relative position was third among the external comparable communities. Both LBO's do not change the relative position of Flat Rock. Flat Rock was ranked third going into

2007 and it stays in third place regardless of which LBO is adopted. The Union observes that the parties are apart by one percent on the second year wage issue. What does one percent represent? The Union asserts that the parties are apart at the initial step of only 14 cents per hour to a high of 21 cents per hour at the top step of the pay scale. In essence, its position is that the difference is *de minimis*.

The Union argues that the Employer's last best offer of a wage freeze for year 2008 of the new agreement is not supported by the record. It is here that the Union developed its argument from the testimony of Treasurer Lambrix regarding the general fund balance.

The Union has requested a 2% pay increase for 2008 for the five members of the bargaining unit. The Employer's witness, City Treasurer Debra Lambrix, testified that a one percent increase in pay for this unit would cost the Employer annually \$22,248.

That would mean a two percent increase would cost the Employer \$44, 496.00 per year. The Employees in this unit bring in a projected \$220,000 annually for the limited or higher ambulance service fees charged by the Employer. A budget surplus at the end of 2008 of over \$880,000 does not support the Employer's claim of limited available funds to pay the firefighters.

The Union believes that the Union LBO of a 2% increase in pay for the full-time firefighters effective July 1, 2008 is fair and is supportable by the evidence in the record. The financial ability of the Employer is solid and the cost of \$44,946 for the entire unit is extremely reasonable.

#### **DISCUSSION**

Since both parties propose the same amount, there is no dispute as to the first year of the contract: a 2% increase.

The City has made an argument with respect to financial stability centering on loss of revenue from AutoAlliance, general declining real estate values, and a reduction in revenues from the state. The Union has countered with an argument that the general fund balance has shown relative health over an extended period of years. The Employer's rejoinder to this argument is that the recent downturn has forced it to take drastic measures in order to avoid significant budget shortfalls.

As to the second year, the Employer proposes a 1% increase; the Union a 2% increase. The Employer's rationale for this proposal lies in the overall economic situation which the City faces. The Employer argues that a 1% increase would bring a Flat Rock firefighter to \$21.90 per hour. The unit's ranking would be second among comparable communities on an hourly wage basis. On an annual basis, a firefighter would receive \$47,830 and would be ranked third among all comparables. The average comparable hourly rate is \$20.48 per hour.

The Union observes that the parties are apart by one percent on the second year wage issue. As indicated above, its position is the difference is *de minimis*, and well within the Employer's ability to pay. As to the Union's contention that it brings in \$220,000 through the advanced ambulance service, that revenue is part of the overall financial picture of the Employer, and not a fund dedicated to Fire Department budget.

As to the third year of the contract, the Union proposes a 2% increase; the Employer, 0%, i.e., a wage freeze. Once again, the picture is one of declining revenue versus impact upon the employees. While the question is closer with respect to the third year, the same reasoning obtains. The impact on the employees with respect to comparables is relatively minor. Rankings would remain the same. And, as the Employer argues, the buying power of even the frozen wage is marginally affected, given the decline in the CPI.

The Panel adopts the mutual proposal of the parties with respect to year on of the contract.

The Panel adopts the Employer's position with respect to year two of the contract.

The Panel adopts the Employer's position with respect to year three of the contract.

II. WAGES - PREMIUM PAY FOR LIMITED OR HIGHER AMBULANCE SERVICE - SECTION 46

Union Proposal

46.1. A. An additional one dollar (\$1.00) per hour shall be paid to full-time firefighters as a result of the additional training and duties required for providing Limited or higher ambulance service. This payment shall be effective the date of the 312 arbitration award.

**Employer Proposal** 

Status Quo

#### <u>UNION POSITION</u>

During the term of the expired collective bargaining agreement, the Employer made the decision to implement a limited or higher ambulance service for the community. Under the laws of the State of Michigan, a community looking to provide this type of service must meet certain guidelines. Among these is the requirement that a paramedic must be present in order to give drugs and be involved in transporting the victim to the hospital. There are constant revisions and additions to the protocol that communities must meet in order to maintain this service.

Of the external comparables, only Huron Township and Woodhaven offer similar limited or higher ambulance service. Ecorse provides basic life support while Saline responds but does not transport.

Besides the obvious benefit to the citizens of the community of being able to provide the higher level and quality of emergency treatment in a medical crisis, the Employer is able to invoice and charge for these services at a premium rate. This service now becomes a source of income for the Employer who is now able to charge for the services provided for by the members of the bargaining unit.

As stated previously, during the life of the expired agreement, the Employer upgraded to limited or higher ambulance service. As a result of this upgrade, the Employer was able to charge for this service. Over the limited time that this service has been in effect, the Employer has raised the fees it charges for this service at least twice.

The Employer is able to charge a fee for the services provided by the paramedics. The fee is a scale based on the level of service provided to he victim. A sprained ankle would be charged less than a person suffering a heart attack that needed to be transported to a hospital. (See Chief Vack testimony. Volume V, pages 50-52.)

How much revenue does the City of Flat Rock realize from providing the limited or higher ambulance service? To find out, the parties have only to look to the testimony of Ms. Debra Lambrix, the Treasurer for the City of Flat Rock.

Question. Do you have any idea what the projected is for the budget for revenue for this year?

A. Yes, Employer 47, page 23 at the top it says, fire and underneath the line item that says ambulance fees; the '06/07 was 177,000, estimated for '07108, is 186,000, and for the budget year projected at \$220,000.

Question. So approximately 220,000 is what the mayor thinks - was projecting will come into the city's general fund, just for the fire department, for this one program that these officers and the paid on-call administer? (See Debra Lambirx testimony. Volume IV, pages 137-138.)

This program for all of the good it does is also a significant source of income to the general fund of the City of Flat Rock. Testimony on the record by the Employer witnesses stated that the Employer was saving the money to buy a new fire truck for \$730,000 of which \$550,000 came from a federal grant. The balance \$180,000, was to be made up by the money generated through the limited or higher ambulance service fees.

That leaves a balance of forty thousand dollars. The Union believes that this is more than enough to compensate the five full time paramedics and the four paramedics the additional one dollar per hour increase requested by the Union. The following year, after the fire truck has been purchased, the Employer should realize the full \$220,000 for other ventures. The Union believes that it is not unreasonable to request that in return for the additional duties and responsibilities that the employees have as a result of implementing the limited or higher ambulance service, that a one dollar per hour increase in the paramedics wage is more than fair.

#### **EMPLOYER POSITION**

The Union seeks additional compensation for full-time employees for providing emergency rescue service. The capability for doing such work (in terms of licensure) was a condition of employment when the firefighter was first hired. The Union relies on the additional training and duties necessary to provided limited ambulance service, despite the fact that the Employer not only pays for the continuing education needed to maintain the license, but also pays the firefighter to attend the classes.

The economic impact of the Union's proposal would be to pay each full-time firefighter an additional \$2,184 per year, plus overtime, roughly a 4.7% annual increase in salary. This is patently well beyond any reasonable boundary. It is well established that the Union and the

employees knew of the Employer's intent to institute this ambulance service during prior bargaining. At the present time, all full-time employees must maintain a license as a paramedic to be an employee.

The record shows that, when hired, each full-time firefighter was informed that the Employer's intent was to raise the level of ambulance service to Advances Life Service when there was sufficient staffing available. The Union and it members agreed to a specific level of compensation for paramedic-trained full-time employees; there is no justification at this time to add money simply for doing what they were hired to do.

No comparable community provides extra compensation to employees for providing advanced life support services.

#### **DISCUSSION**

The Panel perceives a difference between obtaining and maintaining licensure, and being rewarded for such, and being paid extra to do what one was originally hired to do. Here, the Union seeks extra compensation for an employee for doing his job. Actually, the Union seek a slice of the emergency service pie. But it has no greater claim on the money brought in by this service than it would for suppressing a large fire rather than a small one. Providing emergency service is an ordinary part of what they do. Parsing out one portion of their duties for special recognition, in the absence of special circumstances, *e.g.* extra-hazardous duty, has no basis in the generally understood method of compensation utilized by the parties.

Moreover, the \$1.00 stipend sought by the Union would be added to the base wage rate of the employee, and not limited to the duty hours spent working in emergency services.

There is no logical tie between the ostensible reasons for which the stipend is sought and a general pay raise.

The Panel adopts the position of the Employer.

#### III. BARGAINING UNIT WORK - SECTION 17.1

The Employer proposes adding a sentence to the end of the Section:

Further, the Employer shall have the right to subcontract bargaining unit work partially or in its entirety, enter into consortium agreements with other communities, transfer or assign bargaining unit work, or establish the level of service to be provided to the community.

The Union seeks the status quo.

#### **EMPLOYER POSITION**

The Employer contends that section 10.1 of Article 10, Management Rights, implicitly provides authority for the Employer to subcontract bargaining unit work. It seeks to make this implicit authority explicit in its last best offer.

The Employer argues that the growth of the Department and the services it provides have escalated costs without any increase in tax millage. It remains concerned over possible closure of AutoAlliance, either in whole or in part, which, it argues, would have a devastating effect on the Employer's finances. The Employer maintains that the DPS contract provides for subcontracting bargaining unit work.

#### UNION POSITION

The Union maintains the change sought by the Employer would devastate the bargaining unit. It would leave the Employer free to subcontract the jobs of the members of the unit for any reason and at any time. The Employer produced no exhibits supporting the economic

justification for such a change.

#### **DISCUSSION**

One of four internal bargaining units permits unfettered subcontracting. Two prohibit, and one requires maintenance of staffing. No external comparable permits unfettered subcontracting; several specifically prohibit subcontracting.

In the absence of clear economic justification for such a change, and the clear practice of comparable to the contrary, the Employer has failed to make a persuasive case for its proposed language.

The Panel adopts the position of the Union.

IV. WAGES/COMPENSATION PAID ON-CALL FIRE FIGHTERS - SECTION 31.3 A. 7

#### Present language:

The Employer shall pay for the class, training, materials, and mileage for any employee that wishes to obtain certifications and/or licenses listed in this Section that are above and beyond the minimum certifications and/or licenses required to be employed as a paid on call firefighter by the Flat Rock Fire Department.

The Employer proposes amending the last paragraph of subsection 7 to read as follows:

The Employer shall make available, at its expense, classes and training materials for paid on-call employees to obtain or maintain certification/licenses for firefighter I, firefighter II, EMT, and EMTS.

#### EMPLOYER POSITION

Fire Fighters are divided into two classifications: paid on-call and full-time employees. The units supplement each other as firefighters and emergency medical service providers of the fire department. As a condition of employment the Employer requires all paid on-call employees, after being hired, to obtain certification as a firefighter II and as a specialist

license (EMTS). The Employer believes that the current contract language pertains only to certifications and licenses specified in paragraphs 5, 6, and 7, those being the fire officer classes.

The Union has asserted that this paragraph refers not only to fire officer classes but for paramedic (EMTP) licenses as well. The Employer characterizes the Union's interpretation of the current language as providing that a paid on-call employee who wishes to obtain his paramedic license simply enroll in a paramedic class, without the Employer's permission, complete the class, and upon submission of the paramedic license, be paid the cost for obtaining a license.

The Employer argues that as this was a new collective bargaining agreement, it is inevitable that questions of interpretation and meaning would arise. Such, it says, is the case here. The Employer is concerned that without modification, extreme financial consequences may occur which will adversely affect the Employer and, in the long run, all the employees of the unit.

More importantly, a paramedic license held by a paid on-call employee, at the Employer's expense, is probably more advantageous to the employee then the Employer. With such a license, the employee may be encouraged to seek full-time employment elsewhere.

#### <u>UNION POSITION</u>

The classification of Paramedic is the highest that one can obtain for emergency medical responders. Instead of promoting the concept of highly trained and highly skilled employees, the Employer is actually discouraging the paid on-call employee from reaching higher in this area. This, says the Union, is especially "mind boggling" when in Volume V, page 141, the Chief testified as follows:

Question. Well, if you don't get more paramedics from the paid on-call, you're not going to be able to run your paramedic program 24/7 then would you? A. That's a possibility.

Question. So that would jeopardize the advanced ambulance service?

A. Potentially.

Earlier in the hearing, Chief Vack testified that a goal of the Flat Rock Fire Department is to get to full Advanced Life Support. To do this the Employer needs to have more paramedics, both full-time and paid on call. The community and all those who would call on this life saving service would be placed at risk if the panel were to grant the Employer's issue.

The Employer placed no exhibits on the record regarding this issue, only Chief Vack's testimony. The Union argues that based upon a lack of evidence in the record for a change in the interpretation of this Section, the Panel should deny the Employer's proposed change and maintain the status quo.

#### DISCUSSION

The Employer's felt need to change the language buttresses the Union's position that its was the understood interpretation, Given the Employer's stated goal of providing the most advanced emergency service possible, the Union's interpretation of the provision seem more reasonable. The Employer has not made out a case for change. Rather, its position appears to be in conflict with its stated goals.

The Panel adopts the position of the Union.

V. WAGES - STIPENDS - SECTION 46 (Add New Section)

The Union proposes adding a new Section to Article XLVI:

The following stipends shall be in effect for all full-time firefighters for the life of the agreement: EMT– \$250.00, EMTS – \$500.00, EMTP – \$1, 000.00. The EMT, EMTS, and EMTP stipends shall be paid on a yearly basis in the first full pay period of December. The stipends shall be pro-rated the first year that it becomes payable based upon the period of time the employee was employed and/or license in the respective area." This payment shall be effective July 1, 2008.

The Employer proposes the status quo.

#### <u>UNION POSITION</u>

The Union points to two of the external comparables; Woodhaven and Ecorse pay stipends for certifications. Ecorse only has EMT, the base or lowest certification there is, and yet they pay \$1,500 per year. Woodhaven has four classifications. They are as follows: EMT–.75 per hour, EMTS – \$1.00 per hour, AEMT – \$2.50 per hour and the EMTP (paramedic) – \$2,000/year. These rates are in addition to the wage rates that appear in the collective bargaining agreements.

In addition, the Union looks to the paid on-call members of the Department. These officers will receive stipends for maintaining their licenses. As the result of a signed tentative agreement between the parties, those paid on-call firefighters who hold the licenses for EMT, EMTS, and EMTP will begin to receive an annual stipend. The rates for the stipends are as follows: EMT – \$375 per year, EMTS – \$750 per year and EMTP– \$1,500 per year.

The Union argues that If the Employer is willing to pay stipends for licensing to the paid on-call firefighters, then why should it not pay stipends to the full-time firefighters? It contends that its proposal on this issue calls for less money then the amounts the Employer agreed to pay the paid on-call firefighters for the same certifications.

The entire program for the City of Flat Rock is built around the full-time firefighters with the paid on-call supplementing where and when needed. The Union argues that it makes sense that stipends should be paid to the full-time firefighters as well.

#### **EMPLOYER POSITION**

The Employer maintains that the Union is seeking payment of stipends for those full-time employees in the bargaining unit who, as a condition of employment, must maintain their EMT, EMTS, and EMTP licensing.

The Union argues that the stipends only mirror what is paid to the paid on-call firefighters to hold the same licenses. The Employer maintains these are not comparable situations. The part-time paid on-call employees need only have a firefighter II certificate. Because of the training to obtain and hold an EMS license, it is reasonable for the Employer to encourage additional levels of training and licenses for paid on-call employees by payment of an additional stipend. Further, though both a full-time firefighter and a paid on-call only having an EMS license are performing the same job functions and responsibilities, the fact that the paid on-call firefighter receives a stipend does not mean that a full-time firefighter not been fully compensated. To the contrary, full-time firefighters are paid a higher hourly rate and receives various fringe benefits not available to a paid on-call firefighter.

External comparables do not support the Union's position. Only Woodhaven actually pays a stipend to hold a paramedic license, but it is clear from his collective bargaining agreement that not all full-time Woodhaven firefighters must be paramedics as a condition of employment. Huron Township pays its paramedics, a stipend, but only if it hires an employee who is not a paramedic. Testimony showed that all of its full-time firefighters are required to be paramedics, and it does not intend to hire an employee without such a license. As for Ecorse and Saline, Ecorse pays a stipend to hold in EMT license. It only requires its full-time firefighters to hold a firefighter II certificate as a condition of employment. Saline does not pay

any stipends.

DISCUSSION

The parties each present valid arguments. The Employer makes no argument with

respect to ability to pay. The equity argument of the Union is highly persuasive. The Employer

argues that the full-time firefighters are already compensated more than paid on-call

employees. Presumably, that is in recognition that the positions, without regard to licensure,

are substantially different. The stipend sought by the Union is in recognition of the holding and

maintaining of specialist licensure, just as with the paid on-call firefighters. Moreover, the

amounts sought are lower than those given the paid on-call employees, an acknowledgment

that there is a pay differential. On balance, the equity argument of the Union outweighs the

position put forward by the Employer.

The Panel adopts the position of the Union.

VI. UNIFORMS – Section 40.1; Section 40.2

Current Language: Section 40.1

The Employer shall provide all initial uniforms and equipment as it deems necessary. When an employee needs a uniform item replaced as a result of damage or wear and tear, the item shall be presented to the Fire Chief or designee shall authorize

replacement of the item.

Current Language: Section 40.2

All full-time firefighters shall receive three hundred dollars (\$300.00) each calendar year as a cleaning allowance. The payment shall be made in July of

each year.

Employer's proposal: Section 40.1

Status Quo.

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Employer's proposal: Section 40.2

All full-time firefighters shall receive three hundred fifty dollars (\$350.00) each calendar year as a cleaning allowance. The payment shall be made in July of each year

Union's proposal – Section 40.2:

On or before October 1<sup>st</sup> of each calendar year, full-time personnel shall receive the following lump sum payments: \$700.00 for Uniform Allowance and \$600.00 for Cleaning Allowance.

Union's proposal - Section 40.1

The Employer shall provide all initial uniforms and equipment as it deems necessary. When an employee needs a uniform item replaced as a result of onduty damage, the item shall be presented to the Fire Chief or designee who shall authorize replacement of the item.

This proposal shall be effective the date of the 312 Arbitration Award.

#### **EMPLOYER POSITION**

The Employer contends that the Union proposes a completely different system on the issue of on-duty uniforms, and a doubling of the amount paid a full-time firefighter as a cleaning allowance. This proposal was made without testimony or other evidence as to the actual calls a firefighter would expend for on-duty uniforms, and without taking into consideration that the Employer provides a washer, dryer, and cleaning supplies available for use during the firefighter's shift.

The Employer recognizes the cost of increased for cleaning since the last contract, and has proposed that its current practice of furnishing 100% of uniforms required to be worn by full-time firefighters be maintained, and proposes an increase in the cleaning allowance by 17%, i.e., fifty dollars.

The Employer argues that when an item of clothing is damaged or simply worn out it is

either replaced or repaired by the Employer. The Employer has never turned down a request to replace or repair at item of clothing. This is so whether it was damaged on or off duty.

As to cleaning, the Employer currently pays its full-time firefighters \$300 annually. To compensate or offset cleaning expenses, it furnishes a washer, dryer and cleaning supplies, which may be used during the firefighters shift. The only items not furnished is work boots, which may be used by the employee off-duty. Turn-out gear is always repaired, cleaned or replaced by the Employer, including turn-out boots.

The Employer contends that the Union proposes that the Employer continue to furnish a new hire a complete set of uniform items and to replace uniform items when damaged on duty. Given that uniform should be worn only while on duty, any damage would have to occur while on duty. Essentially, the employees would be receiving 100% replacement costs for their uniforms, plus an additional \$700 a year, and a clothing allowance of \$600 annually, for a total payment of \$1,300 per year.

The Employer argues that the Union has failed to produce any evidence to justify the payment of the \$700 uniform allowance, and it appears that this figure has been put forward as an arbitrary amount. The Union witness testified that the boots, not furnished by the Employer, cost between \$100 and \$300 per pair. This is far lower than the \$700 being requested, and these boots may be used off duty.

This lack of evidence as to the relationship between the allowance now demanded by the Union and the actual cost to the employee was repeated by the Union in the cleaning allowance issue.

Systems used by comparable communities and other employee units of the Employer are mixed on this issue. The Union's last best offer would have the Employer pay full-time

firefighters a total of \$1,300 yearly for uniforms and cleaning. Though this is similar to what the Employer currently pays its police and command officers, the DPW employees receive just a \$450 uniform allowance, and the paid on-call firefighters, clerical employees, and non-Union employees (including department heads) receive no payment at all for either uniforms or clothing.

Ecorse, Huron Township, and Woodhaven all have some system in which the employees pay for their own uniforms and receive some form of payment. Ecorse firefighters are paid a total of \$700 for uniforms and cleaning (\$350 each), and Huron Township firefighters \$750 (uniforms only). Woodhaven firefighters do not receive a monetary payment, but do receive a \$650 voucher to be used for their uniforms. It appears that even in those comparables in which firefighters must pay for and clean their own uniforms, the actual allowance is a far cry from the \$1300 now being demanded by the Union.

#### **UNION POSITION**

The Union argues that the Employer does not have a standardized initial uniform list, and fails to replace uniforms in a timely manner.

#### **DISCUSSION**

The Union has not supported its proposal with any significant evidence as to the need for a change in the contract language, particularly in light of the increase proposed by the Employer for cleaning. Comparable communities provide no support for the Union. The argument put forward by the Employer is substantially more weighty than that of the Union.

The Panel adopts the proposal of the Employer.

VII. AVAILABILITY OF PAID ON-CALL EMPLOYEES –Section 31.3 (B) (1)

Current Language:

#### B. Alarms

- 1. Paid on call employees shall be required to respond to a minimum of twenty percent (20%) of all alarms, for which they are available, without any additional compensation for same. As defined in this Section, an employee shall be determined to be available at all times, except under the following circumstances:
- a. One (I) hour before and one (I) hour after the employee is working at his or her full-time employment;
- b. Scheduled vacation or leave days, which are not to exceed twenty-eight (28) days annually;
- c. Employer mandated class time or physicals;
- d. Incapacitating illness or injury, provided notification is received eight (8) hours before or eight (8) hours after such incapacity.

The Employer proposes the following language:

Paid on-call employees shall be required to respond to a minimum of twenty percent (20%) of all alarms without any additional compensation.

The Union's position is the status quo.

#### **EMPLOYER POSITION**

The Employer argues that the current language makes it difficult for the Chief to track the free time of paid on-call employees, many of whom have full-time jobs where shifts change frequently. The Employer's proposed modification would eliminate the stated exceptions and require a flat 20% response. The Department's history suggests that an employee would need to respond to approximately 20 alarms per year, or less than two per month. Responding to one or two per year is a waste of time and expense devoted to training paid on-call employees.

#### **UNION POSITION**

The Union argues that the Employer's proposal is really a "Trojan Horse," designed to force the paid on-call members of the group into a major decision: either to choose to remain a paid on-call firefighter and give up their main source of income, or keep their primary occupation and give up being a paid on-call firefighter for the City of Flat Rock.

The Union notes that no exhibits were submitted by the Employer to support its proposal.

The Employer did not produce any attendance records or point to a single incident in which there were insufficient numbers of personnel present to handle an emergency.

The Union observes that the change the Employer seeks would remove the exemptions that currently exist. Those exemptions are the same exemptions that a full-time employee would have as well, and are entirely reasonable. Thus, to remove the one hour before and one hour after the employee is working at their place of employment exemption would require the employees to leave work when the fire alarm sounds. This, says the Union, is unreasonable.

The exemption for scheduled vacations and or leave days would be eliminated. The Union regards this as "totally" unreasonable. To remove this would force a paid on call member to never leave the community and take his family on a vacation for fear of missing an alarm.

Paid on-call employees are mandated for training and annual physical exams. While in attendance on these occasions, they are prohibited by the Employer from participating in any alarm runs that may occur during these times; they are out of service. To prohibit attendance while participating in these activities, and then count them for purposes of attendance is, says the Union, absurd.

Incapacitating illness or injury would no longer be excusable for missing an alarm run.

This is so ridiculous that the Union feels that it need not comment further.

Why is this change necessary? Testimony of Chief Vack, Vol. V pp. 134 – 135:

Question. Now you don't have a policy as to how to administer the attendance for the paid on-call?

A. No.

Question. So the solution then is to throw this language out because you don't have an attendance policy?

A. Yes.

The Chief earlier testified that management has no process in place for paid on-call members to notify the Employer when they are unavailable for call out. The Union argues that employees should not suffer because management can't manage.

The Union maintains that the Employer was unable to produce an economic or a cost as to lost productivity. Paid on call firefighters receive compensation only when they respond to an alarm. If they do not respond or are otherwise unavailable, they receive no pay. The Employer is not forced into a situation where it has to pay another employee to replace the absentee. The current system poses no economic hardship on the Employer at all.

#### <u>DISCUSSION</u>

The Employer has no substantial rationale for its position. The exemptions in the contract are reasonable; to remove them would, in turn, be unreasonable. This is especially so in light of the absence of cost to the Employer occasioned by absences as a result of the exemptions. Perhaps even more compelling is the Union's argument that these otherwise reasonable exemptions would be jettisoned by the Employer because it had not implemented a system whereby it could track paid on-call employees' whereabouts.

The Panel adopts the position of the Union.

#### VIII. VACATION – Section 42

#### **Current Language:**

- A. Full-time personnel with at least one (1) year of service, but less than five (5) years of service, shall receive eighty-four (84) hours of vacation time.
- B. Full-time personnel with at least five (5) years of service, but less than ten (10) years of service, shall receive one hundred twenty (120) hours of vacation time.
- C. Full-time personnel with at least ten (10) years of service, but less than fifteen (15) years of service, shall receive one hundred sixty (160) hours of vacation time.
- D. Full-time personnel with at least fifteen (15) years of service shall receive two hundred (200) hours of vacation time.

This vacation schedule shall be effective January 1,2009.

The Union proposes the following new language:

- A. Full-time personnel with at least one (1) year of service, but less than five (5) years of service, shall receive eighty-four (84) hours of vacation time.
- B. Full-time personnel with at least five (5) years of service, but less than ten (10) years of service, shall receive one hundred sixty hours of vacation time.
- C. Full-time personnel with at least ten (10) years of service, but less than fifteen (15) years of service, shall receive two hundred hours of vacation time.
- D. Full-time personnel with at least fifteen (15) years of service shall receive two hundred forty (240) hours of vacation time.

This vacation schedule shall be effective January 1,2009.

The Employer proposes the status quo.

#### UNION POSITION

The Union points to the following data: The full-time personnel of the Flat Rock Fire Department work twelve hour shifts. They receive eighty-four hours, one hundred twenty hours, one hundred sixty hours, and two hundred hours of vacation time for each of the respective steps indicated above. The Police Union and Command Union of the Flat Rock

Police Department also work twelve hour shifts. They, however, each receive eighty-four hours, one hundred sixty hours, two hundred hours, and two hundred forty hours of vacation time for each of the respective steps indicated above.

The City of Flat Rock Department Heads work eight hour shifts. They also receive the same amount of vacation time as the Police Union and Command Union members of the Flat Rock Police Department. Externally, the full-time personnel of the Flat Rock Fire Department receive less vacation time than the Ecorse twenty-four hour personnel and the Huron Township employees. While it appears the forty hour employees in Ecorse and Woodhaven employees receive less or equal vacation, both receive more vacation time accumulated over a fifteen year period. The Union's last best offer with regard to vacation time is consistent with what is provided to the internal 312 comparables. In addition, when viewing the Unionized external comparables, the last best offer would only be greater than that of the City of Woodhaven at the fifteen year of service mark.

#### **EMPLOYER POSITION**

The Employer asserts that the Union's proposal to grant an additional 40 hours of vacation time for all categories except the first seniority category, 1 to 4 years, is unreasonable and would be a burden in the administration of the Department. This is particularly so in a Department of just five full-time employees. The manpower allocation of these five full-time employees has two manning the station on the day shift and one full-time firefighter and one paid on-call firefighter on the night shift. Full-time firefighters work eighty-four hours over a two-week period, working five days one week and two days the following week.

The Employer did not begin to hire full-time firefighters until 2002, with most firefighters now having least five years of seniority. An additional 40 hours of vacation as proposed by

the Union would effectively give each full-time employee an additional 3.3 days of vacation per year. Given the sparse number of full-time firefighters, all vacation time would have to be covered by overtime, and at current pay rates automatically increase a firefighters compensation for just over 2.7% annually. Because of the amount of overtime, the Employer might be forced to hire additional full-time firefighters and an average cost of approximately \$87,000.

At first glance it may appear that among the comparable communities a Flat Rock firefighter has the least amount of vacation. This is true only if the comparison is by the hour, but such comparisons is not totally reflect the true situation. Flat rock is the only Employer on a 12 hour day, with Woodhaven being on an eight hour schedule, and Huron Township, Saline, and Ecorse being on a 24 hour schedule. When vacation hours are converted to days off, a Flat Rock firefighter currently has more vacation days off than an Ecorse or Huron Township firefighter. That is, a five-year Flat Rock firefighter has 10 days vacation; an Ecorse firefighter has nine days and Huron Township firefighter has 8.8 days. In the ranking of full-time Flat Rock firefighter would be ranked third among the comparables with only Woodhaven and Saline having more vacation days. If the Union's proposal for an additional 40 hours was implemented, only a Woodhaven firefighter would receive more vacation.

What must be examined is the overall compensation picture together with a comparison of the entire compensation of the comparable communities. The Employer's total cost for a five-year full-time firefighter in 2006 was approximately \$87,000, while the average cost for a comparable communities with \$83,069. As of July 2006, a Flat Rock full-time firefighter exceeded the average of the comparable communities in hourly wage, longevity pay, paid holidays, personal days, call-in pay, court time, educational reimbursement, funeral days, and medical outcome payment. The Union is masterful in focusing on one isolated benefit

component in its demand for an improvement. The panel should not be distracted from the overall compensation package now being paid.

#### DISCUSSION

Flat Rock's current vacation allotment appears to be in a mid-point position with respect to external comparables. Its proposal would place Flat Rock second. With respect to internal comparables, the comparison is not so favorable. The Police Union receives more vacation time while working the same twelve hour shift. While this is facially inequitable, the disparity may be explained by staffing needs and size of unit.

The Employer suggests two inevitable outcomes of the Union's proposal: substantial overtime or the hiring of additional personnel. It argues that either would be unreasonably burdensome to the Employer, given the overall economic picture, and the total compensation package of the Flat Rock firefighter compared to the external comparables.

While the internal comparison is a glaring exception, the overall balance tips to the Employer's proposal. The current vacation allotment places the Flat Rock firefighter in a reasonable position relative to external comparables. Moreover, the additional cost of the Union's proposal, at this time, given the overall compensation picture, is unduly burdensome.

The Panel adopts the proposal of the Employer.

#### **STIPULATION**

The parties entered into a stipulation regarding the term of the agreement:

Article XLVII - Term of Agreement - Section 47.1

This Agreement shall be effective July 1, 2006 and shall continue in full force and effect up to and including June 30, 2009. After such time, this Agreement shall continue in full force and effect from year to year thereafter unless written notice is given by one party to the other, not less than thirty (30) nor more than ninety (90) days prior to any expiration date, that a party desires to negotiate this Agreement.

# LETTER OF UNDERSTANDING BETWEEN FLAT ROCK FIRE FIGHTERS ASSOCIATION MICHIGAN ASSOCIATION OF FIRE FIGHTERS AND THE CITY OF FLAT ROCK

This Letter of Understanding is made and entered into between the City of Flat Rock (the "Employer") and the Michigan Association of Fire Fighters-Flat Rock Fire Fighters Association (the "Union").

WHEREAS, the Employer and the Union are parties to a collective bargaining agreement setting forth the rates of pay, rules and working conditions (the "Agreement") for the City's Fire Fighters effective July 1, 2003

WHEREAS in order to mitigate future potential layoffs for Fire Fighters represented by the Union, the Employer and Union have agreed to the following cost cutting measures,

#### NOW THEREFORE, it is mutually agreed:

- 1. That the Union will accept as their health care insurance, COPS Trust Medical Plan B, provided by the Employer, with the following riders:
  - Wellness
  - \$10 Office Visit
  - \$100 Emergency Room
  - Chiropractic
  - Prescription Drug Copay-\$10 Generic/\$20 Brand
- 2. That any Fire Fighter that opts out of health care coverage will have their monthly benefit capped at \$300.00 effective as of the next monthly payment due after the execution of this Agreement.
- 3. That the Union will accept COPS Trust Delta Dental Coverage Plan B, provided by the Employer, as a further cost savings to the city,
- 4. That the Union will accept COPS Trust Spectera Vision Coverage, provided by the Employer, as a further cost savings to the City.
- 5. Overtime opportunities created by the absence (sick, vacation, personal day or otherwise) of a Unit A employee shall be filled by a Unit B employee holding a Paramedic or Specialist License. If the overtime cannot be filled by a Unit B employee holding a paramedic or specialist license, it shall be

offered to a Unit A employee. If the overtime still cannot be filled it shall be offered to a Unit B EMT. At his discretion, the Chief may utilize Unit A employees for any event (teaching, school event etc) that he feels requires a special skill level.

6. Notwithstanding the issuance of a decision in the arbitration proceedings under Act 312 Case No. D06 K-1949 on the issues addressed in this Letter of Understanding, it is the intent of the parties that the terms and conditions of this Letter of Understanding shall be implemented immediately and shall, with the exception of item five (5), continue in effect up to and including June 30, 2011. Item five (5) shall have a sunset clause and expire at midnight June 30, 2011 and return to status quo as of the date of signing this Letter of Understanding. All other terms and conditions addressed in this Letter of Understanding shall be re-opened at the option of either party no later than thirty (30) days prior to the date of expiration, but shall remain in effect until a subsequent agreement is negotiated.

FOR THE EMPLOYER	FOR THE UNION
KRQ Qol	Jayl O'Connor MAFF
Mayor Pro-Tem	
Jeene Gutske City Clerk	Thymn 5

Date: May 3, 2010



**Proposal Date – 4-14-2010** 

#### CITY OF FLAT ROCK

### COPS Trust Plan B, \$10/\$20 RX, \$10 O.V., \$100 ER, CHIROPRATIC and WELLNESS

(All rates valid 7-1-09 through 6-30-10)

**ACTIVE - MED & RX** 

SINGLE - \$549.32 COUPLE - \$1231.51 FAMILY - \$1281.81

## COPS Trust Plan B, \$10/\$20 RX, \$10 O.V., \$100 ER, CHIROPRATIC and WELLNESS

(All rates valid 7-1-10 through 6-30-11)

**ACTIVE** – MED & RX

SINGLE - \$623.04 COUPLE - \$1396.72 FAMILY - \$1453.24

	ages 2 <sup>nd</sup> Year Section 46.1	L	
CONCUR:	Panel Chair	Union Delegate	Employer Delegate
DISSENT:		Just	
	Panel Chair	Vnion Delegate	Employer Delegate
Issue I. – W	ages 3 <sup>rd</sup> Year Section 46.1	•	
CONCUR:			
	Panel Chair	Union Delegate	Employer Delegate
DISSENT:	Panel Chair	Union Delegate	Employer Delegate
Issue II. – W	ages - Premium Pay for Lin	nited or Higher Ambulance S	Service Section 46
CONCUR:			
	Panel Chair	Union Delegate	Employer Delegate
DISSENT:	 Panel Chair	Union Delegate	Employer Delegate
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CONCUR:	Panel Chair	Union Delegate	Employer Delegate
DISSENT:		/	
	Panel Chair	Union Delegate	Employer Delegate
lssue IV. – V	Vages/compensation Paid	d On-call Fire Fighters Se	ction 31.3 A. 7
CONCUR:	Hun/Kol	Kull	
CONCOR:	Panel Chair	Union)Delegate	Employer Delegate
DISSENT:		,	
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ssue V. – Wages,- Stipends Section 46 (Add New Section)			
CONCUR:	TWKA	Jud In	
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	Panel Chair	Union Delegate	Employer Delegate
DISSENT:	Panel Chair	Union Delegate	Employer Delegate
Issue VI. – I	<u> Uniforms – Section 4</u>	0.1: Section 40.2	
CONCUR:	Panel Chair	Unjon Delegate	Employer Delegate
DISSENT:	Panel Chair	Minor Delegate	Employer Delegate
<u>Issue VII. –</u>	Availability of Paid C	On-call Employees –Section	31.3 (B) (1)
CONCUR:	Panel Chair	Union Delegate	Employer Delegate
DISSENT:	Panel Chair	/ Union Delegate	Employer Delegate
<u>Issue VIII.</u>	– Vacation – Section	<u>42</u>	
CONCUR:	Panel Chair	Union Delegate	Employer Delegate
DISSENT:	Panel Chair	Ynion Delegate	Employer Delegate
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September	23, 2010	Mu	tfully Submitted,
		Martin I Panel C	

Issue I W	ages 2 <sup>nd</sup> Year, Sec	<u>tion 46.1</u>	O / NI/
CONCUR:	Man hts		Kichard Mames
	Panel Chair '	Union Delegate	Employer Délégate
DISSENT:			<u></u>
	Panel Chair	Union Delegate	Employer Delegate
issue I. – W	ages 3 <sup>rd</sup> Year Sec	tion 46.1	
CONCUR:	Men H	4	Ruhard & Garnes
	Panel Chair	Union Delegate	Employer Delegate
DISSENT:			
	Panel Chair	Union Delegate	Employer Delegate
	<u> Vages - Premium P</u>	ay for Limited or Higher	Ambulance Service Section
<u>46</u>	1/,.	2 A	0 0 0 14
CONCUR:	Parda Af	<u> </u>	Richard Harnes
	Panel Chair '	Union Delegate	Employer Delegate
DISSENT:			
	Panel Chair	Union Delegate	Employer Delegate
<u>lssue III. – E</u>	Bargaining Unit W	ork Section 17.1	
CONCUR:			
	Panel Chair	Union Delegate	Employer Delegate
DISSENT:			Richard James
	Panel Chair	Union Delegate	Employer Delegate
	<b>81</b>	45 Detal O It Fine F	::
<u>issue IV. – V</u>	<u>vages/compensa</u>	tion Paid On-call Fire F	ighters Section 31.3 A. 7
CONCUR:		_	
	Panel Chair	Union Delegate	Employer Delegate
DISSENT:		·	Kichard Marnes
	Panal Chair	Union Dologoto	Employer Delogate

### Issue V. - Wages - Stipends Section 46 (Add New Section)

CONCUR:	Panel Chair	Union Delegate	Employer Delegate
DISSENT:	Panel Chair	Union Delegate	Employer Delegate
Issue VI. – L	<u> Iniforms ∕ Section</u>	40.1; Section 40.2	
CONCUR:	Mowy Mol Panel Chair	Union Delegate	Employer Delegate
DISSENT:	Panel Chair	Union Delegate	Employer Delegate
Issue VII. – Availability of Paid On-call Employees –Section 31.3 (B) (1)			
CONCUR:	Panel Chair	Union Delegate	Employer Delegate
DISSENT:	Panel Chair	Union Delegate	Enployer Delegate
Issue VIII	- Vacation ∕– Secțio	<u>n 42</u>	A
CONCUR:	Manuf (1) Panel Chair	Union Delegate	Employer Delegate
DISSENT:	Panel Chair	Union Delegate	Employer Delegate

September 23, 2010

Respectfully Submitted,

Martin I. Kotch / Panel Chair