

**MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS**

**MICHIGAN EMPLOYMENT RELATIONS COMMISSION**

**BUREAU OF EMPLOYMENT RELATIONS**

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**PETITIONING PARTY:**

TEAMSTERS LOCAL 214

-and-

**RESPONDING PARTY:**

CITY OF STERLING HEIGHTS

**MERC CASE NO.: D17 D-043**



**FACT FINDER'S REPORT**

Pursuant to Michigan Labor Mediation Act (P.A. 176 of 1939 as amended)  
[MCL 423.1, et seq], and  
Public Employment Relations Act (P.A. 336 of 1947 as amended)  
[MCL 423.201, et seq]

**FACT FINDER**

Mark J. Glazer, Arbitrator and Attorney

**ADVOCATES**

Union: Michael R. Landsiedel, Business Agent, IBT 214

Employer: Steven H. Schwarz, Attorney at Law, Keller Thoma

PETITION FILED: July 6, 2017

PANEL CHAIR APPOINTED: July 21, 2017

SCHEDULING CONFERENCE HELD: By phone-August 1, 2017

HEARING DATE: December 8, 2017

REPORT ISSUED: December 12, 2017

## **TABLE OF CONTENTS**

1.	Introduction and Background.....	2
2.	Statutory Criteria.....	3
3.	Stipulations and Preliminary Rulings.....	3
4.	Comparables .....	3
5.	Issues before the Panel (All Economic)	
	A.    Wages.....	3
	B.    Insurance.....	4
	C.    CB4 Plan .....	5
6.	Summary of Recommendations .....	6

## **WITNESS LIST**

The legislative presentation approach was utilized.

### **1. INTRODUCTION AND BACKGROUND**

The Petitioners are 54 non-supervisory DPW field employees. They are supervised by AFSCME represented employees, who have achieved a contract. The prior contract expired on June 30, 2017. The AFSCME supervisors signed their new contract on August 1, 2017.

The parties have engaged in mediation, and after a tentative contract was agreed to, the union conducted a ratification vote, which rejected the TA, leading to the Fact Finding hearing. The City contends that the supervisor settlement should be applied, and that it is supported by the evidence; the Union argues that a settlement with the police is the appropriate precedent, and that the evidence supports its case. All of the issues are economic.

## 2. STATUTORY CRITERIA

Insofar as the issues are economic, the review criteria found in Section 9 of Act 312 for police and fire interest arbitrations are relevant. Section h, i, references Fact Finding when it states:

Other factors that are normally 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.

A primary goal of Fact Finding is to provide a path for the parties to a settlement. That is the direction this Report will take, with an understanding that the Recommendations must have evidentiary support.

## 3. STIPULATIONS AND PRELIMINARY RULINGS

TA's have been reached on all issues except for those in this proceeding. The City has recommended that I be utilized as a grievance arbitrator, should a dispute arise concerning the meaning of the TA'd agreements. That is because of the my understanding of the bargaining history.

## 4. COMPARABLES

The internal comparables include the DPW supervisors and the police. The external comparables include the following contiguous communities: Clinton Township; Fraser; Macomb Township; Madison Heights; Rochester Hills, Shelby Township; Troy; Utica and Warren.

## 5. ISSUES BEFORE THE FACT FINDER

### A. Wages

#### POSITIONS OF THE PARTIES

Union	City
2.5 percent-First Year	2.5 percent-First Year
2.5 percent-Second Year	2.0 percent-Second Year
2.5 percent-Third Year	2.0 percent-Third Year
2.5 percent-Fourth Year	2.5 percent-Fourth Year
\$500 Signing Bonus	\$500 Signing Bonus

The Union maintains that the City, “professed all through negotiations that they wanted all City employees treated equally and fairly. The City’s last offer does not reflect that.” It is noted that a four year contract was negotiated with the Police, who received 2.5% for each of the four years of the contract. The Union asserts that a City official advised that all 16 units in the City would receive the same wages and benefits, yet the police received more than that which is being offered to the DPW field employees.

It is also argued by the Union that overtime is dependent on the need for winter snow removal, where the overtime is variable based upon the weather. Therefore, it maintains that higher wages are necessary to offset a potential loss of overall compensation.

The City contends that there has never been a pattern of the DPW field employees following 312 eligible employees on wages and benefits. It is noted that higher wages are required for the police because of the difficulty in recruiting highly qualified officers. The settlement with the AFSCME DPW supervisors is said to support the City’s wage offer to the DPW field employees. The City also maintains that Sterling Heights is the second highest of the external comparables on wages. The Employer further argues that it must contain expenses in order to address pension costs.

#### RECOMMENDATION ON WAGES

The parties are relatively close. I understand that the Union feels that it should receive the same as the police, but verbal discussions did not find their way into a written “Me-Too” agreement. The historical pattern has been for Act 312 employees to follow a separate track on wages and benefits, and the City’s offer is consistent with the DPW supervisor’s settlement. The external comparables support the City. Under these circumstances, the City’s offer is recommended.

#### B. Insurance

Union	City
No co-pay for Simply Blue	-0- percent co-pay First Year Three and one-third percent co-pay Second Year Six and two-thirds percent co-pay Third Year Ten percent co-pay Fourth Year

The Union emphasizes that the police will not have to share in premium costs over the four years of their contract, and it believes that it was assured of the same result. The City argues that the DPW supervisors settled for a 10 percent co-pay, and that a pattern does not exist for Act 312 and non-Act 312 eligible employees. The external comparables are also said to support the City’s offer.

The City maintains that the Simply Blue 2000 plan is becoming cost prohibitive, and that a 10 percent contribution is required to allow the City to offer the plan, which is beneficial to the

bargaining unit.

### RECOMMENDATION ON INSURANCE

Mid-contract the City offered the Simply Blue High Deductible Plan, which allows for participation from the employee's HSA. Fifty-three percent of employees are now in the Simply Blue Plan. The other plan is the CB4 PPO, where there is a 10 percent premium sharing.

Participation in premiums by the bargaining unit is supported by both the internal and external comparables. Importantly, the unit will continue to retain meaningful increases in compensation over the four years of the contract, even with premium contribution. As noted, the settlement with the police, with no premium participation, does not determine the result here, particularly since the Act 312 eligible employees have a separate pattern of settlements from the non-Act 312 eligible employees.

That said, it is understandable that the bargaining unit is disturbed by the assurance that it states that it received, and this has affected the ratification process. A significant delay in the operation of the 10% premium sharing will increase the amount of money in the pocket of the bargaining unit, while protecting the City against increased costs. By loading the premium sharing at the end of the contract, the parties can deal realistically with the premium sharing issue in their next contract.

Consequently, there should be zero premium contribution in the first two years of the contract. A five percent contribution in the third year, and ten percent in the fourth. This represents a significant gain for the Union, while protecting the City.

#### C. CB4 Plan

The Union asks that the Buy Up for the Plan be eliminated; the City asks that the status quo be retained. The internal comparables pay the Buy Up. The Union asserts that fairness requires the elimination of the Buy Up. The City argues that the Buy Up is required to keep the plan within state law.

#### Recommendation on CB4 Plan

It appears that the Simply Blue Plan is a better option for most employees, and therefore it makes no sense to encourage employees to migrate to the CB4 plan. Further, the Union proposal potentially threatens the viability of the plan, and is not supported by either the internal or the external comparables. The City's position should be adopted.

## 6. SUMMARY OF RECOMMENDATIONS

ISSUE	RECOMMENDATION
Wages	2.5 percent-First Year 2.0 percent-Second Year 2.0 percent-Third Year 2.5 percent-Fourth Year  \$500 Signing Bonus
Insurance	-0- percent co-pay First Year -0- percent co-pay Second Year Five percent co-pay Third Year Ten percent co-pay Fourth Year
CB4	Buy Up Continues–Employer Proposal

Mark J. Glazer

Mark J. Glazer, Fact Finder

December 12, 2017