

9/29/78 ARB

STATE OF MICHIGAN

STATUTORY LABOR ARBITRATION PANEL

(Pursuant to P.A. 312, Public Acts of 1969, as amended)

In the Matter of Arbitration Between:

CITY OF GRAND RAPIDS

-and-

GRAND RAPIDS FIRE FIGHTERS ASSOCIATION,  
LOCAL 366, I.A.F.F., AFL-CIO

Michigan State University  
LABOR AND INDUSTRIAL  
RELATIONS LIBRARY

OPINION AND AWARD

Chairman of Arbitration Panel: Barry C. Brown

City Delegate: Barry Ott

Union Delegate: Robert Baker

Representing City: Eugene Alkema

Representing Union: Ronald R. Helveston

Hearings Held: April 19, 1978, May 12, 1978, and, June 15, 1978  
in the Grand Rapids City Hall, Grand Rapids, Michigan

Executive Session of Panel: September 28, 1978

Briefs Received: June 15, 1978

Opinion and Award Issued: September 29, 1978

Grand Rapids, City of

Michigan State University  
LABOR AND INDUSTRIAL  
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I. STATEMENT OF THE CASE:

This matter came on for hearing before a panel of arbitrators appointed pursuant to the terms of Act 312, Public Acts of 1969, as amended, (MCLA § 423.23., et seq; MSA § 17.455[31], et seq), for the purpose of hearing and deciding unresolved issues in a Collective Bargaining Agreement renegotiation involving the parties shown above. Pursuant to the statute, Barry C. Brown was appointed by the Director of the Michigan Employment Relations Commission to serve as the impartial chairman of the arbitration panel. The City designated Mr. Barry Ott, Labor Relations Administrative Assistant, as its delegate to the panel. The Fire Fighters designated Mr. Robert Baker, I.A.F.F. Michigan Secretary-Treasurer, as its delegate to the panel. So constituted, the panel held hearings on April 19, 1978, May 12, 1978, and June 15, 1978. At these hearings, it was determined by the panel, as required by Section 8 of Act 312, that the issues were economic and, therefore, subject to the last best offer provisions. The parties submitted such last best offers to the panel on June 15, 1978, at which time they were read into the record. The panel now must consider and decide upon each economic issue predicated solely on these final offers by each side.

By August 30, 1978, the parties had mailed their briefs to the chairman of the arbitration panel who in turn forwarded them to opposing counsel and the other panel members. It should be understood that the panel members representing the City and the Fire Fighters disagreed with certain of the findings and awards set forth hereinafter. Each generally supported the last best offer of the

party by whom he was appointed to the panel. Accordingly, the signature of either of the partisan panel members at the conclusion of this Opinion and Award does not represent a concurrence in each and every element of the final Award, but does constitute a recognition that there exists a majority vote in support of each item contained in the final Award.

## II. BACKGROUND.

The City and the Fire Fighters were signatory to a Collective Bargaining Agreement with an expiration date of June 30, 1977. Prior to, and following, the expiration of the contract, negotiations for a new contract have been extensive. After several bargaining sessions, a tentative agreement was reached and a settlement proposed to the membership. However, on three occasions, the tentative settlement was rejected. In a letter dated May 27, 1977, a demand was made for interest arbitration under Act 312. On January 6, 1978, the Michigan Employment Relations Commission appointed Barry C. Brown to serve as the neutral chairman of the arbitration panel, and the parties to the Collective Bargaining Agreement appointed their representatives to the panel. No issue with respect to the proper appointment or the constitution of the arbitration panel was raised during the course of these proceedings. Neither was any question raised about the arbitrability of the issues raised by the City or the Fire Fighters. The parties have agreed to a three year term for the new contract. The parties have also stipulated that the wage increase determined by the panel will be

retroactive to July 1, 1977.

III. CURRENT CONTRACT PROVISION.

<u>CLASSIFICATION TITLE</u>	<u>CODE NO.</u>
Firefighter	201*
Fire Equipment Operator	202
Fire Lieutenant	203
Fire Captain	204
Battalion Fire Chief	205
Deputy Fire Chief	206
Fire Investigator	209
Fire Maintenance Supervisor	214
Fire Prevention Inspector	210
Fire Marshall	211
Chief Fire Alarm Operator	212
Fire Alarm Operator	213
Fire Maintenance Electrician	215

\* The salary range for the position of Firefighter shall be:

B	C	D	E	F
\$12,000	\$13,000	\$14,000	\$15,000	\$15,857

The F Step will be subject to adjustment in accordance with the Act 312 Arbitration process, as well as all other position salary increases during the life of the Agreement.

#### IV. LAST BEST OFFERS.

The City of Grand Rapids' last best offer, dated June 15, 1978, is as follows:

##### 1. Wages.

a) July 1, 1977, 7% across-the-board, with an asterisk: this is "Not applicable to Steps B, C, D & E of the firefighters classification, in accordance with footnote at page 47 of the Collective Bargaining Agreement.

b) July 1, 1978, 5.25% across-the-board.

c) July 1, 1979, 5% across-the-board.

##### 2. Rank Adjustment.

a) No change in existing rank differentials.

The Fire Fighters' last best offer, the first part of which is a recitation of Section 8 of Public Act 312 of the Public Acts of 1969, is as follows:

##### 1. Wages.

a) July 1, 1977, a 7% increase in wages for ranks and classifications above and including the full paid firefighter (Step F).

b) July 1, 1978, a 7% increase in wages for all ranks and classifications, including Steps B, C, D, E, F and above. For the purposes of this subsection, as

regards firefighters at Step F and above, the base wage will include the percentage increase provided in subsection (a).

c) July 1, 1979, an additional 7% increase in wages for all ranks and classifications. For the purpose of this subsection, the base wage will include the percentage increase provided in subsection (b).

## 2. Wage Differential.

a) Commencing July 1, 1979, and effective thereafter, the annual base wage for the following classifications shall be computed by applying the percentages set forth below to the annual base wage of a full paid firefighter as it shall from time to time exist during the pendency of the Collective Bargaining Agreement.

b) Equipment Operator, 105%; Lieutenant, 115%; Captain, 122%; District Chief, 130%; Deputy Chief, 155%; Alarm Operator, 115%; Fire Prevention Inspector, 115%; Arson Investigator, 118.5%; Maintenance Supervisor, 118.5%; Fire Marshall, 122%; Chief Alarm Operator, 122%.

## V. FINDINGS AND CONCLUSIONS.

The following opinions and orders have taken into consideration

each of the factors enumerated in Section 9 of Act 312. The lawful authority of the employer was not considered to be significant in this case. In every respect, the Union's demands do not appear to exceed the authority of the City to grant. Section 9(c) of the Act speaks of the financial ability of the unit of government to meet additional costs. The ability of the City to pay the demands of the Fire Fighters is not a basic factor in this dispute in that the City could meet these various demands without being put into a deficit fiscal position at this time. The City currently has a \$3.5 million surplus and its economic outlook is bright. The Act also requires that the panel consider a comparison of the employees involved in this case with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally in public and private employment in comparable communities. The City, which has a population of 197,649, seeks to compare its last best offers with the wage and benefits offered in several outstate Michigan communities whose populations range from 193,317 to 38,931. The Fire Fighters would use approximately twenty communities in both the Metropolitan-Detroit area and outstate communities whose populations range from 53,000 to 1,350,000.

Under Act 312, the panel was charged with the duty of making its determination based upon factors enumerated in the Act, several of which have been set forth in the preceeding paragraphs. However, several of the factors, such as comparison of the wages, hours and conditions of other employees working for the City of Grand Rapids

have also been taken into consideration. However, the panel is bound to consider only that information which has been presented by the parties. Therefore, the above-shown information, along with other facts normally considered in determining Collective Bargaining Agreement provisions have formed the basis of the following findings, opinions and orders. The parties agree that this shall be a three year contract, commencing July 1, 1977 and ending June 30, 1980.

The issues herein involve: 1) the amount of a general wage increase for the entire bargaining unit; and, 2) whether there should be an additional rank adjustment for all officers above the rank of Fire Fighter.

The B through E step Fire Fighter salaries have been agreed to. Only the F step is in dispute. However, in the second and third years the general percentage increases will be applicable to all steps.

The City's last offer for the three year contract was a general wage increase of 7% - 5-1/4% and 5% totaling 17-1/4% but amounting to an 18-1/4% increase because of the compounding factor. Health insurance improvements previously negotiated and put into effect by mutual agreement between the City and the Union add to an additional 3/4%, for a total overall proposed increase of 19%. The City does not offer any rank adjustment.

The Union's last offer was for general wage increases of 7% in each of the three years of the contract. This nominally totals



21% but which actually compounds to 22.5% over the full term of the contract. The rank adjustment would provide additional increases for about 1/2 of the unit and would add an additional cost of 2.2%. When it is added to the 22.5% general wage increase and the 3/4% insurance increase, the total sought by the Union would amount to 25.4% over the three year period.

The City offered a series of exhibits using wage data from the cities of Grand Rapids, Flint, Lansing, Saginaw, Kalamazoo, Battle Creek, and Muskegon. These were offered on the basis that they were the principal larger cities of western and central Michigan. Cities in the Detroit and southeast Michigan metropolitan area were excluded by the City on the basis that other factors made them uncomparable. The City did include Flint, stating that it is nearly the same size as the City of Grand Rapids.

The Union on the other hand submitted exhibits showing data from twenty units with populations in excess of 50,000. Eleven of these communities are Detroit area suburbs which are clearly dominated by the State's largest city - Detroit. The Detroit Fire Fighter now earns \$19,271 annually, and current arbitration proceedings may bring that salary to nearly \$21,000. Dearborn, Southfield, and Livonia reflect similar salary levels which are much higher than the outstate wage rates.

Exhibit 84, consisting of data published by the Michigan Employment Security Commission, shows that the average weekly and hourly earnings for production workers in the Grand Rapids area are

consistently lower than in most other areas of the state, while such earnings in Detroit and surrounding communities are consistently the highest in the State. Similarly, Exhibit 85 shows that per capita income in the Grand Rapids area is consistently much lower than in the Detroit and Flint areas. Exhibit 86, although taken from non-governmental data, is consistent with the conclusions to be drawn from Exhibits 85 and 86 by indicating that the effective buying income is higher in the Union selected cities than in the City of Grand Rapids' selection of comparable cities.

Since the data thus shows that general wage and per capita income levels are higher in the Detroit metropolitan area than in outstate Michigan, it follows that the salaries of any particular classification of employees employed in that area, such as firemen, would also be higher even though the nature of the jobs are similar or even identical. This would be particularly true in the case of a locally based employer, such as the City of Grand Rapids, as contrasted to an employer such as General Motors or Michigan Bell Telephone which has employees of the same type working in various areas of the State. However, while cities such as Pontiac, Ann Arbor and Flint are in southeast Michigan, and undoubtedly economically influenced by Detroit, they are also county seats and commercial and community centers in their own right, and as such, should be included in a complete and comprehensive survey of Michigan's larger cities' wage levels. Similarly, East Lansing and Wyoming are, themselves, suburbs and do not provide a sound comparison to a large core community such as Grand Rapids. Therefore, the panel believes that

the appropriate comparable cities would be Lansing, Ann Arbor, Flint, Saginaw, Pontiac, Kalamazoo, Battle Creek and Muskegon. These comparables result in average wages which are higher than those used by the City of Grand Rapids and considerably less than those offered by the Union. A 7% increase in 1977 would place Grand Rapids in the median position in this eight-city comparison.

The City's wage offer is comparable to the increase negotiated by two other Unions representing other units of non-uniformed city employees; is identical to what was awarded to the FOP in an earlier Act 312 arbitration, and is comparable to the increase given to the other non-Union and administrative employees of the City. The City has argued, persuasively, that the adoption of the Union's last best offer distorts the relationship contained within the City's pay structure.

Exhibit 74 shows that more than half of the department (54.5%) have 15 or more years of service, and that more than one-quarter (26.2%) have over 25 years of service. Reflecting this is the further fact that the vast bulk of the department is at the maximum or the F step for each classification. The panel has compared the overall collective bargaining benefits and other working conditions within the Grand Rapids Fire Department, and determined that they are comparable or above average.

Further, two of the eight cities, (Battle Creek and Muskegon), have no equipment operators. This means that in those cities, that function is performed by Fire Fighters without additional compensation

unlike the condition prevailing in Grand Rapids. Also, only Grand Rapids and Flint adhere to schedules calling for 10% fewer hours (50.4 per week) than most of the other cities (56 hours). This is the equivalent of an additional 24 hour day off per month or 12 additional days off per year. This reduction in duty time of course, results in an equivalent increase in the effective hourly rates paid to Grand Rapids Fire Fighters, as is shown in subsequent exhibits. In terms of hazards, the Fire Fighters in all eight of the comparable cities face similar dangers in chemical, railroad and industrial fires. While Grand Rapids is a larger city, it also has more Fire Fighters and a greater range of equipment. Hence, the hazard factor does not affect comparables. It is clear that Fire Fighters face more hazards than do other city employees.

Exhibit 77 shows that in the period July, 1970 to July, 1977, the CPI increased by 57%. It further shows that the average hourly earnings of production workers in the Grand Rapids metropolitan area (as compiled by MESOC) increased by 65% in the same period. By comparison, in the same period, the salaries received by Grand Rapids Fire Fighters have increased by the greater percentage of 80%. This factor may change, however, as consumer prices to date have moved ahead by 13 points since June, 1977.

The City's last offer aggregating 18% (including .75% for health insurance improvements) but totaling 19% because of the compounding factor, is comparable to that negotiated with AFSCME - Local 1061, is the same as that awarded to the FOP in an earlier

Act 312 proceeding, is comparable to that negotiated with AFSCME - Council 11 for the 61st District Court employees, and is comparable to that granted to the unorganized, administrative employees of the City.

The cost of the AFSCME - Local 1061 settlement involving approximately 800 non-uniformed employees was (page 495):

	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>
Wages	6.0%	4.5%	4.0%
Pension	1.37%	1.41%	-
Health Insurance	.3%	-	-
Shift Diff.	<u>.11%</u>	<u>.16%</u>	<u>.16%</u>
	7.78%	6.07%	4.16% = 18% over 3 years

The FOP was awarded the identical wage increase in Act 312 proceedings as here offered by the City, namely: 7% - 5-1/4% - 5%. In addition, the health insurance improvements costing .75% were also accepted by that Union (page 96).

For the following reasons, and based upon the record as a whole, the panel adopts the City's last best offer on a general wage increase:

1. Fire Fighters have received increases in the recent past which have satisfactorily matched or exceeded both the consumer price index and the rate of salary increase received by area production workers.

2. The level of existing wages in the department, measured on either an annual or an hourly basis, is comparable to the wages

paid firemen in most of the larger cities in Michigan outside of the Detroit metropolitan area. .

3. Existing hourly wage levels in the Grand Rapids department are higher than the average production hourly wage level of the Grand Rapids area while firemen in other cities generally have wage levels below the average production wage level of their area. All this establishes that no "catch up" is called for since Grand Rapids fire salaries seem properly in line with those which prevail in western and central Michigan.

4. All other segments of the City's work force have accepted an economic settlement which is either identical with or comparable to the City's last basic wage offer to its firemen which supports the fairness and the propriety of that level of increase.

#### WAGE DIFFERENTIAL.

The Union proposes the establishment of more significant rank differentials to proportions which they assert will equitably reflect the additional duties and responsibilities shouldered by ranking Fire Fighters who comprise approximately one-half of the bargaining unit. Commencing in 1969, a series of across-the-board salary increases compressed rank differentials due to the fact that, for example, a \$100 raise is a larger percentage raise for a Fire Fighter than for a Captain (Exhibit 31). The declining pay status of Grand Rapids Fire Department ranking officers is demonstrated by

the fact that in 1967 they enjoyed salaries equal to their counterparts in the Grand Rapids Police Department. By 1976, however, a Police Captain, for instance, was enjoying a salary 15.72% greater than a District Fire Chief. Accordingly, the Union proposes a return to rank differentials similar to those existing in 1968 (Exhibit 30).

The rank differentials in comparable cities surveyed supports the Union's contention that the differentials in Grand Rapids are unreasonably low. In the survey cities, the wage differential for all ranks over full paid Fire Fighters was greater than the current differential in Grand Rapids, with the exception of Ann Arbor in the higher ranks. While the Union's proposals seem somewhat higher than an average of just the eight comparable cities used by the panel, the Union's proposal is more equitable than status quo. Further, the overall State survey used by the Union does demonstrate that regardless of actual dollar wages paid the relationship between ranks is uniformly greater in other fire departments. The arithmetic percentage differentials proposed by the Union accurately reflects the recognition of rank in the salary structure of departments throughout the State.

Similarly, the reasonableness of the Union's improved rank Differential is supported by comparing the duties and responsibilities assumed by Fire Fighters at various ranks (Union Exhibit 6). Each promotion carries with it additional job requirements. An Equipment Operator assumes responsibility for operating specialized and valuable equipment and for the routine maintenance and minor repair

of the equipment. Promotion to Lieutenant carries with it supervisory duties; in the absence of a commanding officer, the Lieutenant makes major decisions. Additionally, Lieutenants assume leadership, discipline, counselling, and bookkeeping responsibilities. The Fire Captain has the majority of the command work, with command duties at the station and at fires in the absence of the District Chief. The Captain coordinates building inspections, supervises Lieutenants under him, and reviews disciplinary actions. The job duties of a District Chief are detailed and significant supervisory functions with fire scene command responsibilities and with duties related to coordinating the efforts of fire companies in his district. Deputy Chiefs occupy high level management positions requiring all the skills and imposing all the pressures traditionally associated with such work.

It becomes impossible to delineate in minute detail all that distinguishes one rank from the next. It remains a fair assertion, as demonstrated by the general comparisons just offered, that each successively higher rank carries with it significant new and challenging responsibilities. The same holds true for the ranks in 40 hour fire service. If the morale of an officer accepting the challenge is to remain high, he must perceive that his efforts are duly appreciated. Compensation, as a measure of appreciation, must be comparable to that offered in comparable cities to persons doing similar work. Moreover, if morale is to be sustained, officers who accepted positions ten years ago must be assured that their



expectations of adequate compensation, presently unfulfilled, will be met. In Grand Rapids, the present rank differential is insufficient to compensate for the heavy responsibilities of rank.

The City asserted that reinstitution of meaningful rank differentials is too costly. In response, the Union reiterates that the City stands on firm fiscal ground and that savings already have been engendered by the Union's acceptance of starting pay modifications. Moreover, the Union, in an effort to ease the burden perceived by the City, seeks implementation of the rank differential proposal only in the third year of the contract. On balance, the equity of the Union's proposal seems to out-weigh the additional 2.2% in cost the third year.

The cost of this differential proposal to the City for the duration of the contract will be about \$110,000 (Exhibit 70). The reduction in starting pay and an increase in steps to full pay from four steps to six steps has resulted in a savings of at least \$146,738. More specifically, based on savings tied directly to the recent eighteen CETA hires, the City will save \$26,340 for the first year, \$63,414 for the second year, and \$56,984 for the third year of the contract (Exhibit 33). These figures do not reflect any additional savings that may be enjoyed from any subsequent hires during the contract period, which would more than offset the Union's \$110,000 rank differential proposal.

The City stresses that, upon implementation, the imposition of greater wage differentials will give more than 5% raises to those

officers affected. The Union responded that in 1972, the Fire Fighters received an 8.3% raise, but a Captain received only 5.8% (Union Exhibit 31). Similar statistics are seen for other years and different ranks, (Union Exhibit 31), showing that there is an equitable basis for a "catch up". Considered in this light, a greater raise for officers in the last contract year is no windfall. Further, the panel does not believe that the Union's adoption of flat wage increases in past years should now estop them from gaining a meaningful rank differential at this time. In those years, that was an acceptable settlement. Frequently, units that negotiate flat across-the-board settlements have to reappraise and revise the whole salary structure to keep the hierarchy in tact.

In the 1978 police unit Act 312 arbitration, Panel Chairman Shaw observed that:

. . . a flat across-the-board dollar amount will upset historical relationships, or ratios, between classification rate differentials. As such, if continued, it has the potential of creating future problems in maintaining a stable wage structure . . .

For this reason the panel turned down the FOP's request for a flat wage increase and adopted the City's last best offer in May, 1978.

The panel believes that the City's basic wage package of 7% - 5-1/4% - 5% would be maintained even though it adopted the Union's wage differential. Each bargaining unit in the City has its own special contract provisions serving its unique requirements. For example, in 1978 the police officers gained an improved shift differential and a clothing allowance that will not be a part of the

Fire Fighters settlement. Thus, the 2.2% economic impact of an improved wage differential in the last year of the contract is still regarded by the panel to be consistent with the panel's views and determinations in rejecting the Union's last best offer regarding a general wage increase.

\* \* \*

AWARD

1. The City's last best offer for a general wage increase is adopted by the panel as follows:

a) July 1, 1977, 7% across-the-board, with an asterisk: this is "Not applicable to Steps B, C, D & E of the firefighters classification, in accordance with footnote at page 47 of the Collective Bargaining Agreement.

b) July 1, 1978, 5.25% across-the-board.

c) July 1, 1979, 5% across-the-board.

Baker	Concurs _____	Dissents <u>✓</u>
Ott	Concurs <u>✓</u>	Dissents _____

2. The Union's last best offer regarding wage differentials is adopted as follows:

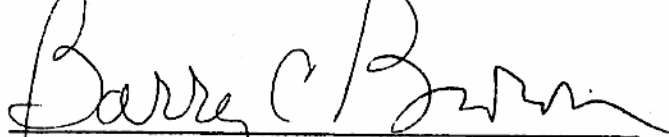
a) Commencing July 1, 1979, and effective thereafter, the annual base wage for the following classifications shall be computed by applying the percentages set forth below to the annual base wage of a full paid firefighter as it shall from time to time exist during the pendency of the Collective Bargaining Agreement.

b) Equipment Operator, 105%; Lieutenant, 115%; Captain, 122%; District Chief, 130%; Deputy Chief, 115%;

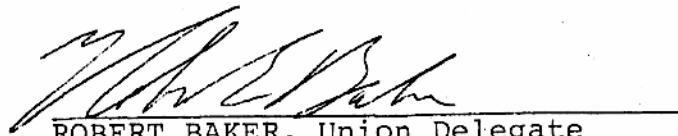
Alarm Operator, 115%; Fire Prevention Inspector,  
115%; Arson Investigator, 118.5%; Maintenance  
Supervisor, 118.5%; Fire Marshall, 122%; Chief  
Alarm Operator, 122%.

Baker	Concurs <u>✓</u>	Dissents <u>      </u>
Ott	Concurs <u>      </u>	Dissents <u>✓</u>

PANEL OF ARBITRATORS:



BARRY C. BROWN, Chairman



ROBERT BAKER, Union Delegate



BARRY OTT, City Delegate