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Iron Mountain, City of

COMPULSORY LABOR ARBITRATION

(Pursuant to Michigan Act No.
312, Public Acts of 1969, as
amended.)

In The Matter Of:

CITY OF IRON MOUNTAIN

-and-

IRON MOUNTAIN POLICE (AFSCME)

REPORT OF FINDINGS,
CONCLUSIONS,
AND AWARD.

Arbitration Panel:

Dr. William E. Barstow Jr., Arbitrator
Mr. Jack LaSalle, for the Union
Mr. John C. O'Donnell, for the City

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JUL 31 1976

February 13, 1976

I.

PROCEEDINGS

June 30, 1975 Work Agreement between the City of Iron Mountain, Michigan (hereinafter referred to as "City"), and the Iron Mountain Police, Iron Mountain City Employees Local #1176, Michigan Council #55 (since redesignated Council #11), American Federation of State, County and Municipal Employees, AFL-CIO (hereinafter referred to as "Union") terminates. Automatic continuation clause suspended pursuant to timely notice by Union of intent to renegotiate certain economic provisions.

July 9, 1975 Arbitration requested of Michigan Employment Relations Commission by the Union pursuant to the Michigan Police and Firefighters Arbitration Act, Act No. 312, Public Acts of 1969, as amended.

October 25, 1975 Request for appointment of Arbitration Panel Chairman received by Michigan Employment Relations Commission.

December 4, 1975 Arbitration Panel appointed or confirmed by Michigan Employment Relations Commission, consisting of William E. Barstow Jr. (Arbitrator), Mayor John C. O'Donnell (for the City), and Jack LaSalle (for the Union).

January 6, 1976 Arbitration hearing duly convened at 10:00 A.M. in the City's business offices, at which were present:

For the City:
John C. O'Donnell, Mayor, City of Iron Mountain
Wayne P. Theisen, Alderman, City of Iron Mountain

For the Union:
Roger Siegal, Staff Representative, Michigan Council #11, AFSCME, AFL-CIO
Douglas Hiltunen, Staff Representative, Michigan Council #11, AFSCME, AFL-CIO
David J. Lee, Unit Chairman, Iron Mountain Police
Donald Wicklund, Detective Sergeant, Iron Mountain Police
Bill Wiegele, Sergeant, Iron Mountain Police

Hearing Reporter:
Leonard R. James, Michigan Employment Relations Commission

January 6, 1976 Exhibits offered in evidence by parties, oral arguments entered, and hearing adjourned.

January 20, 1976 Arbitration Panel conferred at 10:00 A.M. in the business offices of the City of Iron Mountain, identified the economic issues in dispute, defined the last offer positions of the parties, reviewed argumentation and evidence submitted at hearing, and made determinations relative to each of the issues as prescribed by law.

February 13, 1976 Report of Findings, Conclusions, and Award issued.

II.

ISSUES IN DISPUTE

All issues in dispute are determined to be economic in nature by the Arbitration Panel, and as established by the last offer of the parties at date of arbitration hearing on January 6, 1976, are as follows:

A. Base Compensation Adjustment

Union demands an across-the-board wage increase of 12% of present base compensation for all personnel in the bargaining unit, which would adjust annual rates as follows:

<u>Classification</u>	<u>Present Rate</u>	<u>Plus 12% Increase</u>
Sergeant & Detective Sergeant	\$8,490.58	\$9,509.45
Patrolman	8,358.70	9,361.74

City proposes an across-the-board wage increase of \$747.00 for all personnel in the bargaining unit, which would adjust annual rates as follows:

<u>Classification</u>	<u>Present Rate</u>	<u>Plus \$747 Increase</u>
Sergeant & Detective Sergeant	\$8,490.58	\$9,237.58
Patrolman	8,358.70	9,105.70

B. Classification Differential

Union demands an additional classification differential increase of 3% of present base compensation for all personnel in the sergeant classification only, which would adjust the annual rate for that classification as follows:

<u>Classification</u>	<u>Present Rate</u>		
Sergeant & Detective Sergeant	\$8,490.58		
		<u>Plus 12% Increase</u>	<u>Plus 3% Increase</u>
		\$9,509.45	\$9,764.17

City proposes that the existing differential between sergeant and patrolman classifications be continued without change.

III.

STIPULATIONS

The parties stipulate as follows:

A. Contract Date and Duration

The prior collective bargaining agreement, as amended by these proceedings and stipulations, shall be extended for a period of one year, commencing retroactively as of July 1, 1975, and extending through June 30, 1976.

B. Limitation of Issues

The present arbitration proceedings shall be limited to consideration of (a) the proper compensation increase to be awarded to bargaining unit employees, and (b) the need to increase the compensation differential between the sergeant and patrolman classifications.

Union proposes that the grant of a \$75.00 annual uniform maintenance allowance be stipulated also. City states that such grant of allowance already is agreed and not at issue here.

IV.

POSITIONS OF THE PARTIES

Union Position

The Union contends that present annual compensation rates for police patrolman and sergeant classifications have fallen very low in relation to police compensation rates in immediately neighboring communities, and even lower in relation to communities of comparable size in Northern Michigan generally.

The average annual compensation in several such communities (Dickinson County Sheriff's Office, City of Cheboygan, Grand Traverse County Sheriff's Office, City of Kingsford, Marquette County Sheriff's Office, City of Negaunee, Presque Isle County Sheriff's Office, City of Norway) is \$9,980.46 for police patrolmen and \$10,820.90 for police sergeants. The City's proposed \$747 flat-rate increase would take Iron Mountain annual police compensation rates only to \$9,105.70 for patrolmen and \$9,237.58 for sergeants. This is even below rates in the City of Norway, which exhibits the lowest of all of the above cited community police compensation patterns. Norway currently pays its patrolmen \$9,131.20 and its sergeant \$9,464.00 annually, and also pays in addition a standard cost-of-living increment.

If the 12% increase demanded by the Union is accepted, the compensation of Iron Mountain police (patrolman, \$9,361.74; sergeant, \$9,764.17 including the demanded additional 3% classification-differential increase) still will be only second from the bottom of the above list of local area police organizations, and between police rates in the immediately neighboring cities of Kingsford and Norway.

The Michigan Municipal League's analytical tabulation of maximum police patrolman compensation, based on nine Michigan communities in the MML Area III geographic category and the 4,000 - 9,999 population range, indicates a 1975-76 average annual rate of \$9,681.00. This is substantially higher than the \$9,361.74 demanded by the Union for Iron Mountain.

The Union argues finally that the present pay differential between patrolman and sergeant classifications (a differential of about 1.3% under the City's proposal) is so small as to be virtually meaningless. Even with the additional 3% of present base compensation which is demanded here by the Union, the differential only would amount to 4.3% and only would approximate the midpoint of the various differentials exhibited by the suggested comparison police compensation patterns.

City Position

The City contends that it has attempted to compensate all of its employees, as well as its police personnel, on the same fair basis. Historically, the police department itself has been the unit which has most strongly sought "parity" of wage treatment, and equal treatment has been

the rule in determining size of wage increases. Traditionally, the City has computed the funds available for wage increases and divided it evenly among all personnel.

Accordingly, the across-the-board offer of \$747 is fair and in keeping with past practice. Its fairness is further substantiated by the fact that the recent arbitration of rates for the fireman bargaining unit in October, 1975, awarded that amount and also provided that "parity" between fireman and police rates is to be maintained in the event of any larger increase in the subsequent police arbitration (the present proceedings). Iron Mountain already is allocating 78% of its budget to employee compensation (the Michigan Municipal League recommends a maximum 70% for this budget category), and from any viewpoint the City is doing all that it can to maintain wages at adequate levels. It is estimated that to meet the demand of the Union in these proceedings will compel the layoff of two to three policemen.

The Union has compared police compensation here with wages in other cities of comparable size in the Eleventh Congressional District, but it fails to compare the financial base in these communities with the situation in Iron Mountain. The nearby communities of Norway and Kingsford, for example, both experienced large budget increases during the past year (23% in the case of Kingsford), while Negaunee and Ishpeming are sustained financially by major continuing mining operations.

Relative to the Union's demand for an added increase for police sergeants, it will be observed that police sergeants here are not assigned duties and responsibilities similar to sergeants in most other cities. Kingsford and Norway, for example, each have only one sergeant, who serves in effect as an assistant police chief. In Iron Mountain, however, there are four sergeants and a detective sergeant, all with little if any additional responsibility to distinguish their job from the patrolman job. Attempts to have sergeants serve as shift leaders have met with firm resistance from the sergeants. Actually, the classification is merely a token, seniority-type position.

The City is faced with a clear question as to what the police department is worth in dollars and cents in its present size and form. A suggestion by the City Attorney that the Michigan State Police be asked to send in an inspection team to evaluate police operations and recommend efficiency changes, and suggestions by a councilman that the City examine the "public safety department" approach to police and fire protection, have met only resistance from police personnel.

City's offer is the largest that the community can give in terms of its present budget. In any event, this is not a small offer. When the offered \$747 annual increase is considered together with the previously agreed \$75 annual uniform allowance and the effect of the new rates on the size of the percentage-based longevity pay, the real wage offer ranges from 9.83% to 14.68%.

FINDINGS AND CONCLUSIONS

Statutory Limitations

The authority and discretion of the Arbitration Panel are closely circumscribed in the present matter. The dispute comes before the Panel as a compulsory interests arbitration pursuant to the provisions of Michigan's Act 312, Public Acts of 1969, as amended, and its express provisions restrict arbitral responsibility and authority in consideration of economic issues to choosing between the positions of the parties on the basis of evidence presented at hearing.

Section 8 of the Act provides, inter alia, that "the arbitration panel shall identify the economic issues in dispute and direct each of the parties to submit . . . its best last offer of settlement on each economic issue." Section 8 provides further that "the arbitration panel shall adopt the last offer of settlement which, in the opinion of the arbitration panel, more nearly complies with the applicable factors prescribed in Section 9" of the Act.

Section 9 of the Act prescribes the statutory standards for decision by an arbitration panel, both as to non-economic issues and as to choice between last offers in the case of economic issues. This Arbitration Panel hereby identifies the economic issues in dispute as being those issues so designated in Part II of this Report, and certifies that its findings, conclusions, and award relative to all issues are based solely on the standards prescribed by Section 9 of the Act.

Discussion of the Issues

Two issues only are in dispute, and both are economic in nature: (A) the proper size of increase in base compensation to be granted all personnel in the police bargaining unit, and (B) the proper size of the wage differential to be established between the patrolman and the sergeant classifications.

Both parties accept the general proposition that a wage increase in some order of magnitude is appropriate. The City does not seriously dispute that the relative position of its police compensation rates is toward the lower end of the spectrum of police wage scales in this geographic area. Neither does the City deny that its patrolman/sergeant wage differential is relatively small. Nevertheless, the City defends its position vigorously.

The City contends that it has far less financial capacity to pay its police personnel than have neighboring communities. Unfortunately, little substantive evidence is offered to demonstrate such a difference. Although

the Iron Mountain budget is in evidence and does not reveal more than the minimum funds required to operate a community of this size, neither does it suggest clear inability to meet the size of increase demanded by the Union in this case. No data comparing such factors as assessed valuations, millage rates, types of municipal services maintained, populations, operational efficiency, or the like are available with which to judge any lesser capacity to pay. In fact, the very maintenance of a separate and well compensated full-time fire department in a community of this size suggests a comfortable financial situation. While the City certainly is correct in asserting that communities such as Negaunee, Ishpeming, and Marquette are doubtful comparisons, and while it is only logical to assume that differences of some nature would exist, no evidence is at hand to demonstrate clearly that large differences exist within the immediate Dickinson County area and its principal communities of Iron Mountain, Kingsford, and Norway.

In the absence of evidence of inability to pay or of a danger of threatened inadequate police protection, the essential task of this arbitration proceeding merely is to establish accurately the price of a particular labor category in this particular geographic area. The question of how much of that labor category a particular community can afford to budget thereafter is a question solely for that community and this Arbitration Panel may not participate appropriately in that decision.

The City also emphasizes that a recent arbitration proceeding and award for the Iron Mountain firemen (October, 1975) approved the City's offer of \$747 and also tacitly approved the concept of "parity" between firemen and policemen by providing that if any larger increase is granted pursuant to the present proceedings it shall be granted to the firemen instead of the flat-rate \$747 increase.

In the personal view of the Arbitrator sitting as a member of this Arbitration Panel, this was a singularly improper and unfortunate award. It ignores the facts that pay patterns in Michigan and throughout the country tend to compensate police personnel at higher rates than firemen in the smaller communities, a relationship which is easily justified by any systematic and competent job analysis and evaluation, and that such an award forces the present Arbitration Panel to decide inadvertently and with no pertinent evidence whatsoever before it the compensation of firemen by the unrelated act of deciding the proper compensation of policemen.

By any arbitral standard, the increase previously awarded firemen is irrelevant to the present proceedings other than to suggest on the basis of customary job relationships that the police compensation award should be somewhat higher.

The City also urges the fairness of the flat-rate increase as compared with the percentage increase. However, this type of increase, except in special circumstances, is not accepted generally as good wage administration practice, because over a period of time it progressively erodes wage gradations needed to recognize differences in required job skill and responsibility and other job value factors.

Denying that the factors of the City's ability to pay, the public need for police protection, and the prior arbitration award for another job classification are controlling, the Arbitration Panel is left with three remaining primary factors on which to base its decision: (1) comparisons with wage rates paid by other governmental units for similar jobs in the immediate geographic area, (2) comparisons with general local wage rates in the private sector, and (3) the effect of cost-of-living changes on the wage history of the bargaining unit.

In comparing wage rates among various communities, weight must be accorded the City's contention that comparisons with large or affluent Upper Peninsula communities and most downstate communities are improper. However, comparisons among the immediately neighboring communities of Iron Mountain (population 8,702), Norway (population 3,033), Kingsford (population 5,276), and the government of the surrounding Dickinson County must be considered extremely persuasive:

	<u>Patrolman</u>		<u>Sergeant</u>	
Dickinson County Sheriff	\$9,568.00	(road)	\$10,296.00	(road)
	9,276.80	(desk)	9,568.00	(desk)
Kingsford	9,380.68	*	9,877.89	*
<u>Union demand</u>	9,361.74		9,509.45	
Norway	9,131.20	*	9,464.00	*
<u>City offer</u>	9,105.70		9,237.58	

* Plus cost-of-living adjustment.

Obviously, the City's offer is not competitive with even the smaller of its neighbors.

Comparison of the City's offer with private sector general wage levels in the Dickinson County area is also somewhat unfavorable to the City's offer, although not as compellingly as in the case of police wage comparisons:

	<u>Low</u>	<u>Average</u>	<u>High</u>
Area Hourly Maxima	\$3.00	\$5.65	\$9.58
<u>Union demand</u>	4.50	4.54	4.57
Area Hourly Averages	2.85	4.49	8.96
<u>City offer</u>	4.38	4.41	4.44
Area Hourly Minima	2.35	3.52	8.33

The Arbitration Panel finds the City's offer to be on the low side when the responsibilities, problems, needed discretion, and hazards of properly performed police work are related to the typical job demands made on the average hourly-rated worker in the private sector.

Comparison of the City's offer and the Union's demand for the patrolman classification only, with Michigan Municipal League survey data for MML Area III communities of comparable size to Iron Mountain (population 4,000 - 9,999) indicates relationships similar to those of the preceeding tables:

Maximum 1975-76 Police Officer Annual Rate	\$9,681.00
<u>Union demand</u>	9,361.74
<u>City offer</u>	9,105.70
Maximum 1975-76 Firefighter Rate	7,422.00

It will be noted that Iron Mountain may be virtually alone in paying its firefighters the same rates as police patrolmen, at least in terms of government units in this area which already have concluded 1975-76 work agreements.

The final factor considered persuasive by the Arbitration Panel is the rapidly accelerating during the past three years of the average consumer prices for goods and services, the so-called cost-of-living. The average annual increase in the Consumer Price Index prepared by the federal Bureau of Labor Statistics over the period of the previous three-year agreement (July 1, 1972, to June 30, 1975) has been approximately 9.4 % varying as follows:

<u>Year</u>	<u>December Index *</u>	<u>Annual Rate of Increase</u>
1972	127.3	3.4%
1973	138.5	8.8%
1974	155.5	12.3%
1975	166.3	7.0%

* Basis: 1967 equals 100.

The concensus among responsible economists at the present time projects the inflationary rate into 1976 at around 7 - 8%.

Meanwhile, during the same approximate period, Iron Mountain police compensation (based on the patrolman rate) has been increasing at an average annual rate of approximately 5.5% as follows:

<u>Contract Period</u>	<u>Patrolman Rate</u>	<u>% of Increase</u>
1971-72	\$7,113.70	
1972-73	7,526.70	5.85
1973-74	7,942.70	5.52
1974-75	8,358.70	5.23

Undoubtedly, all segments of society must absorb in some degree the results of inflation, and municipal employees are not excluded. However, even considering this truism, it is apparent that the Iron Mountain police have been losing ground consistently at an annual rate of about 4% for nearly four years, and are looking forward to price change at about twice this rate in the ensuing year. This seems to the Arbitration Panel to be more than they should be expected to bear. In this light, the 12% increase demanded by the Union for the 1975-76 year only, does not seem excessive. Considering this erosion of the Iron Mountain police wage position in conjunction with the already depressed level of Iron Mountain police rates in relation to Dickinson County private sector and police rates generally, the picture becomes conclusive.

The Arbitration Panel concludes that the labor agreement between the parties for the period July 1, 1975, to June 30, 1976, should provide for a 12% across-the-board increase over present base compensation for all members of the police department bargaining unit, as demanded by the Union.

Additionally, the Union demands a 3% of base compensation increase for all police sergeants in order to increase the wage differential between the patrolman and sergeant classifications to 4.3% (assuming an award also of the 12% across-the-board increase demanded by the Union). The Union contends that the present differential (about 1.5%) is so small as to be virtually meaningless.

The Union view that the present patrolman-sergeant differential is too small to have even recognition value, quite apart from the question of incentive value, certainly is borne out fully by established wage and salary administration practice everywhere. Typical wage differentials are at least 5%. However, such differentials are based on the assignment of substantially greater responsibility and variant duties to the better paid classification. Here, no evidence has been offered to indicate that the sergeant classification is anything other than a "token, seniority-type of classification" as the City contends. The Iron Mountain sergeant classification is not even charged with leadership of a shift, and only in the case of the detective sergeant is any variation in duties observable.

Accordingly, the Arbitration Panel concludes that the additional 3% increase for the sergeant classification only, as demanded by the Union, is not justified by the nature of their duties and responsibilities, and should be denied.

VI.

AWARD

Pursuant to authority vested in the Arbitration Panel by the State of Michigan under provisions of Act 312, Public Acts of 1969, as amended, the Arbitration Panel awards as follows:

Economic Issues

- A. All personnel in the police department bargaining unit shall be granted an across-the-board increase in the amount of 12% of present base compensation, retroactive to July 1, 1975.
- B. The additional 3% wage-differential increase demanded for the police sergeant classification only shall be denied.

Stipulated Provisions


The previous work agreement between the parties shall be extended, subject only to provisions of award pursuant to the instant proceedings, for a one-year period from July 1, 1975, to June 30, 1976.

Pursuant to prior agreement between the parties, a uniform allowance for routine maintenance costs in the amount of \$75 annually shall be granted to all uniformed personnel in the police department bargaining unit.

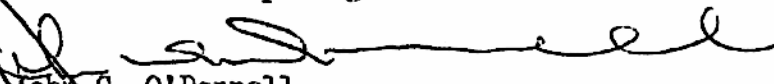
Respectfully submitted,


William E. Barstow Jr.
Arbitrator

Concurring only as to award in disposition of Economic Issue A; dissenting as to award disposing of Economic Issue B.


Jack LaSalle
For the Union

Concurring only as to award in disposition of Economic Issue B; dissenting as to award disposing of Economic Issue A.


John G. O'Donnell
For the City