

10/27/75

ARB

C.I.

Iron Mountain,  
City of

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IN THE MATTER OF AN ARBITRATION

OF A DISPUTE BETWEEN

CITY OF IRON MOUNTAIN

AND

INTERNATIONAL ASSOCIATION OF FIRE  
FIGHTERS, LOCAL 554

\*\*\*\*\*

Dispute over wages

LABOR AND INDUSTRIAL  
RELATIONS LIBRARY

Michigan State University

10/28/75  
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STATEMENT OF THE CASE

Pursuant to the Police-Fire Fighter Arbitration Act (Act No. 312, Public Acts of 1969, as amended), the undersigned was appointed chairman of the panel of arbitrators to hear and decide this dispute. Such appointment was made by Robert G. Howlett, Chairman, Michigan Employment Relations Commission, by letter dated September 19, 1975. The labor member of said panel is Jeffrey D. Galka and the employer member is John C. O'Donnell, Mayor of the City of Iron Mountain. Hearing was held in this matter in the City Council Chambers, Iron Mountain, Michigan on October 10, 1975, beginning at 9:30 a.m.

The following is a statement of the parties as to the issue in dispute, the facts as they understand them and their respective positions with respect thereto including their requests. Next follows a finding of the facts,

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AUG 19 1976

Dunne, James T

statement of issues, decision, and award of the panel majority.

### FACTS

The parties are in agreement that the sole issue to be decided by this panel is the wage scale by classification of the members of the bargaining unit to become effective with July 1, 1975, which is also the beginning of the City's current fiscal year.

The parties also agree that the Union has requested a 12% increase in wages for each employee in each classification and that such increase is requested to be effective for one year beginning July 1, 1975, and ending with June 30, 1976.

The currently existing base rates by classification are as follows:

(6)	Pipe Man	\$8286.96
(3)	Engine Operator	8350.26
(3)	Engineer	8413.56
(3)	Lieutenant	8676.89

NOTE: The figures in parenthesis to the left of each of the above classifications is the number in the classification. There is a total of 15 men on the force covered by the bargaining unit.

In addition to the above base rates, the expired agreement provides for longevity pay (Article IV, Section 15) of 1% for each three years of completed service to a maximum of

8% longevity pay. The appropriate percentages apply to the base rates above listed. In practical terms this means that the following employees currently receive the noted percentage longevity pay in addition to the base rates for their classifications:

<u>NAMES</u>	<u>LONGEVITY PERCENTAGE</u>	<u>CLASSIFICATION</u>
Badini	8%	Lieutenant
Muller	7%	Lieutenant
Spigarelli	6%	Lieutenant
Rahai	5%	Engineer
Warren	4%	Engineer
Butler	4%	Engineer
Dale	3%	Engine Operator
Legault	2%	Engine Operator
Welker	2%	Engine Operator
Rocheleau	2%	Pipe Man
Gamney	2%	Pipe Man
Armhurst	1%	Pipe Man
Theisen	1%	Pipe Man
Amicangelo	0%	Pipe Man
Zomhon	0%	Pipe Man

The best offer the City had made prior to this arbitration hearing was a flat increase of \$747 per man per year. The Union says this was to include a \$75 per year per man uniform maintenance allowance.

However, at the arbitration hearing the City offered the \$75 maintenance allowance in addition to the flat \$747 per year increase in wage rates. The Union said this was the first time this offer had been made. When asked whether or not this did not come acceptably close to the Union's requested 12% increase in base rate the Union responded

that it did not.

The Union's position is that the 12% increase in base rate is necessary to come near staying up with the rising cost of living, that it would provide almost no catch-up money and that even the new offer made by the City did not come up to the 12% requested. The City declined to increase its final offer and the panel is therefore left to determine the remaining dispute.

For all practical purposes the Union claims the added cost to the City of meeting the Union's demand for this unit for the fiscal year begun July 1, 1975, would be approximately \$2795.18 not counting the effect of such increase on longevity pay. The Union argues that this is a trivial amount to let stand between the parties and settlement of their dispute. It admits that for the past several years at least increases have been equal as between police and firemen in the City. Thus, it does not deny that the request it makes would change a rate relationship between police and firemen. Its argument, however, is that (1) it does not bargain for police or any other city employees, (2) that it justifiably seeks to increase base rates so as to bring up the very low rate of the lesser paid fire classifications without destroying the rate relationship of the higher paid classifications. It agrees that the application of a percentage increase really works to a greater advantage

in the higher rated fire classifications but does not know how to avoid this result and at the same time increase what the Union regards as substandard wages in the lower classifications.

The Union's position is twofold: (1) It says the cost of living increase due to inflation requires at least the adjustment it asks i.e. 12% increase in all base rates; and (2) That Iron Mountain is out of step in the matter of wages let alone fringe benefits with other and comparable localities. It asks that comparisons be made based on the chart following on page six which was entered in the record as Union Exhibit 4.

The City's position is that it has made the best offer it can prudently make taking the following factors into account:

(1) Parity - The City has fought to maintain parity between the various groups of employees; Public works, Police and Firemen plus the unorganized remainder. It has therefore made flat increases to each group equal or equivalent in amount. To do otherwise it argues is to court disaster by setting up competing claims by the various units for the amount available for wages out of an already shrinking budget for operating costs. Wages are currently 79% of the City budget. It is not a profit making institution but must operate within the constraints of governmental tax revenues.

1974	START PAY	FULL PAY	DRIVER ENG.	LIEUT	CAPT	MAX. LONG.	NIGHT SHIFT	FOOD ALL.	OVER TIME	CALL BACK	HOLIDAY NO. AMT.	POST OF LIVING	PC
BENIGN HARBOR	9811	11076	11767			\$400			1.5X	1.5X	1 1/2 wks.	No	10,
CADILLAC	7825	9125		9470	9815	\$325	\$242	\$220	8.00 hr	8.00 hr.	10 N.L.	\$230yr	10,
CENTRE LINE		14073				\$800		\$150	1.5X	1.5X		Yes	11,
EMMETT TOWNSHIP	8374	8374		8736	9256				1.5X	1.5X	1.4 wk	No	12,6
FRASER	10920	14502		18315		8%		\$300	1.5X	1.5X		No	12,6
ST. JOSEPH	9836	11000		12170	13059	10%			1.5X	1.5X	8hr-10 hrs	No	12,6
STUBSIS	8589	9581			9883	\$500		\$300	3.17hr	3.17hr.	8hr-8 1/2 hrs	No	9,5
MARYSVILLE	10972	12693				7 1/2%			1.5X	1.5X		Yes	6,0
ISHEWING		7392				\$175			1.5X	1.5X	1.5X	Yes	8,5
IRONWOOD	7280	7717			8195	8%	10-15 cents/ hr.		1.5X	1.5X	Comp 12	Yes	8,7
GROSSE POINT PARK	9700	14200	14200	15975		\$300	\$125		1.0X	1.5X	1.0X + 1	No	8,5
HAMPTON TOWNSHIP	8050	9957				\$491			1.5X	\$5/hr.	\$400	No	7,5
IRON MOUNTAIN	8167	8350	8414	8677		8%			1.5X	1.5X	1.5X-10 hrs	No	8,7
TOTAL	99544	137983	34380	73343									
AVERAGE	8350.26	10614	11460	12224									

which are not expanding. Parity maintains rate relationships long understood by employees. In keeping with its parity philosophy, the City offered \$686.40 to its Public Works employees and increased its outlay on pension costs by 2.7% or about \$60 per year per employee to encourage older employees to retire. The Public Works employees contract is settled on this basis. There is a provision that if other groups attain more, their rates will be increased. It offered the police exactly the same as fire fighters and although that contract has not yet been settled, the City spokesman has good reason to believe it will be settled soon at \$747 per man increase plus \$75 per man annual uniform maintenance allowance. The City believes that the fire fighters should not attempt to break parity with the police or other city employees. It claims, however, that the fire fighters are always the last to settle.

Comparisons with other cities - The City takes sharp exception to some or most of the comparisons the Union seeks with other cities (Union 4). First it says that comparisons with cities in the lower peninsula are improper since they are not in the same geographic or economic area. And within the upper peninsula, Ishpeming, is a rich mining community with a higher revenue base than is available to Iron Mountain. And Marquette is a larger more prosperous city with a far better tax base and, as the Mayor expressed

it, Marquette has "godfathers" who look after Marquette when it has financial needs. (The Chairman is certain beyond fear of contradiction by anyone in Marquette that its municipal administrators would express amazed disbelief at the suggestion that there are "godfathers" among its citizens who wait purses in hand to sally forth at their request to bail that city out of any financial problems it may have!) In any case, Iron Mountain feels that a comparison with Marquette is inappropriate. Other upper peninsula communities with similar population, tax base, and revenue sources to Iron Mountain are more appropriate and the City invites such comparisons as to city employee wage rates.

Fringe benefits - The City states that each city employee receives approximately \$1500 per year in fringe benefits and that in this respect the City compares favorably with comparable upper peninsula cities.

Real total cost to City of fire fighter request - There are only 15 men on the fire force and the City readily agrees that the difference in cost if applied only to them (about \$2800 per year) is negligible. However, where as here, parity is and would have to be maintained among all personnel, the added wage cost would total in excess of \$17000.

Need to reduce City jobs - Such added increase over presently offered increases would inevitably, says the City, result in the need to reduce jobs and attendant city services.



The City says it has been attempting to do this by attrition rather than layoff but that added costs would surely mean layoffs.

City budget - The City claims without contradiction by the Union that it is operating on an operating budget of \$1,000,000 of which 79% is wages and only \$200,000 for other operating costs including materials. This is an austerity operation at best and allows no more for wages than it has offered.

#### SUMMARY FINDINGS

The following chart shows the effect of the City's offer of \$747 per year flat base rate increase plus \$75 per year per man uniform maintenance allowance, a total of \$822, on the base rate of each classification:

	<u>PRESENT BASE</u>	<u>NEW BASE MSL UNIFORM ALL.(75)</u>	<u>% INCREASE</u>
Pipe Man	\$8286.96	\$9108.96	9 9/10%
Engine Operator	8350.26	9172.26	9 8/10%
Engineer	8413.56	9235.56	9 7/10%
Lieutenant	8676.89	9498.89	9 4/10%

These percentage increase figures do not take into account the effect of the longevity formula on each man's wages as provided in Article IV, Section 5.

SECTION 5. Longevity payments shall be made on December 1st of each year determined by the length of service as of the previous

June 30th. They shall be in the amount of 1% for each three (3) years of completed service up to a maximum of 8%.

The following table shows how the \$747 increase per man plus longevity, plus the \$75 annual uniform allowance affects the percentage increase over the current base rate for each employee.

CLASSIF.	NAME	PRESENT BASE	BASE INCR. LONG OFFD. %	WAGE WITH LONGEVITY AMOUNT	UNIF. NEW ALL. WAGE	TOTAL NEW WAGE	% INCREASE OVER PRESENT BASE
Lieut.	Badini	8676.89	747 8%	10177.80	75	10252.80	18.16%
Lieut.	Muller	8676.89	747 7%	10083.56	75	10158.56	17.07%
Lieut.	Spigarelli	8676.89	747 6%	9989.32	75	10064.32	15.99%
Engineer	Rahai	8413.56	747 5%	9618.58	75	9693.58	15.21%
Engineer	Warren	8413.56	747 4%	9526.98	75	9601.98	14.12%
Engineer	Butler	8413.56	747 4%	9526.98	75	9601.98	14.12%
Eng. Op.	Dale	8350.26	747 3%	9370.17	75	9445.17	13.11%
Eng. Op.	Legault	8350.26	747 2%	9279.20	75	9354.20	12.02%
Eng. Op.	Welker	8350.26	747 2%	9279.20	75	9354.20	12.02%
Pipe Man	Rocheleau	8286.96	747 2%	9214.63	75	9289.63	12.09%
Pipe Man	Gamney	8286.96	747 2%	9214.63	75	9289.63	12.09%
Pipe Man	Armhurst	8286.96	747 1%	9124.29	75	9199.29	11.01%
Pipe Man	Theisen	8286.96	747 1%	9124.29	75	9199.29	11.01%
Pipe Man	Amicangelo	8286.96	747 0%	9033.96	75	9108.96	9.91%
Pipe Man	Zamhon	8286.96	747 0%	9033.96	75	9108.96	9.91%

The above table illustrates just how the \$747 per year flat base rate increase per man plus the \$75 per man per year uniform maintenance allowance works out as a percentage increase in total wages over the present base which does not include uniform maintenance allowance. Only the \$747 increase has been added to present base salary before longevity amounts are added, since the uniform allowance is not part of the base to which longevity is applied. However,

the uniform maintenance allowance is then added to the total of new base plus longevity to arrive at a total of new wages offered. It is apparent only four employees are below the 12% increase requested by the Union - two of these less than 1% under 12% and the bottom two just a little more than 2% under 12% increase. These latter two have not yet had sufficient service to qualify for any longevity percentage increase over base. For the 15 man force as a whole, however, the weighted average percentage increase offered is nearly 13.19%.

The City refuses to increase the above offer but did say that if the Union wanted to distribute the total money offered in such a way as to bring up the wages of some of the lower - waged employees in the above chart, the City would be willing to work this out with the fire fighters Union. As the Chairman finds the facts, a total of \$12330 in new money (not counting the effect of longevity percentage payments applied to \$11205 of such new money) has been offered.

$$\begin{array}{rcl}
 747 \times 15 & = & 11205 \text{ added to base for added} \\
 & & \text{longevity points} \\
 75 \times 15 & = & 1125 \text{ total uniform maintenance} \\
 & & \text{allowance} \\
 \hline
 & & 12330
 \end{array}$$

When the total increase in longevity is applied to the base in each man's case the result is \$16678.66 in new money offered by the City.

The Chairman is persuaded that the offer of \$747 increase in present base rates plus \$75 uniform maintenance allowance is a fair offer especially in view of the longevity clause in the contract. This latter clause generates a significant increase over the flat amount added to the present base because the \$747 increase becomes a part of the new base for purposes of increasing earnings by the longevity percentage applicable to such new base. The Chairman, realizes however, that the police have not yet settled their contract with the City on the same terms as have been offered the firemen. Moreover, the Public Works settlement could be adjusted upward if either police or fire negotiated a better wage settlement. The firemen are certainly entitled to the same privilege.

#### DECISION AND AWARD

1. Present base rates of all classifications in the Fire Department under contract shall be increased by a flat \$747 per year beginning with July 1, 1975.
2. A \$75 uniform maintenance allowance shall be granted all covered firemen effective July 1, 1975.
3. If the Union wishes to adjust wage rates to bring up lower rated employees or classifications it may take up this matter with the City provided the total amount so generated does not exceed the total reflected

by items 1 plus 2 of this award.

4. If the police should settle for a better figure than is reflected in items 1 and 2 of this award the firemen's rates shall be adjusted upward so as to reflect parity between the firemen and policemen.

5. All monetary increases including longevity under this award shall be retroactive to July 1, 1975.

6. The contract will run for one year through June 30, 1976.

James T. Dunne  
James T. Dunne, Chairman

James T. Dunne, Chairman

October 27, 1975

DATE \_\_\_\_\_

City of Iron Mountain  
Panel Member

Panel Member

Fire fighters Union Local 559  
Panel Member

Panel Member

October 30, 1975  
DATE

DATE \_\_\_\_\_

DATE \_\_\_\_\_