

7/31/80
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IN THE MATTER OF ARBITRATION
BETWEEN
CITY OF IRON MOUNTAIN
AND
INT'L. ASSN. OF FIRE FIGHTERS
LOCAL 554

Mich. Emp. Relations Comm.
Arbitration Under Act 312
Public Acts of 1969 as amended
Case G79 K - 1074

STATEMENT OF THE CASE

Pursuant to the Police - Fire Fighters Arbitration Act (Act #312, Public Acts of 1969, as amended), the undersigned was appointed chairman of the panel of arbitrators to hear and decide this dispute. The appointment was by letter dated May 9, 1980 signed by Robert Pi-sarski, Director, Michigan Employment Relations Commission. Ted Cor-rombus is employer delegate and Michael Amicangelo is labor delegate to the panel. Hearing was held in the City Council Chambers on July 17, 1980 beginning at 9:00a.m. CDT.

There follows a summary of the positions of the parties and the facts cited in support of such positions, a decision and award of the panel majority.

FACTS

The dispute herein is solely over whether or not a wage offer by the City of 10% increase across the board to all wages of all members of the Fire Fighters bargaining unit is proper; or would a proposed increase of 16% to Lieutenant, 15% to Engineer, 14% to Engineer Operator and 13% increase to Pipeman classifications as proposed by the Union be more appropriate.

MICHIGAN STATE UNIVERSITY
LABOR AND INDUSTRIAL
RELATIONS DEPT.

Dunne, Ernest

CITY OF IRON MOUNTAIN
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It is agreed by the parties that whatever increase is held to apply shall be retroactive to July 1, 1979 and shall become the base rates by classification for the contract year July 1, 1979 through June 30, 1980. (The parties have not yet concluded negotiations for the 1980-81 year.)

The parties are currently operating under the terms of a collective agreement running from July 1, 1977 thru June 30, 1978, and in addendum to that agreement running from July 1, 1978 through June 30, 1979 which latter calls for an 8% increase in annual wages and an improvement in holiday and holiday pay provisions.

The parties were unable to agree on wages for the 1979-80 contract year during the contract year and therefore want this dispute settled promptly.

The Union's proposal is based on a 56 hour work week traditional with Fire Fighters, as opposed to a 40 hour week for Police.

The Union says that the 1979-80 wages by classification paid by the City for Police Dept. and the 1978-79 wages for Fire Dept. classifications compare as follows:

79-80 Iron Mountain Police Dept.

TITLE	ANNUALLY	HOURLY
Lieutenant	13,707.20	6.59
Sergeant	13,228.80	6.36
Patrolman	12,542.40	6.03

78-79 Iron Mountain Fire Dept.

Lieutenant	11,808.55	4.05
Engineer	11,258.05	3.86
Engineer Operator	11,178.41	3.83
Pipeman	11,098.79	3.81

The Union's proposal for the 1979-80 contract year would be as follows:

UNIONS PROPOSAL		
Lieutenaint	13,697.86 (16%)	4.70
Engineer	12,946.75 (15%)	4.44
Engineer Operator	12,743.38 (14%)	4.37
Pipeman	12,541.65 (13%)	4.30

From this the Union concludes that its proposal for 79-80 wages is not excessive when compared with the Police Dept. wages. The Union believes that parity as between Police and Fire should be approximated and that its proposal by % increase by classification would do that.

Moreover the Union seeks comparison with other UP cities as to Firefighter wages and concludes that such shows Iron Mountain to be last among the five cities with which it would make comparison. The comparison (Union 2) follows:

IRONWOOD	Pop. 8,700	Firefighter 13,104	Lieutenant N.A. **
MENOMINEE	Pop. 10,500	Firefighter 12,173	Lieutenant 13,104
MARQUETTE	Pop. 25,000	Firefighter 14,484	Lieutenant 16,224
ISHPEMING	Pop. 8,500	Firefighter 14,167	Lieutenant * 16,167
IRON MOUNTAIN	Pop. 8,700	Firefighter 11,098	Lieutenant 11,808
Position of Union		12,541.65	13,697.86

*This wage is for Senior Operator. An engine operator wage is 15,167

** A captain essentially the same duties 13,995
These are essentially working officers responsible for their respective platoons.

The Union says that in Ironwood there is not a Lieutenant but that the Captain there is \$13,995 and his duties are comparable with those of Lieutenant at Iron Mountain.

The Union also says that the rates shown for Menominee are 79-80 contract wages; and that a 41¢ per hour increase did as of the date

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of this hearing become effective for the 1980-81 year.

The Ishpeming rates were as of 5/80, the union says.

In Union exhibit 3 shows by individual a comparison on wages between Police and Fire Dept. employees. Union 3 follows in its entirety:

NAME	YRS.	FIRE DEPT.		W-2	WAGES MINUS BACKPAY
		BACKPAY			
A. Spigarelli	23	LT.	830.16	14,950.60	14,120.44
F. Warren	16	LT.	811.19	14,482.95	13,671.76
M. Butler	14	E.	761.91	13,395.08	12,633.17
R. Dale	13	E.	764.29	13,733.52	12,969.23
D. Legault	13	E.	759.34	13,522.81	12,763.47
R. Weiker	12	E.O.	773.94	13,530.57	12,756.63
W. Rocheleau	11	E.O.	757.75	13,553.94	12,796.19
W. Gamney	11	E.O.	753.96	13,482.07	12,728.11
B. Armburst	8	P.M.	755.73	13,019.76	12,264.03
R. Thiesen	8	P.M.	742.95	13,329.09	12,586.14
M. Amicangelo	5	P.M.	744.66	13,002.24	12,257.58
D. Zambon	5	P.M.	753.97	13,319.47	12,565.50
S. Merhalski	2	P.M.	771.81	12,921.54	12,149.73
J. Julian	1	P.M.	750.12	12,604.62	11,854.50

NAME	POLICE DEPT.		W-2
	YR.		
B. Wiegler	21	LT.	18,271.20
D. Lee	8	S	16,355.09
M. Badini	7	P	14,019.54
H. Oliva	6	P	15,871.48
L. Trevillian	5	P	15,726.78
K. Davis	3	P	15,836.32
W. Burby	3	P	15,478.39
M. Broderson	2	P	15,248.02
P. Flaminio	2	P	15,457.93

It is to be noted that the Police ^{are} W-2 wages but there is no Back Pay or Wages Minus Back Pay headings or figures. The City says that Police were paid back wages and that if W-2 comparisons are to be made for both the back wage element should also be shown for Police wage comparisons. The Union agrees that the comparison should take this into account but says that even if this is done the wage comparison is still unfavorable to Fire Fighters.

The Union then introduced its exhibit 4 which sets forth certain purported quotes from a decision written by the undersigned in a 1975 dispute.

Union 4 follows in its entirety:

(note: The undersigned has his own copy of the decision and will rely on that).

We have in the past been tossed from position to position by the economic whims of the city council. We have found it hard to follow the wavering line that has been laid down as far as economic policy towards the employees. It has always been a matter past practice that the police and fire departments have been at least close in their wages. I would respectfully call reference to the following statements.

These are taken from the Arbitration award on the hearing 10/10/75:

Quote 1 (Parity The city has fought to maintain parity between the various groups of employee; Public Works, Police and the 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.

The city believes that the firefighters should not attempt to break parity.

Other U.P. communities with similar population, tax base and revenue sources to Iron Mountain are more appropriate and the city invites such comparison as to city employee wage rates.

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

The Union then sought to introduce as its Exhibit #5 a document which it says came to it from a source unfriendly to Management, that it was gleaned from wastepaper basket sources, the validity of which and its time source the Union cannot otherwise vouch for or prove. The City objected to its introduction. The undersigned agrees that it is of sufficiently uncertain origin and validity as to render it unreliable for proof purposes and he will therefore sustain the objection and disregard the offered document.

Union Exhibit 6 presents comparative City and Fire Dept. budget figures for 1978-79, 1979-80 and 1980-81 years; and 1979-80

wages, total spent as of May and the total left for June; finally certain audit figures for June 30, 1979. This Union 6 follows in full:

CITY BUDGET

1980-1981 1,669,603.85
1979-1980 1,509,959.72
1978-1979 1,454,037.49

FIRE DEPT. BUDGET

246,892.26
210,613.61
196,835.00

1979-1980 wages 210,613.61
191,182.36 spent as of May
19,431.25 Total Left for June
Approximately 15,366.00 a month payroll

19,431.25
-15,366.00
4,065.25 left for a raise

AUDIT OF CITY JUNE 30, 1979

Page 6, Balance of 154,680.38 Excess of Revenues over expenditures

Revenue Report June 30, 1979 210,827.10 Collected over and above the budget.

Budget 1,461,980.81
-1,651,153.71
210,827.10

May 30, 1980 Revenue Report \$55,157.69 left to collect.
June Report by Bob \$108,532.53 collected with 53,374.84 over and above the budget.

Audit on page 6 June 30, 1979 plus the 53,374.84 left over this year for a total of 208,055.22 left over.
Revenue sharing for the city has a total of \$145,023.98 as explained in Revenue Sharing.

The City calls attention to the fact that these figures would be more reliable if they came from the Audited report for the entire year and that report for one month, however accurate, does not reflect an annual picture nor distinguish between items of a "one-shot" nature occurring in that month but not in other monthly reports for the year.

The City answered by presenting its own facts and commenting on the Union's case. The following summarizes the City's case:

The City offered a 10% increase across the board to all members of the Fire Fighters unit. It made the same offer for the 79-80 contract year for the other two units as well, Police and Public Works employees represented by other unions. These units settled for that increase. The Fire Fighters union has never been willing to accept the same offer and thus this dispute.

Counsel for the City states that he understands the Union's final offer to be as represented by it at this hearing and as is reflected in the above presentation. Counsel also calls to the attention of this arbitrator that he is bound under the statute to either hold that the City offer or the Union offer is appropriate, - he cannot put forth a compromise formula of his own. And in reaching decision he should take into account wage offers by the same public employer to other related bargaining units. On this basis the offer of the City to settle Fire Fighters wages on the same general wage increase as settled on by the Police and Public Works Departments is fair and reasonable to the Fire Fighters unit.

While no mention of retroactivity was made in the Union's presentation the City offer includes retroactivity to July 11, 1979 and an award of such would be consistent with the City's offer.

The City offered for consideration and comparison its budgets for the fiscal years 1978-79 and 1979-80 (City 1(a) and 1(b)). Also it offered its Summary Statement of Revenues and Expenditures - General Fund for the year ended June 30, 1979 together with an Analysis of Change in Fund Balance - General Fund for this same year ended June 30, 1979. This latter shows a Balance at June 30, 1979 of \$154,680.38 excess of revenues over expenditures. Of this amount two items (Local Street Fund 45,236.04 and Railroad Relocation Fund 48,053.00) total-

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ing in excess of \$93,000 are essentially earmarked funds usable but for one purpose by law. Thus while appearing in the General Fund they are not regular operating fund monies and cannot be so considered or used. City 1(a) and (b) are incorporated herein by reference.

City Exhibit 2 is a comparison by City of the wages and fringe benefits which the City believes to be appropriate. The Cities shown are Iron Mountain, Menominee, Iron River, Marinette, Wisc., Rhinelander, Wisc., Ironwood and Sault Ste. Marie. The information contained in this large chart is taken from labor agreements themselves. The 1978-79 and 1979-80 wage comparisons of the above cities follow on next two pages:

Fire Department at Bridge & Longfellow
 No Contract
 If figures are same as to the same

Community	77/77 FIRE DATE	77/77 FIRE DATE	77/81 FIRE DATE	COST OF LIVING ADJUSTMENTS	Number of Paid
Don Houston					NO
LIEUTENANT	405	NC	NC		
ENGINEER	387	NC	NC		
ENGINE DRIVER	384	NC	NC		
FIREMAN	381	NC	NC		
Thomson					NO
CAPTAIN	433	468	NC		
LIEUTENANT	417	460	NC		
MECHANIC	407	440	NC		
FIREMAN	387	418	NC		
Don Reed					NO
ASSIST CHIEF	514	549	581		
FIREMAN	473	508	543		
Tramette Ave					NO
LIEUTENANT	410	468	505		
FIRELIGHTERS	398	449			
Phelander Ave					NO
DEPUTY CHIEF	415	441			
LIEUTENANT	397	437			
DRIVER	385	413			
FIREFIGHTERS	384	391			
Donwood					NO
ASSIST CHIEF	521	557			
CAPTAIN	499	524			
FIREFIGHTER	457	490			
Levell St Marie					NC
LIEUTENANT	438	456	NC	NC	
FIREMAN (UNDERSTAN)	419	437	NC	NOT TO BE PAID	
FIREMAN (UNDERSTAN)	400	401	NC	544 pr/hr in	
FIREMAN (UNDERSTAN)	410	410			

[illegible]

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It is noted that Ironwood is in process of converting to Public Safety to be complete by April 1981, and Sault Ste. Marie will change to Public Safety on 1-1-81. This means combining the functions and personnel of the Police and Fire Dept's. into a single Public Safety Dept. The extent to which this will affect wage comparisons by classification is not clear.

The City also points to the fact that it maintains a substantial contribution toward a Police and Fire Retirement System which amounts to 17.53% of total direct economic compensation including wages, overtime, and longevity pay. (It is not clear whether other cities with which the City seeks comparison in its Exhibit #2 have retirement systems nor the amount of their contribution as a percent of total direct compensation.)

The City is not claiming inability to pay. However it does feel that it is caught in a weakness inherent in the law in that it offered the same 10% increase to all three units, and two of the three settled on that offer but the Firemen refused. It claims that the Fire Fighters unit has nothing to lose by going to arbitration, and the City is caught between an obligation to make good faith offers of settlement and an obdurate third unit which rejects what others accept and goes to arbitration. This, the City feels puts the City at a disadvantage in dealing with the Fire Fighters, delays settlement and should be taken into account in determining the validity of the Union's insistence upon a settlement several percentage points above what other units settled for.

The City says that parity is not a pertinent consideration as between Police and Fire employees and should be disregarded. Most

other city employers and unions do not bargain for parity and it is a difficult concept to reduce to practical terms in any case.

The City's offer, finally, of a 10% general increase was fair and reasonable, was within the range of increases to fire fighters within the City's own rate relationships and when compared with other comparable Cities' wages. It should therefore be sustained by the award of this panel.

FINDINGS, DISCUSSION AND DECISION

1. The City has made no claim that ability to pay is an issue herein and it is therefore found that if the Union's proposal were adopted it would not per se create a financial hardship to the City.
2. The City and Union are agreed that any wage resolution by this panel - whether the City's offer or the Union's proposal if adopted by this panel would be retroactive to the beginning of the contract year, July 1, 1979.
3. If the City's offer of a 10% general wage increase to all bargaining unit employees of the Fire Dept. were to be adopted it would equal the increase in percentage terms to the offer made to and accepted by Union's representing the two other units of employees with which the City has bargaining relationships and to that extent would preserve the rate relationships between the various units and their classifications. However, it does not follow that the dollar increases in wages by classification among and between the units would be equal if a 10% increase is applied to all. Only if the weighted average rate relationships were the same between Fire, Police and Public Works employees at the beginning of the 1979-80 contract year

would a 10% increase to all employees in all three units produce the same dollar wage yield to all employees of all units.

4. The Union's case here is built upon a claim of inequity between Fire Dept. Unit employees and those of other Unit Classifications in other Dept. within the City as well as between other City Fire Dept's employees. Moreover the Union here does not seek to redress all of such claimed inequity but only to reduce it.

5. One way to test the effect of the items of consideration in 4 above is to:

- a) Calculate the effect on a classification basis of the 10% increase to all employees of all units in the city
- b) Compare the result to the per cent increases proposed by the Union by classification
- c) Compare the effect of a 10% increase and the increases proposed by the Fire Dept. unit here to the wages paid Fire Dept. employees in other comparable cities and see the result
- d) Determine whether the offer made by the Union or that of the City is closer when such comparisons are made
- e) Adopt the one which seems the closer to a fair and reasonable result

The following table shows by department, classifications and number of employees in each classification, base annual salary and derived hourly rate for 1978-79 and the base annual salary with the City offer of 10% general increase for 1979-80 with derived hourly rates and finally the base salary and derived hourly rates for firemen based upon the percentage increases the union is asking for 1979-80.

CITY OF IRON MOUNTAIN

<u>Department</u>	<u>Classification</u>	<u>Employees</u>	<u>Base Pay 1978-79</u>	<u>Base Pay 1979-1980</u>	<u>Union Proposal (Firemen)</u>
POLICE	Lieutenant Hourly @ 2080	2	12467.52 5.99	13707.20 6.59	
	Sergeant Hourly @ 2080	1	12018.24 5.78	13228.80 6.36	
	Patrolmen Hourly @ 2080	8	11389.04 5.48	12542.40 6.03	
	Lieutenant Hourly @ 2912	3	11808.76 4.055	12989.63 (10%) 4.46	13697.86 (16%) 4.70
	Engineer Hourly @ 2912	3	11257.83 3.866	12383.60 (10%) 4.25	12946.75 (15%) 4.44
FIREMEN	Engineer-Operator Hourly @ 2912	3	11181.46 3.84	12299.61 (10%) 4.22	12743.38 (14%) 4.38
	Pipeman Hourly @ 2912	5	11098.90 3.81	12208.80 (10%) 4.19	12541.63 (13%) 4.31
PUBLIC WORKS	Laborer & Custodial Hourly @ 2080	4	10150.40 4.88	11169.60 5.37	
	Light Equip. Operatr Hourly @ 2080	8	10441.60 5.02	11481.60 5.52	
	Heavy Equip. Operatr Hourly @ 2080	8	10878.40 5.23	11960.00 5.75	
	Extra Hvy Eqpmnt Opr Hourly @ 2080	3	11544.00 5.55	12708.80 6.11	
	Welder Hourly @ 2080	1	10982.40 5.28	12084.80 5.81	
	Sewermain Hourly @ 2080	1	10878.40 5.23	11960.00 5.75	
	Mechanic Hourly @ 2080	1	11211.20 5.39	12334.40 5.93	
	Cribman Hourly @ 2080	1	10982.40 5.28	12084.80 5.81	

The City offer is shown under Base Pay 1979-80 heading with percentage increase in parentheses.

It must first be observed that the hourly and annual rate of firemen classifications are based on a 56 hour week 2912 hour year while rates of all other city employee classifications are based on a 40 hour week, 2080 hour year.

What is also striking is the significantly lesser annual earnings of fireman classifications than those of Police classifications. And the effect of a 10% general wage increase is to intensify the dollar differential between them.

Thus the basic patrolmen (police) salary was for 1978-79, \$11398.40 as compared to the basic pipeman (fire) salary for 1978-79 was 11098.90. When the city increased the patrolman rate for 1979-80 his annual salary became 12989.63 whereas a 10% increase to the pipeman would be 12208.80. Thus the difference in earnings between these two classifications in 1978-9 was $11398.40 - 11098.90 = 299.50$ (diff) whereas the difference increased or would increase in 1979-80 due to this factor alone. This is of course the mathematical effect of applying equal percentage increases to varying rates of pay. And where the annual earnings are as low for firemen as they are here there can be little justification for widening the differential by applying a formula which does just that.

However, the Union seeks more than merely a dollars per hour or per year equivalency between firemen and police increases. It seeks parity in earnings and its formula is designed to accomplish that.

Thus, under its formula for the pipeman the increase would be 13% yielding \$12541.63 for the base earnings year or almost exactly the base annual earnings of the Patrolmen for the 1979-80 year under

the settlement with the city of 10% increase.

There may be much to be said for parity and indeed the city has argued for it in the past, but it is interesting to note that none of the contracts involving other city fire employees with which either the City or the Union here seek comparison have any provision for parity.

It therefore seems to this arbitrator that the City's argument for maintaining the same rate relationships between Fire and other city employees is the more persuasive. Had the City framed its offer in such a way that there would have been no dollar slippage by reason of applying its proposed increase to it^{it} would have to be admitted that the City's offer, if it did not reduce the difference between fire and police wages at least did not exacerbate the dollar difference. However the 10% increase would only increase the dollar difference between patrolmen and pipeman by \$34.10 per year or on a cents per hour basis by 1 17/100 cents. Where the difference was narrower, which is the case in a comparison of most other basic classifications, the dollar equivalent differences would also be less.

A comparison with other cities does show that Iron Mountain is relatively lower than most. It is difficult to compare the total wage and fringe benefit relationships, however, and if one drops out the cities with significantly higher rates the differences are not so glaring as to justify action by this arbitration panel at this time. In seeking the comparisons favorable to it the Union did not show traditional wage relationships over time so that trends could be examined and evaluated.

The City's offer of 10% general increase is also recognized as

with
being in line/wage increases generally especially on a national basis and in public employment for the 1979-80 year.

The arbitration panel while sympathetic with the Union's effort to establish parity between Firemen and Policemen's wages does not believe this arbitration forum is the place to do it. Collective bargaining should seek to reduce differentials to the extent they are onerous but the argument for parity must be distinguished from one based on a claim of substandard conditions and the latter has not been established.

AWARD

1. The city's offer of a 10% general increase to the base salary of all Firemen classifications for the year 1979-80 is fair and reasonable since it is exactly the same offer as was made to and accepted by all other represented City employees (Police and Public Works) for that year.
2. The increase is retroactive to July 1, 1979 for the entire contract year, July 1, 1979 thru June 30, 1980.

July 31, 1980
DATE

James T. Dunne
JAMES T. DUNNE, CHAIRMAN

UNION PANEL MEMBER

DATE

Richard J. Conroy for
EMPLOYER PANEL MEMBER

August 6, 1980
DATE