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3/17/72

PUBLIC EMPLOYMENT ARBITRATION

(Pursuant to the Police and
Firemen's Arbitration Act,
Act No. 312, Public Acts of
1969, State of Michigan.)

In the Matter of:

VILLAGE OF LAURIUM

-and-

LAURIUM POLICE CHAPTER, LOCAL 226,
COUNCIL NO. 55, AMERICAN FEDERATION
OF STATE, COUNTY AND MUNICIPAL
EMPLOYEES, AFL-CIO

REPORT OF FINDINGS,
CONCLUSIONS,
AND AWARD.

ARBITRATION PANEL

Appointed by the Delegates of the Parties:

Dr. William E. Barstow, Jr., Arbitrator
Michigan Technological University
Houghton, Michigan 49931

Appointed by the Parties:

Mr. Charles Rastello, for the Employer
310 Hecla Street
Laurium, Michigan 49913

Mr. Roger Seigal, for the Union
Michigan Council No. 55, AFSCME, AFL-CIO
1034 N. Washington
Lansing, Michigan 48906

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AUG 3 1976

March 17, 1972

I

PROCEEDINGS

February 1, 1971 Collective bargaining agreement previously in effect between the Village of Laurium (hereinafter referred to as "Employer") and Laurium Police Chapter, Local 226, Council No. 55, American Federation of State, County and Municipal Employees, AFL-CIO (hereinafter referred to as "Union") expired.

July, 1971 Mediation by regional representative of the Michigan Employment Relations Commission.

September 15, 1971 Michigan Employment Relations Commission notified of mutual selection of an Arbitrator by delegates of the parties.

December 18, 1971 Notification of appointment received by Arbitrator.

December 29, 1971 Procedural requirements of hearing pursuant to Act 312, Public Acts of 1969, reviewed by arbitration panel members. Hearing continued to January 26, 1972, by mutual agreement.

January 26, 1972 Hearing convened in Laurium Village Hall, Laurium, Michigan. Proceedings recorded. Permission to submit post-hearing brief requested by Employer and stipulated to by Union, to be due February 7, 1972. Hearing continued to February 16, 1972, for panel consideration of facts and award. Appearing at hearing:

For the Employer:

Charles Rastello, Village Trustee, Chairman of Labor Commission

For the Union:

Wayne Crofcot, Staff Representative, Council No. 55, AFSCME, AFL-CIO

Reporter:

Mrs. Nancy Korpela

II

ISSUES IN DISPUTE

Union contends that the negotiational position of Employer is "unrealistic" in relation to two items, uniform allowance and wage level, and demands as follows:

- (a) Furnishing of original uniform and equipment by Employer, plus \$200 per year maintenance and replacement allowance.
- (b) Increases of each of the present three levels of the wage structure in the amount of 45¢ per hour the first year of the new contract and 40¢ the second year.

Employer rejects Union demands and contends as follows:

- (a) The present uniform allowance is competitive when considered as a part of total fringe benefits.
- (b) Wage progress has totalled \$816 during the two years prior to commencement of present negotiations in early 1971, and therefore the offer of 15¢ per hour in the first year and 15¢ the second year of a new contract is equitable.
- (c) Employer's financial position is precarious, and it cannot afford to pay more than the offer it has already made.

A derivative issue also exists concerning execution of a collective bargaining agreement incorporating the determinations of this Arbitration Panel and other provisions previously agreed between the parties, and concerning the effective date of such agreement and the retroactivity of collateral provisions.

III

FINDINGS OF FACT

Prior to the present impasse, parties had been operating on the basis of a two-year collective bargaining agreement which terminated by its own terms on February 1, 1971. Several weeks before expiration date, negotiations were initiated pursuant to renewal of the agreement. After approximately one year, agreement still has not been achieved concerning the wage level and the nature and amount of the uniform allowance. Materials introduced at hearing indicate no other differences of substance between the parties.

The Union introduced testimony describing the impasse, stating that "after several meetings, we were advised by the Village that they were submitting a millage to the voters, and if passed, they would be able to make a more reasonable offer. If we would wait until that time, the settlement would be retroactive to February 1, 1971, the original expiration date. The millage was passed in May of 1971. In several meetings after the millage passing, the Village continued to take the same . . . position as in the past . . . "

The regional mediator for the Michigan Employment Relations Commission, Walter Quillico, entered the case in July, 1971, but had no apparent success in bringing the parties closer together.

The Union offers tabulations comparing wages (Appendix C) and fringe benefits (Appendix B) presently comprising the compensation of policemen in the Village of Laurium with police wages and fringes paid by several comparable (Appendix A) area communities. These comparisons are substantiated for the most part by copies of current collective bargaining agreements in effect in the subject communities.

Essentially, the Union contends that Laurium policemen are presently paid 57¢ per hour below the lowest rate paid by the three most nearly comparable area communities, Bessemer, Wakefield, and Iron River. This comparison is minimal and ignores the cost-of-living increment which becomes a part of the base rate paid by that community, Bessemer. The comparison also ignores the fact that all three comparison agreements will reopen during the first half of 1972, presenting the possibility of further wage escalation. Union urges, therefore, that its demand for 45¢ per hour the first year (after February 1, 1971) and 40¢ the second year (after February 1, 1972) is realistic and competitive. Employer's current police rate structure is \$1.85 at hire, \$2.00 after 90 days, and \$2.15 after one year.

Union contends further that Employer's present practice of requiring the new hire to purchase his own uniform and equipment (except handguns, which are owned by Employer), and agreement to pay an allowance for maintenance and replacement of \$50 every six

months, is inadequate. Accordingly, Union demands agreement to furnish original uniform and equipment, and to increase the maintenance allowance to \$200 annually.

Union also contends that wage comparisons with other communities should recognize only the actual hourly rate, and not the annual gross pay obtained by longer work schedules than are maintained in neighboring communities.

Employer concedes that the hourly rate for Laurium policemen has been low, but contends that everything possible already is being done to improve the situation. The annual gross wage was increased from \$4800 to \$5616 over the two years of the previous collective bargaining agreement. The present offer by Employer of 15¢ for 1971 and another 15¢ for 1972 would improve the compensation still further.

The additional 4 mills (on top of the base 19 mills operating fund) voted in 1971 by the community was earmarked for snow removal. Employer had hoped that the specific funding of snow removal would relieve pressure on the general fund and permit higher pay levels generally. However, there are now new financial pressures due to a \$10,000 obligation to the Northern Michigan Water Company involved in a sewer farm purchase, the \$35,000 urgently needed replacement of the 22-year-old snow plough, and the like.

Employer concedes that the contiguous and smaller Village of Calumet pays its policemen 8¢ per hour more than Laurium does. Employer points out, however, that Calumet has made no offer of a 15¢ per hour increase in two successive years. Also, while Calumet has only about one-third the population of Laurium, it has a much larger business district and a larger economic base.

Employer asserts that its financial position is difficult and has depleted its general fund. The \$10,000 sewer farm purchase has been a major problem. The Village is believed to be in the black currently (an audit presently is in progress), but during the April-August 1971 period payments on debt had to be suspended pending receipt of tax revenues. The economic base of the community is weak, and consists largely of small stores, one small machine shop with 8-10 employes, various tourism and recreation activities, and some lumbering. Since the termination of operations by Calumet & Hecla Division of Universal Oil Products Corporation, the major cash input into the community has ended, and the area is increasingly depressed.

Employer asserts that if it goes into the red because of police costs, it will be necessary either to decrease street maintenance or to reduce hours and numbers of patrolmen. All patrolmen at time of hearing were at the same wage as street department laborers, less the 15¢ per hour granted February 1, 1971, but rejected by the patrolmen. The mechanic and heavy equipment operator makes 6¢ per hour more than the laborer rate.

No documentation is offered by Employer in support of its statements concerning its financial position. The last available audit statement was dated February 28, 1970. Employer introduced direct testimony to the effect that it has never operated on a pre-planned budget and is not now doing so. Conversion to double-entry bookkeeping is described as now being in process, and an audit is now in progress. Accordingly, there is no financial data available with which to support Employer's contentions specifically, and none is offered to support such contentions generally. Employer did not avail itself of its opportunity to file a written brief.

IV

STATUTORY STANDARDS FOR AWARD

By express terms of Act 312, Public Acts of 1969, Section 9, the following statutory standards are applicable to promulgation of findings, opinion, and award in the circumstances of this dispute:

- o The lawful authority of the employer.
- o Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally in public employment in comparable communities.
- o The average consumer prices for goods and services, commonly known as the cost of living.
- o The interests and welfare of the public and the financial ability of the unit of government to meet the costs involved.
- o The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospital benefits, the continuity and stability of employment, and all other benefits received.
- o Other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment.

V

CONCLUSIONS

Uniform Allowance

Review of fringe benefits provided by Employer (see Appendix B) indicates that Employer is competitive as a general proposition. However, one area where the fringe clearly is out of pattern is the uniform and equipment allowance. Laurium is the only community reviewed which does not make some provision for purchase of the original uniform. Neither is there any collateral fringe area where the Employer is so liberal as to offset the lesser uniform allowance. However, if the original uniform were to be provided by Employer, then the present annual allowance would be well within the competitive range.

Accordingly, the Arbitration Panel unanimously concludes that Laurium policemen equitably are entitled to be supplied at time of hire with one full uniform in addition to continuation of the present \$50 semi-annual uniform allowance, such original uniform to consist of the following items:

Jacket	
Winter	1
Summer	1
Trousers	
Winter	1
Summer	1
Shirts	
Winter	2
Summer	2
Cap	
Winter	1
Summer	1
Tie	1
Insignia, collar, set	1
Name plate	1
Shoulder patches, set	1
Uniform belt	1
(1) Handgun	1
(1) Handcuffs	1

(1) May be owned by Employer and issued only for duration of employment.

Wage Level

Employer has offered 15¢ per hour for the year 1971 and another 15¢ for 1972, as part of a two-year contract retroactive to February 1, 1971. This would constitute a 7% per year increase when averaged over the two years. Employer emphasizes also that police wage improvement averaged 8.5% per year during the years 1969 and 1970.

This would represent excellent wage progress were it not for the facts (a) that the cost-of-living has approximated a 6% per year increase over the period involved and is still increasing, although at a somewhat lesser rate, and (b) that Employer's police wages still would be substantially below the actual \$2.83 average wage level in comparable western Upper Peninsula communities.

If Employer's offer had been accepted by the Union, the Laurium wage would now be \$2.45, which is still 35¢ per hour below the level in the lowest comparable community reviewed, at a time when the police labor agreement in that comparable community is due for renegotiation and possible escalation.

Although the financial position of Employer has not been detailed by adequate evidence in this arbitration proceeding, there appears little doubt that the area (a) is depressed economically now, (b) has a marginal economic base after the loss of the \$25 million annual input to the general Keweenaw area resulting from termination of Calumet & Hecla Division operations, and (c) demonstrates little if any capacity for reversal of this economic trend in the near future.

However, the Arbitration Panel recognizes that no community, however hard pressed, can require its employees to subsidize its financial misfortunes indefinitely. This does not mean, of course, that the wage rates offered by an economically depressed community must match any wage paid by its more prosperous neighbors. But it does mean that, by terms of Act 312, Public Acts of 1969, it should pay within the competitive range established by comparable neighbors, and balance its books by raising taxes or cutting services.

The Arbitration Panel concludes unanimously that Laurium policemen are entitled to two successive 5% increases at each of the present three wage levels to roughly approximate the cost-of-living increase during the years 1971 and 1972. The Arbitration Panel also concludes, Member Rastello dissenting, that concurrently an additional two successive 5% increases for the years 1971 and 1972 are necessary to adjust Employer's base police wage to a level commensurate with the relative economic and policing situations of comparable communities in the immediate geographic area. Consolidation of such wage adjustments would increase the present \$2.15 base hourly rate to \$2.60 per hour.

It will be noted that the proposed \$2.60 base rate is still 12¢ below the lowest hourly rate presently paid by any of the surveyed comparable communities. However, the annual work schedule of the Laurium police force is established at 2600 hours, which would result in a fully competitive \$6,760 annual wage. The Union is undoubtedly correct in its assertion that annual wage levels based on differing amounts of required work cannot be compared directly. Nevertheless, the Arbitration Panel believes that, in the circumstances of the subject case, the standardized availability of more work to improve the actual gross annual wage is a genuinely attractive consideration for the police personnel involved.

It will be noted also that, pursuant to the statute controlling these proceedings, any wage increase awarded can be retroactive only to March 1, 1972, the start of the fiscal year. Act No. 312, Public Acts of 1969, Section 10, in part provides as follows:

"Increases in rates of compensation awarded by the arbitration panel . . . may be effective only at the start of the fiscal year next commencing after the date of the arbitration award [except that] if a new fiscal year has commenced since the initiation of arbitration procedures under this act . . . awarded increases may be retroactive to the commencement of such fiscal year . . . "

VI

AWARD

The Arbitration Panel, on the basis of competent, material, and substantial evidence on the whole record, and in accordance with the conclusions stated in this Report, Part V, supra, awards as follows:

Uniform Allowance

The Village of Laurium shall pay for and provide original uniform and equipment (see items as listed in this Report, Part V, supra) to each policeman at time of hire, and shall continue its present \$50 semiannual uniform maintenance allowance.

Wage Level

The Village of Laurium shall compensate its police patrolmen, retroactive to March 1, 1972, in accordance with the following new rate structure:

Hire at \$2.30 per hour.
After 90 days, \$2.45 per hour.
After one year, \$2.60 per hour.

Agreement

The parties shall execute a new collective bargaining agreement effective February 1, 1971, and expiring January 31, 1973, which shall incorporate all provisions of this Award, together with all provisions previously agreed between the parties, retroactive to February 1, 1971, except as specifically provided otherwise by this Award.

Concurring in the above Award.



William E. Barstow, Jr., Arbitrator



Roger Seigay, Panel Member

Concurring in part and dissenting in part as to the above Award.



Charles Rastello, Panel Member

APPENDIX A

SIZE AND POLICE STAFFING OF COMPARABLE AREA COMMUNITIES

	<u>Population</u>	<u>No. Patrolmen</u> (1)
Laurium	3,500 ⁽²⁾	3 and 1 part-time relief man
Bessemer	2,700	4
Wakefield	2,757	4
Iron River	2,684	5
Houghton	6,057 ⁽³⁾	6 and 1 meter attendant
Hancock	4,820	4
Calumet	997	3

(1) Excluding chief of police.

(2) May be closer to 2,900 today, due to closing down of Calumet & Hecla Division operations.

(3) May be somewhat larger, due to increase in student population.

COMPARABLE FRINGE BENEFITS

Paid Holidays: Laurium - Six and one-half paid holidays, plus time and one-half if worked.

Bessemer - Seven and one-half paid holidays, plus time and one-half if worked.

Wakefield - Eight and one-half paid holidays, plus time and one-half if worked.

Iron River - Seven paid holidays, plus time and one-half if worked.

Houghton - Six and one-half paid holidays, plus double time if worked. Easter Sunday, and seven hours on Christmas Eve and New Year's Eve are paid at the rate of double time if worked.

Hancock - Eight paid holidays, plus double time if worked.

Vacations:

Laurium - One year - one week; 2 to 15 years - 2 weeks; 15 years or more - three weeks.

Bessemer - One year - one week; 2 to 10 years - 2 weeks; 10 to 15 years - 3 weeks; over 15 years - 4 weeks.

Wakefield - One to 10 years - 12 working days; Eleven years - 13 days; twelve years - 14 days; thirteen years - 15 days; fourteen years - 16 days; fifteen years and more - 20 days.

Iron River - One year - one week; 2 to 10 years - 2 weeks; over ten years - three weeks.

Houghton - One year - 5 days; 2 years - 11 days; 3 years - 12 days; 4 years - 13 days; 5 years - 14 days; 6 years - 15 days; 7 years - 17 days.

Hancock - One year - 1 week; 2 to 10 years - 2 weeks; 10 years - 3 weeks; 15 years and more - 4 weeks.

Shift Premium: Laurium - None.

Bessemer - Second shift, 9¢; third shift, 14¢.

Wakefield - Second shift, 5¢; third shift, 10¢.

Iron River - None

Houghton - None

Hancock - None

**Uniform
Allowance:**

Laurium - \$50 after six months of employment; \$50 every six months thereafter.

Bessemer - City buys first uniform for new employees; after that entitled to 2 per year with City paying one-half the cost.

Wakefield - City furnishes the uniform, employee maintains.

Iron River - \$80 per year. City furnishes first uniform as a matter of practice, not by agreement.

Houghton - City furnishes the original uniform, with \$110 per year for upkeep and new uniforms.

Hancock - \$150 per year for new uniforms, plus \$100 for maintenance.

Sick Leave: Laurium - One day per month, accumulative to 90 days. Upon retirement or severance for other than disciplinary reasons, up to 30 days paid. Death, 50% of total accumulation paid to employee's beneficiary.

Bessemer - Twelve days per year, 75 days maximum. Ten years, one-third paid upon severance. Ten to 15 years, 50% paid upon severance. Fifteen to 25 years, 75% paid upon severance. Twenty-five years, 100% paid upon severance. In the event of death, beneficiary to receive according to above schedule.

Wakefield - Twelve days per year, maximum 75 days accumulation. After three years to ten years, one-third paid upon severance; ten to fifteen years, 50% paid upon severance; fifteen to 25 years, 75% paid upon severance; 25 years or more, 100% paid. In the event of death, beneficiary to receive according to above schedule.

Iron River - Twelve days per year, maximum 100 days.
Not paid.

Houghton - Twelve days per year, 90 days maximum accumulation. Up to 60 days of total accumulation paid upon retirement or death.

Hancock - Twelve days per year, 90 days' accumulation full paid upon retirement or death.

Life Insurance: Laurium - \$4,000 term life insurance, full paid by the employer.

Bessemer - Full-paid term life, \$3,000 while employed or laid off for less than 6 months. \$1,000 full paid upon retirement.

Wakefield- None

Iron River - None

Houghton - \$5,000 term life insurance, full-paid by the employer.

Hancock - Full paid \$4,000 term life insurance while employed or laid off; \$2,000 face value upon retirement.

Hospitalization: Laurium - Full family coverage, Blue Cross/Blue Shield, MVF-1, paid by employer.

Bessemer - Full family coverage, Blue Cross/Blue Shield, MVF-1, full paid by the employer.

Wakefield - Same as above.

Iron River - Full-paid family Blue Cross/Blue Shield MVF-1, with D-45 NM, ML riders plus Master Med.

Houghton - Full-paid Blue Cross/Blue Shield, family and dependents.

Hancock - Full-paid family coverage, Blue Cross/Blue Shield MVF-1 with D-45 NM, ML Riders.

Longevity: Laurium - None

Bessemer - None

Wakefield - None

Iron River - None

Houghton - 4% increments of 1, 5 and 10 years.

Hancock - \$50 per year of service over five. Maximum of \$500

Funeral Leave: Laurium - Three days not deducted from sick leave for immediate family.

Bessemer - Three days not deducted from sick leave for immediate family.

Wakefield - Three work days, may be extended to five for immediate family.

Iron River - Five days not deducted from sick leave for immediate family. One day for other funerals, to be deducted from sick leave.

Houghton - Three days immediate family. One other day to be deducted from sick leave.

Hancock - Three days immediate family. Not deducted from sick leave. May be extended, deducted from sick leave.

Retirement: Laurium - None

Bessemer - MERS provided under Act 345 for Police and Firemen

Wakefield - MERS under Act 135, Plan C-1

Iron River - MERS under Plan 345 (Police & Fireman's Act)

Houghton - Trust fund in second year, to be put into effect July 1, 1972.

Hancock - None at present; setting up a program.

Hours of Work:

Laurium - 50 hours per week, time and one-half over 50 hours and seventh day as such.

Bessemer - 40 hours per week, time and one-half over 8 in one day, 40 in work week.

Wakefield - 40 hours per week, time and one-half over 8 and 40.

Houghton - 44 hours per week, time and one-half over 8 in one day, or 44 in normal work week.

Hancock - 45 hours, time and one-half over 8 in one day, and the seventh day as such.

COMPARISON OF POLICE WAGES⁽⁷⁾
IN NEIGHBORING COMMUNITIES

	<u>Hourly Rate</u>	<u>Hours Per Year</u>	<u>Annual Base Wage</u>	<u>Contract Expiration</u>
Laurium	\$2.15 ⁽¹⁾	2600	\$5,590	2/1/71
Bessemer	2.72 + COL ⁽²⁾	2080	5,824 ⁽⁶⁾	Before 6/30/72
Wakefield	2.92 ⁽³⁾	2080	6,385	Before 6/30/72
Iron River	2.88	2080	5,990 ⁽⁶⁾	Before 6/30/72
Houghton	3.08 ⁽⁴⁾	2288	7,047	6/30/73
Hancock	3.20 ⁽⁵⁾	2340	7,488	12/31/74

(1) Laurium rates are \$1.85 hire, \$2.00 after 90 days, \$2.15 after one year.

(2) Cost-of Living at 8¢.

(3) Wakefield has granted a 5% adjustment to this contract rate pursuant to Letter of Understanding.

(4) Houghton rates are \$2.96 hire, \$3.08 after one year, \$3.20 after five years, \$3.33 after ten years.

(5) Hancock agreement provides for an automatic additional 10¢ for 1973, and another 10¢ for 1974.

(6) Shift differentials not included.

(7) The average base hourly rate for all communities included in this tabulation is \$2.83, excluding shift differentials in two instances, and assuming an arbitrary rate for Laurium and Houghton.