

MICHIGAN EMPLOYMENT RELATIONS  
COMMISSION

IN THE MATTER OF THE COMPULSORY ARBITRATION

BETWEEN:

TOWNSHIP OF LEONI

and

No. \_\_\_\_\_

LOCAL 1766, I.A.F.F., AFL-CIO

Hearings held June 28, 1976

Before John B. Kiefer, ChairmanAppointed by the Michigan Employment  
Relations Commission

Gary Wilcox, Township of Leoni Delegate

Robert Metcalf, Local 1766, I.A.F.F.,

AFL-CIO Delegate

Arbitration Panel

For the LocalWillard P. Rappleye, Esq.  
Attorney

Stevens L. Sawicki, President

John P. Ellithorpe, Past Secretary-Treasurer

Kerny Hawver, Past President-Vice President

Virgil H. Carroll, Steward

For the TownshipRobert Flack, Esq.  
AttorneyFINDINGS OF FACT

The existing collective bargaining agreement between the parties, effective April 1, 1975 does not expire until March 31, 1977, but Article XIX entitled Re-Opener provides in Section 1 that "This Agreement may be opened at least ninety days prior to April 1, 1976 for renegotiation of wages only". On January 27, 1976 the parties held their first meeting to renegotiate under Article XIX and thereafter, held further meetings until March 31, 1976, their last meeting, although the Local expressed a desire for further meetings. At these meetings, both lump sum and percentage increases were discussed, although apparently, cost of

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Leoni, Township of

living clauses, as such, were not discussed. The Local, however, contends in an Exhibit LX4 admitted into evidence, that if a further bargaining meeting had been held as the Local had requested, a cost of living clause would have been proposed by the Local. Mediation was requested, attempted and unsuccessful. The parties then sought arbitration and the Acting Director of the State of Michigan Department of Labor, Employment Relations Commission appointed John B. Kiefer as Chairman of an Arbitration Panel pursuant to the Police-Firefighters Arbitration Act (Act No. 312, Public Acts of 1969, as Amended). The Township designated Gary Wilcox as its delegate and the Local designated Robert Metcalf as its delegate.

The bargaining unit is composed of approximately fifteen firemen whose service to the Township ranges from one year to sixteen years. The Township is adjacent to the City of Jackson and Summit and Blackman Townships, and is a mix of industrial, farming and residential properties. The existing Agreement provides for a starting annual salary for firefighters of \$8,300.00 with an increase of \$500.00 on the first anniversary date and \$300.00 increases on the second, third, fourth and seventh anniversaries. On the tenth anniversary, a final increase of \$500.00 is provided. For Captain, the Agreement provides for a salary of \$11,000.00 after five years and \$11,500.00 after ten years. The Clerk Radio Operator is paid \$8,800.00. At the commencement of the arbitration hearings, the Township offered to increase the firefighters' starting salary by \$600.00 and to increase their existing salary by \$600.00 on each anniversary date provided for in the Agreement. The Captain and the Clerk Radio Operator were also offered a \$600.00 increase by the Township.

On the other hand, the Local demanded an \$800.00 increase on all anniversary dates; time and one-half for all hours worked over fifty-six hours per week, and a cost of living clause commencing July 1, 1976 with a minimum of Four Per Cent (4%) and a maximum

of Six Per Cent (6%) to be paid July 1, 1977.

#### PROOFS

The parties jointly offered the existing Agreement as an Exhibit and the Local introduced into evidence the existing Contract of neighboring Summit Township which, witness Hawver testified to be a comparable employer. That Contract (Exhibit LXI) is effective April 1, 1975 for the same term as the Leoni Agreement and provides, in Article X, Section 2, for a Six Per Cent (6%) maximum and a Four Per Cent (4%) minimum adjustment for a cost of living increase in each calendar year of the term of the Contract.

The Local also introduced into evidence Standard of Living scales compiled by the United States Department of Labor, as well as comparisons of the wages paid firefighters in Leoni Township with those paid in the City of Jackson and in the Townships of Summit and Blackman. In nearly all instances, the Leoni firefighters' wages suffer by comparison. In addition, both Jackson and Summit Agreements provide for cost of living adjustments and Blackman is currently in the process of negotiations. The Local also introduced evidence to show that the average increases in wages for the Leoni firefighters for the years 1973, 1974 and 1975 totalled 18.6% whereas the actual cost of living increased in the Township by a total of 28%, for the same period. The Panel also received in evidence a summary of wages for non-union employees for the year 1975-6 as compared with the year 1976-7 which showed an average increase per employee of \$1,051.00.

The Township introduced an Exhibit showing the actual wages paid to each firefighter in 1974 and 1975 and the proposed individual salary if the Township's offer of \$600.00 per man were adopted. Also introduced was an exhibit showing the percentage and dollar increases accruing to each firefighter over both the 1974 and 1975 wages resulting from the step increases. These

percentages ranged from a low of 16.1% to a high of 26.4% increase over the 1974 wage if the Township's offer were accepted and the step increases were to be taken into account. The Township also introduced evidence to show that it paid the firefighters 11.6% more in 1975 than in 1974 and, if its offer is accepted, it would be paying the firefighters 10.5% more in 1976 than in 1975. A copy of the Leon Township Summary of Revenues and Budget Estimate for the year 1976-77 was also introduced into evidence by the Township without any supporting or explanatory testimony.

At the conclusion of the proofs and oral argument by Counsel, the Panel directed each of the parties to submit its last offer of settlement on each economic issue. In response, both parties agreed to an increase in annual wage of \$800.00 for each firefighter. The Local withdrew its offer of time and one-half for overtime pay and removed its demand of a minimum of 4% on a cost of living increase, but renewed its offer of a cost of living adjustment similar to the Summit Township Contract and having a maximum of 6% and to be paid July 1, 1977. Thus, the only issue before the Panel at the conclusion of the hearing, was whether the Local's offer of a cost of living adjustment or the Township's offer of no such adjustment, more nearly complies with the applicable factors prescribed in Section 9 of Act 312.

#### OPINION AND ORDER

Although the Township argues that the cost of living adjustment was never the subject matter of negotiation before arbitration, and thus not properly an issue to be decided by this Panel, the Panel finds that the language of the Re-Opener Clause requires only that the "renegotiation of wages" be opened at least ninety days prior to April 1, 1976. The Township has not challenged the date - simply the extent of the subject matter. The Panel holds that the Local is not barred from seeking a cost of living adjust-

ment within the framework of "wages" as provided in Article XIX.

Which position, then, more closely complies with the applicable factors which the Panel must consider in arriving at its Findings? The Local argues that the Summit Township and the Jackson City Contracts both contain cost of living adjustments provisions and that the wages of the firefighters has not kept pace with inflation over the last two years (if we ignore the step increases resulting from longevity). The Local also argues that these step increases are not designed to cope with inflation problems but are intended to reward employees for improvements in performance and for loyalty to their employer. The Local also points out that the Township has not introduced any evidence, nor has it argued, that it is financially unable to pay the cost of living adjustment.

On the other hand, the Township argues that the Local is completely ignoring the step increases when it seeks to show that the firefighters' salaries have not kept up with inflation.

The Panel finds that, applying all of the applicable factors of Section 9 of Act 312, the Local's offer more closely complies. It finds that the cost of living adjustment is commonplace in both the public and private sectors, and that Summit Township and the City of Jackson are comparable communities to consider. The Township made no showing of inability to pay and the Panel finds the absence of such proof as compelling in the light of reasonableness of the Local's offer and the existence of such a provision in neighboring communities. The Panel agrees with the Local's position that the step increases are not to be considered as substitutes for cost of living adjustments.

It is, therefore, ordered that the cost of living adjustment, with its cap of 6%, be included in the Agreement dated April 1, 1975 in conformance with the terms of the offer presented by the Local at the conclusion of the hearing.

Respectfully submitted,

John B. Kiefer  
John B. Kiefer,  
Panel Chairman

Robert E. Mital

Dated: July 8, 1976.