STATE OF MICHIGAN

Employment Relations Commission

Statutory Arbitration

(Act 312 Arbitration)

In the Matter of

Statutory Arbitration

between:

CITY OF MANISTEE

LABUM AND INDUSTRIAL RELATIONS LIBRARY

-and-

INTERNATIONAL ASSOCIATION LOF State University FIREFIGHTERS LOCAL 645 (MANISTEE FIREFIGHTERS)

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PANELS' FINDING OF FACT, OPINION, AWARD AND OTHER

Appearances:

Appearances:

For the City of Manistee: For the Manistee Firefighters:

Jack R. Clary Thomas L. Drenth Clary, Nantz, Wood & VanOrden 700 Commerce Building Grand Rapids, MI 49503

Darryl R. Cochrane McCroskey, Libner, Vanleuven, Kortering, Cochrane & Brock, P.C. 1440 Peck Street P.O. Box 27 Muskegon, Michigan 49443

Panelists

Donald L. Reisig - Chairperson Jack R. Clary - Appointed by the City of Manistee Jerome Tomaszewski - Appointed by Manistee Firefighters

INTRODUCTION

The Manistee Firefighters Association, Local 645, I.A.F.F., hereinafter referred to as the Union, is the recognized exclusive collective bargaining representative of the firefighters of the City of Manistee below the rank of Chief under applicable Michigan Law [Act 336, PA 1947, as amended by 379, PA 1965 as amended, being Michigan Compiled Laws § 423.201, et seq; and MSA 17.455(1) et seq]. Heretofore, binding arbitration proceedings were initiated pursuant to Act 312, PA 1969 as amended [MCLA \$423.231, et seq] to resolve certain issues in dispute between the parties. (The record does not reflect which party initiated arbitration, or when the request was made.) The economic issues to be hereafter determined shall, pursuant to §8 of Act 312 be determined pursuant to §8 of Act 312, i.e. the "last best offer" as to each separate economic issue. Determination therein shall be made pursuant to §9 of Act 312 which designated the factors to be considered by the panel in reaching their findings. The parties have agreed that there are no non-economic issues to be decided by the panel. Moreover, the parties have agreed to a number of other issues and also to revisions of contract provisions, the actual language thereof not having been finally reviewed by counsel at the time of hearing and therefore not being available to the chair or the panelists. (It was agreed at the time of hearing that the parties would meet forthwith to approve the final language of the contract, other than on the arbitratable issues.

If any disagreement thereafter arose, the parties would submit their respective positions in writing.)

After pretrial procedures, pursuant to agreement between the parties, hearing in this matter was held in the County Building, City of Manistee on Thursday, June 9, 1977. The parties submitted their final "last best offers", at the conclusion of the hearing and thereafter submitted briefs in support of their respective positions, both dated June 14, 1977, and received by the chair June 15, 1977.

At the hearing on June 9, 1977, the panel, with the assistance of highly competent, experienced counsel, identified the economic issues in dispute, took testimony offered by the parties, and received 25 exhibits offered by the Firefighters, 21 exhibits offered by the City, and two joint exhibits.

FORMAT

Hereafter, it shall be the format of this arbitration determination that there will first be a discussion of the issue with findings of fact and conclusions of law, and then a determination of the award on each issue. Where the Chairman has been advised that the parties have agreed and have settled their differences with reference to any issue, it will be so indicated. Where it is essential to indicate specific language submitted by one party or the other, that also will be so indicated. Each award will be followed by a place for signature of each panelist. If any panelist dissents from the award made, he will so indicate.

In making their findings of fact, opinion and orders, the majority of the panel adhered to the basic criteria set forth by Act 312 in Section 9. This criteria is as follows:

"Where there is no agreement between the parties, or where there is an agreement but the parties have begun negotiations or discussions looking to a new agreement or amendment of the existing agreement, and wage rates or other conditions of employment under the proposed new or amended agreement are in dispute, the arbitration panel shall base its findings, opinions and order upon the following factors, as applicable:

- (a) The lawful authority of the employer.
- (b) Stipulations of the parties.
- (c) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.
- (d) 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:
 - (i) In public employment in comparable communities.
 - (ii) In private employment in comparable communities.
- (e) The average consumer prices for goods and services, commonly known as the cost of living.

- (f) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
- (g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- (h) Such 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 through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment." (MCLA 423.239; MSA 17.455(39)

GENERAL BACKGROUND

The City of Manistee is located on Lake Michigan in the northwest portion of the lower peninsula. It is a city of approximately 7,700 (1970 census) and is the county seat of Manistee County. The City itself serves the surrounding agricultural country, is a summer recreational area, and has a light, small industrial base.

No evidence was induced at the hearing concerning any grievous "political" or "economic" problems confronting the City of Manistee as a municipal unit.

Historically, at least in recent years, contracts between the Firefighters and the City of Manistee have resulted only through the implementation of arbitration procedures, although there does not appear to be an atmosphere of rancor bitterness between the respective parties. Historically also, the parties have primarily relied upon four northwestern Michigan cities as "comparables" in the collective bargaining, mediation, factfinding and arbitration procedures. These cities are Big Rapids (1970 population 11,295), Cadillac (1970 population 9,990), Petoskey (1970 population 6,342), and Traverse City (1970 population 18,048). Each party in this arbitration procedure utilized those same four cities as comparables in their various exhibits submitted to the panel, although the City on page 6 of its brief indicated that the use of Traverse City as a comparable was inappropriate because the City of Traverse City is over twice the size of Manistee.

The problem of maintaining and operating an effective fire department in a small city are of an unusual nature. Some communities, the size of Manistee, utilize volunteers as an adjunct to full paid firemen. The cost of maintenance of the fire department is often an issue discussed by "City Fathers", particularly when there is no history of great demand for firefighting services. Some communities have attempted to integrate firefighting services and police services into a unified department of "public safety". It is the chair's understanding that at one point in time the City of Manistee attempted to augment firefighting services by the use of their police department, but at the present point in time this objective has not been accomplished.

Thus at the present point in time, the Manistee Fire Department consists of a fire chief (not a part of the bargaining unit), and eleven firefighters ranging from assistant chief through firemen (see City's Exhibit #7--updated at the time of hearing). The firefighters' average wage is approximately \$10,954.00 per annum.

FINDINGS OF FACT AND AWARD

Upon consideration of the entire record, including the exhibits submitted and received and the memorandum briefs submitted by counsel, the following findings of fact, conclusions of law and arbitration award are made:

ECONOMIC ISSUES

ISSUE I

DURATION

Although the parties had not previously agreed on the duration of the contract, it is readily apparent that any contract with the duration of less than two years would be a hardship to all parties, particularly in light of the fact that no contract between the parties has existed for over eleven months by the time of the hearing in this matter. A one year arbitration award will require the parties to immediately commence bargaining and undoubtedly require invocation of arbitration procedures for the 1977-1978 contract period. In recognition of this difficulty, both parties have submitted two year contract proposals, although the Firefighters also submitted a one year proposal. In turn, neither party submitted a proposal for a contract term greater than two years in length.

Though the issue of the duration of contract is somewhat interwoven with the parties respective economic proposals, as hereafter discussed, it is readily apparent as indicated supra that a two year contract is in the interest of all of the parties.

AWARD

The contract between the parties, and this arbitration award, shall be for a two year period, commencing effective July 1, 1976 and terminating June 30, 1978.

Donald L. Reisig/Chairman

Jerome E. Jomoszewski 7-9-7

Pane/ist

ISSUE II

WAGES

The issue of wages is, of course, the central issue involved in the dispute between the parties to this arbitration. Though consideration must be given to all the factors outlined in §9 of Act 312, including the factors outlined in §9f (overall compensation), the parties in their submissions put particular emphasis on §9(d)(i), comparable wages paid in public employment in comparable communities. Some difficulty however arises in comparing comparables due to the difference in classifications of employees between the respective communities.

The City of Manistee has nine classification steps for its firefighters, though only eleven firefighters are, in fact, covered by the classification schedule and the proposed contract. At the same time the cities of Cadillac and Traverse City have only seven classified positions while Big Rapids and Petoskey have but six. Cadillac, Big Rapids and Petoskey do not provide for a position of five year firefighter, nor do any of the other cities have categories of junior and senior drivers, although they may have ranking positions between the highest grade of firefighter and captain and/or assistant chief.

Although "absolute" comparability in classified positions cannot be found between the City of Manistee and the four comparables utilized by the parties, certain consistent patterns are definable. It is clear, for example, that in all

instances the comparable cities have a higher wage for beginning firemen than the City of Manistee for comparable periods. This pattern of higher compensation in the comparable cities extends generally through and including the grade of third year firemen. Thereafter however, because of the City of Manistee's provisions for additional classifications, (five year firemen, junior driver and senior driver), the City of Manistee's compensation in the upper ranges of the classification schedule materially improves. For example, Big Rapids, during the contract year commencing July 1, 1976, paid its captains \$11,945.00, Cadillac paid its captains \$11,512.00, Traverse City paid a range of \$12,052.00 through \$12,456.00 (no comparable position exists for the City of Petoskey), whereas the City's offer for the year commencing July 1, 1976, for the captain position was \$12,579.00 compared to the Union's best offer of \$13,315.92. The same general features, where comparables are available, likewise apply to the year commencing July 1, 1977, that though generally the City of Manistee salaries would commence at a lower wage at the beginning of the scale or classification system than do the comparable cities at the higher end of the classification schedule the City of Manistee employees would receive higher compensation under both the City's and the Firefighters proposals (last best offers).

This situation of a "greater spread" between beginning wages and compensation for highest ranking officer covered by the contract for Manistee than for the comparable cities, is in no way in of itself resolved or in any way lessened by either the City's last best offer or by the Firefighters. The Firefighters last best offer for the contract year commencing July 1, 1976 is that all classifications be increased by 13%, whereas, the City's offer for that year is a 6 3/4% increase across the board. During the second year of the contract the Firefighters last best wage offer is \$750.00 across the board for each classification, whereas, the City's offer is 7.5% increase for all classifications. Thus, no attempt has been made by either party to lower the range of compensation differential between the low and high end of the compensation scale.

Considering the comparable data provided by the parties, particularly in Union Exhibits #5 through #8 and City's Exhibits #5 and #7, in light of the last best offers made by the parties, it is apparent that the bulk of the Manistee Firefighters would reach a wage position of substantial comparability with the comparable cities pursuant to the City's last best offer. Nine out of the eleven employees of the Manistee Firefighters already hold rank above the firefighter position, i.e., junior driver or above. For example, under the City's last best offer, the position of junior driver for the year

commencing July 1, 1976, would pay \$11,509.00. This compensation scale exceeds that of the Cadillac lieutenant at \$11,167.00 and is within \$436.00 of the compensation paid to a Big Rapids captain and within \$100.00 of the compensation paid to a Petoskey assistant chief, though less than the compensation paid to a Traverse City lieutenant for a comparable year.

In turn, the Firefighter's last best offer for the junior driver position (\$12,182.53) exceeds the compensation for the Cadillac lieutenant by over \$1,000.00 for the year commencing July 1, 1976, and the differential increases for the year commencing July 1, 1977. In addition, the Union's last best offer for the rank of captain is almost \$1,800.00 more than a comparable position in Cadillac for both years of the contract, is almost \$1,400.00 more than that of the Big Rapids captain and, in fact, is \$1,700.00 more for the year 1976 than the Petoskey assistant chief.

Taken in the context of the net economic impact of the two parties' last best offers, it is readily apparent that except for the firefighter positions, in which only two of the present Manistee firefighters hold rank, the City's last best offer in actuality generally meets or exceeds the compensation levels in the four comparable cities. Taking into consideration the overall compensation presently received by the employees of the Manistee Fire Department, including fringe benefits, such as vacations, holidays, insurance, pensions,

medical and hospitalization benefits, as well as all other conditions of employment, the City's last best offer with reference to wages for the years commencing July 1, 1976 and July 1, 1977, grant material substantial economic justice to the Manistee Firefighters, subject to the consideration of cost of living allowance to be hereafter discussed. Thus, the City's last best offer with reference to wages for the two year duration of the contract is accepted.

AWARD

The City's last best offer as set forth and submitted to the arbitration panel with reference to wages (approximately 6 3/4% across the board increase for contract year commencing July 1, 1976 and 7.5% increase across the board for contract year beginning July 1, 1977) is ordered by the arbitration panel.

Donald L. Reisig, Chairman

ISSUE III

FOOD ALLOWANCE

Examination of the comparable cities reveals that both the City of Cadillac and the City of Traverse City, of the four comparables do provide food allowance. The 1974 through 1976 Traverse City agreement (Union Exhibit #6) provided for a \$2.50 food allowance for "scheduled work day", payable semi-annually. The 1976-1978 Cadillac agreement (Union Exhibit #5) provided for a \$260.00 per year food allowance for calendar year 1976 and a \$280.00 food allowance for calendar 1977. (See §63, p 30)

The concept of a food allowance for firefighters is well recognized. Among other things, it embodies the concept that a 24 hour firefighter, on call at all periods during the shift, is not free to eat where he pleases or for that matter necessarily when he pleases. In turn, most employment requires at most one meal to be eaten by the employee away from home and family. The cost of meal preparation and basic food requirements is an additional factor to be considered. In light of the total record in this matter, including consideration of the basic wage compensation levels heretofore established, it is the conclusion of the panel that a minimum food allowance is mandated under all of the existing facts and circumstances.

AWARD

Effective July 1, 1977, \$240.00 per man food allowance shall be paid in quarterly installments of \$60.00.

Maki L. Reisig, Chairman

Jerome E. Comoszewsh 7-9-77
Panelist

ISSUE IV

SHIFT DIFFERENTIAL

The issue of shift differential has been withdrawn by the Union as an arbitratable issue award.

AWARD

No shift differential compensation is awarded.

Donald L. Reisig, Chairman

Jerome E. Jomoszaust 7-9-7'

ISSUE V

UNIFORM SHOES

The Firefighters have withdrawn the issue of the purchase of uniform shoes by the City as an arbitratable issue.

AWARD

The City of Manistee shall not be required to purchase uniform shoes for the Firefighters during the period of this contract.

Donald L. Reisig, Chairman

Jeronae E. Jomoszewski 7-9-7

ISSUE VI

DRY CLEANING ALLOWANCE

The Firefighters' last best offer on this issue provided that the City should pay \$50.00 dry cleaning allowance as of June 30, 1977 and \$50.00 on each June 30 and December 31 thereafter. The City in turn has offered to provide a \$50.00 per year dry cleaning allowance commencing July 1, 1977.

The parties' analysis and presentation of this issue before the panel did not include relevant facts with reference to the cost of dry cleaning the uniforms, or how often the need arose for the uniforms to be cleaned. It appears to the chairman that the \$100.00 annual allotment sought by the Firefighters may be inordinate, particularly in light of the resolution of other issues affecting basic compensation and fringe benefits. It appears to the panel that \$50.00 cleaning allowance offered by the City is comparable to that of the City of Petoskey and consistent with the total compensation herein awarded.

AWARD

A cleaning allowance of \$50.00 per year is granted effective July 1, 1977, payable the first week in June (or payable as soon as practicable after this award becomes effective).

ISSUE VII

BENEFICIARY PAYMENTS

Both parties are in agreement that some adjustment in beneficiary payments are in order, however, they are in disagreement as to the manner in which these payments ought to be modified. The Firefighters' last best offer provides that upon death of an employee, his beneficiaries shall receive his accumulated sick leave, vacation benefits, compensation for holidays and longevity to the date of his death. The Firefighters' proposal provides that the payment for sick leave shall be for the "accumulation", and the payment for holidays shall be made for those that have passed during the year in which the employee has died. In turn, the payment for vacation time and for longevity shall be on a prorata basis, based on the number of calendar days from January 1 to the date of death. The potentially largest monetary amount involves the "pay out" for accumulated sick leave time.

The Firefighters' proposal, by its clear language would indicate an intention for an entire pay out of <u>all</u> accumulated sick leave time, apparently without limitation (as contrasted to the provisions of Article 6, §7 of the former contract that provided for an accumulation of sick leave credits not to exceed 150 days, and a pay out at the time of <u>retirement</u> of up to nine weeks sick leave pay provided the employee has accumulated that much credit.) The City's offer, on the

other hand, would provide for a "pay out" of accrued sick leave benefits to the extent of accumulation up to a nine week maximum upon death of the employee, the same as the payoff provision for a retiree.

The other major difference in the proposals is that the City's offer provides for payment to the employee's beneficiary of the employee's holidays and vacations be paid only if he has credit for them at the time of his death. (In the past credit has been given for vacations and holidays only if the employee was employed by the City on the vacation eligibility date, normally his anniversary date of hire or on January 1). The Union's last best offer would require that vacations and longevity be prorated for the calendar year to the date of death. The parties have indicated that there is no difference with reference to the parties positions on the pay out for holidays.

Though there is considerable merit to the position taken by the Firefighters, i.e., that the beneficiaries of a deceased employee should not be deprived of benefits heretofore accrued by the employee merely because of his untimely demise, that logic is outweighed by the "overly broad" position taken by the Firefighters with reference to pay-out of sick leave benefits. Simple economics would appear to dictate that the cost to the City of Manistee of a total pay out of all accrued sick leave benefits, or even to a pay out of up to 150 days, could result in an unexpected financial burden to the City;

it cannot be reasonably budgeted for, and if, in fact, such payments over that length of time were required, would probably result in the vacant position merely not being filled. But even more pragmatically, the City has provided a full policy of term life insurance for its employees, including the Firefighters. It is certainly one of the purposes of such term insurance to ease the immediate financial burden upon the family of a deceased employee. At the same time the cost of such term insurance is a budgetable item and does not require the City to reach into its coffers on an ad hoc basis to pay ongoing compensation to the family of a deceased employee. Thus, the "demerits" of the City's proposal, i.e., no pay out of longevity pay even on a prorata basis to an employee who died prior to the annual accrual date of longevity benefits, is outweighed by the economic rationality of the City's offer of a "pay out of up to nine weeks of sick leave benefits to the beneficiaries of a deceased employee. In turn, in light of all of the other aspects of compensation contained within the contract, the City's last best offer is both economically fairer and more in line with the comparables submitted, than is that of the Firefighters.

AWARD

The last sentence of the last paragraph of Article 6, §8 of the existing contract, shall be modified to read as follows:

"Upon retirement, or death, an employee or his beneficiary shall receive in wages, at his regular weekly rate of pay, nine (9) weeks sick leave pay, provided the employee has to his credit the aforementioned nine (9) weeks sick leave time; if not, the employee shall receive in wages, pay for whatever amount of weeks and/or days of accumulated sick leave time he has to his credit."

In addition, Article 6, §8 shall be modified to read as follows:

"Upon retirement, or death, the employee shall receive wages for vacation and paid holidays he has to his credit at that time."

ISSUE VIII

COST OF LIVING ALLOWANCE

The City has offered no cost of living adjustment or allowance, whereas the firefighters requested a cost of living adjustment for the third quarter of 1977, predicated upon a base figure for the CPI Index for June of 1977. argues the cost of living formula or allowance is merely another methodology of adding to the level of compensation, i.e., earned wages. In essence, there can be no argument with that. panel is convinced that in this period of relative economic instability, a cost of living allowance geared to the Consumer Price Index is a viable method of protecting employees against the vicissitudes of the economy. The City's Exhibit #14 discloses that during the six years between 1970 and 1975, the annual increase in cost of living varied from 3.3% in 1972 to 11% in 1974. Employees in the public sector certainly are as subject to the adversities of "inflation" and the rising cost of living as those of the private sector. If consideration is not given to cost of living factors, particularly to the public sector employees who are not by law permitted the right to strike, they are placed in a potentially repetitious "make up" situation where, at least from their position, future contracts must be negotiated on the basis that they must "make up" for what they lost due to inflation over the life of a prior contract.

But in addition here, viewing the comparables, a strong argument can also be made for a cost of living allowance. City Exhibit #19, reflects that at least in the past the City of Cadillac contract has provided for a C.O.L.A. provision. Union Exhibit #6 likewise reflects that the 1974 through 1976 Traverse City contract provided a cost of living allowance. The Petoskey agreement (Union Exhibit #8, attachment A-2 and 3) likewise provides for a cost of living allowance for firefighters in the City of Petoskey. The chair does not find a cost of living provision within the Big Rapids contract (Union Exhibit #7 although Union Exhibit #1 appears to indicate that in 1976 the Big Rapids contract contained a C.O.L.A. provision.) Based therefore upon the total record and including considerations herein made with reference to wages and other economic benefits, the panel finds the cost of living provision within the award is, in fact, justified.

AWARD

The second year of the contract (July 1, 1977 through June 30, 1978) shall contain a cost of living allowance based on the Consumer Price Index (1967-1969 equals 100). The base figure for the Consumer Price Index shall be the index figure for June of 1977. C.O.L.A. adjustments shall be made thereafter quarterly. The first C.O.L.A. adjustment shall be made for the

third quarter of 1977 (July, August and September, 1977) and shall be made on the second pay period following the day on which the last included monthly index becomes available. The employees shall be paid an amount calculated as follows:

Change in CPI
.4 x 25 = (amount of C.O.L.A. adjustment),
except the index must advance at least .4 of a point for an
adjustment to be made. If no adjustment is required for any
quarter, the amount of change in the index in the next
quarter shall include the time period for which no change was
required. All C.O.L.A. adjustments shall be added to the base
rates for each classification.

Donald L. Reisig, Charrman

Jerome E. Joman euch: 7-9-77

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that when COLA exhibited, a maximum

allowence was established. Considering

the history the Cost of firing and early

wages increase granted together with This

panel's award for 1996 and 1877, an unlimited

Cost of living allowance is un warranted and

not susported and to second.

ISSUE IX

HOSPITALIZATION

Though the Union has made no proposal upon this topic, the City has presented an offer wherein they would maintain the language of \$12 of Article 6 of the former contract, wherein the City assumed the obligation to pay the full cost of the employees' present plan of Blue Cross, Blue Shield, prepaid medical, surgical and hospitalization insurance for the employee, his spouse and all his eligible dependents, as well as to assume any additional amount that such premiums may rise in cost during the terms of this agreement. Further, the employer agrees to keep the same plan in effect and not alter or change the plan, except that the plan may be bettered.

AWARD

The City's offer in this regard is accepted by the panel. The language contained in \$12 of Article 6 of the previous contract between the parties is adopted by reference.

Donald L. Reisig, Chairman

Jerome E. Jomoszewsk. 7-9-77

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ISSUE X

RETROACTIVITY

The only issue that exists on retroactivity is whether or not this award should commence on July 1, 1976, as the Union has urged or commence on the first full pay period beginning on or after July 1, 1976. Since a year will have undoubtedly run by the time this award is ultimately filed with the Michigan Employment Relations Commission, the problem of calculating weekly wages over the July 1, 1976 to June 30, 1977 period become irrelevant. It is presumed by the chair that retroactive wages will be paid within a reasonable period of time covering the entire period. Since the accounting periods are not a problem, there is no reason why the term of this contract should not commence July 1, 1976.

AWARD

This award shall be retroactive to July 1, 1976.

Donald L. Reisig, Chairman

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CONCLUSION

Except for those issues commented upon herein, it is the clear intent of the parties that the balance of the contract language which shall be contained within the contract between the parties for the period July 1, 1976 through June 30, 1978, shall be the language previously agreed upon by the counsel for the respective parties. Any matters not covered under the terms of that agreed upon language or not included within this arbitration award, were not submitted by the parties or considered by the panel.

Each individual award is as noted under the topic, and subscribed to or dissented to by the panelists as indicated. Each award is awarded as the determination of the arbitration panel. It is so ORDERED.

Donald L. Reisig, Chairman

Jack R. Clary, Individual dissents

s indicated

Jerome E. Jomoszowsk' 7-9-7 berome Tomaszewski, Individual

dissents as indicated.