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IN THE MATTER OF THE ARBITRATION BETWEEN:

CHARTER TOWNSHIP OF MERIDIAN

-and-

MERC CASE NO. L88-C-171

MERIDIAN TOWNSHIP FIREFIGHTERS,

Labor Organization.

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COMPULSORY ARBITRATION

Pursuant to Act 312, Michigan Public  
Act of 1969, as amended.

OPINION AND AWARD

Arbitration Panel

Peter D. Jason  
Arbitrator/Chairman

Richard Conti  
Township Delegate

William Birdseye  
Union Delegate

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## INTRODUCTION

These proceedings were commenced pursuant to Act 312 of the Public Acts of 1969 as amended. The arbitration panel was comprised of the Chairman, Peter Jason; Township Delegate, Richard Conti; and Technical, Professional, and Office Workers Association of Michigan (Firefighters Union) delegate William Birdseye.

A prehearing conference was held on August 8, 1988, and hearings were held on September 15, and September 20, 1988, at the State Bar of Michigan building in Lansing, Michigan. Meridian Township was represented by Stephen O. Schultz of the firm of Foster, Swift, Collins, & Coey, P.C., Technical, Professional, and Office Workers Association of Michigan (Firefighters Union) was represented by its business agent, William Birdseye. The record consists of 209 pages of recorded testimony and a total of 30 exhibits. After submission of last best offers on September 30, 1988, the parties forwarded written briefs on January 13, 1989, and February 27, 1989. The panel met in executive session on April 4, and May 2, 1989. The duration of this agreement is to be one year.

The parties stipulated that all issues not contained in the petition have been settled or waived by the parties with the exception of a tentative agreement that was reached by the parties during negotiations. This tentative agreement concerned an amendment to Article 16.1 of the Collective Bargaining Agreement and the amendment states, "Holiday pay will be paid in the pay period in which the holiday falls." Also, in the second paragraph

of that same article the last sentence will read, "Holiday pay will be paid in the pay period in which the holiday falls."

The party stipulated that the outstanding issues in this matter were all economic and so the panel was guided by Section 8 of Act 312. This section provides that each economic issue must be decided by the panel selecting the last best offer which more nearly complies with the applicable factors in Section 9. The applicable factors to be considered as set forth in Section 9 are as follows:

- (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.

Where not specifically referenced, the above factors were considered but not discussed in the interest of brevity.

### BACKGROUND

Meridian Township is located in Ingham County to the east of the City of Lansing and contiguous to the City of East Lansing. The township has a population of almost 30,000 and is 32 square miles in size. Approximately 70% of the area is devoted to residential uses and 23.5% is devoted to commercial uses. There is almost no industry or agriculture. Excluding public works, the township's budget is approximately \$6,000,000.

The township fire department has a budget of approximately \$1,600,000 and makes about 1,900 fire runs most of which are for medical emergencies. The department has thirty-two (32) fire fighting employees and all but the chief are represented by the TPOAM. There are six (6) lieutenants and twenty-four (24) senior firefighters and one (1) fire marshall. The township has two (2) fire stations that are staffed on a full-time basis. To that end the firefighters work 24-hour shifts, and a 50.4-hour work week. All senior firefighters are fully trained paramedics or emergency medical technicians.

### COMPARABLE COMMUNITIES

As noted earlier, Act 312 directs the panel to consider economic benefits in comparable communities when deciding economic issues. The union offered all jurisdictions with full-time firefighters (who also performed emergency medical technician duties like Meridian Township) which are located within the local labor market of greater Lansing. This approach produced East

Lansing, Lansing, and Delta Township as comparable communities. The union urged that a local labor market is appropriate because competitions for labor in a geographic area determines wage rates. The union pointed out that other agencies like the Michigan Employment Securities Commission and the U. S. Department of Labor use a local labor market data for certain purposes. The union alleged that other Act 312 arbitrators have found this concept useful in identifying relevant comparables and further alleged that Meridian Township firefighters share duties with East Lansing and consider themselves comparable to other area firefighters. The chairman agrees that there is some value to this approach and I believe that there are certain economic influences in a local labor market that affect wages. On the other hand, I also agree with the township that there are other things that affect firefighters' wages besides geographical proximity. Considering this record, I believe that the evidence establishes that East Lansing and Delta Township are comparable but I do not believe that the City of Lansing is comparable. The size and structure of the Lansing Department and the community it services are all very different. I believe that the City of Lansing influences the wages in the surrounding communities but it makes more sense to compare Meridian Township with the others who are similarly influenced than with the major metropolitan area.

The township used a different methodology to select comparables. The township selected population of the governmental unit and department size as initial criteria. If the political

unit was similar in these two respects six other factors were used. The other factors were number of dwellings, square miles of the political jurisdiction, number of runs, amount of the fire services budget and the overall municipal budget, and the relative amount of revenue available to operate the department. The selection criteria produced as comparables: City of Adrian, Benton Township, Delta Township, City of Muskegon, and the City of Portage. I believe that this was a legitimate method but as the union pointed out 1980 population data was used and that if more recent data had been used some of the township's comparables are no comparable.

In addition, the union pointed out that there was little or no data concerning the amount of medical runs made in these communities. This type of run is the major activity in Meridian Township. Thus, while I endorse the township's approach, I am reluctant to endorse the results. What I have decided to do is to accept both sets of comparables offered by the township and the union as relevant in making my decision without endorsing either one.

#### ISSUES

The parties have agreed on all outstanding issues for the period of January 1, 1988, through December 31, 1988, except those that were the subject of these proceedings. The issues that are to be decided by this award are as follows:

ISSUE I: Wages. January 1, 1988 through December 31, 1988.

ISSUE II: Pension Multiplier.

ISSUE III: Holidays.

ISSUE IV: Retiree Health.

The panel will decide these issues in order:

#### ISSUE I--WAGES

##### Union's Last Best Offer (Issue I)

The union proposed a 5% across the board increase for calendar year 1988.

##### Township's Last Best Offer (Issue I)

The township proposed a 3% across the board increase for calendar year 1988.

The panel has decided to adopt the township's last best offer on wages for the following reasons. When examining the data submitted by the parties it is clear that the township proposal more nearly fits the criteria dictated by the act. With respect to internal comparisons with other classifications within Meridian Township this proposal more nearly matches the wage increases offered to other township employees. When compared with the comparables from other communities again the township's proposal was the more appropriate. The comparables that I regarded as having the most persuasive effect were East Lansing and Delta Township. Indeed, it was the position of the union that the only real comparable was East Lansing.

In comparing Meridian Township wages with those recently

established by Act 312 arbitration in the City of East Lansing I note that the city's proposal makes Meridian Township virtually identical to firefighters in East Lansing. In addition, the township's offer brings the two closer than they have been historically. If I were to adopt the union's offer, the Meridian Township firefighters would be paid considerably more than East Lansing which I do not believe is fair.

Delta Township wage rates should also be considered here. Delta Township was offered by both parties as a comparable to Meridian. Again using this comparison the township's offer is more reasonable and more closely approximates the wages in Delta Township. If I were to adopt the union proposal, Meridian's wage would exceed Delta by more than \$400 per year. Thus, giving consideration to the evidence and the factors dictated by the act, I believe the township's proposal on wages is the more reasonable.

#### ISSUE II--PENSION MULTIPLIER

##### Union's Last Best Offer (Issue II)

The union proposed to increase the pension multiplier from 1.44% to 2.0%.

##### Township's Last Best Offer (Issue II)

The township proposed an increase the pension multiplier from 1.44% to 1.5%.

The panel has decided to adopt the townships last best offer on changing the pension multiplier. This was a difficult choice for the panel chairman.



According to the briefs submitted by the township, the union's proposal with regard to the pension multiplier would cost the city almost 7% of payroll to fund the unfunded liability created by this change. In other words, it would be like a 7% wage increase. This conclusion was challenged by the union representative during panel discussions but the chairman was finally satisfied that this was the case. Although I believe that an increase in the multiplier is warranted it is too large an increase at this time. Ultimately, I was persuaded because it does appear that with the Social Security supplement adopted by the township the yield at retirement is comparable with that of firefighters in East Lansing. Because of the complexity of the various pension systems the only real comparison that was made was between Meridian Township and East Lansing. The inequity is, however, that the firefighters in Meridian Township pay into Social Security and those in East Lansing do not.

With respect to internal comparisons, the township's proposal seems more equitable than the unions although there are some other township employees who receive a larger multiplier. In the final analysis, I believe that the township proposal is fairer than the union's but this is an area where there is some inequity.

### ISSUE III--HOLIDAYS

#### Last Best Offer of the Union (Issue III)

The union proposal is to receive holiday pay based upon eight hours of each employee's actual hourly pay instead of the current

\$90 flat rate for each holiday. This would increase the average firefighters pay approximately \$200 per year.

#### Township's Last Best Offer (Issue III)

The township's last best offer is to keep the flat rate at \$90 for each holiday but to increase the number of holidays from eight per year to nine per year--a \$90 difference.

The panel has decided to accept the union proposal on this issue.

Holiday pay is a benefit that is received by firefighters whether they work holidays or not. Because of this, it is a straight money issue and has no bearing on whether the township actually schedules firefighters on holidays. Thus, it is the equivalent of a wage increase rather than a deterrent for management to schedule people to work on holidays. Rather than compare holiday pay with the comparables it was the panels choice to award the union proposal because it yields more money. This will in some measure compensate firefighters for the inequitable position that could not be addressed in the previous issue. Also, the method of calculating this benefit was similar to the way it is done for the Meridian Township Police and all things considered the panel believes this to be fair.

#### ISSUE IV--RETIREE HEALTH INSURANCE

##### Union's Last Best Offer (Issue IV)

The union proposal is to increase the township's payment of a \$100 a month to \$130 a month to retirees for health and hospital insurance.

Township's Last Best Offer (Issue IV)

The township proposed no change.

The panel has decided to adopt the township's proposal concerning this item for the following reasons. During the calendar 1988 to which this increase would apply, there was nobody in the category that would benefit from the union proposal. In addition, no figures were introduced to show the panel what this item would cost. Therefore, the panel is reluctant to award an item that does not go into immediate effect when it has no idea of the future implications. The panel chairman would suggest that the parties deal with this in their 1989 negotiations and resolve this matter when they have all the data before them.

## SUMMARY

The chairman's decisions on the issues are as follows:

### **ISSUE I: WAGES**

Increase wages by 3% across the board for the period January 1, 1988 through December 31, 1988.

Agree   X  

Dissent           

### **ISSUE II: Pension Multiplier**

Increase pension multiplier from 1.44% to 1.5% for the period January 1, 1988 through December 31, 1988.

Agree   X  

Dissent           

### **ISSUE III: Holidays**

Change holiday pay calculation to pay for 8 hours at the employee's hourly rate for 8 days per year for the period January 1, 1988 through December 31, 1988.

Agree   X  

Dissent           

### **ISSUE IV: Retiree Health Insurance**

No change.

Agree   X  

Dissent           

Date: June 6, 1989

Peter D. Jason  
Peter D. Jason  
Arbitrator/Chairman

Richard Conti  
Richard Conti  
Township Delegate

William Birdseye  
William Birdseye  
Union Delegate