

11-28-89
ARB

STATE OF MICHIGAN
DEPARTMENT OF LABOR
EMPLOYMENT RELATIONS COMMISSION
ARBITRATION UNDER ACT 312

IN THE MATTER OF THE ARBITRATION BETWEEN
**MOUNT CLEMENS FIRE FIGHTERS ASSOCIATION
LOCAL 838
INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS**

-and-
CITY OF MOUNT CLEMENS

Case No. D88-D1277

AWARD OF THE PANEL

PANEL MEMBERS

Daniel H. Kruger, Chair
William N. Ringler, City Delegate
Ronald Treash, Union Delegate

APPEARANCES

FOR THE UNION

George H. Kruszewski, Attorney
Alfred Chisholm
Dwayne Thompson
Fred Jasmund
Michael Schlaff
Douglas M. Charbonneau

LABOR AND INDUSTRIAL
RELATIONS COLLECTION
Michigan State University

FOR THE EMPLOYER

Kenneth E. Scherer, Attorney
Joseph Farr, Personnel Director

Mount Clemens, City of

INTRODUCTION

On November 2, 1988, the Union filed its petition for arbitration under Act 312 Public Acts of 1969 as amended with the Employment Relations Commission. The petition listed the following items as being in impasse:

1. Wages.
2. Rank Differentials.
3. Longevity Pay.
4. Incentive Pay for EMT/and pay for education.
5. Food Allowance.
6. Escalator clause in the pension plan.
7. Additional Holiday.
8. Vacation Restructuring.
9. Personal Business Day.
10. Compensation for off-duty training.

On November 10, 1988, the City submitted to the Michigan Employment Relations Commission its list of demands for the Act 312 arbitration:

1. The personal business day: No if it creates overtime. The personal day must be used in increments no less than 12 hours.
2. Restrict leave to one person per shift.
3. Vacation leave at 24 hours increments only.
4. Right of management to select chief
(Delete Art. XIII, Section 2).
5. Cross training assignments in code enforcement responsibilities.

6. No fault absenteeism policy.
7. Sick leave charges at no less than 12 hours per occurrence.
8. Probationary employees exempt from holiday pay.
9. Mandatory Second Opinion and Prevent health insurance.
10. New employees only entitled to HMO or cash incentive in lieu of Blue Cross/Blue Shield.
11. Internal coordination of benefits.
12. Delete maintenance of conditions.
13. Delete filling of vacancies under Article XXVIII, Section 5.
14. Substitute Martin Luther King Day for Washington's Birthday.
15. Eliminate deferred retirement.

On December 5, 1988, the Michigan Employment Relations Commission appointed Daniel H. Kruger as Chair of the Panel in the instant case pursuant to Act 312 Public Acts of 1969. William Ringler, Finance Director, was selected by the City to be its Panel Delegate. Ronald Treash, President of the Union, was designated by the Union to be its Panel Delegate.

APPLICABLE STATUTORY CRITERIA

Section 8 of Act 312 requires that as to each economic issue, the Panel shall adopt the last offer of settlement which more nearly complies with the applicable factors prescribed in Section 9. Moreover,

the Panel's findings, opinion and order as to all other issues shall also be based upon these applicable factors. Section 9 is presented below.

Act 312 of 1969 as Amended

423.239 Findings and order; factor considered.

Sec. 9. 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 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, vacation, 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.

HISTORY: New 1969, page 604, Act 312, effective Oct. 1

CASE HISTORY

The Panel held a pre-hearing conference on January 6, 1989 at the Fire Station in Mount Clemens, Michigan. The issues in impasse were reviewed. The Union removed issue #10, Compensation for Off-Duty Training, from its petition for arbitration. Formal hearings were held in Mount Clemens on March 9, April 20, May 23, May 30 and June 6, 1989.

The parties submitted their last best offers to the Panel post-marked June 16, 1989. The Union presented its last best offer on the following issues:

1. Wages.
2. Rank Differentials.
3. Longevity.
4. Restructuring of Vacations.
5. Educational Incentive.
6. A bonus of \$500.00 for State Licensed
Emergency Medical Technicians.

The City in its last best offer indicated the following:

1. Wages.
2. Limit Vacation Leaves to no more than one person per shift to reduce overtime cost when minimum manning is reduced below five.
3. The Employer will select health insurance for new hires who will be offered Blue Cross/Blue Shield or an HMO or a cash bonus.

4. The City is seeking mandatory second opinions prior to elective surgery and predetermination for hospital stays.

5. The elimination of the maintenance of condition provision in the existing agreement. (see Joint Exhibit #1, Article XXVIII, Maintenance of Conditions, pages 31-32)

6. Elimination of deferred retirement life and health insurance benefits.

7. The City wants to cross train the fire fighters in building code enforcement for both residential and commercial buildings.

On June 16, 1989, Panel Delegates Ringler and Treash met to discuss the last best offer of the parties. The Chair was not present. Delegates Ringler and Treash informed the Chair by letter dated June 16, 1989 of their discussions. They are presented below.

An executive session of the Panel was held on June 28, 1989 at the Waterford Township Office in Waterford, Michigan. The letter of June 16, 1989 was thoroughly discussed:

(1) The issue of the City to restrict vacation leave to one person per shift was dropped.

(2) The issue of the City dealing with cross training of fire fighters in code responsibilities was dropped.

(3) The Delegates agreed to the City's proposal to have a mandatory second opinion on elective surgery and preventative health insurance. The Chair concurred with their decision.

(4) The Panel Delegates agreed to include the provision, Article XXVIII, Maintenance of Conditions of the expired agreement (Joint Exhibit #1, pages 31-32) in the new agreement. The City had proposed the elimination of this provision in the new agreement. The Chair concurred to the inclusion of this provision in the new agreement.

(5) The Panel Delegates have agreed to include a new Section 6 under Article XIX, Insurance to read as follows:

"All employees, at his/her option, will be entitled to Blue Cross/Blue Shield Insurance, a Health Maintenance Organization (HMO) plan or \$1000.00 cash incentive in lieu of health insurance."

The Chair concurs with the decision of the Panel Delegates. This new provision is an effort to help the Employer contain health insurance costs.

(6) The Panel Delegates, including the Chair, agreed to the following provision on Education Incentive:

Effective July 1, 1989

a. Any employee who has attained a Certificate in Fire Science shall receive the sum of two hundred dollars (\$200.00) per year, payable during the month of July.

b. Any employee who has attained an Associate's Degree in Fire Science shall receive the sum of three hundred dollars (\$300.00) per year, payable during the month of July.

c. Any employee who has attained a Bachelor's Degree in Fire Science shall receive the sum of four hundred dollars (\$400.00) per year, during the month of July.

An employee shall receive the above educational incentives only for the highest level of education achieved, i.e., an employee with both an Associate's Degree and Bachelor's Degree shall receive the incentive only for the Bachelor's Degree. These incentives shall not be added to the base salary.

The Panel was unanimous that the City should encourage its employees to become involved in a self development program in order to better serve the City. The Education Incentive is directed toward that objective.

(7) The Employer Panel Delegate and the Chair voted that there was no justification to pay State Licensed Emergency Medical Technicians (EMT) a bonus of five hundred dollars (\$500.00) each year. This occupational group has to be licensed as a condition of being an EMT.

(8) The Panel Delegates agreed to drop the Union's proposal that longevity payment be based on full salary. The Chair concurs in the Delegates' decision. Article XXIII, Longevity of the expired agreement will be included in the new agreement. (see Joint Exhibit #1, pages 27-28)

On June 29, 1989, the Chair wrote to Mr. Farr, Personnel Director of the City, and Mr. Kruszewski, Attorney for the Union, informing them of the deliberations of the Panel at their executive session held on June 28, 1989. The Chair informed Mr. Farr and Mr. Kruszewski that their briefs were to focus on the following issues:

1. **Wages.**
2. **Rank Differential.**
3. **Vacation Restructuring.**
4. **Life Insurance and Health Insurance Benefits
for employees who select deferred retirement.**

The Chair received the post-hearing briefs of the parties post-marked August 1, 1989.

For a variety of personal reasons, the Chair was not able to prepare the first draft of the Panel's Award until late September and was not able to convene a meeting of the Panel Delegates until November 28, 1989. The Panel held its second executive session on that date at the Township Office in Waterford, Michigan. The four unresolved issues were thoroughly discussed and voted on. The four issues are:

1. **Wages.**
2. **Rank Differentials.**
3. **Vacation Restructuring
for 24-hour employees (fire fighters).**
4. **Life Insurance and Health Insurance
Benefits for Deferred Retirement.**

DISCUSSION OF ISSUE #1

WAGES

As of June 30, 1988, the salary schedule of the fire fighters which appears in Article XXI (Joint Exhibit #1, pages 26-27) was:

[Effective July 1, 1987 - June 30, 1988]

	<u>ANNUAL</u>	<u>WEEKLY</u>
FIRE FIGHTERS		
Starting salary	\$21,082.88	\$404.44
After 6 months	22,189.44	426.72
After 12 months	26,062.40	501.20
After 18 months	26,557.44	510.72
After 24 months	26,965.12	518.56
After 30 months	27,431.04	527.52
After 36 months	27,955.20	537.60
SERGEANTS		
Starting salary	\$28,508.48	\$548.24
After 6 months	29,207.36	561.68
After 12 months	29,935.36	575.68
LIEUTENANTS		
Starting salary	\$30,459.52	\$585.76
After 6 months	31,216.64	600.32
After 12 months	32,002.88	615.44
CAPTAINS		
Starting salary	\$32,585.28	\$626.64
After 6 months	33,429.76	642.88
After 12 months	34,245.12	658.56
FIRE INSPECTOR		
Starting salary	\$31,449.60	\$604.80
After 6 months	32,219.20	619.60
After 12 months	33,009.60	634.80

The Fire Inspector's pay shall be ten point three percent (10.3%) greater than the Sergeant's pay. The Fire Inspector is not entitled to any holiday pay.

UNION PROPOSAL:

The Union has proposed a wage increase of five percent (5%) for 1988-89 and a five percent (5%) increase for 1989-90.

EMPLOYER PROPOSAL:

The City has proposed a wage increase of four percent (4%) in 1988-89 and a three percent (3%) increase for 1989-90.

The Union noted that under both proposals the wage for a three year paid fire fighter would be as follows:

	<u>UNION</u>	<u>EMPLOYER</u>	<u>DIFFERENCE</u>
7/1/88	\$29,353	\$29,073	\$280
7/1/89	\$30,821	\$29,945	\$876

(see Union Brief, page 11)

UNION'S POSITION ON ITS WAGE PROPOSAL:

The Union pointed out that currently the Mount Clemens fire fighter receives a wage of \$27,955 which places him at a rank of fourteenth out of the fifteen comparable communities. (Union Exhibit #25) Even if the Union's proposed five percent (5%) increase is granted effective July 1, 1988, this will only improve the fire fighter's ranking in comparable communities one spot, placing him above the fire fighters in East Detroit. (Union Exhibit #24 and also Union Brief, page 111)

The Union called attention that catch up is essential in view of the fact that the ranking of the Mount Clemens fire fighter has deteriorated significantly over the years with respect to the comparable communities. In 1981, the average wage rate in the comparable communities was \$23,033, only \$728 or 3.3% above the Mount Clemens fire fighter's wage of \$22,305. The difference today in the average wage of comparable communities with Mount Clemens is \$3,804 or 13.6% variance. (see Union Exhibit #28[a] and #28[b]) The Union maintained that this difference should be narrowed.

The Union noted that the wage increases proposed by the Union are also warranted based upon an examination of the wages of a police officer who is also a community protection service occupation. In 1981-82, the wages of a full paid fire fighter was \$22,305. A police officer was paid \$23,160. The difference between the two is \$855. By 1987, the differential between the two occupations is \$1,352. (Union Brief, page 13; see also Union Exhibits #28[c] and #35) The Union

pointed out that the five percent (5%) proposed increase in the first year of the new agreement will bring the differential back to \$848 (\$29,353 for the fire fighter and \$30,201 for police officers) roughly the same difference which existed in 1981. (see Union Brief, page 13)

The Union further noted that with the Union's proposal the total compensation of the two groups become relatively equal. (see Union Brief, page 13; also Union Exhibits #34 and #34[a]) The Union, however, pointed out that the police officers receive 12.25 compensation days off in lieu of additional holiday pay and also receive paid uniform cleaning. In addition, the police officer receives, on the average, \$3,000 more per year per employee in overtime pay. (see Union Brief, page 13, Union Exhibit #33)

The Union called attention that from 1981 to 1988, the fire fighters received a total percent wage increase of 29.2%. During the same period, city officials in Mount Clemens received increase ranging from 49.3% for Treasurer to 86.4% for City Clerk. (Union Brief, pages 15-16)

The Union stated another argument in support of its position. In 1986, the Union in return for open residency agreed to delete a contractual requirement that fire fighters be called into the station on overtime to replace those committed to a run. This concession, according to the Union, reduced significantly the City's overtime costs.

Average overtime hours have decreased over 1,000 hours per year since the change went into effect. (Union Exhibit #32[a] and Union Brief, page 16) The Union further noted that when the Union made this concession, the City promised that no other union with whom the city negotiates would receive open residency unless it gave up an equivalent amount in wages and benefits. The Union stated that the City did not meet this commitment because no wage or benefit concessions were extracted from the other unions when it gave them, freely, open residency. (Union Brief, page 16)

EMPLOYER'S POSITION ON ITS WAGE PROPOSAL:

The City maintains that its offer of wage increases is both fair and realistic. The City stated that its property tax base is low compared to many suburban communities. (City Brief, page 4; see also City Exhibit #4) The City also noted that median household income in Mount Clemens is lower than surrounding communities. (see City Brief, page 5)

The City presented data to show its general fund balance for 1979 to 1988. In 1979, the fund balance was \$580,718 and in 1988, it was \$471,938. The high in the ten year period was in 1985 and the low was in 1988. (see City Exhibit #19 and City Brief, page 6)

The City said that the fire fighters have received increases in wages from 1980 to 1987 totalling 31.9% and if the 4% for 1988 and the 3% increase for 1989 is added, then the percent of increases is 38.9%. (see City Exhibit #6[a]) By comparison with the police officers from the period 1980 to 1981, police officers received wage increases totalling 32.9%. The City called attention that the police officers have already negotiated with the City for increases of 3% for 1988 and a proposed increase of 4% for 1989. (see City Exhibit #6[a])

The City contended that police officers are paid higher wages than fire fighters in most communities. (City Brief, page 8; see also City Exhibit #15)

The City pointed out that it has adopted a policy of pattern bar-

gaining with both fire fighters and police officers. (City Brief, page 8) It contended that the fire fighters are seeking to break pattern bargaining by its wage proposals which will cause a domino effect among the City's unions. (City Brief, page 8)

The City noted that the job duties of the fire fighter and the police officer are different. (see City Brief, pages 8-9 for differences claimed by City)

The City stated that the total cost of wages and fringe benefits for 18 fire fighters and one inspector for 1988 totalled \$990,457 or \$52,139 per person. (see City Exhibit #19[a] and City Brief, page 9) The total wage and fringe benefit costs for the police department in 1988 was \$1,687,207 for 30 officers which averages out to \$56,240. (see City Exhibit #16[d] and City Brief, page 9)

The City called attention that all the other unions with whom the City negotiates have agreed with the City's offer of 3% and 4% annual wage increases over the two year period. The Union in the Department of Public Works obtained increases of 4% in the first year and 3% in the second year. This is the same offer the City has made to the fire fighters. (City Brief, page 9)

The City contended that it sustained some of the smallest tax receipt increases in Macomb County. (see City Brief, page 11; see also City Exhibit #12) The City claimed that it has one of the lowest

average state equalized values (SEV) of area communities (City Exhibit #9) and one of the lowest overall SEV increase for 1980-88. (see City Exhibit #8) (see also City Brief, pages 11-12) The City maintained that these facts effect its ability to pay.

The City also maintained that the very significant increases in the cost of health insurance is affecting its ability to pay wage increases. It noted that from 1986-87 to 1988-89, the cost of health insurance increased \$227.667 or 40%. (see City Exhibit #13; also City Brief #13)

The City pointed out that Mount Clemens has a 20.93 millage rate, the highest of communities in Macomb County. (see City Exhibit #14 and City Brief, page 14) Since the City is at its statutory maximum, it cannot raise taxes any further. (City Brief, page 14)

The Employer challenged the comparables used by the Union and presented arguments supporting its list of comparable communities. (see City Brief, pages 15-18)

The Employer contended that salary comparisons between fire fighters and department heads cannot be made because the positions are not comparable.

PANEL AWARD

The Panel imposes a wage increase of four percent (4%) in the first year and a five percent (5%) in the second year of the agreement.

RATIONALE:

The Panel is of the view that each year of a salary proposal is an issue in that it can stand by itself. The rationale for its Award is rooted in Employer Exhibit #6(a). In 1980, the police officer's (patrolman) salary was \$21,260 whereas the fire fighter's salary was \$20,475 with the difference between the police officer and fire fighter was \$785.

In 1987, the police officer's salary had increased to \$29,307 whereas the fire fighter's salary was \$27,955 with this difference at \$1,352.

In 1988, the police officers with a 3% increase had a salary of \$30,217. The fire fighter had a salary with the Panel Award of a 4% increase is now \$29,073, a difference of \$1,144.

For 1989-90, the police officer's salary with a proposed increase of 4% is now \$31,326. The fire fighter's salary for 1989-90 with the Panel Award of 5% is now \$30,527, a difference of \$799. This is approximately the same differential which existed in 1980.

The Panel directs the Employer to continue calculating the Fire Inspector's pay at ten point three percent (10.3%) greater than the Sergeant's pay. The Fire Inspector is also not entitled to any holiday pay.

The Panel's view is that police officers and fire fighters are both critically important public safety officers. Both are on duty even though their work days are different. The police officer is an 8-hour duty day whereas the fire fighter is on a 24-hour day. Of course, the fire fighter is at the station and does not fight fires unless called. (see City Brief, pages 8-9) By the same token, the police officer is not chasing criminals or participating in drug busts every minute during his/her 8-hour shift. They take breaks, eat a meal and patrol their beat. They become activated in law enforcement when they spot a violator or receive a call over the radio.

This Panel strongly believes that there must be some semblance of comparability between the salaries of police officers and fire fighters. It sought, through its Award, to bring the salaries of these two public safety officers into the same relationship as existed in 1980 as reflected in City Exhibit #6(a). In its view, the morale of fire fighters is adversely affected when the differential between its salary and that of police officers is high.

COST OF PANEL'S AWARD:

As for the cost of its Award, the Panel used the salary data found in City Exhibit #16(a). In 1988, the total salary cost for 18 fire fighters and one inspector was \$560,848. The additional cost of the 4% increase is \$22,434 (calculation: $\$560,848 \times .04 = \$22,434$). The additional cost of the 5% increase is \$29,164 (calculation: $\$560,848 + \$22,434 = \$583,282 \times .05 = \$29,164$). The total cost of the Salary Award of the Panel in new money for the two years is \$51,598 (calculation: $\$22,434 + \$29,164 = \$51,598$).

Turning next to an analysis of the Employer's salary offer. The cost of its 4% wage offer in new money is \$22,434. The cost of its 3% proposal is \$16,825 (calculation: $\$560,848 + \$22,434 = \$583,282 \times .03 = \$16,825$) in new money. The total cost of the Employer's salary proposal for two years in new money is \$39,259 (calculation: $\$22,434 + \$16,825 = \$39,259$).

The dollar difference between the Employer's last best offer and the Panel's Award is \$12,339.

The Panel Award represents a total wage increase of 9.1% based on the total salary costs of \$560,848 in 1988 over the new two-year agreement. Under the Panel Award, each member of the bargaining unit will receive, on the average, \$2,715 in new money over the life of the new agreement (calculation: $\$51,598$ divided by 19 members = \$2715).

VOTE: **FOR:** Treash and Kruger **AGAINST:** Ringler

DISCUSSION ON ISSUE #2

RANK DIFFERENTIAL

CURRENT CONTRACT PROVISION:

The Mount Clemens Fire Department has the following ranks: fire fighter, sergeant, lieutenant and captain in ascending order of responsibility and authority. There are 3 captains, 3 lieutenants, 3 sergeants and 9 fire fighters. (City Exhibit #16[a]) There is also one fire inspector. Currently, the practice calls for a seven percent (7%) differential between the base wage rate of a fire fighter and sergeant and between a sergeant and lieutenant and between lieutenant and captain.

UNION PROPOSAL:

The Fire Sergeant's pay at twelve months shall be nine percent (9%) higher than the Fire Fighter's pay at thirty-six months. The Fire Lieutenant's pay shall be seven percent (7%) higher than the Fire Sergeant's pay. The Fire Captain's pay shall be seven percent (7%) higher than the Fire Lieutenant's pay.

The Union seeks to have the wage schedules resulting from the Act 312 Panel's Award on Wages to reflect the above differentials, effective July 1, 1988.

EMPLOYER PROPOSAL:

The Employer seeks to retain the existing seven percent (7%) differential between each of the ranks in the Fire Department.

RATIONALE FOR THE UNION'S POSITION:

The Union pointed out that a Mount Clemens fire fighter received a wage rate of \$27,955 as of June 30, 1988 which places him fourteenth out of the fifteen comparable communities. (see Union Exhibit #55) It contended that the wages for sergeant, lieutenant and captain in Mount Clemens are much lower than the wages for similar ranks in the list of union comparable cities. (see Union Exhibit #55 and Union Brief, pages 18-19) The Union contended that even if the Panel granted its wage proposals of five percent (5%) for the first year and five percent (5%) for the second year of the new agreement, the wages of the various ranks in the Mount Clemens Fire Department would still be below the wages of the various ranks in the fire departments of the unions comparable. (see Union Exhibits #46, #52, #55, and #56; see also Union Brief, pages 18-19) The Union also pointed out that even if the differential between fire fighter and sergeant was raised from 7% to 9% and the differential between sergeant and lieutenant as well as the differential between lieutenant and captain remained at 7%, the Mount Clemens Fire Department salary schedule would not compare favorably to the salary schedules of the unions comparable in other communities. (see Union Exhibits #46, #55, #56, #57[a], #57[b], and #57[c]; see also Union Brief, pages 19-21)

RATIONAL FOR THE EMPLOYER'S POSITION:

The Employer seeks to retain the existing differential of 7% between ranks. The Employer stated that the current differential between the lowest ranks to the biggest rank within the Fire Department is 22.5% (Calculation: captain's salary at \$34,245 to fire fighter's salary at \$27,955 with a difference at \$6,290 or 22.5%. This is using the salary schedule in Article XXI, 1987-88; page 26). The Employer used the 4% wage proposal to make its calculation. Under the 4% increase for 1988-89, the fire captain's annual salary will be \$35,615 and the fire fighter's salary will be \$29,073. The difference is \$6,542 or 22.5%. (Employer Brief, pages 22-23)

The City stated that there are more ranks of fire fighters than there are of police officers. According to Employer Exhibit #16(d), there are three ranks within the Police Department: police officers, sergeants and lieutenants. (see also City Brief, page 22) The ranks within the Fire Department are noted above. (see page 1) There are two more ranks in the Fire Department than in the Police Department.

The City stated that the best indicator of the differential would be to examine the highest and lowest base pay rates for both police and fire departments as indicated below:

	POLICE	FIRE
highest	\$37,244 (lieutenant)	\$35,615 (captain)
lowest	\$30,201 (officer)	\$29,073 (fire fighter)
difference	<hr/> \$ 7,043	<hr/> \$6,542

(City Brief, page 23)

The Employer pointed out that the differential for both the police officers and the fire fighters is 22.5%. (City Brief, page 23) The Employer stated that the differential provides a fair and adequate incentive for fire fighters to seek higher ranks. (City Brief, page 23)

In addition, the Employer pointed out the current differential compares favorable with similar communities. The Employer stated that its current differential places it well within the median range of other fire departments with 36 or fewer members in the bargaining unit as shown in the table below.

CITY	HIGHEST SALARY	LOWEST SALARY	DIFFERENTIAL	PERCENT DIFFERENTIAL
Ferndale	\$42,857	\$32,198	\$10,659	30%
MOUNT CLEMENS*	35,615	29,073	6,542	22.5%
East Detroit	34,934	28,434	6,500	22.8%
Hazel Park	39,658	32,188	7,470	23.2%
Harrison Twp.	40,057	34,352	5,705	16.6%
Harper Woods	38,955	32,194	6,761	21%
Madison Hts.	37,976	31,385	6,591	21%
Birmingham	38,164	33,083	5,081	15.3%
AVERAGE =				21.925%
CITY =				22.5%

[* includes 4% wage adjustment]

(City Brief, page 24)

In summary, the City stated that the existing differentials be maintained both for maintaining internal morale and keeping the City within appropriate ranges of other comparable communities. (City Brief, page 25)

PANEL AWARD

The Panel directs the Employer to establish a nine percent (9%) differential between the fire fighter and the sergeant. There will be a seven percent (7%) differential between the sergeant and the lieutenant's pay and a seven percent (7%) differential between the lieutenant and captain's pay. The new rank differential will become effective on July 1, 1988.

Below is the new salary schedule which incorporates the Panel Awards on Wages and Rank Differentials.

	<u>1988-1989</u>	<u>1989-1990</u>
Fire Fighters	\$29,073	\$30,527
Sergeants	31,690	33,274
Lieutenant	33,908	35,603
Captain	36,282	38,095
Fire Inspector	\$34,954	\$36,701
(at 10.3% higher than sergeant's pay)		

RATIONALE FOR PANEL AWARD

According to the City's Exhibit #16D, the differential between the patrolman and the sergeant in the Police Department is twelve percent (12%). The differential between the sergeant and lieutenant was eight percent (8%).

The Panel in its Award sought to bring the rank differentials of the fire fighters more in line with the police officers. Both are community safety officers.

COST OF THE PANEL'S AWARD:

The cost analysis of the Panel Award on rank differential is presented on page 28 and 29 of this Award. The cost of the Union rank differential proposal in the first year in terms of new money is \$5,610 and the new money in the second year will be \$5,883.00. Thus, the total new money for the new rank differentials for both 1988-89 and 1989-90 is \$11,493.00.

VOTE: **FOR:** Treash and Kruger **AGAINST:** Ringler

Current Fire Fighter's Salary at 3 years is \$27,955 (6/30/88)

\$27,955 x .04 (4% Panel Award) = \$1,118

\$27,955 + \$1,118 = \$29,073

New fire fighter salary for 7/1/88 - 6/30/89

Sergeant's salary based on 7% differential will be \$31,108

based on 9% differential will be \$31,690

Lieutenant's salary based on 7% differential between
fire fighter and sergeant will be \$33,286

based on 9% differential between
fire fighter and sergeant will be \$33,908

Captain's salary based on 7% differential between
fire fighter and sergeant will be \$35,616

based on 9% differential between
fire fighter and sergeant will be \$36,282

NEW MONEY REQUIRED:

Sergeant Salary at 7% differential	\$31,108	
Sergeant Salary at 9% differential	<u>31,690</u>	
Difference	\$ 582	
3 sergeants @ \$582		\$1,746

Lieutenant Salary at 7% differential	\$33,286	
Lieutenant Salary at 9% differential	<u>33,908</u>	
Difference	\$ 622	
3 lieutenants @ \$622		\$1,866

Captain Salary at 7% differential	\$35,616	
Captain Salary at 9% differential	<u>36,282</u>	
Difference	\$ 666	
3 captains @ \$666		\$1,998

<u>NEW MONEY FIRST YEAR</u>	<u>\$5,610</u>
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ANALYSIS OF RANK DIFFERENTIAL WITH 5% INCREASE:

Fire Fighter with 5% increase on 7/1/89 \$30,527

<u>Sergeant's Salary</u> at 7% differential	\$32,664	
at 9% differential	<u>33,274</u>	
Difference	\$ 610	
3 sergeants @ \$610		\$1,830

<u>Lieutenant's Salary</u> at 7% differential	\$34,950	
at 9% differential	<u>35,603</u>	
Difference	\$ 653	
3 lieutenants @ \$653		\$1,959

<u>Captain's Salary</u> at 7% differential	\$37,397	
at 9% differential	<u>38,095</u>	
Difference	\$ 698	
3 captains @ \$698		\$2,094

<u>TOTAL NEW MONEY FOR 1989-90</u>	<u>\$5,883</u>
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NEW MONEY FOR 1988-89 \$5,610

NEW MONEY FOR 1989-90 \$5,883

TOTAL NEW MONEY FOR
RANK DIFFERENTIAL PROPOSAL \$11,493

DISCUSSION ON ISSUE #3

VACATION RESTRUCTURING

CURRENT CONTRACT PROVISION:

	<u>24-hour employees</u>	<u>8-hour employees</u>
1-5 years	6 workdays	2 weeks
6-12 years	9 workdays	3 weeks
13-20 years	12 workdays	4 weeks
all service after 20 years	15 workdays	5 weeks

See Article XVI, Vacation, Section 1 (Joint Exhibit #1, page 19).
See also Article XII, Fire Inspection Division,
Section 8 - Vacation (Joint Exhibit #1, page 15).

UNION PROPOSAL:

The Union proposes no change in the vacation provisions in the first year of the agreement. However, effective July 1, 1989, the Union proposes to increase the number of workdays set aside for vacations according to the following schedule:

	<u>24-hour employees</u>	<u>8-hour employees</u>
1-5 years	7 workdays	2 weeks
6-10 years	10 workdays	3 weeks
11-15 years	13 workdays	4 weeks
16-20 years	16 workdays	5 weeks
all service after 20 years (Union Brief, page 21)	18 workdays	6 weeks

EMPLOYER PROPOSAL:

The Employer seeks to retain the existing vacation provisions for both the fire fighters and the fire inspector.

(see Joint Exhibit #1, pages 14 and 15)

RATIONALE FOR THE UNION'S PROPOSAL:

The current vacation provision has been in effect since 1976 (Union Exhibit #68) and is in need of improvement. Currently, the Mount Clemens fire fighter would earn a total of 264 vacation days in a twenty-five year career, which places him in tenth place among the fifteen comparable communities. (Union Exhibit #70) The Union noted that in many communities, the fire fighters have negotiated additional time off in view of increased wages. Thus, three of the four communities who, along with Mount Clemens, rank at the bottom of the total case compensation list. They are Hamtramck, East Detroit, and Madison Heights, (Union Exhibit #29) ranking second, third, and fourth, respectively, in vacation time off. (Union Exhibit #70)

The Union's proposal on vacation will add, for each fire fighter, fifty-six days over a twenty-five year career, or an additional 2.24 days per year. The resulting total of 320 days will place the Mount Clemens fire fighters fifth out of the fifteen comparable communities, still behind Madison Height, Hamtramck, and East Detroit. (Union Exhibit #71) Moreover, the Union pointed out that if relative total paid leave days available are considered, Mount Clemens will actually still rank only ninth out of the fifteen comparables. (Union Exhibit #74 and Union Brief, page 22)

In summary, the Union's proposal will provide an improvement in vacation days to bring them more in line with comparable communities.

RATIONAL FOR THE EMPLOYER'S POSITION:

The Employer maintained that the existing vacation schedule for fire fighters compares favorable with both its list of comparable communities and the Union's list of comparable communities. (see City Brief, page 26) As indicated in the table below, the City stated that it provides the fire fighters with slightly below the median number of vacation days over a twenty five year period i.e., Mount Clemens is 10.56 days and the median is 11.04 days.

	<u>Total No. of Days/25 years</u>	<u>Average No. of Days Accumulated/25 years</u>
1. Hazel Park	220	8.80
2. Birmingham	227	9.08
3. Harrison Township	243	9.72
4. St. Clair Shores	245	9.80
5. Clinton Township	260	10.40
6. MOUNT CLEMENS	264	10.56
7. Harper Woods	276	11.04
8. Ferndale	276	11.04
9. Roseville	295	11.80
10. Warren	297	11.88
11. Shelby Township	312	12.48
12. Madison Heights	329	13.16
13. Hamtramck	345	13.80
14. East Detroit	348	13.92
15. Sterling Heights	350	14.00

MEDIAN = 11.04 Days/Year

(City Brief, page 27; see also Union Exhibit #70)

The City pointed out that no other City employees' bargaining unit obtained any additional vacation days in the current year. The City noted that the maximum number of vacation days other employees may obtain is twenty-five (25) eight (8) hour days or a maximum of 200 hours. The City pointed out that the range of vacation hours for fire fighters is from a minimum of 144 hours a year to a maximum of 360 hours. For those fire fighters with twenty years of service or more, the City pointed out that they would receive 360 hours which is the equivalent of forty-five (45) eight (8) hour days. The City further noted that fire fighters with five years or less receive 144 hours a year which is the equivalent of eighteen (18) eight (8) hour days.

The City stressed that the existing vacation schedule compares favorably with the comparable communities of both the City and the Union. (City Brief, page 28) By granting the Union's position, the City stated that the Panel would greatly aggravate the already large differential on vacation hours between the fire fighters and other city employees. (City Brief, page 28)

PANEL AWARD

The Panel directs the Employer and Union to include the existing vacation schedule for fire fighters and the fire inspector into the new agreement. (see Article XVI, Vacation, Section 1 for Fire Fighters' vacation schedule, Joint Exhibit #1, page 19; see also Article XII: Fire Inspection Division, Section 8, Vacation, Joint Exhibit #1, page 15)

RATIONALE FOR PANEL AWARD:

The Panel analyzed the total number of vacation hours currently being earned by fire fighters under the existing contractual vacation schedule. The Fire Inspector's vacation hours were not included. Using the seniority rates in Union Exhibit #4, the eighteen fire fighters in 1987-88 received a total of 4,320 vacation hours. (see page 35 of Award Analysis of vacation restructuring)

Under the Union's proposal, the fire fighters would receive a total of 5,328 vacation hours. The difference in hours between what the fire fighters are receiving under the old contract and the hours they would receive under the new Union's proposal is 1,008 hours. This represents an increase of 23% in number of vacation hours.

The Panel concluded that using internal comparability, an increase of 23% in vacation hours could not be justified. The maximum number of vacation hours other employees of the City can earn is 200 hours (25 days x 8 hours = 200 hours). The maximum number of vacation hours that fire fighters with twenty years of service or more can earn is 360 hours or 80% more hours than other City employees with long years of service.

VOTE: **FOR:** Ringler and Kruger **AGAINST:** Treash

ANALYSIS OF VACATION RESTRUCTURING

CURRENT CONTRACT LANGUAGE:

YEARS	MONTHS	FIRE (1) FIGHTERS	VACATION HOURS	TOTAL VACATION HOURS
1-5	0-60	4	6 X 24 = 148	576
6-12	72-144	7 (2)	9 X 24 = 216	1512
13-19	156-228	4	12 X 24 = 288	1152
20+	240	3	15 X 24 = 360	1080

**total vacation hours
under current language = 4320**

UNION PROPOSAL:

YEARS	MONTHS	FIRE (1) FIGHTERS	VACATION HOURS	TOTAL VACATION HOURS
1-5	12-60	4	7 X 24 = 168	672
6-10	72-120	4 (2)	10 X 24 = 240	960
11-15	132-180	4	13 X 24 = 312	1248
16-20	192-240	3	16 X 24 = 384	1152
20+	240	3	18 X 24 = 432	1296

**total vacation hours
under Union's proposal = 5328**

(1) seniority list Union Exhibit #4

(2) LeBuhn not included

Total Vacation Hours under **current contract language** = **4320**
Total Vacation Hours under **Union's proposal** = **5328**

**Difference in hours between
current contract language and Union proposal = 1008**
Percent increase in Vacation hours under Union proposal 25%

DISCUSSION ON ISSUE #4
DEFERRED RETIREMENT

CURRENT CONTRACT PROVISION:

The members of the Mount Clemens Fire Department are covered under the Firemen and Policemen Pension System, as established in P.A. 1937, No. 345, MCLA 38.551, et seq. Under Section 6(1)(d) of that act, a member's pension is vested after ten years of service. This means that if, after ten years of service, the fire fighter leaves employment, he will be entitled to receive a pension on or after the date he would have been eligible to retire had he continued in employment in Mount Clemens at age fifty. That pension, of course, would only be based upon his actual years of service and upon his average final compensation for his last three years of service before leaving employment.

In addition to being entitled to a pension upon reaching age fifty, an employee taking a deferred retirement in Mount Clemens would also begin receiving the same health insurance and life insurance benefits granted to all retirees. (see Article XIX, Section 3: Medical and Health Insurance for Retirees) (Joint Exhibit #1, page 22)

UNION PROPOSAL:

Employees hired after the effective date of the contract shall be entitled to the life insurance and medical and hospital insurance benefits for retirees specified herein upon the receipt of deferred retirement benefits only if that employee had fifteen or more years of service when leaving the City's employ. Employees hired before the effective date of the contract shall continue to be entitled to receive the life insurance and medical and hospital insurance benefits for retirees specified herein upon the receipt of deferred retirement benefits if that employee had ten or more years of service when leaving the City's employ.

This provision will be added to Article XIX in the new agreement.
(Union Brief, pages 23-24)

EMPLOYER POSITION:

The Employer seeks to eliminate the life and health insurance benefits for deferred retirees.

RATIONAL FOR THE UNION'S POSITION:

The Union maintained that to eliminate the life and health insurance benefits of current employees who wanted to take deferred retirement would be grossly unfair. (Union Brief, page 24) In the Union's view, the elimination would be arguably illegal. It cited Article 9, Section 24 of the Michigan Constitution to support its position.

Article 9, Section reads:

"The accrued financial benefits of each pension plan and retirement system of the State and its political subdivisions shall be contractual obligations thereof which shall not be diminished or impaired thereby."

(Union Brief, page 24)

The Union pointed out that its proposal addresses the City's cost concerns in that new employees will not be eligible for life and health insurance benefits under deferred retirement until they have fifteen or more years of service. The current requirement is ten or more years of service. (City Brief, page 23)

RATIONAL FOR EMPLOYER'S POSITION:

The City maintained that providing life and health insurance to employees who elect deferred retirement is very costly.

The City stated that health insurance rates have been increasing at a rate of over twenty percent (20%) per year. (City Brief, page 29; see also City Exhibit #13) Below are data on health care costs of the Employer.

	<u>1986</u>	<u>1987</u>	<u>1988</u>
TOTAL:	\$563,124	\$700,180	\$790,791
INCREASE:	---	+137,056	+ 90,611
CUMULATIVE INCREASE:	---	+137,056	+227,667
CUMULATIVE % INCREASE:	---	+ 24.3%	+ 40.5%

(Source: City Exhibit #13; see also City Brief, page 29)

The City pointed out that it is not economically feasible to continue to provide both life and health insurance to persons with such tenuous ties to the employment of the Mount Clemens Fire Department.
(City Brief, page 29)

The City called attention to the following:

"As the system is presently arranged, a City fireman may start working for the City at age twenty-five (25), leave his or her employment at age thirty-five (35), and, at age fifty (50), return to the City and obtain lifetime health and life insurance benefits. As it is, as City Exhibit #21 demonstrates, police and firemen generally retire at an earlier average than general employees. The City's contribution for police and firemen retirees ranges from a low of 20.74% to a high of 27.44%, while the range for general employees is from a low of 8.22% to a high of 14.97%."

(City Brief, pages 29-30)

The City contended that the present system encourages firemen to put in minimal time in their position and then take advantage of a system which is supposed to assist long-term employees. (City Brief, page 30) The City stated that it is possible for a fire fighter to leave after ten (10) years and then receive the same amount for health and life insurance as an employee with thirty (30) years of service.

The City stated that the present system results or can result in morale problems. Imagine the employee who, at age fifty (50), decides to retire after thirty (30) years of service. This employee suddenly finds himself with the same health and life insurance benefits as the employee who worked a minimum amount of time and then left the Department to work elsewhere, gaining additional benefits from other employment. Thus, according to the City, this leads to great inequities. (see City Brief, pages 30-31)

In summary, the City believes that eliminating life and health insurance benefits for deferred retirees will not only strengthen its budget but would add an important morale boost for the long-term fire fighter. (City Brief, page 31)

PANEL AWARD

No data was presented at the hearing to indicate the current cost of the deferred retirement benefit since none of the current employees have opted for deferred retirement. It is very difficult to estimate the cost savings under the Union's deferred retirement proposal.

The Panel agrees with the Union that it would be unfair to eliminate the life and health insurance benefit for current members of the bargaining unit. To eliminate this benefit for these employees would be to change an established condition of employment.

The Panel directs the Employer and the Union to include the following language in the new agreement in Article XXVI, Pension:

"Employees hired before the effective date of the contract shall continue to be entitled to receive life insurance and medical and hospital insurance benefits for retirees specified herein upon the receipt of deferred retirement benefits if that employee had ten or more years of service when leaving the employment of the City."

The employees hired after the effective date of this agreement can be treated differently with the respect to deferred retirement because they have yet to be hired.

The Panel takes especial note that health care costs will continue to rise significantly. In this Award, the Panel sought to retard increases in cost by mandating a second opinion in elective surgery. In a further effort to control health care costs, the Panel directs the Employer and the Union to include the following in the new agreement in Article XXVI, Pension:

"If any employee hired after the effective date of this agreement wants to be covered by life and health insurance benefits for deferred retirement, that employee must give the City a minimum of twenty-five (25) years of continuous service."

The Panel further directs the Employer to inform new applicants prior to their being employed that they will not be eligible for life and health insurance benefits in their deferred retirement unless they complete twenty-five (25) years of continuous service with the City.

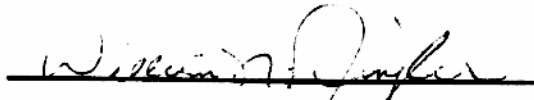
VOTE: FOR: Ringler and Kruger AGAINST: Treash

CONCLUDING COMMENTS

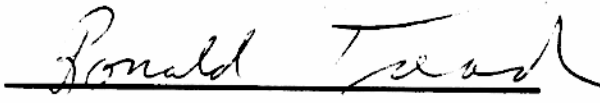
The Panel wishes to express its thanks to the parties and their spokespersons for their cooperation in these proceedings.

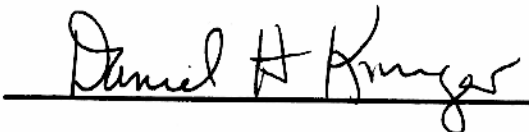
The Panel, in deliberations, sought to fashion awards for the issues in impasse which it considered fair and equitable. The Panel during the hearings and in its executive sessions sought to protect the integrity of the Act 312 process.

The signatures of the Panel members below attest that this is the Award of the Panel. The votes of the individual Panel Members have been recorded on each individual issues decided by the Panel.


William N. Ringler
City Delegate

Date: November 28, 1989


Ronald Treash
Union Delegate


Daniel H. Kruger
Chair

DHK/djb