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STATE OF MICHIGAN
DEPARTMENT OF LABOR
EMPLOYMENT RELATIONS COMMISSION

CITY OF MUSKEGON—Employer

and

MERC ACT 312
Case No. 86J-932

CITY OF MUSKEGON FIRE FIGHTERS
LOCAL #370 INTERNATIONAL
ASSOCIATION OF FIREFIGHTERS

REPORT, ACTIONS AND RULINGS
ACT 312 ARBITRATION PANEL

Hearing: April 19 - 20, 1988
Muskegon, Michigan

Panel Members:

Chairman—Jerry Raymond
City of Muskegon—John C. Schrier
City of Muskegon Firefighters
Local #370 International
Association of Firefighters—Randall D. Fielstra

REPORT ACTIONS AND RULINGS ACT 312 ARBITRATION PANEL

City of Muskegon - Employer

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City of Muskegon Fire Fighters
Local #370 International
Association of Firefighters

Panel Members

Jerry Raymond-Chairman

John C. Schrier-For the City

Randall D. Fielstra-For the Union

Hearing pursuant to Public Act 312 of Public Act of 1969 as Amended, held Tuesday and Wednesday, April 19-20, 1988, Conference Room, City Hall, City of Muskegon, commencing at 10:00 o'clock a.m. and each respective

Union Issues

Economic:

- 1) Wages
- 2) Changes in Pension Plan
- 3) Optical Insurance *withdrawn
- 4) Dental Insurance without deductions
- 5) \$10,000 life insurance for retirees
- 6) 1 additional holiday—Martin Luther King
- 7) Pay scale increase for temporary assignments
- 8) Amended Accumulated Sick Leave Plan
- 9) Continuation of Seniority and Longevity during layoff *withdrawn

Non-Economic:

Add Engineers Classification *withdrawn

City Issues:

Economic:

- 1) City to determine number of employees in each classification; any classified employee eliminated, to bump down so that if layoff occurs lowest seniority employee is laid off.
- 2) Call in next shift two hours early.
- 3) Lower pay scale for new hirees.

Non-Economic:

None

*At the time of making final offer the union withdrew economic issue #3-Optical Insurance and further withdrew economic issue #9-Continuation of Seniority and Longevity during layoff. In addition the Union withdrew non-economic issue #1-Add Engineer's Classification.

The following witnesses testified on behalf of the respective parties:

Witnesses Appearing for
City of Muskegon

Timothy Paul-Finance Director
Truman Forrest-Personal Director
David Manor-Acting Fire Chief
Susan Essex-Ass't City Manager

Witnesses Appearing for
Fire Fighters Association

Richard Porter, Firefighter and
and Officer of the Union

Transcript of Record 360 pages. Helen E. Burns-Certified Reporter.

EXHIBITS ADMITTED AND MADE APART OF THE RECORD

City Exhibits

- 1) Manpower Comparison Data (Dec. 18, 1987)
- 2) Layoff by Classification
- 3) Cost of Lost Wage Proposals
- 4) Call-In Comparables - 10 Cities
- 5) Actuarial Valuation - Dec. 86 - Post Retirement Health Benefits
- 6) Insurance for Retirees
- 7) Cost of Additional Holiday.

Union Exhibits

- 1) Retirement System Union-Supplemental Actuarial Report
- 2) Letter from IAFF Research Asst.

In addition, under letter dated March 18, 1988 by Randall Fielstra, the Union forwarded Exhibits #1 through 38 as follows: which are duplicates of Exhibits otherwise admitted.

Joint Exhibits

- 1) Collective Bargaining Agreement - 1984 - 1985 - 1986
- 2) MERC ACT 312 Case #83 J 1644 - Opinion and Award Arbitrator Panel with Supplemental Awards
- 3) Summary for Firefighters Arbitration
- 4) Profile of Fire Depts. in comparable cities
- 5) Manpower comparisons
- 6) 1980 Census Household Income
- 7) % Wages Increases- City of Muskegon 1987-1988
- 8) Salary Range Comparables -10 cities 1987- 1989
- 9) Retirement Benefits - City Employees
- 10) Post Retirement Pension adjustment-city employees
- 11) Pension Benefit Formula-Comparables
- 12) Post Retirement Pension Adjustment-Comparables

Joint Exhibits (Continued)

- 13) Retirement-Employee Contribution-Comparables - 10 cities
- 14) Retirement System Ordinance 748
- 15) Retirees and Benefits
- 16) Optical Insurance - City Employees
- 17) Dental Insurance - City Employees
- 18) Life Insurance for Retirees
- 19) Optical Insurance
- 20) Waiver of Deductible
- 21) Life Insurance for Retirees
- 22) Martin Luther King Birthday - City Employees
- 23) Number of Holidays - City Employees
- 24) Martin Luther King Birthday - Comparables - 10 cities
- 25) Number of Holidays
- 26) Pay for Higher Classification
- 27) Pay for work in Higher Classification - Comparables - 10 cities
- 28) Accrue Seniority and Longevity during layoff - City
- 29) Accumulation of Seniority during layoff - comparables
- 30) Longevity during layoff
- 31) 1986 Budget
- 32) 1987 Budget
- 33) 1986 Financial Report
- 34) City of Muskegon-Building Authority Tax Bonds-parking facility
- 35) Revenue and other sources - Budget & Actual - 1985
- 36) Combined Balance Sheet - 1986
- 37) Revenue and other sources - 1986 - combined
- 38) General Fund Expenditures - By Function and Dept.
- 39) Monthly expenditures-period ending 5/31/87 - Fire Dept.
- 40) Monthly expenditures-period ending 3/31/88 - Fire Dept.
- 41) Gen.Fund Variance Report - Quarterly ending 3/31/87
- 42) Gen.Fund Variance Report - Quarterly ending 6/30/87
- 43) Manpower '72 - '87
- 44) Hours Compensated vs. Hours Worked
- 45) Comparison - Gen. Fund Revenue - Police & Fire - City of Muskegon
- 46) 10 Year Analysis - Fire Dept. - % of Budget
- 47) Computation of Fringe Benefits - 1987
- 48) 10 Year Revenue & Expenditures Analysis
- 49) Fire - EMS - Miscellaneous - False Alarms.
- 50) Reducing Expenditures - Increasing Revenues
- 51) Report of Citizens Task Force
- 52) Police Patrol Contract
- 53) Police Command Contract
- 54) Service Employees Contract
- 55) Supervisors Contract
- 56) Clerical Contract
- 57) Battle Creek Contract
- 58) Bay City Contract
- 59) East Lansing Contract
- 60) Grand Rapids Contract
- 61) Jackson Contract
- 62) Lansing Contract
- 63) Midland Contract
- 64) Muskegon Hgts. Contract
- 65) Portage Contract

Joint Exhibits (Continued)

- 66) Saginaw Contract
- 67) Seniority - Fire Dept.
- 68) Report 42nd Actuarial Valuation Dec. 1986
- 69) Employees - D.O.B.
- 70) Fire Dept. - 1987 - Budget - Original and Actual
- 71) Portfolio Summary
- 72) 1988 Budget
- 73) Muskegon County Employees

Both representatives advised the Panel Chair that their participation as panel members would be limited to reviewing the proposed decision of the Arbitrator prior to the Arbitrator releasing or publishing his award, for the purpose of finding any factual error and to meet the Statutory purpose of either concurring or not concurring with the award on each issue. Other than that they each respectively advised they would not participate as members of the panel.

The parties stipulated that the term of the contract would be for three years.

The Panel Chair has reviewed and considered each of the exhibits as presented, either jointly or by the respective party. In addition, consideration has been given to the testimony of each witness. This consideration, both of exhibits and of witnesses was taken in light of the source. Where the testimony of a witness favored the position advanced by that witness, such testimony was considered in the light of from whose point of view it was given. Where exhibits presented by a party or the testimony of a party's witness was against that party's position or tended to support the position of the other party, proper weight was given to such testimony or exhibits. Where self-serving testimony and like exhibits not subject to cross examination were offered, such testimony and exhibits were considered for what it was worth.

Your Panel Chair notes that the bargaining unit is comprised of 41 employees, including 13 officers, a Fire Marshall and a Master Mechanic. However, City Exhibit #1 shows that the total number of employees in the department is 42 with 17 officers, 3 mechanics and 22 firefighters. Obviously, both cannot be correct.

It appears that the population of the City of Muskegon has remained reasonably constant and up or down of 40,000 during the past ten years.

In considering the issues, your arbitrator was guided by and based his findings, opinions and orders on the statutory standards as set forth in Section 9 of Act 312 where such were applicable, namely;

- a. The lawful authority of the employer
- b. Stipulation 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 wages, hours and conditions of employment of the employees involved in the arbitration proceedings, with the wages, hours and conditions of employment of other employees performing similar services with other employers generally.
 - (1) In public employment in comparable communities
 - (2) In private employment in comparable communities
- e. The average consumer price 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 pending of the arbitration proceedings.
- h. Such other factors, not conformed to the foregoing, what 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 423.39; MSA 17.4556 (39)

ECONOMIC ISSUES

Wages:

The final offer of the City for the three years commencing January 1, 1987 through December 31, 1989 is as follows:

The salary schedule for calendar years 1987, 1988 and 1989 is attached hereto as Exhibit A. Exhibit A is to reflect a 4% increase in calendar year 1987, a 3% increase in calendar year 1988 and a 3% increase in calendar year 1989.

Exhibit A would then be amended to reflect the respective increases.

The final offer of the Union for the three year period commencing January 1, 1987 and ending December 31, 1989 is as follows:

The salary schedule for calendar years 1987, 1988 and 1989 is attached hereto as Exhibit A. Exhibit A is to reflect a 3% increase in 1987, a 4% increase in calendar year 1988 and a 4% increase in calendar year 1989.

Your arbitrator notes in joint Exhibit #7 that the City has granted increases to Police Patrol and Police Command of 4% for 1987 and 4% for 1988. Your arbitrator also takes notice of joint Exhibit #8 and City Brief, Page 8.

Under the proposals, the top paid firefighters would receive salary as follows:

	<u>Union</u>	<u>City</u>
1987	27,522	27,789
1988	28,623	28,622
1989	29,768	29,481

Joint Exhibit #8 shows the following top rate for firefighters:

	<u>Battle Creek</u>	<u>Bay City</u>	<u>Grand Rapids</u>
1987	27,283	28,217	28,603
1988	27,555	29,204	28,890
1989		30,227	31,235
	<u>Portage</u>	<u>Lansing</u>	<u>Midland</u>
1987	29,122	29,705	27,899
1988	30,479	31,190	+Cost of Living
1989	31,698		+Cost of Living

The City in its Brief points out that over the life of the contract the Union offer would cost \$15,267 more than the City offer. This is an average difference of \$5,089 per year. Although under the City offer the cost is greater in the first year.

Further, your arbitrator cannot ignore that over a period of a few brief years the number of firefighters and officers has been substantially reduced. Even if improved efficiency and the introduction of fire prevention procedures has absorbed some of the work previously performed by the eliminated employees, nowhere in the testimony or exhibits could your arbitrator find anything that negated the testimony of Union witness, Mr. Porter, that the remaining firefighters and officers had added responsibility and duties. This claim is further supported when we take note that the number of stations has been reduced from 5 to 3.

Your arbitrator did consider the average household income in Muskegon to be among the low of the comparables. However when we look at comparables we must look at the whole and not at a segment or individual factor. Joint Exhibit #5 shows that the ratio of Muskegon firefighters and officers to population is far lower than in 6 of 9 comparables with a seventh Holland having the same ratio as Muskegon. Only Muskegon Heights and Wyoming have poorer ratios. Joint Exhibits show Muskegon as having a 1980 Census household income of \$18,014. Muskegon Hts is

shown at \$5,700. Wyoming stands alone with a population 62,000 and 24 firefighters, no other information is given. Based upon the exhibits offered and the testimony upon the record the weight tends toward the Union final offer.

Accordingly, as to the issue of Wages, Panel Chair adopts the final offer of the Union as follows:

The salary schedule for calendar years 1987, 1988 and 1989 is attached hereto as Exhibit A; Exhibit A is to reflect a 3% increase in 1987, a 4% increase in calendar year 1988 and a 4% increase in calendar year 1989.

PENSION

The final offer of the City Re: Pensions is as follows:

Upon his retirement as provided in the Police-Fire Retirement Systems Ordinance, a member or former member shall be paid a level straight life pension terminating upon his death or he may elect, within the (90) ninety day period immediately preceeding or the (20) twenty day period immediately following the date his retirement begins, to be paid his pension under an optional form or payment provided in Section 16 of the Police-Fire Retirement System Ordinance in lieu of a level straight life pension. Subject to Section 23 of the Police-Fire Retirement System Ordinance, the amount of his level straight life pension shall be equal to 2.0% of his final years of credited service, not to exceed (35) thirty-five years.

In no case shall the amount of his level straight life pension exceed seventy-five (75) percent of a firefighters compensation, as fixed in the City budget for the fiscal year in which he retires.

In making its final offer, re pension, the City used the word "patrolman's" at line 17. This is an obvious typographical error and not substantive misuse of a word. In its Reply Brief, the City calls attention to and corrects the error. The typographical error stands corrected.

The Union Final Offer Re: Pension is as follows:

Sec. 3., Pension Amount: Upon his retirement as provided in this ordinance, a member or former member shall be paid a level straight life pension terminating on his death or he may elect, within the 90-day period immediately preceding or the 20-day period immediately following the date of his retirement begins to be paid his pension under an optional form of payment provided in Sec. 16 in lieu of a level straight life pension. Subject to Sec. 23, the amount of his level straight life pension shall be equal to 2 percent of his final average compensation multiplied by his credited service not to exceed 35 years. In no case, shall the amount of his level straight life pension exceed the maximum fire fighter's salary as

fixed in the City budget for the fiscal year in which he retires.

There appears to be little difference between the two final offers. In both offers a firefighter receives 2% of his final average compensation times his years of service not to exceed 35 years. This would mean a 35 year employee retiring as a firefighter would receive 70% of his final average compensation. The difference between the two offers appears to lie in the final sentence. The City final offer allows a lieutenant, captain, fire marshall or Assistant Chief to use his officers final average compensation times his years of service.

In such case, the offer restricts the maximum, not to 75% of such officers final average compensation, but rather to 75% of the final average compensation of firefighters as fixed in the City budget for the fiscal year.

The Union final offer also ties in the pension of the officer to that of the firefighter. The Union offer provides that "In no case shall the amount of his level straight life pension exceed the maximum fire fighters salary as fixed in the City budget for the fiscal year in which he retires.

In making his ruling your arbitrator is restricted by provisions and rules of Act 312. Your arbitrator finds the record to well support the offer of the City as it applies to firefighters but wholly unfair and illogical as it applies to higher paid officers.

On examination of joint Exhibit #11 it does show that several of the comparables do in fact provide pension benefits in greater percentage amounts than embodied in the City offer. For example, both the City of Midland and the City of Lansing would provide a pension for anyone retiring after 35 years of service equal to 85% of their final average compensation. The rare case of a 40 year service retiree would receive 90%. No exhibits or testimony could be found which limited a retirees benefits to a percentage of anyones average compensation but his own. Further, no exhibits or testimony could be found wherein pension benefits were provided equal to 100% of either the retirees final average compensation or the final average compensation of anyone else.

Reference is made to Joint Exhibit #68-42nd Annual Actuarial Valuation - Dec. 31, 1986 - City of Muskegon Police-Fire Retirement System, pg. D-1 Pension Benefit Obligation.

In the calculation it appears that the total Pension Benefit Obligation is:	\$18,381,488
That the net assets available for benefits is:	\$17,160,009
and that the unfunded benefit obligation is	\$ 1,221,479

That appears to be the bottom line. However, it should be noted, the \$17,160,009 is the value at cost. On Dec. 31, 1986 the market value is shown as \$18,021,962. Your arbitrator has no way of knowing whether the values had additional increases or whether the October 1987 crash had an adverse effect. If we use the values stated in the

exhibit, then the unfunded obligation would not be \$1,221,479 but rather \$359,526.

In addition your arbitrator has looked at City Contribution Rates as a % of Payroll. The record shows the following:

1982 - 18.55%
1986 - 20.40%
1987 - 19.92%
1988 - 13.01%

The actual computed City dollar contributions are as follows:

1982 - 531,527
1983 - 538,185
1984 - 570,034
1985 - 633,886
1986 - 642,200
1987 - 619,308
1988 - 446,005

It appears that the City obligation for pension payments in 1988 will be 28% less than the 1987 payment, substantially less than every annual payment since 1982. The 1988 payment is 17% less than the lowest payment shown for this decade.

The testimony and facts as here stated do support a substantial improvement in pension benefits. Your arbitrator must select between the two final offers, the one which can best be supported by the record. The offer of the City is identical to that of the Union when applied to most potential retirees. It does grant a substantial improvement. The Union final offer provides for a maximum benefit in excess of anything that can be supported by the record.

Accordingly, as to the issue of Pension your Panel Chair adopts the final offer of the City as follows:

Upon his retirement as provided in the Police-Fire Retirement Systems Ordinance, a member or former member shall be paid a level straight life pension terminating upon his death or he may elect, within the (90) ninety day period immediately preceding or the (20) twenty day period immediately following the date his retirement begins, to be paid his pension under an optional form or payment provided in Section 16 of the Police-Fire Retirement System Ordinance in lieu of a level straight life pension. Subject to Section 23 of the Police-Fire Retirement System Ordinance, the amount of his level straight life pension shall be equal to 2.0% of his final years of credit service, not to exceed (35) thirty-five years.

In no case shall the amount of his level straight life pension exceed seventy-five (75) percent of a firefighters compensation, as fixed in the City budget for the fiscal year in which he retires.

During the course of hearings, your arbitrator has found the representatives of both the City and the Union to be reasonable people. It is hoped that through the process of voluntary collective bargaining in the future, reasonable people can find a solution to the noted inequity.

OPTICAL INSURANCE (WITHDRAWN)

Dental Insurance Without Deductions:

The final offer of the City re Dental Insurance Plan is:

No Contract Change.

The final offer of the Union re: Dental Insurance Plan is:

The City will provide a dental insurance plan (City of Muskegon Plan) covering all employees covered by this collective bargaining agreement containing no deductible provision, with the insurance plan being responsible for the payment of all covered services at no expense to the employee up to the established limit of the plan.

A review of testimony of witnesses, exhibits and briefs of the parties brings out the following facts:

- 1) Employees are currently covered by a dental insurance plan which provides certain benefits but which has deductible provisions of \$50.00 deductible per person and \$150.00 per family per year.
- 2) Joint Exhibit 20 shows that among the comparable cities, no city other than Muskegon provides dental coverage through an insurance plan. However, the City of Jackson reimburses the employee for proven dental expenses up to \$500.00 per year, and the City of Muskegon Hts., having no insurance plan, has a similar reimbursement up to \$100 per year for actual dental expenses.

These statistics are taken from a joint exhibit. That means it is the Union Exhibit. It is the City Exhibit. If the information is correct, being a joint exhibit, your arbitrator must accept it as such. Except for limited reimbursement in two comparables, no other comparable city provides any dental benefits. Were we comparing deductibles alone, the absence of any comparable city having a no deductible provision might not be sufficient weight to overcome the minimal cost argument given by the Union at Page 9 of its Post Hearing Brief. Here, however, the almost total absence of any dental insurance coverage in the comparable cities cannot be ignored.

The Union has given insufficient reason for eliminating the deductible in the present dental insurance plan which appears to offer substantially more than the void existing in the comparables.

Accordingly, your Panel Chair adopts the City Final offer re: Dental Insurance Plan:

No Change in Present Contract Provision.

LIFE INSURANCE

The City Final Offer re: Life Insurance is as follows:

The City of Muskegon will provide life insurance in the amount equal to the annual base salary for each employee covered by this agreement. The City of Muskegon will not provide life insurance for retirees formerly covered by this agreement.

The Union Final Offer re: Life Insurance is:

The City of Muskegon will provide life insurance in the amount equal to the annual base salary for each employee covered by this agreement and in the sum of \$10,000 for each employee retiring from active service on or after January 1, 1987.

Joint Exhibit 21 shows that among the 10 comparable cities, the City of Lansing provides \$3,000 life insurance for retirees and Saginaw provides \$5,000 life insurance for retirees. No other comparable provides life insurance for retirees except the City of Jackson which does have some coverage for duty disability retirees only.

The amount of life insurance for retirees requested by the Union is \$10,000. City Exhibit 6 sets forth the cost of life insurance per month per \$1000.00

For an employee retiring at age 53 the cost is
 $\$1.16 \text{ per Thousand} \times 10 \times 12 \text{ months} = 139.20 \text{ per yr.}$

For an employee retiring at age 65 the cost is
 $\$2.51 \text{ per Thousand} \times 10 \times 12 \text{ months} = 301.20 \text{ per yr.}$

For an employee retiring at at 70 the cost is
 $\$4.51 \text{ per Thousand} \times 10 \times 12 \text{ months} = 541.20 \text{ per yr.}$

City witness, Timonthy Paul, testified that the cost of life insurance for retirees changes each year and is based on the retirees then current age.

In its Brief at page 13 the City acknowledges that only three covered employees are currently eligible for retirement and that by the end of the contract, namely, Dec. 31, 1989, five additional employees will be eligible, all as shown in Joint Exhibits 67 and 68.

Mr. Paul at TR. Pg. 201-202 testified that the immediate cost to the City would be between \$1.16 and \$2.51 per thousand per month and that amount would increase as retirees grow older. Accordingly, if the average age of current retirees is 57, the cost would be \$1.83 per thousand per month, or a total annual first year cost of \$657.00. Of the five additional employees retiring during the term of the contract two will be 53 years of age and 3 will be 55. Using a 54 age year average and \$1.50 per thousand, the first annual cost would be approximately \$900 plus the increased premium for the 3 prior retirees to \$875, or a total 1990 cost of just under \$1,800 per year. It should be noted that though inflation does have an effect on the cost of other forms of insurance, i.e., medical, dental, automobile, because of the rise in the cost of benefits, inflation has little or no effect on the per unit cost of life insurance for like age. However, the cost of term life insurance increases with the age of the insured.

Your arbitrator is particularly concerned that no testimony was given by either party regarding the availability of a life insurance policy for retirees beyond the age of 70 years. If such insurance is not available, the wording of the final offer of the Union would require the company to be self insured. There is nothing in the record covering that unknown, though the Union final offer would commit the City to provide the benefit.

Your arbitrator finds substantial weight in the record for implementation of life insurance benefits for retirees. However, neither the exhibits, transcripts or briefs argument give any support to the \$10,000 insurance coverage requested by the Union. In addition, the total lack of any information regarding continued coverage after age 70 causes your arbitrator to hesitate in adopting something which might create obligations far beyond what anyone contemplated.

Here again, the Rules of Act 312 require that your arbitrator choose between the final offer of the City and the final offer of the Union. It is the opinion of your arbitrator that as to this issue the City fails to recognize an absolute need. At the same time it is your arbitrator's opinion that the Union has given insufficient thought to the matter. The principal of life insurance for retirees certainly has merit; but the amount of insurance requested by the Union and the unknowns cannot be supported by the record.

Accordingly, the Panel Chair adopts the City final offer as follows:

The City of Muskegon will provide life insurance in the amount equal to the annual base salary for each employee covered by this agreement. The City of Muskegon will not provide life insurance for retirees formerly covered by this agreement.

HOLIDAY PAY

The City of Muskegon Final Offer re Holiday Pay is:

No Contractual Change re Holiday Pay

The Union Final Offer re Holiday Pay is:

For the purpose of holiday pay, legal holidays to be observed shall be as follows:

New Years Day	Veteran's Day
Washington's birthday	Thanksgiving Day
Memorial Day	Christmas Day
Independence Day	The birthday of
Labor Day	the Rev. Martin
Columbus Day	Luther King, Jr.

Regular scheduled activities including physical maintenance, training, inspection, and other regularly scheduled activities will be assigned and performed on holidays and weekends.

First it should be noted, as testified to by Mr. Porter for the Union, firefighters and officers are not paid for not working on a "Holiday". The only firefighters or officers who would receive any benefit would be those firefighters or officers who in fact were scheduled to work and who did work at least 17 hours the day of the holiday, or who were scheduled to work and did work at least 7 hours the night before the holiday. (Midnight to 7 a.m.)

Joint Exhibit 22 shows that the City does celebrate Martin Luther King's Birthday as a paid holiday for service employees, supervisors and clerical employees, but not for firefighters, police patrol or police command.

In addition, the Joint Exhibit clearly shows that firefighters receive fewer holiday and personal leave days than police patrol, police command, service employees, supervisors or clerical employees.

Reference is made to TR. page 303 - direct examination of Asst. City Manager, Ms. Essex.

Q: Would you tell me the City position relative to additional holidays?

A: Well, the City's position basically has been from the City Commission to—what's the word I want? —to say "no" to new holidays whatsoever.

Q: Why?

A: Well its just that the issue of time off; I guess. I'm not sure I can answer why for the City Commission. I can tell you that there is a general perception

always—whether it's me or Tim or any of these fellows—
that public sector employees have a lot of time off.
And so I think, typically speaking, they have said "no"

Obviously, the objection given by the City to accepting Martin Luther King's Birthday as a holiday for firefighters does not apply to the facts. Firefighters do not get time off for a holiday. Firefighters who are not at work receive no pay for any holidays.

The City spokespersons attempt to shift its position for "no" on holidays to the City Commission. It is apparent, either the Commission was ill informed on the holiday work policy for firefighters, or more likely, the Commission policy was not intended to be applicable to firefighters who must work on the holiday in order to receive holiday pay.

Accordingly, your Panel Chair adopts the final offer of the Union re: holiday pay, as follows:

For the purpose of holiday pay, legal holidays to be observed shall be as follows:

New Years Day	Veteran's Day
Washington's birthday	Thanksgiving Day
Memorial Day	Christmas Day
Independence Day	The birthday of
Labor Day	the Rev. Martin
Columbus Day	Luther King, Jr.

Regular scheduled activities including physical maintenance, training, inspection and other regularly scheduled activities will be assigned and performed on holidays and weekends.

PAY FOR WORK IN HIGHER CLASSIFICATION

The City final offer is as follows:

Section 1; the Fire Chief may transfer a non probationary employee, with the consent of the Civil Service Commission or its delegated authority to a higher classification as permitted by the Civil Service Rules and Regulations provision on Temporary or Emergency Work, being Rule VIII, Section 4.

Section 2; An employee transferred to a higher classification shall be compensated to the lowest rate of the range for the new classification.

The Union Final offer re Pay for Work in a Higher Classification is:

Sec. 9, Acting Assignment.

A) Acting Assignment Defined. Acting assignment shall mean the performing of the full range of duties to a next higher position class or classification for more than 24 hours in

a 14 hour pay period or for greater than 24 hours in consecutive work days (e.g. a firefighter performing the duties of lieutenant, a lieutenant performing the duties of captain, a captain performing the duties of battalion chief, within the time periods herein specified.

- B) If an employee works on acting assignment to a higher position class or classification as above defined he shall be paid at the higher classification rate beginning with the commencement of the first day following the 24 hours in which the duties of the next higher position class or classification were performed.

Though the issue is classified ^{AS} an economic issue, it is also an issue which must lean heavily on custom and practice in fire departments generally.

Of 10 comparable cities listed in Joint Exhibit 27 we find the following:

Pay for Work in Higher Classification

Battle Creek	Yes-after two hours
Bay City	Yes
East Lansing	Firefighters - no - Lieutenants and Captains receive \$11 for serving as Acting Captain or Deputy Commander. Deputy Commander receives \$15 per 1/2 shift for acting as chief.
Grand Rapids	Yes-after one work day
Jackson	Yes-after 13 hrs.
Lansing	Yes
Midland	Yes-after 12 hours
Muskegon Hts.	No provision
Portage	No provision
Saginaw	Yes- paid 1/2 difference between regular pay and higher pay if employee acts for full shift

In addition, the City does have a policy of paying the higher rate where an employee works in a higher classification for Police Command and for clerical employees. In both instances, the higher rate is paid after 40 hours in the higher classification.

It is apparent, there are two distinct and separate circumstances when an employee is required to work in a higher classification. The first is by design. The second is to meet a special condition—vacation, fire emergency, sickness or other absense.

Currently there are three fire stations. A central station and two branch stations. The department had been set up with five stations and had been manned by 88 personnel. The loss of revenue resulted in a reduction of staff.

Reference is made to Joint Exhibit 50, A Report by Michigan State University Research Team. "Reducing Expenditures and Increasing Revenues".

At page 24, last paragraph the report states:

"In the Fire Department the staffing has been reduced from a high of 88 to the current 47. (note current staffing is actually 40) budgeted for 1987, or 1.15 officers per thousand of population, which is below the national average of 1.65 per thousand. In addition, two stations have been closed in recent years. Current manning provides two (2) officers on an a pumper and one officer on an ariel. This is well below the minimum standards.

Of course we are all aware that the actual practice is below the substandard statistics quoted.

The Citizens Finance Task Force Report to the citizens of Muskegon Joint Exhibit 51, paragraph 3.0 Reduced Services addresses itself to the matter as follows:

"Both police and fire protection coverage are currently below the national average and an further reduction in services could impair the mobility of the community. The Task Force believes there should not be any further reduction in police and fire protection coverage. Further City costs reduction should not come from further reduced "service levels" from these two vital public safety functions"

Again it is noted, the Task Force Report is based upon 47 firefighters. Obviously the City has ignored the strong recommendation of its own select Citizens Task Force.

The ratio of Muskegon Firefighters to population in 1987 was 1.15 per thousand. This is far below the national and recommended average of 1.65. Since then it has been reduced by 1. Accordingly, the present ratio is 1 per thousand of population or 61% of average. It is 40% below average.

It should be noted as per the Michigan State University Report, police staffing was reduced from 102 to 64 or 1.57 per thousand. Like fire, the national average for police is 1.65. While police have been reduced to approximately 7 1/2% below the average, fire protection staffing is 40% below the average.

This is not in the best interests and welfare of the community.

At page 15 of the City Post Hearing Brief, it is stated:

"The City of Muskegon Fire Department has three facilities, a central station with most of the employees and two stations with skeleton staff. At the two stations with a skeleton staff, No. 4 Station and No. 5 Station, there are only two personnel employees assigned. By design there is not an officer at the

two skeleton stations at all times. At Station No. 4 there were 37 days where there was no officer and at Station No. 5 there were 137 days without an officer. (TR pg. 280). That does not mean that there are no officers on duty on that shift. In addition to the Chief, the number of officers are as follows:

#1 Shift	#2 Shift	#3 Shift
1 Battalion Chief	3 Captains	1 Battalion Chief
1 Captain	1 Lieutenant	1 Captain
2 Lieutenants		3 Lieutenants

The City in its final offer relies wholly upon the established Civil Service Rule for being reclassified to a higher classification. It completely ignores the issue which is pay for work in a higher classification without being reclassified. That is, pay for work in a higher classification on a temporary basis, even by design.

It is apparent, the reduction in force from 88 to 47 as reflected in Citizens Task Force Report and finally to 40 as exists at the time of the ACT 312 Hearing has resulted in a shortage of person power. There are more holes to fill than persons to fill them and the problem is resolved by going without a higher classified person to perform the duties that yet remain.

At page 295-298 of Transcript, Asst. City Manager, Ms. Essex testifies as follows:

. . . So about 15 months ago, there was a promotion that took place in the fire department, and a lieutenant went to captain. And as I said, due to a number of factors that existed when we had created what we call the extra lieutenant's position that no longer existed, we did not fill that. That position had been out at Station Number 5 -- Marquette -- where on a shift you had a lieutenant and a firefighter.

The City manager and myself discussed it with the chief at the time and said; explain to us why, when you have two people in a department, one of them has to be a command officer? You know, what do they do, how do they fight fires, that kind of thing? We discussed that at some length.

And I guess what happened, basically, was we made a decision that it was not necessary to have one command officer every time you had a firefighter there, that you could have two firefighters and still accomplish the same purpose. There was command supervision available, which we indicated yesterday the chief on each shift, there is the battalion chief, the assistant chief, the captains, the lieutenants, and so on. I guess part of it is a reflection, truthfully of what's going on in the

city generally.

I think the Arbitrator asked the question yesterday; When you have decreased this number of employees over the years, who is doing the work? The people who are left. That's true in the fire department, and that's true citywide. Where maybe in public works or in a city hall department, or whatever, previously you had a first-line supervisor doing the work, we have eliminated that first-level management position. Who does the work? The people who are left. The department head does work that they didn't previously do, that kind of thing.

It happens in the police department. We occasionally have a group of police officers go out and we don't send a command officer. In that case, the senior police officer takes charge, if you will, of the operation. So people are doing work that people in previously lower positions did, people in lower positions are doing work of people in higher positions. When you lose a third of your work force, there is no other way to accommodate it. (underscore added)

I guess what we truthfully did was apply that same principle to the fire department -- that the City does not have the luxury, if you will, of having a command officer available for -- when there is a firefighter that there be a command officer available. And we -- The idea was we would try it. It's been, you know, sort of a rather new concept and I think to the chagrin of the fire department, you know. Assistant Chief Manor expresses some concern with that, and I think the firefighters do in their testimony yesterday. But -- (underscore added)

From the testimony of City witness, Ms. Essex, it does appear that the City made an arbitrary decision as to how to resolve the problem of a cutback in funds.

First it appears that it was resolved by reducing the number of firefighters substantially below the average and recommended standard. The reduction in fire is substantially below the reduction in police.

Secondly, because of cutbacks in firefighters and officers an attempt to resolve the problem is made by having lower paid personnel fill in for the higher classification, on a designed schedule, and while receiving the lower rate of pay.

Asst. City Manager Essex so testified when she states:

"...so generally across the city, people in higher positions are doing work that people in previously lower positions did, people in lower positions are doing work of people in higher positions. There is no other way to accommodate it." (underscoring added)

Your arbitrator recognizes a close relationship between this Union issue; namely, pay for work in a higher classification and a later yet to be considered City issue, layoff by classification.

Though as a general rule under management rights, management has the right to determine the number of employees in a classification and including the number of supervisory employees, that is a general rule and not an absolute rule. The right of management to determine the number of employees in a classification may be restricted if the resulting reduction means that the remaining employees are required to do an unreasonable amount of work to make up for the reduction. The restriction also would apply if the reduction of the number of employees in a higher classification results in the work load of the displaced employees being assigned to lower classified employees. It might even be a displaced higher classified employee now working in a lower classification doing the same work he did as a higher classified employee, but at a lower rate. The issue under such circumstances is not the right of management to determine the number of employees in a higher classification. The issue becomes, reclassification of the lower classified employee now performing the work formerly done by the displaced higher classified employee. Such reclassification would be in order if the lower classified employee assumed a substantial part of the higher classified work assignment on a regular basis. If the percentage of higher classified work assigned to the lower classified employee on a regular basis was not substantial but was continuous, then a new classification might have been created for all practical purposes. The collective bargaining process would be called upon to resolve the inequity in compensation created by the new work assignments. The sole right of management to determine the number of employees in a classification is also restricted when a reduction in the number of employees in a higher classification results in the work of the higher classification being assigned to an employee in a lower classification, not continuously, but periodically. Such an instance might occur during vacation, sick leave, an emergency or by design as here.

There is no way to cut an employee in half. When there is a contraction resulting either from less work or less money to work with, there may be a limit on cut backs to compensate for the reduction.

The Final Offer of the Union does not call for higher pay for all work in the higher classification. It calls for pay at the higher pay scale only after performing the full range of duties to the next higher classification for more than 24 hours in a 14 hour pay period, or for greater than 24 hours in consecutive work days. This provision far exceeds the minimal hour requirement for pay for work in a higher classification as applicable in 7 of 10 comparable cities and also applicable to officers in East Lansing.

Your arbitrator is aware that implementation of the Union final offer will entail considerable record keeping and may result in grievances to resolve the issue of who did what and when. However, there is no testimony or exhibits which imply any serious problems in the comparable cities when the higher pay policy prevails.

Accordingly, as to the issue of Higher Wage Scale Pay for Acting Assignment, your Panel Chair adopts the final offer of the Union, as follows:

Sec. 9, Acting Assignment.

- A) Acting Assignment Defined. Acting assignment shall mean the performing of the full range of duties to a next higher position class or classification for more than 24 hours in a 14 hour pay period or for greater than 24 hours in consecutive work days .e.g. a fire fighter performing the duties of lieutenant, a lieutenant performing the duties of captain, a captain performing the duties of battalion chief, within the time periods herein specified.
- B) If an employee works on acting assignment to a higher position class or classification as above defined he shall be paid at the higher classification rate beginning with the commencement of the first day following the 24 hours in which the duties of the next higher position class or classification were performed.

SICK LEAVE

The City Final Offer re: Sick Leave Accumulation is:

No Change.

The Union Final Offer re: Sick Leave Accumulation is:

The Union proposes amendment of Article XIV, Sick Leave as follows:

- 1. Sick leave shall be accumulated by employees at the rate of 1 day per month of employment during the proceeding calendar year. In any event, the accumulation shall not exceed 12 days during any one calendar year.

Amend three as follows:

- 3. Fire Department employees working under "platoon system" may accumulate unused sick leave up to a maximum of 60 working days. Thereafter a fellow employee in the same classification may substitute for such absent employees without loss of pay. The period of such substitution shall not exceed that determined by the Chief of the Fire Department and approved by the City Manager, and shall at all times be subject to termination, reduction or regulation by the City Manager.

Four to be amended as follows:

4. A day of sick leave shall be cancelled for each day an employee would have worked during the normal work week, and shall be paid for at the rate an employee would have earned on that particular day, exclusive of overtime. Sick leave of Fire Department employees working under the "platoon system" shall be liquidated at the rate of 1 day per each 24-hour day of absense from duty and a portion of a day to be liquidated by the hour for that hour of absense.

Eleven to be amended as follows:

11. Fifty percent (50%) of any unused accumulated sick leave in excess of 60 working days shall be paid by the City to the employee on an annual basis with payment to be made on January 31 of the calendar year next succeeding the accrual.

It is apparent from the testimony of all parties that the present formula for calculating and liquidating sick leave accumulation came into being at a time when the work schedule was based on a 65 hour week rather than the current 53 hour week.

Mr. Porter explains the sick leave issue as follows:

"Next issue is an amendment to the accumulated sick leave provision in the contract, establishment of a different formula to coincide to coincide with the current work week 53 hours."

Your arbitrator has considered each and every word on the subject in the transcript and in all briefs submitted by both parties. Other than the testimony, no exhibits were available to support the position of either party. What the arbitrator had before him was the good arguments well presented by the respective advocates, but nothing more.

Your arbitrator is convinced the present sick leave accumulation and liquidation formula is antiquated in light of the change in working schedules.

The parties do not present the same facts to mean the same thing, as for example:

The Union says the proposed change would reduce the maximum number of unused sick leave days from 14 to 12.

The City says the present 14 day provision really means not 14 days but something other and that the Union formula is an increase in days not a decrease.

The Union implies that the 129.8 days translates into 60 days when using the present 53 hour week.

The City says the proper translation is to 51 accumulated days.

All of this is what each party says. However, neither party presented any exhibits or expert testimony to support their respective assertions. Expert testimony certainly would have been proper to support the statistics.

The issue to be arbitrated was, Changing The Present Sick Leave Accumulation Formula to coincide with the 53 hour work week. Nothing more—nothing less. Your arbitrator is not convinced that the final offer of the Union does not go beyond the issue before him, resulting in additional days off or payment of money which otherwise would not be forthcoming. If a sick leave plan providing more or better benefits was to be considered by the arbitrator, that's the way the issue should have been framed. It was not.

Your arbitrator would much prefer approving a sick leave accumulation plan that met the standard set forth by the Union to coincide with the present workweek schedule.

Though the Union formula was not presented as resulting in increased benefits, your arbitrator is not convinced that would not be the case.

Accordingly, it is with regret that the Panel Chair must reject the final offer of the Union. It is with even greater regret, because he finds the present formula to be outmoded, too complex, and certainly not commensurate with the present 53 hour week, that your Panel Chair adopts the final offer of the City; namely, "No Change in Contractual Provision."

CONTINUANCE OF SENIORITY DURING LAYOFF

This issue was withdrawn at time of Final Offer.

CONTINUANCE OF LONGEVITY DURING LAYOFF

This issue was withdrawn at time of filing Final Offer.

CITY OF MUSKEGON ISSUES:

LAYOFF BY CLASSIFICATION

Amended Article XIII, Section 3 as follows:

In the event it becomes necessary to reduce the fire force, departmental seniority shall govern layoffs and recall. The employee lowest on the seniority list shall be the first to be laid off and the last to be recalled. Upon recall the service of the laid off employee shall be subject to a medical and character investigation conducted by Civil Service for the purpose of determining that his qualifications for employment have been maintained.

In the event it becomes necessary to reduce the number of positions within a rank, the officer with the lowest seniority in a rank, unless the employee requests to be laid off, shall be demoted to the next lower rank.

Your arbitrator repeats here his comments relative to the issue of pay at the higher rate when temporarily working in a higher classification. Management does have the right to determine the number of positions in each rank. However, there are certain results which may interfere with the wise exercise of the right. Exercising the right might in fact bring negative results. No one disputes the right of management to make the decision. This would even be true in the case of a politically conscious but factually unconscious City Council or Commission, intent on reducing the budget regardless of the effect on providing adequate service to the community. If such an uninformed council or commission were to eliminate all officers except for the Chief, so it would be, for they do have that management right. The result of course would either mean pandemonium, no supervision, no leadership, no reports, helter skelter—or the firefighters would rise to the occasion and perform the necessary officer's duties. Obviously, the latter would be the case.

To a much lesser extent, budget reduction appears to be the intent here. Employees, however, are entitled to be paid for the work they are required to perform. If management's reduction of the number of officers means the remaining officers in that or higher classifications absorb and perform all of the necessary duties, the decision to reduce is a wise one. If, however, it results in employees in lower classifications performing the duties of the displaced officer, then there is a negative result. The negative result is that you wind up with an employee performing as an officer but receiving lower classification pay. That of course makes no sense. Once job classification and job descriptions have been created, it is performance of the described position that employees are entitled to be paid for. This is true whether someone signs a piece of paper or not. If management is aware that an employee is performing the work of a given higher classification beyond a set minimal period of time, it is management's duty to either stop the continued work in the higher classification, or to pay the employee for the work performance management accepts. There is no provision for continued gratuities or freebies.

The City argues that the department is "top heavy" with management. The facts do not support the allegation. It is true the ratio has been reduced from the past. That however is simply because the number of firefighters has been reduced. That resulted not because there is less work, rather because there is less money to be spent. The present number of officers may be capable of supervising additional firefighters. The problem is not the ratio between officers and firefighters—it is rather the fact that number of firefighters including officers is 40% below the recommended and national average. You cannot solve that problem by cutting back even more.

A constant ratio between supervisory and nonsupervisory employees cannot be maintained under all circumstances. There are management duties which must be performed. The number of nonsupervisory employees

may be reduced; however much of the supervisory duties remain. As previously observed, you cannot cut a supervisor in half when he has fewer employees to supervise. The City has the burden of absorbing the negative result, not the lower paid employee.

One partial solution might be to have an officer work part of a shift at one location and the remainder at another. No one has proposed that. Another possible solution might be to create an intermediary classification. It might be part firefighter—part lieutenant or part lieutenant—part captain or whatever the hybrid might be with the rate established accordingly. No one proposed such a solution. What was proposed by the Union, under the Issue of Pay at the Higher Rate for Work in the Higher Classification, has already been determined by your arbitrator. Temporary pay of a lower classified employee at a higher rate may be the negative result of management unwisely exercising its right to reduce the number of officers in a classification. Sometimes exercise of a right is penny wise but pound foolish.

The top heavy ratio argument does not stand up when we consider City Exhibit #1. Six of the 10 comparable cities have a higher ratio of officers to firefighters. Three of the remaining four maintain a ratio of approximately 2 firefighters for each officer as follows:

Battle Creek	-	33 officers	69 firefighters
Bay City	-	22 officers	43 firefighters
Grand Rapids	-	61 officers	132 firefighters

All with much larger departments.

Further, we do know that the City of Muskegon statistics shown as 17 officers and 22 firefighters is not correct. The testimony was that there are 13 officers, 24 firefighters, 1 battalion chief, 1 mechanic plus the acting chief. The testimony of Mr. Porter was not disputed.

From the testimony of City witness, Ms. Essex, it is clear, the basis of this City Issue is budgetary, not operation efficiency. The issue is presented but exhibits and testimony as presented by the City are not supportive of the City position. No exhibits were offered to show the failure of the present contractual provision.

Accordingly, your panel chair adopts the final offer of the Union:

No change in present Contract Provision.

PRE SHIFT CALL-IN

The City Final Offer re the Pre Shift Call-In is as follows:

The City of Muskegon proposes amendment to Article VIII, Section 4 as follows:

A roster of all regular employees will be set up by classification. Overtime will be equalized to the fullest extent possible. The shift that doesn't have

to work the day following such overtime shall be called first, except as provided in this section. The call-back roster shall be maintained and personnel rotated on the list in accordance with the procedures set forth in a Letter of Understanding dated July 23, 1981, as revised by the April 1, 1983 letter. An up-to-date list will be furnished to the Union after anyone works overtime. Overtime shall be performed on the basis of classification: Chiefs, Officers, Mechanics and Firefighters are to be called in for the position to be filled on the basis of rank. Mechanics are to be called in off the firefighters overtime list.

The City Shall be permitted to hold employees over from their regular work shift for overtime purposes in limited emergency situations. Emergency situations shall arise only by act of God or thorough circumstances beyond the control of either the City or the Union. Such emergency hold-overs as may permit the City to waive the equalization of overtime rosters may only be expended for a period of up to twelve (12) hours following the regular work shift. During such twelve (12) hour extension the City shall exert its good faith efforts to follow the equalization of overtime rosters by attempting to call employees, within classification, from said roster.

The City shall be permitted to call in employees of the oncoming shift for overtime purposes in limited emergency situations for up to two (2) hours prior to start of a shift. Emergency situations shall arise only by act of God or through circumstances beyond the control of either the City or the Union. Such emergency call-ins as may permit the City to waive equalization of overtime rosters may only be expended for a period of up to two (2) hours prior to the start of the regular shift. Notwithstanding any other provision, employees called in during such two (2) hour period shall be paid under the same procedures as employees are paid when held over. During such two (2) hour call in the City shall exert its good faith efforts to follow the equalization of overtime rosters by attempting to call employees, within classifications, from said roster.

Union Final Offer re the Pre Shift Call-In is:

No change and also no change in minimum compensation for pre shift call-in.

The present practice of calling in the shift which is not next scheduled to work is both inefficient and an imposition on the called in employees.

The City in its Brief states:

"If the City needs additional employees to work, it has the

option of calling in or holding employees over. That option would not be applicable in all situations, if at all. It would be applicable only if such additional employees were needed at the end of a given shift and at the beginning of the next shift. Then the choice of holding over or calling in another shift early might apply. Under such circumstances the shift to be called in would of necessity be the shift not scheduled. That appears to be the only instance when working the regular shift overtime or not working the regular shift overtime might be at option. If under such circumstances, the option not to work the regular shift overtime were elected, that would be sheer nonsense both from efficiency and a monetary standpoint.

The issue here is well stated by the City as " to permit the City to call the oncoming shift two hours early". That makes sense. It means that if additional help is needed with a period of up to two hours before the end of a given shift, the next regularly scheduled shift would be called in to provide the additional manpower.

Your arbitrator could find nothing further in the transcript or in the Union Brief wherein the Union objects to that City presented Issue.

There appears to be a misconception that preshift call-in and after shift overtime are synonymous. They are not. There is no testimony or exhibits in support otherwise. The two are recognized as entirely different situations in the current contract. The one has guarantees, the other does not.

Calling in the next scheduled shift early within the two hour period would give the City the greater efficiency it seeks.

The City in its Final Offer however takes the issue a bit beyond that. In its final offer the City proposed as follows:

" employees called in during such two (2) hour period shall be paid under the same procedure as employees are paid when held over. "

That part of the City final offer would eliminate the well established concept of two hours pay guarantee if called in early.

Your arbitrator could find nothing in the transcript, exhibits or in the City Brief which gave any reasons why the two hour guarantee for early call-in should be eliminated. There is no argument, testimony or exhibits in support of substituting the ordinary overtime rate for time worked, in lieu of the guarantee. Just the proposal. As a matter of fact, your arbitrator is not convinced that elimination of the two hour call-in was even an issue. It does not appear so in the list of issues as set upon the record by either the City or the Union. The issues as listed were stipulated to as being all of the issues. Eliminating the two hour call-in pay is not among them.

Accordingly, though both the City and Union have included it in the Call-In Issue, your arbitrator views the final offer of the City as presented as its final offer on the issue.

The Union in its final offer does not propose to change the order in which shifts are called in early.

Your arbitrator had hoped that either the City or the Union would have proposed to change the shift to be called in early without proposing any change in the pay arrangement. Such is not the case.

Pursuant to rules of Act 312 your arbitrator is required without amendment to select the final offer which in his opinion is best supported by the record.

The record gives little or no support to changing the pay schedules. Though he would prefer, your arbitrator may not adopt only that part of the City proposal which makes sense, and ignore the pay reduction addendum.

Accordingly, your arbitrator adopts the final offer of the Union:

No Change

LOWER PAY FOR NEW HIRES

The City final offer re: Lower Pay for New Hires is as follows:

Add a new section of Article VIII as follows:

Section 9 Wages for New Hires.

For employees hired after July 1, 1988 the starting salary shall be \$20,000.00. Employees shall progress to the top step of salary in six (6) month increments, as provided in attached Schedule "B".

Schedule "B" as attached follows:

Appendix B
City of Muskegon
Firefighters Association Local #370
1988 Salary Schedules (3)

Position	Start	6 mos.	1 yr.	18 mo.	2 yrs.	30 mos.	3 yrs.	42 mos.	4 yr.
Fire- fighter	20,000	20,940	21,924	22,955	24,034	25,163	26,349	27,281	28,622

Appendix B (Cont.)
City of Muskegon
Firefighters Association Local #370
1989 Salary Schedule

Position	Start	6 mos.	1 yr.	18 mo.	2 yrs.	30 mos.	3 yrs.	42 mos.	4 yr.
Fire- fighter	20,600	21,568	22,582	23,644	24,755	25,918	27,136	28,412	29,481

The City bases its proposal on an Independent Financial Report made by a group out of Michigan State University. (Joint Exhibit 50).

At Table #5 of the report dated Dec. 1986, Joint Exhibit 50 (following pg. 18) is a list of comparable cities, giving population and salaries. On its face and standing alone it does appear that the "salaries" of Muskegon firefighters is higher than in the comparable cities. This appears particularly true as far as starting salaries. Muskegon appears to have the highest starting salary of any comparable city.

Salaries given at the top of the pay scale show Muskegon firefighters as of Dec. 1986, below Bay City, Midland and Port Huron.

It is well established that labor costs are not truly reflected when salaries and fringe benefits are the sole statistics considered. In order to establish whether labor costs are out of line with that of comparables we must also look at unit cost. Here, we are providing a service, fire protection. That is comparable to a company which is selling a product whether it be an automobile or a widget. If 10 widget makers make 100 widgets per hour, with each widget maker paid \$10 per hour including fringes, the labor cost is \$1 per widget. If at a comparable company, 5 widget makers, each are paid \$15 per hour and if each makes 20 widgets per hour, you still have 100 widgets per hour. The total labor cost is \$75.00 though the individual widget maker earned 50% more per hour.

When we consider joint Exhibit #5, Dec. 1986 Manpower Comparison we find the following:

City of Muskegon is shown as having a population of 40,000 with 46 firefighters. However, we know that 40,000 and 41 firefighters is more closely representative of the facts.

Let's take a look at the comparable cities:

City	Population	# of Firefighters	Ratio
Jackson	26,510	54	2 to 1 +
Wyoming	62,000	24	1/2 to 1
Battle Creek	56,000	92	almost 2 to 1
Port Huron	34,955	52	1 1/2 to 1
Bay City	44,000	81	2 to 1
Holland	28,000	28	1 to 1
Midland	37,450	46	1 1/4 to 1

Obviously, the salaries of Muskegon firefighters per unit of population is substantially below that of Jackson, Battle Creek, Port Huron, Bay City and Midland. When comparing salaries of firefighters and cities your arbitrator has looked at the exhibits filed by the parties. Those exhibits do show that the City of Muskegon provides fire protection to the community at a substantially lower salary cost per unit of population than in 5 of the comparable cities. Holland with a higher top salary, maintains the same salary population ratio as Muskegon. Even Benton Harbor with a population of 14,000 exceeds the 1 to 1 ratio. Only Muskegon Hts. is the exception.

The City has chosen to select one segment of the Michigan State University Report while ignoring others. Your arbitrator takes particular note of the reduction in personnel in the fire department from a high of 88 to 47 (currently 41) or 1.15 per thousand of population which is below the national average of 1.65 per thousand. (pg. 18 of the Report)

Notwithstanding what appears on its face as high salaries for firefighters, the fact is, per unit of population the Muskegon firefighters salary is considerably below the average.

Your arbitrator further notes that the City through its witnesses did testify that the City was not claiming inability to pay.

The amount of starting rate reduction proposed by the City is approximately 25% below the 1988 rate. The City final offer would have newly hired firefighters, for the same term working below the rates paid under the present contract for almost 5 years. That would create an untenable condition.

The Union final offer is in opposition to any change in current wage scale structure for new employees.

Here again your arbitrator is bound by the Act 312 Rule. His choice must be between the two final offers. Your arbitrator looked at the issue in the most favorable light from the City's point of view. He has given full consideration of the city's financial position. Though some case might be made for a lower starting salary, no case was made for an approximate 25% reduction in wages, when all exhibits are considered.

Accordingly, your Panel Chair adopts the final offer of the Union:

No change in Current Wage Scale
Structure for Incoming Members.

Respectfully submitted,


Jerry Raymond
Act 312 Panel Chair

Dated: 9/15/88

The undersigned M.E.R.C. Act 312 Arbitration Panel Members re: Case No. 86J-932 respond to the Report, Actions and Rulings of Jerry Raymond, Panel Chair, as set forth in his Report and Rulings as follows:

For the City of Muskegon

For the City of Muskegon Fire-
fighters Local #370 International
Association of Firefighters

UNION ISSUES

Wages

Adopt [Signature]

Decline to Adopt _____

Changes In Pension Plan

Adopt [Signature]

Decline to Adopt _____

Dental Ins. Without Deductions

Adopt [Signature]

Decline to Adopt _____

\$10,000 Life Ins. for Retirees

Adopt [Signature]

Decline to Adopt _____

1 Additional Holiday

Adopt [Signature]

Decline to Adopt _____

Pay Scale Increase

Adopt _____

Decline to Adopt [Signature]

Amended Accumulated
Sick Leave Plan

Adopt [Signature]

Decline to Adopt _____

Wages

Adopt [Signature]

Decline to Adopt _____

Changes In Pension Plan

Adopt [Signature]

Decline to Adopt _____

Dental Ins. Without Deductions

Adopt _____

Decline to Adopt [Signature]

\$10,000 Life Ins. for Retirees

Adopt _____

Decline to Adopt [Signature]

1 Additional Holiday

Adopt [Signature]

Decline to Adopt _____

Pay Scale Increase

Adopt [Signature]

Decline to Adopt _____

Amended Accumulated
Sick Leave Plan

Adopt _____

Decline to Adopt [Signature]

CITY ISSUES

City to Determine Number
of Employees in Each Classi-
fication, any classified
Employee Eliminated, to Bump
Down So That If Layoff Occurs
Lowest Seniority Employee Is
Laid Off

Adopt _____

Decline to Adopt plc

Call In Next Shift
Two Hours Early

Adopt plc

Decline to Adopt _____

Lower Pay Scale for New Hirees

Adopt _____

Decline to Adopt plc

Date 9/15/88

City to Determine Number
of Employees in Each Classi-
fication, any classified
Employee Eliminated, to Bump
Down So That If Layoff Occurs
Lowest Seniority Employee Is
Laid Off

Adopt plc

Decline to Adopt _____

Call In Next Shift
Two Hours Early

Adopt plc

Decline to Adopt plc

Lower Pay Scale for New Hirees

Adopt plc

Decline to Adopt _____

Date 9/15/88