

4/4/80  
ARB

STATE OF MICHIGAN  
MICHIGAN EMPLOYMENT RELATIONS COMMISSION  
ARBITRATION UNDER  
ACT 312 P.A. 1969

City of Port Huron

and

Case No. D79 I-2677

Port Huron Firefighters  
I.A.F.F., AFL-CIO  
Local No. 354

Arbitration Panel

Thomas V. LoCicero, Chairman  
Karl Tomion, City of Port Huron  
Robert E. Baker, Firefighters Union

William J. Smith  
- Representing the City  
Donald Edington  
- Representing the Union

FACTS

The Chairman of the Panel was appointed by the Michigan Employment Relations Commission on October 25, 1979, and by agreement of the parties a hearing was held in the City of Port Huron, Michigan on January 16, 1980.

This proceeding is held under the provisions of the Police - Firefighters Arbitration Act (Act 312, Public Acts of 1969, as amended). In accordance therewith, the City appointed Karl Tomion, and the Union appointed Robert

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E. Baker as their delegates on the Panel, respectively.  
Each member was sworn and a full record of the hearing  
made by W.R. Lauckner, through the auspices of the Commission.

Only one issue remains to be determined, namely,  
the amount of the salary increase to be granted by the  
City for the third year of a 3-year collective bargaining  
agreement, covering the period from July 1, 1979 thru  
June 30, 1980.

Under the terms of that Agreement (Jt. Ex. 1),  
it was agreed that:

"If the Union notifies the City  
prior to May 1, 1979 of its inten-  
tion to negotiate in regards to  
the four percent (4%) increase  
due July 1, 1979, it is agreed  
between the parties that the four  
percent (4%) figure would be a  
subject for wage re-opener only."  
(Section 2-2)

The Union did so notify the City and negotiations  
were carried on to impasse.

The Collective Bargaining Agreement also provides  
for a Cost of Living Allowance to be given quarterly of  
1¢ per hour for each 0.6 change in the Index, using a C.P.I.  
starting figure of 181.8, with a cap each year as follows:

-Fiscal Year 1977-78 - 20¢ per hour  
- " " 1978-79 - 20¢ " "  
-Fiscal Year 1979-80 - 22¢ per hour

The Union's original request was for a wage increase of 11.4%. (Ex. U-4). The City has continued to offer 4%. Their last best offers, however, were as follows: (for firefighters in their third year of service)

City - Four percent (4%) which has already been given) plus raising the C/L Cap to 30¢

Union - An additional 2% increase to the \$17,524 salary for firefighters in their third year of service), retroactive to July 1, 1979, and an additional 4% increase effective January 1, 1980.

Applying the two formulas to the annual rate results in proposed base salaries as follows: (Tr. pp. 131-135)

City 7/1/79 - \$17,524, which includes the 4% increase - or an increase of \$674 over the June 30, 1979 rate.

<u>Union</u>	7/1/79	\$17,524
	plus 2%	<u>350</u>
		\$17,874
	1/1/80 4%	<u>715</u>
		\$18,589

or a total increase of \$1739 over the rate on June 30, 1979.

In addition, the COLA would be added, with a cap of 30¢ per hour on the City's proposal, and a cap of 22¢ per hour on the Union's proposal.

### CONTENTIONS OF THE UNION

The Union contends that an increase of more than 4% is justified because when that percentage increase was negotiated "inflation was increasing at a rate of less than seven percent . . .", and that now they ought to have the option to renegotiate because inflation has gotten out of hand. It further asserts that firefighting is a hazardous profession, that out of 15 comparable city fire departments it ranks 15th; that even with cities under a mutual aid pact with Port Huron, it has the lowest wages, but also that its work-week is longest: In addition, it charges that firefighters are entitled to live moderately, but cannot do so when inflation has almost doubled. Finally, it asserts that though the police in Port Huron work 832 less hours than firefighters, they receive a higher pay.

### CONTENTIONS OF THE CITY

On the City's part, it is claimed that a lot of things have happened since 1977, when the contract was negotiated. Although inflation has sky-rocketed since then, the City has lost its CETA program appropriation of some one million dollars which the City had enjoyed since 1971, and it is questionable whether revenue-sharing will be ex-

tended. Last year the City was required for the first time in its history to resort to using revenue-sharing money for wages to the extent of over \$400,000, money that would have been used for other requirements.

The City further contends that in 1977, it granted a greater increase in wages and fringes to obtain a 3 year contract than would have been granted for a one-year contract. It further says that because of the Headlee Amendment, the City has lost a substantial amount of money, and doesn't know how much more will be lost in the future.

Finally, it points out that to grant more than a four percent increase would unbalance its budget, that the police officers, police supervisors, and communication workers all accepted the same four percent increase, although the COLA cap was increased to 30 cents from 22 cents for the latter. Four percent was also accepted by parking lot attendants.

It is the responsibility of this panel, therefore, to analyze the facts adduced at the hearing and determine which of the last best offers more nearly complies with the applicable factors prescribed in Section 9 of Act 312, P.A. 1969 as amended.

That section reads:

"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 its findings, opinions and order upon the following factors, as applicable:

(a) The lawful authority of the employer.

(b) Stipulations of the parties.

(c) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.

(d) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:

(i) In public employment in comparable communities.

(ii) In private employment in comparable communities.

(e) The average consumer prices for goods and services, commonly known as the cost of living.

(f) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.

(g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings. .

(h) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment."

#### COMPARABLE AREA

In providing salary information of comparable cities the Union has submitted a schedule of 15 cities within a 75 mile radius of Detroit with a population of between 25,000 and 50,000 (Ex. U-24), while the City has submitted a list of cities included within Area 2, as defined by the Michigan Municipal League of similar populations (Ex. C-2).

A study of the Union's Exhibit reveals that all, except two (Jackson and Ypsilanti) actually are within some 20 miles of Detroit and under the League's classification are included in Area 1.

The Fire Chief testified that he had visited some of the cities included in Area 2 (such as Midland, Battle Creek and Jackson) and that they were "quite similar", that in each there was "a central business district, with residential and industry in more or less set areas". He also

testified that Port Huron does not have "the large type structures, multiple alarm fires with the repetitivity that you might find in Detroit", and that the great difference is in the fact that Port Huron doesn't have any buildings over six or seven stories.

It appears to this panel that the cities in Area 2 are more comparable to Port Huron and, therefore, will base its study of salaries in those cities, plus Jackson and Ypsilanti cited by the Union.

#### COMPARABLE SALARIES

It is necessary to make salary comparisons as of June 30, 1979, in order to properly evaluate the total increases for the year following.

The Panel, therefore, has prepared a composite schedule based upon the foregoing principles, but taken from the data established in the record. It is as follows:

#### COMPARATIVE FIREFIGHTERS SALARIES (Third Year)

<u>City</u>	<u>Contract</u> <u>Exp. Date</u>	<u>Maximum Salary</u> <u>(including COLA)</u> <u>at Exp. Date - adj for COLA at 6/30/79</u>		
Battle Creek	7/1/79	17,250	--	17,250
Bay City	6/30/80	20,384	(6.6%) 1262	19,122



East Lansing	6/30/80	17,775	(6.6%) 1100	16,675
Holland	6/30/80	16,618	(6.6%) 1028	15,590
Jackson	6/30/80	20,302	(7%) 1328	18,974
Midland	6/30/80	18,700	(6.6%) 1157	17,543
Muskegon	12/31/79	17,823	(5.3%) 897	16,926
Portage	6/30/79	17,361	--	17,361
Ypsilanti	3/1/80	18,600	(4%) 615	17,885
Marysville	6/30/80	<u>19,068</u>		
AVERAGE:		\$18,312		(2) <u>\$17,481</u>

<u>Port Huron</u>	(1)	17,682
4% increase effective 7/1/79		<u>674</u>
		18,356
30¢ per hr. increase in C/L cap		<u>624</u>
TOTAL:		18,980

NOTE 1 - Port Huron Rates

6/30/77	Base Rate	15,140	
7/1/77	6% increase	908	16,048
7/1/78	5% increase	<u>802</u>	16,850
7/1/78	C/L cap (20¢ x 2080 hrs)	416	
7/1/79	C/L cap (20¢ x 2080 hrs)	<u>416</u>	832
TOTAL:			17,682

NOTE 2 - Salary Rates Adjusted to 6/30/79

The salary rates shown in the right hand column result from adjusting the rates set forth in Exhibit C-3 (Maximum Salary Including COLA) in those cities where the contracts expire after July 1, 1979. Since those rates include increases, both annual and COLA increases, they have been reduced by 6.6% (the percentage of increase in Port Huron

for the fiscal year 7/1/79 - 6/30/80) where the contracts run to 6/30/80 and in proportion where the contract expires at an earlier date in that year. The results reasonably approximate the rates as of 6/30/79 including base and COLA increases.

The above schedule reveals that the salary position of firefighters on 6/30/79 in Port Huron was at a level substantially above average of firefighters' salaries in the Comparable Cities at that time. While the average in those cities was \$17,481, the Port Huron firefighters were receiving total compensation of \$17,682.

It also shows that if the Last Best Offer of the City were applied, the resulting total compensation would be \$18,980, greater than the total compensation received by firefighters in seven of the nine Comparable Cities, as of June 30, 1980.

On the other hand, if we applied the Union's Last Best Offer, the Port Huron rate would be as follows:

6/30/77	Base Rate -	15,140	
7/1/77	6% increase -	908	
7/1/78	5% increase -	802	
7/1/79	4% increase -	674	17,524
7/1/79	2% of \$17,524	350	17,874
1/1/80	4% of \$17,874	715	
TOTAL BASE RATE:			\$18,589
7/1/78	C/L cap (20¢ x 2080 hrs.)	416	
7/1/79	C/L cap (20¢ x 2080 hrs.)	416	
7/1/80	C/L cap (22¢ x 2080 hrs.)	458	
ACCUMULATED C/L:			\$ 1,290
TOTAL COMPENSATION:			\$19,879

Thus, the proposed Union rate on 6/30/80 would be some \$1500 higher than the average in the Comparative Cities rates on June 30, 1980.

SALARY COMPARISON  
(Police Officer's)

The Union compares its salary with that of Port Huron Patrolmen which, as of 7/1/79 was \$19,115, including COLA, and which results from a base rate of \$17,618 plus COLA. (Ex. U-43) It then argues that for that compensation Patrolmen work only 2080 hours while firefighters are on duty 2912 hours (56 hours x 52 weeks). We believe this to be an improper comparison.

The 56 hour week (two Platoon System) has been the traditional work-week of firefighters throughout the State. It originated at the request of firefighters and has its advantages over a straight 40-hour system. It would be fruitless to now make a comparison on the basis of hours on duty.

Furthermore, the patrolmen received the same increases as firefighters so that the traditional differential between the two departments has been maintained.

SALARY COMPARISON  
-Industrial Jobs-

The Union also presented a series of exhibits

showing the compensation of employees in private industry, on a 2080 hour basis, and also on a 2912<sup>1</sup> hour basis which the firefighters contend applies to them (Ex's U-22, U-14, U-15, U-16, U-17, U-18, U-19, U-20 and U-21). Exhibit U-14 shows that as of February 28, 1979 the average annual wage including COLA for a 2080 hour year was \$15,038 at the St. Clair County Road Commission. At Mueller Brass Company, as of October 15, 1979, it was \$15,579 (Ex. U-15). At Prestolite Wire Division, as of April 2, 1979, it was \$16,286 (Ex. U-16). At Dunn Paper Company, the average was \$15,384 (Ex. U-17) while Detroit Edison Company, as of September 3, 1979, it was \$19,885. In addition, Exhibit U-19 shows the average for the Port Huron Paper Company to be \$15,662, while the Grand Trunk Western Railroad average, as of July 1, 1979, was \$21,089 (including foremen and travel time compensation). (Ex. U-20), and the Southeastern Michigan Gas Company average, as of October 31, 1979 was \$14,539 (Ex. U-21).

Exhibit U-22 summarizes the foregoing averages as showing an average for all the foregoing employees of \$16,682 annually.

On the other hand, the City produced Exhibit C-4 the result of a wage survey in August, 1979 of twelve members of the Industrial Park Association, (including classi-

fications of unskilled labor, material handlers, machine operators, general maintenance, shipping and receiving, tool and die makers, welders and inspectors). This study reveals the weighted average to be \$5.82 per hour, or \$12,103 per year.

It is the opinion of the Panel that the foregoing data is not very useful in answering the issue before us. The jobs in the several industries are really not comparable to firefighters and that the most significant data to be considered should be that relating to firefighters in the cities most comparable to Port Huron.

#### ABILITY TO PAY

One of the factors also to be considered by this Panel is the City's ability to pay the increases requested by the Union. This would amount to something over \$100,000 (not considering increased cost of fringes due to that increase in pay rate), or some \$56,000 more than already contracted.

The City has taken the position that it is not able to pay the extra increase. In support of that position, Witness Bruce Seymour, Director of Finance for the City, during the past 13 years testified that:

"The 1979-80 general fund budget of the City of Port Huron does not leave any room for discretionary type expenditures and in the financial circles it would be considered to be an extremely tight budget."

He then outlined his reasons for that conclusion as follows:

"One, on September 30, 1978, the federal anti-recessionary program expired. Revenues from this source of funding amounted to \$42,783 in the fiscal year '79, \$386,046 in fiscal '78 and \$411,963 in fiscal '77. These funds were used exclusively for general fund salaries and fringe benefits".  
(Tr. p. 61)

"Secondly, ... for years ... the City has participated in the CETA program. Effective October 1, 1979, this program was extensively changed which had the effect of making almost all of our CETA employees ineligible for the program ... . As it turns out, our local manpower office operated by St. Clair County ran out of money before the program terminated on October 1, 1979. This required a further strain on our budget in that 14 of these employees were converted to regular status on June 30, 1979. An additional 13 employees on July 14, 1979, and the balance (some 41) on August 31, 1979. Not only did we have to pick up the salaries of these people, some one, two and three months earlier than anticipated, the '79-80 budget had to reflect the entire fringe benefit pack-

age for all these employees."  
(Tr. pp. 61-62)

"Thirdly, all economic forecasts for the future call for a recession during the 1979-1980 fiscal year. ..., even the most optimistic economists now agree we are in a recessionary period ..." (Tr. p. 63)

"Four, in the last general election the voters of this State approved proposal E, better known as the Headlee Amendment, which puts a limit on the growth of the property tax." (Tr. p. 63)

"Finally, the inflation for units of government increases at a greater rate than it does by the Consumer Price Index ... because the municipal unit of government does not buy the variety of services included in the consumer price market basket ... . With all these conditions facing the City it was extremely difficult to balance expenditures with available revenues so that a budget could be adopted that met the requirements of our City Charter and state law." (Tr. p. 63)

"... some of the major steps which were taken to ... get to a balanced budget" were the following:

1. We reduced all budget requests drastically.
2. The Headlee Amendment "cost the City \$82,500 in lost tax revenues". (Tr. p. 64)
3. We abandoned our traditional conservative approach in estimating revenues.
4. We increased our fee structures which generated \$40,000 in new money.

5. We appropriated \$404,500 from federal revenue sharing moneys to pay for general fund salaries. This was the first time the City has taken such action to pay salaries. In the past, "over the years almost all of our money, except for administrative costs of the program, have been used for capital expenditures". (Tr. p. 65)

6. Department capital outlay was reduced to an all-time low of \$18,195 in the past 13 years. (Tr. p. 65)

"Finally, a meager \$25,000 contingency was set aside to meet our unexpected emergencies or losses the City might incur in lawsuits during the year." (Tr. p. 65)

In addition to the foregoing, "please consider the following events that have occurred and the constraints we are currently operating under". (Tr. p. 66)

"One, the City, the State, are both currently experiencing poor economic conditions and possibly a deeper recession as we progress in 1980."

"Two, \$3,773,200 (46.3%) of our general fund revenues is totally dependent upon unemployment and economic conditions that exist in the State during our fiscal year." (Tr. p. 66)

"Three (because of delays in the State's payment of shared revenues) we have lost between \$17,500 and \$18,000 in lost interest income."

"Fourth, a 23% increase in the City income tax was budgeted for. For the first quarter of this current year we have realized only 15% increase." (Tr. p. 67)



Fifth, "... the general fund contingency of \$25,000 is only .3% of the budget".

"Six, ... economic conditions have caused Standard and Poor to reduce our bond rating from AA to A." (Tr. p. 67)

Mr. Seymour further testified that although the City Council had authorized the City Manager to grant unorganized employees up to a five percent general increase and a 2 1/2 percent merit increase, the majority were given a 2 1/2% increase, a few 5% and less than five were given 7 1/2%. (Tr. p. 69).

No other substantive evidence was presented which would tend to negate the conclusion that the City is not able to pay the increase requested by the Union.

This Panel must, therefore, conclude that it would be a very serious problem for the City to meet the increased cost required by the Last Best Offer of Settlement made by the Union.

#### WAGE INCREASES TO OTHER UNITS

The record further supports the City's allegations that police officers, police supervisors, emergency medical services, communication workers and parking lot attendants all received a 4% increase in fiscal year '79-'80,

except that communication workers, whose contract also provided for a wage reopener in 1979, were offered an additional 5¢ per hour increase.

#### CONCLUSION

Based upon the evidence outlined above, the Panel finds that the City's last offer of settlement more nearly complies with the applicable factors prescribed in Section 9.

#### AWARD

Accordingly, we hereby award the City's last best offer of settlement, namely, an increase in base salary as of 6/30/79 (\$16,850) plus a maximum increase of Cost of Living Allowance of thirty (30¢) cents per hour for the fiscal year 7/1/79 through 6/30/80.

Disapproved:

Approved:

Dated: April 4, 1980

April 4, 1980

[Signature] (DISENTS)

[Signature]  
Thomas V. LoCicero, Chairman

[Signature]