

9/8/70
ARB

Saint Joseph City of

STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION

In the matter of:

City of Saint Joseph, Michigan
and
Local 1670, International Association
of Fire-Fighters, AFL-CIO

9/8/70

Compulsory Arbitration Award.

Appearances *Daniel Kruger*

For the City:

L. L. Hill, City Manager
Norman Bryce Cobb, Attorney
Philip Carey, Attorney

For the Union:

William B. Moore, President
Joe Mitchell
Ronald Halverton, Attorney

This is a compulsory arbitration award under the provisions of Act
No. 312, Public Acts of 1969.

Brief History

The negotiations between the city of St. Joseph and Local 1670
IAFF, AFL-CIO, for the current contract began July 28, 1969. The parties
have met in joint session at least eight times and have exchanged numerous
letters. A State mediator was called in on April 23, 1970. The parties
could not reach agreement and compulsory arbitration was involved. The
chairman of the panel requested the parties to go back to the bargaining
table in an effort to resolve at least some of the issues. The bargaining
session was held on July 14, 1970, and the arbitration panel convened on
August 4 - 6, 1970.

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Kruger, Daniel H.

The Issues

When the parties went to mediation on April 23, 1970, it appears that the following issues had not been resolved:

1. Sick Leave
2. Hospitalization and Life Insurance
3. Grievance Procedure
4. Pay for Acting Rank
5. Time Off with Pay for Union Business
6. Wages

The Union contends that there were other items on the table and at the bargaining session on July 14, 1970 (Union Exhibit # 7) presented in addition to the six issues noted above, as follows:

Food Allowance

Clothing Allowance

Call Back Overtime

Funeral Leave

The Fire Fighter's position is that, since everything in the contract had not been agreed to, that these other issues should be brought to the Arbitration Panel. The City contends that certain items had been agreed upon as reflected in the drafts of the agreements submitted. Moreover, it noted in its brief that, "To hold that the Fire Fighters have the right to come to this arbitration with matters never before laid on the negotiating table in the normal course of negotiations prior to the request for arbitration is to invite the most chaotic possible conditions into the negotiations process. It defeats the good faith attempt on the part of the City to come to an agreement."

Thus, the first issue to be resolved by this Arbitration Panel is the specific items which the Panel is to consider. The panel's position is that the six issues which were on the table at the mediation session are the only ones to which the panel will address itself. Mediation failed to resolve the six issues in impasse. No information was supplied by the Union that other issues had been discussed in mediation. For the Panel to consider additional issues as requested by the Union would put the collective bargaining process in jeopardy. It was never the intent of the legislature that an entire contract would be written by the Arbitration Panel.

The six items -- sick leave, hospitalization and life insurance, grievance procedure, pay for acting rank, time off with pay for Union business, and wages -- appeared in a letter dated March 17, 1970, from Mr. Cobb to Mr. McCoy, who at that time was the attorney for the Union, (City Exhibit # 26). It was stated that these were the unresolved issues. There is no subsequent correspondence from the Union stating that there were other issues which had not been resolved until the parties returned to the bargaining table on July 14, 1970, at the request of the Chairman of Panel. It was his intent to provide the parties with an opportunity to narrow the unresolved issues. It was not his intent to give the Union the occasion to add other items which would eventually come before the Arbitration Panel.

The Union can seek these other items in future negotiations with the City.

Turning next to the six issues which the Arbitration Panel will consider.

Grievance Procedure: The Union seeks an arbitration clause as the terminal step in the grievance procedure. Arbitration clauses are widespread in agreements in the private sector and they are rapidly increasing in agreements covering public employees. Since the State of Michigan has a compulsory arbitration law for impasses in contract negotiations for both fire fighters and policemen, it is difficult to understand why the City is opposed to an arbitration clause in the grievance procedure. The Panel feels that an arbitration clause would provide the parties with an effective mechanism for resolving grievances. It therefore so awards an arbitration clause as the terminal step in the grievance procedure. It leaves the details of the arbitration clause to be negotiated by the parties.

Wages: The City offered initially an increase of \$375 for Fire Fighter First Class, \$400 for Lieutenant, and \$425 for Captain. In mediation the City raised its offer to \$400, \$425, and \$450, respectively, for each class of fire fighters. The table below shows these increases as a percent of the present salary schedule.

Class	Present Annual Base Salary	City's Initial Offer	% Increase of Initial Offer	Mediation Offer	% Increase of Medi- ation Offer
F.F. 1st Class	\$7497.62	\$375	5.0 %	\$400	5.34%
Lieutenant	\$8295.04	\$400	4.82%	\$425	5.12%
Captain	\$8901.36	\$425	4.77%	\$450	5.06%

The City's initial offer represented an average increase for all three classes of 4.86 percent, and the offer made in mediation represented an average increase of 5.17 percent.

The Union first made known their position on wages on February 26, 1970, in a letter from Mr. McCoy, its attorney, to Mr. Cobb, attorney for the City. The Union sought a salary of \$8,990 for the Fire Fighters First Class commencing July 1, 1970, with the contract expiring June 30, 1971. The pay of Lieutenants and Captains would be raised in accordance with that of the Fire Fighters. This offer was withdrawn on March 4, 1970, in a letter from Mr. McCoy to Mr. Cobb. This initial wage request represented a 19.9 percent increase over the present base for the Fire Fighters First Class of \$7,497.62.

The next wage demand of the Union was made on July 14, 1970, at the session of the parties which had been requested by the Chairman of the Arbitration Panel. The salary schedule presented at that time is presented in the table below (taken from Union Exhibit # 6, Appendix A). There is a notation in Appendix A that the following salary schedule shall be effective retroactive to the first day of October 1969 and shall remain in full force and effect to, and including, the 30th day of June 1971.

Class	Present Annual Salary	July 14 Proposal	Dollar Difference	% Increase Represented by July 14 Proposal
F.F. 1st Class	\$7497.62	\$10,697.62	\$3200.00	42.68%
Lieutenant	\$8295.04	\$11,495.04	\$3200.00	38.58%
Captain	\$8901.36	\$12,101.36	\$3200.00	35.95%

This request represented an average salary increase for the three classes of fire fighters of 39.07 percent.

Union Exhibit # 13 shows the percent increases received by other city employees of St. Joseph as compared to those given to the Fire Fighters since 1966.

Date of Wage Increase	Fire Fighters	Police	General Employees
January 1966	5%	5%	5%
July 1966	- 0 -	5%	- 0 -
August 1966	- 0 -	- 0 -	5%
August 1967	5%	5%	5%
December 1967	5%	5%	5%
September 1968	6%	6%	6%
January 1969	5%	- 0 -	- 0 -
May 1969	- 0 -	5%	5%
June 1970	- 0 -	6%	6%
Total Increase	26%	37%	37%

On December 13, 1968, fact finder Leon Herman recommended that, "First Class Fire Fighters be paid a salary of \$7,497.66 retroactive to September 1, 1968, and that other Fire Department employees, exclusive of the Chief, be given proportionate increases", (Union Exhibit # 12, Fact Finder's Report).

On January 6, 1969, the City Commission ratified the following agreement which had been negotiated by the City and the Union on January 3, 1969:

- "1. First Class Fire Fighters shall be paid a base salary of \$7,497.66 per year, retroactive to September 1, 1968.
2. Other Fire Department employees, exclusive of the Chief, shall be given proportionate increases in their salaries.
3. The foregoing pay schedule shall remain in effect without increase or decrease until September 30, 1969.
4. There shall be no negotiations relative to salaries including fringe benefits of firemen in the City of St. Joseph until August 1, 1969." (Union Exhibit # 15)

Although the Fire Fighters received a salary adjustment in January 1969, it was retroactive to September 1, 1969, as recommended by Fact Finder Herman. Thus, the Fire Fighters have not received a salary increase since September 1, 1968.

As the table presented in Union Exhibit # 13 shows, the Police and General Employees of the City during the period January 1966 to June 1970 received wage increases totaling 37 percent. By contrast, the Fire Fighters received wage increases of 26 percent during this period. Thus, since January 1966 the police and other City employees have received a total of 11 percent more in wage increases than the Fire Fighters.

Another factor to be taken into account in analyzing the wage demands is the rise in the Consumer Price Index, commonly referred to as the cost of living index.

From September 1, 1968 to June 1970, the Consumer Price Index, compiled by the U.S. Department of Labor has risen from 122.2 to 135.2, an increase of 10.64 percent. From January 1969 to June 1970, the Consumer Price Index rose from 124.1 to 135.2, or 8.94 percent. In July 1970 the index rose still further to 135.7. This represents an increase of 11.05 percent since September 1968. There appears to be little evidence that the Consumer Price Index will remain stable.

The cost of living increases is but one factor which the Panel considered. Evidence was submitted as to the wages and benefits of Fire Fighters in cities of 10 - 20,000. The salary of the Fire Fighter in St. Joseph is somewhat lower than in cities of comparable size in the area (Western Michigan).

On the basis of the history of wage adjustments of employees of the City of St. Joseph since January 1966, the increases in the cost of living since September 1968 and the pattern of wages and fringe benefits of other fire fighters in communities of comparable size, the panel awards a 15 percent increase in salary for all classes of Fire Fighters, effective July 1, 1970.

On the basis of an increase of 15%, the salary schedule for the three classes of Fire Fighters would be:

Class	Present Annual Salary	Annual Salary with 15 percent Increase	Dollar Difference Between Present Salary and Awarded
F.F. 1st Class	\$7,497.62	\$8,622.26	\$1,124.64
Lieutenant	\$8,295.04	\$9,539.30	\$1,244.26
Captain	\$8,901.36	\$10,236.56	\$1,335.20

The 1970 Budget provides an amount of \$191,790.00 for salaries of the Fire Department. The Fire Chief's salary is \$13,365.00. Thus, the current salaries of 21 Fire Fighters total \$178,425.00, (\$191,790.00 - \$13,365.00). A 15 percent increase in their salaries would amount to \$26,763.75, (\$178,425.00 X .15). This averages out to an increase of \$1,274.46 per Fire Fighter (\$26,763.75)

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The City is able to pay this increase. There is in the 1970 budget a contingency fund of \$74,748.98 from which this salary increase can be paid.

Hospitalization and Life Insurance

Currently the City as part of its personnel policies dated July 13, 1970 (Exhibit 45) provides

"4.2 (a) Hospital-Medical - All permanent and probationary employees upon receiving their appointment are eligible to enroll in Blue Cross-Blue Shield group insurance (MVF-1, MAS-MED, Full Family) at the cost to the employee of one half the actual cost, the city paying the other one-half.

" (b) Life - All permanent and probationary employees, three months after their appointments, are eligible to receive a \$3,500 life insurance policy at a percent cost to the employee of 40 cents per \$1,000 (\$1.40 per month), the city paying the remaining cost."

The City wishes to maintain its present policies with respect to hospitalization and life insurance. The Fire Fighters seek the following demands:

A. Hospitalization Medical-Surgical Insurance - MVF-II MAS-MED and Riders, Full Family coverage with the city paying the entire cost. It estimates this new coverage would cost the city \$11,238.12. The present coverage costs the city \$4,809.60. Thus, the difference in costs between the Fire Fighters proposal and the present coverage is \$6,428.52. (Union Exhibit 40)

This averages out to cost the city \$306.12 per fire fighter for the additional hospitalization and medical insurance for 21 fire fighters. Put another way, this cost per fire fighter represents an equivalent salary increase of 4.08 percent on the Fire Fighters First Class Salary Base.

B. Life Insurance - a \$10,000 double indemnity policy for each Fire Fighter with the entire cost being paid by the city. The Fire Fighters estimate that this new coverage would cost the city \$1,890 as compared with the cost of \$599.76 for the present insurance coverage. The difference in costs between the proposed new coverage and the present coverage is \$1,290.24 (Union Exhibit 40).

The cost of the proposed coverage of \$10,000 would average out to \$61.14 per fire fighter.

The Panel considered both the present personnel policies of the City as to hospitalization and life insurance for all employees and the additional costs of the Fire Fighters proposal for both types of insurance coverage. The Panel awards the following on hospitalization insurance: the City will pay one half the cost for a single subscriber and the single subscriber will pay one half the cost. The City will pay a maximum of \$25.00 per month towards full coverage. The employee will pay the balance of the cost.

The Panel does award an increase in life insurance coverage from \$3,500 to \$5,000 with the City paying the full cost. The Panel estimates that this additional life insurance coverage for the Fire Fighters would cost the City \$945 as compared with the present costs of \$599.76 (estimate of the cost of the \$5,000 policy were derived from Union Exhibit 40). This would represent an additional cost of \$345.00 to the City.

The Panel was persuaded in this award by Union Exhibit 32 which shows in 37 cities of 10,000 to 20,000 population category, that 28 cities pay the full cost of life insurance for fire fighters. Moreover, 10 of the cities provide \$5,000 life insurance coverage; 12 of the cities listed provide more than \$5,000 life insurance coverage. Nine cities provide less than \$5,000; four cities provide no insurance. In two cities the amount of the policy is not known, but the full cost is paid by the city.

One additional comment about this award. In the Panel's view, the Fire Fighters are exposed to hazards not encountered by other public employees, with the possible exception of the police officers. It is for this reason that additional life insurance coverage should be provided for the Fire Fighters.

Time off with Pay for Union Business

The Fire Fighters seek 12 24-hour days per year total for the Local to use for union business. In its presentation, no cost estimate of this proposal was made.

The City's position is that the Fire Fighters are tied up for 121 duty days a year minus any vacations and sick leave. In its view, there is time available for a Fire Fighter to participate in union business. Moreover, the City has always allowed Fire Fighters to arrange their duty days so that one Fire Fighter can cover for another in event the Fire Fighter wanted to attend to such union business.

The Panel concurs with the City's position that there appears to be time available for the Fire Fighters to attend to union business. Accordingly, the Panel denies time off with pay for union business.

Pay for Acting Rank

The Fire Fighters seek to obtain the equivalent pay for a person's acting in another rank for a temporary period due to the absence of a superior. The City never made a counter offer on this issue. In testimony, Mr. Hill, City Manager, said that no other department of city government had a provision for pay for acting rank. No evidence was submitted by the Union as to the cost of this proposal (See Union Exhibit 40).

In view of the fact that no other department of City government has such a policy, the Arbitration Panel denies the Fire Fighters pay for acting rank.

Sick Leave

Currently, the amount of sick leave, with pay, allowed any employee shall be determined by the City Manager (Personnel Rules, City of St. Joseph, dated July 13, 1970 5.6 a). There are no criteria prescribed in the Personnel Rules to guide the City Manager in his determination.

The City has proposed 12 hours of sick leave per month. This was determined on the ratio of $40/56 = 8/X$ ($X = 11.2$). The other city employees work 8 hours a day or 40 hours a week whereas the Fire Fighters work 24 hours a day and have a duty week of 56 hours. The City has proposed a total accumulation of 672 hours.

The Fire Fighters have proposed one duty day of 24 hours per month a year or 12 days. There is some disagreement as to the total accumulation. Union Exhibits 7 and 40 both show unlimited accumulation with cash on retirement of days not used. The City's brief (p4) states that total accumulation will not exceed 72 days.

The Fire Fighters did not estimate the cost of its sick leave proposal (Union Exhibit 40). There is a notation that the cost would be determined upon completion of service.

The City estimated that its potential liability for 12 12-hour days a year would be \$12,843.36 for fiscal year 1970-71. This was estimated as follows:
 $12 \times 12 \times 21 \text{ fire fighters} = 3024 \text{ hours a year. } 3024 \times \$4.247 = \$12,843.36.$
According to the Panel's calculation, the figure \$4.247 represents the average hourly rate based on 1928 hours a year and average proposed annual salary of Fire Fighters, Lieutenants and Captains, which included the City's offer of \$375, \$400 and \$425 respectively.

This rate of \$4.247 coincides with the Panel's calculation of the average

hourly rate of \$4.04 for all Fire Fighters based on the hourly rates presented in Union Exhibit 11. The hourly rates were calculated on the basis of 1928 hours a year. The 5 percent in salaries as proposed by the City would bring the average hourly rate to approximately \$4.25.

As noted, the Panel has awarded a salary increase of 15 percent for all Fire Fighters. This would bring the average hourly rate based on 1928 hours a year to \$4.65 ($4.04 \times .15 = .61 + 4.04$). Using the rate of \$4.65 \times 3024, potential total sick leave, the potential liability of the city would be \$14,061.60 for the current fiscal year 1970-71. This liability to the City for this sick leave policy represents an average cost to the City of \$669.60 (\$14,061.60) per Fire Fighter.

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In fiscal 1969, the actual cost of sick leave for the Fire Fighters according to City Exhibit #10 was \$1,291.67.

The Fire Fighters seek 12 24-hours sick days. Using the average hourly rate of \$4.65 (see above) \times 6048, the potential liability to the City would be \$28,123.20.

The term potential liability requires an additional comment. When a Fire Fighter takes all of his allotted sick leave, the City is paying for time not worked. The Fire Fighter receives his pay for these sick days. A price tag can be placed on these days. The magnitude of the price depends upon whether one uses 1928 hours a year or 2912 hours (56×52) in calculating the hourly rate. For example, using 2912 hours and a Fire Fighter's annual salary of \$8,622.26, the hourly rate is \$2.96. For 144 hours of sick leave, the City would be paying \$426 for time not worked. If the unused sick leave days accumulate and cash is paid for such unused days, there is a cost to the city.

There may be additional costs to the City under a sick leave policy. If the Fire Department needs to bring in a replacement for the Fire Fighter on a sick day, there is the cost of overtime.

On the basis of the possible costs of the two proposals for sick leave, the Panel awards 12 hours a month or a total 144 hours a year of sick leave for each Fire Fighter. The Fire Fighter shall be charged sick leave on the basis of 12 hour units; for example, if a Fire Fighter is sick one duty day, he uses one 12 hour unit of sick leave. The City's cost analysis of its proposal may be too high as a result of using 1928 annual hours. The Panel's calculation may be too low using 2912 annual hours and a Fire Fighters annual salary. The sick leave policy will cost the City either in pay for time not worked or under some kind of accumulation-cash basis.

The sick leave policy is now a contractual right. It is not dependent upon the discretion of the City Manager. It represents a base which undoubtedly will be improved upon in future negotiations. In the Panel's view, its award represents both a procedural and substantive improvement over the City's present sick leave policy.

Summary

The Panel is making its awards was guided by the factors spelled out in Section 9 of Act No. 312. In addition to these factors, the Panel sought a settlement with which the parties could live. The Panel deplores the trial-like atmosphere of the hearing. It recognizes that when the attorneys pack their briefcases and return to their respective cities, the relationship between the City as the employer and the Fire Fighters as representative of its members

continues for good or bad. Accordingly the Panel attempted to work out a settlement which, while not satisfying to each party completely, can serve as the basis on which to build mutual respect and goodwill. This is an essential ingredient to collective bargaining.

The awards made by the Panel are well within the ability of the City to pay. All awards made by the Panel are effective July 1, 1970.

Daniel H. Kruger, Chairman

Daniel H. Kruger

William H. Ehrenberg, Member
representing the City

W. H. Ehrenberg

Elmer Shadler, Member representing
the Fire Fighters

Elmer Shadler

September 8, 1970
East Lansing, Michigan