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Michigan State University  
LABOR AND INDUSTRY  
RELATIONS

STATE OF MICHIGAN  
DEPARTMENT OF LABOR  
LABOR MEDIATION BOARD  
FACT FINDING

In the Matter of

CITY OF DETROIT, DEPARTMENT  
OF STREETS & RAILWAYS

-and-

DIVISION 26, AMALGAMATED  
TRANSIT UNION

RECEIVED  
JAN 25 1968

LABOR MEDIATION BOARD  
DETROIT OFFICE

FACT FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

George T. Roumell, Jr., Fact Finder

INTRODUCTION

Following a request by Division 26, Amalgamated Transit Union (hereinafter called "Union"), to the Labor Mediation Board, dated October 24, 1967, and an Answer thereto from the City of Detroit, Department of Street Railways (hereinafter called "DSR"), dated November 6, 1967, the undersigned was appointed Fact Finder of the dispute between the parties by letter dated November 15, 1967. Three hearings were held on this matter, to-wit: November 28, November 30, and December 18, 1967. In addition to oral argument and testimony, a total of seventy (70) Exhibits were presented by the parties for review by the Fact Finder. The hearings were closed on December 18, 1967.

*Detroit City of*

### THE ISSUES

The areas of disagreement between the parties that were brought into issue during the fact finding hearings were the following Union requests:

- ✓ 1. One (\$1.00) Dollar per hour basic wage adjustment.
- ✓ 2. Reduction of spread time to ten (10) hours.
3. Change recovery time to drop back.
- ✓ 4. Hospitalization insurance to be paid on employees off on occupational injury.
- ✓ 5. Fifteen (15) minutes pay for operators when required to be interviewed by superintendents.
6. Elimination of late time slips on trip sheet.
- ✓ 7. Fifteen (\$.15) cents per hour extra pay for operators working night runs, and twenty (\$.20) cents per hour for owl runs.
8. Fifteen (15) minute paid lunch period on straight runs.
9. An increase in uniform allowance.
- ✓ 10. An increase in vacation allowance.

### FINDINGS OF FACT AND CONCLUSIONS

It was obvious during the hearings that both the

Union and the DSR share equally in their pride in the DSR system. There is no question in the Fact Finder's opinion that the DSR has made great strides under the Cavanagh Administration and General Manager Lucas Miel in increasing the passenger miles and the service of the DSR making it one of the fastest growing transit systems in the nation. The DSR and the Union both share the common pride in the development of Detroit's transit system.

One must consider the positions of both the DSR and the Union in light of the above basic observation.

The DSR points out that it is a publicly owned transit system competing in the transit industry and yet a part of city government. After making this point, the DSR then explains that the city's administration, faced with financial crisis has asked, and in most cases have received from various unions representing city employees, a one-year moratorium on wage increases so that the city can analyze its financial needs and attempt to put itself on a sound financial basis to cope with growing urban problems. The DSR as a city department has followed this policy. In addition, the DSR points out that since June 30, 1967, it has lost \$800,000.00, \$400,000.00 being attributable to the loss of patronage caused by the disturbances in the City of Detroit in July, 1967. The DSR's position is that the moratorium is in no way detrimental to the DSR employees because, according to the DSR, its operators, with overtime, have among the highest take home pay in the nation. In addition, the DSR points out that the fringe benefits that

employees receive under the contract which expired on June 30, 1967, in most cases is above the average fringe benefits in all areas in the country.

The DSR further points out that it is not only the wage adjustment that would add costs but so would the fringe benefits the Union is asking for. For example, a change of the spread time from eleven to ten hours would add additional costs of approximately \$308,219.73 per year. And, according to the DSR, even giving these fringe benefits would violate the moratorium policy of the city and would add to the already substantial loss that the DSR suffered during the current fiscal year. This loss is in spite of all efforts, which both sides recognize as outstanding, to increase the revenues of the department.

In response to the DSR, the Union freely admits that it is a city department. It admits that it has knowledge of the so-called moratorium policy of the city but questions whether it has been uniformly applied. In any event, the Union takes the strong position that the moratorium policy should not and cannot be applied to the DSR because unlike other city departments, the DSR is a revenue producing department competing in a national industry, namely the transit industry, which is well organized. It is the Union's position that the DSR must remain competitive in wages and fringes as well as working conditions with the industry across the country. The Union argues that the operators are entitled to a fair share of the revenues of the DSR. Finally, the Union asked a very

penetrating question in argumentative form, namely "why should Union members be asked to subsidize the transit system for citizens of Detroit who are gaining increases through collective bargaining and otherwise in face of a rising cost-of-living as reflected in the Cost-of-Living Index, particularly when DSR Union members find these rising costs in the very commodities that they have to buy to support their families".

#### DISCUSSION

There is no question that the DSR under the present Cavanagh Administration and the leadership of the General Manager, Lucas Miel, has made outstanding progress, and is the shining example of increased passenger mileage and increased service to its riders in the nation. Because of this, one is very sympathetic to the city's position that there should be a wage moratorium for one (1) year, particularly since the employees are getting excellent fringe benefits and are taking home, with overtime, a wage package that compares with those throughout the nation. This is particularly true when one considers that the \$800,000.00 loss during the current fiscal year cannot be attributable to management because the loss can be traced directly to the unfortunate situation occurring in Detroit on July, 1967, plus the fact that there have been strikes in the area which have cut down on the passenger use of the DSR.

Nevertheless, I am impressed by the Union's argument that the DSR, though city owned, cannot be treated as other

city departments for it is revenue producing; it is competing in an industry whose operator employees have received in the last three years, if not more, substantial constant wage and fringe benefit increases. A moratorium at the DSR among operators would and is placing these operators at a comparative wage disadvantage with operators in other large cities, a situation that is obviously known to the DSR operators and could easily breed discontent and add to the growing shortage of operators in Detroit.

The other factor that could possibly be considered as militating against a wage adjustment for DSR employees is the fact that the transit system is losing money during the current fiscal year. It is most difficult to ask a management to increase wages and benefits during the period of financial loss. But it does not follow that because an employer is losing money employees should be expected to sacrifice, particularly when the community in which they are working such as Detroit, the citizens have experienced wage increases, the cost-of-living is going up and there may be other areas where management could look to recoup its losses, such as, in the case of a transit system, increasing fares.

On the other hand, one must consider that the parties have a history of yearly contracts; the dispute here involves a contract to June 30, 1968. Yet, despite the difficult times that the DSR has had and the attempts that the DSR has to increase revenue and develop the Detroit transit system, and the fact that a year contract was involved, the Union asked for

what is an unrealistic package. It is recognized that for the sake of bargaining, sights may be set higher than the agreements which are reached. Yet, a wage adjustment of \$1.00 per hour on a year basis seems extremely high. It could be that setting high goals in face of practical realities of the situation has caused this matter to be placed into fact finding. Furthermore, many of the other demands in the fringe area are also costly. As already mentioned in this finding, the additional cost to reducing the spread time to ten hours would be \$308,219.73. The interview for operators by superintendents would increase costs another \$10,300.00. The request for premiums for night runs and owl runs would totally increase costs to \$106,000.00. The Union demands for fifteen minute paid lunch period would increase costs \$455,000.00. The increased cost in uniforms would be \$15,950.00. It is quite clear that the fringe benefit package would run the DSR a total of approximately \$900,000.00. Add to this a \$1.00 an hour increase for each employee and one cannot escape the conclusion that such a package would certainly cause a serious financial strain on the DSR. All I am saying is that I think the Union should have been more realistic in its demands.

In view of the general increase in the wage pattern of operators throughout the country, I believe that the DSR operators are entitled to a wage adjustment, and I shall make a recommendation as to a wage adjustment. On the other hand, my recommendation as to fringes will be to leave the fringes as they are now.

Though the Union made it very clear that a basic wage adjustment and increase fringe benefits were equally important, the Union did emphasize that if it must make a choice, the choice would favor a wage adjustment. Because it is my opinion that to ask for a wage adjustment plus some \$900,000.00 in fringe benefits all within one year would put an undue strain on the DSR, a choice must be made in favor of a wage adjustment.

I am also willing to forego the request for fringe benefits at this time because I find that the DSR operators have excellent fringe benefits that compare favorably with those of other major transit systems in the country, and in many instances are above the national average.

However, I am concerned about the spread time. There are a number of systems that have reduced its spread time below eleven hours which the DSR has. Yet, there are still a number of major transit systems that still have an eleven-hour or more spread time. It may be in the near future that a change will have to be made in the spread time, but I am not prepared to recommend it at this time because of the cost and because of the fact that a below eleven-hour spread time is not yet universal.

As to paid lunch time, I find on the Exhibits submitted to me that this is not the usual practice in the industry. There is no reason at this time, based upon practice in the industry, to consider it imperative that this benefit be made available. In regard to increases in uniform allowance I find



that the \$40.00 allowance allowed the DSR employees is at least average and it should not at this time be disturbed. Likewise, I believe that additional pay for night and owl run operators is an added cost of approximately \$106,000.00 per year to increase a benefit that already compares favorably with the industry, and therefore this benefit should remain as is.

Finally, there is no imperative reason why the other fringe benefits requested by the Union should be granted. As to the request to pay hospitalization insurance for employees off on occupational injury, it is noted that the DSR now pays the hospitalization insurance for those employees unable to work because of an occupational injury so long as the employee has either unused vacation or sick leave which can be accumulated up to a total of 250 days. This is a fair arrangement and goes a long way toward meeting the request. The vacation plan at the DSR compares favorably with vacation plans existing in the transit industry throughout the nation. The comparison becomes more favorable when one considers that after three years employees can earn bonus vacation days provided they do not take sick leave. In regard to the request for changed recovery time to drop back and for fifteen minutes pay for operators when required to be interviewed by the superintendent, I am not going to disturb the present arrangements for the basic reason that there is some indication that the DSR will attempt to make superintendents more available so as not to infringe upon the employees' time and will review its scheduling program. In view of the fact that the parties will again be

negotiating in a short while, this matter can again be reviewed if the program suggested by the DSR at the hearing is not satisfactory to the Union.

As to the Union's requests to eliminate the filling out late time slips on trip sheets, it is my understanding that the parties have or are working out an amicable solution to this problem. If they have not, the parties can advise me within twenty (20) days of this report and I will issue a supplemental recommendation to clarify this one point.

In making my recommendations as to a wage adjustment I considered the following. The cost-of-living has been constantly going up. Apparently, the DSR Commission itself recognized the validity of annual wage adjustments for in the past the Commission has granted such annual adjustments since 1959. In 1964 the Union received a wage increase of \$.12 per hour, in 1965 \$.15 per hour, and in 1966 \$.27 per hour. Furthermore, across the nation operators are receiving annual adjustments. Though the Union attempted to make a comparison of the DSR with the New York Transit Authority, I believe this comparison is not well founded for the simple reason as set forth in the Union's Exhibit 45, the cost-of-living for a family of four in New York City is \$10,195.00 as compared to \$8,981.00 in Detroit, which is a difference of some \$1,200.00. Likewise, a comparison of San Francisco is not well founded because there the cost-of-living is \$9,886.00 compared to \$8,981.00, which is a difference of almost \$1,100.00. On the other hand, Detroit in the last few years has had a ranking

that put Detroit's operators ahead of such cities as Cleveland, Los Angeles and Milwaukee, cities that in fact have a higher cost-of-living than Detroit (Union's Exhibit 45). Detroit, although not ahead of Chicago in recent times, has compared favorably with Chicago operators. Therefore, my recommendation which ultimately puts \$.20 an hour in the pay check of each DSR operators will bring Detroit ahead of Milwaukee, Los Angeles and Cleveland and result in the ultimate hourly pay of \$3.37 an hour which does compare favorably with Chicago. In other words, my recommendation takes into consideration the cost-of-living in Detroit and considers the relevant position of Detroit operators which they gained in the past few years through free collective bargaining. I also take into consideration that the parties will again be bargaining within the next few months, and at that time can reappraise their situation.

I appreciate that this may put a burden on the DSR Commission. But it is up to the DSR Commission to take a long look at its situation not only in terms of these recommendations but as to the immediate foreseeable bargaining pattern and to make whatever adjustments it believes necessary. It is not within my province to make recommendations as to what these adjustments should be.

As to the issue of retroactivity, the DSR is correct that once a fare is paid it cannot be increased to increase revenues to pay for increased wages. Nevertheless, the period involved in this contract is a short one-year period. The process of fact finding naturally takes time. There were three hearings, numerous exhibits had to be gathered, witnesses had

to be heard from, detailed study had to be made by the Fact Finder. To now say to the Union that by following legal procedures it is penalized from getting a wage adjustment which in the opinion of the Fact Finder should have been made at the collective bargaining table before the expiration of the contract until six months after the Union members would have got the wage adjustment, is unfair and unreasonable.

However, as an aid to the Commission to appraise its own situation, I am recommending that the adjustment be in two installments. Furthermore, I have limited the retroactivity to beginning of the first pay period after the beginning of the hearing on November 18, 1967. I think this approach is fair to both parties under all the circumstances.

#### RECOMMENDATION

For the reasons set forth in the fact finding and conclusions above, I recommend as follows:

1. On Items 2 through 10 with the exception of Item 6, remain as is in the contract expiring June 30, 1967.
2. As to Item 6, I reserve recommendation and will not make one unless the parties so request within two (2) weeks of the receipt of this Opinion.
3. As to wage adjustments, I recommend as follows:
  - (a) A \$.10 an hour increase effective the beginning of the first pay period after November 18, 1967.
  - (b) An additional \$.10 an hour increase

effective the beginning of the first pay period after  
March 1, 1968.

*George T. Roumell, Jr.*  
George T. Roumell, Jr.  
Fact Finder

Dated: January 23, 1968