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6/28/96

STATE OF MICHIGAN

DEPT. OF CONSUMER AND INDUSTRY SERVICES

EMPLOYMENT RELATIONS COMMISSION

IN THE MATTER OF THE FACT FINDING BETWEEN:

VILLAGE OF DUNDEE

Respondent,

and

L.U.O.E. LOCAL No. 547

Petitioner,

MERC CASE No. L88-G-616

FACT FINDER: Robert F. Browning

FACT FINDER'S REPORT AND RECOMMENDATIONS

Dundee, Village of

APPEARANCES

For the Village of Dundee

William Hooth, Attorney and Chief Negotiator
James R. Rae, Village Councilman
Patrick Burtch, Village Manager

For I.U.O.E. Local 547

Homer Sterner, Business Representative and Chief Negotiator
Robert Sheick, Steward, Supervisory Employees
William Gauss, Steward, Non-Supervisory Employees

I. INTRODUCTION

The parties were unable to arrive at new collective bargaining agreements. The last contract for the three (3) supervisory employees agreement and for the seven (7) non-supervisory employees were for the period March 1, 1993 through February 28, 1996.

The parties had engaged in negotiations for each of these bargaining units since January of 1996. The Village's Answer to the Union's Petition For Fact Finding stated that negotiation meetings between the parties were conducted on January 4-11-17, and February 12 and 27. State of Michigan Mediator James Amar was present at the meeting on February 27, 1996. Following this, the Union petitioned for Fact Finding dated February 29, 1996.

As a result of the parties negotiations, they had reached a tentative agreement on a number of the issues: term of agreement (3)years; contracting out work; funeral leave; and vacation time off schedule.

Pursuant to Public Act 176 of 1939, the Michigan Employment Relations Commission, on March 22, 1996 appointed Robert F. Browning as Fact Finder in this Case.

The parties were contacted in early April of 1966 and the parties agreed to the Fact Finder's request for a Pre-Hearing Meeting to identify and review the unresolved issues between the parties.

The Pre-Hearing Meeting was held at the office of the Village of Dundee on May 6, 1996. It was determined and agreed upon by the parties that the unresolved issues are wage increases; vacation utilization and payout; maximum acculumation on sick leave days (supervisory contract); and medical, hospital, dental and vision insurance.

Subsequently, a Hearing was held at Dundee, Michigan on May 13, 1996. Joint and individual exhibits were presented by the parties and witnesses testified regarding the issues. The Fact Finder had hoped to have the Fact Finding Report and Recommendations prepared by the end of May. Subsequently, some court trial dates and hearings intervened.

II FACT FINDER'S POWERS

The Fact Finder's recommendations are non-binding upon the parties as provided in the statutory powers granted to the Fact Finder in accordance with Section 25(1) of the Michigan Labor and Mediation Act ; "the findings shall not be binding upon the parties but shall be made public."

IV. DISCUSSION OF THE ISSUES AND FACT FINDER'S RECOMMENDATIONS

ISSUE: WAGE INCREASE

The Village and the Union are parties to two (2) separate collective bargaining agreements which expired February 28, 1966.

One Agreement covers a unit of Supvervisory Employees (3). The other Agreement covers a unit of non-supervisory employees (7).

The Village proposes an annual 3% increase for each of three years for Level 3 employees and increases for Level 1 of 0% in Year 1; of 1.5% in Year 2 and 2& in Year 3. For Level 2 the Village proposes 1% in Year 1; 2% in Year 2; and 2.5 % in Year 3.

See attached Employer Exhibit 1, which shows since all employees are at Level 3 (maximum rate) the wage/progression for present employees (supervisory and non-supervisory) would be at a proposed 3% increase each year for three years.

In its Petition for Fact Finding dated 2/29/96 the Union requested a 4% annual wage increase per year for three years. At the Hearing on May 13, 1996 for the first time, the Union requested a 5% increase for each year at each level for three years for the non-supervisory employees.

The Union has not submitted any wage comparables to support either its 4% or its 5% wage demand for annual increases. The Union did cite that the Village Manager had been granted a 4% wage increase. During the course of the Hearing this was confirmed, but of more significance to this Fact Finder was that the Village of Dundee office staff received a 3% salary increase. The Fact Finder does not find the wage increase of the City Manager to be a comparable. This Fact Finding does not involve City Manager's salaries.

The Fact Finder sensed during the course of the Hearings that there is some ill feeling between the Union and the City Manager. This is unfortunate because it adds to the difficulty of resolving the collective bargaining issues remaining between the parties.

The Village of Dundee for its wage comparison comparables offered Employer Ex. 5 which was a wage and benefit survey of the surrounding areas (February 1995) compiled by the Clinton Village Office (Village Manager, Kevin Cornish) and setting forth the comparables of Blissfield, Chelsea, Clinton, Dexter, Hudson and Manchester.

In 1995 the average yearly wage for a DPW Supervisor was $33,384; for Dundee $38, 917 ; the difference a plus $5,533. The average yearly wage for a POTW Supervisor was $30,451; for Dundee $38,917; the differece a plus of $8,465. The average yearly wage for a WWTP Operator was $28,662; for Dundee $38,917; the difference a plus $10,254. It is evident that a Dundee Supervisor is well paid when compared annual salary wise with the other Supervisor Wage comparables.

The proposed village proposal for supervisors (Level 3-maximum rate) would become $40,085 for year 1; $41, 287 for year 2; and $42,526.18 for year 3.

A DPW Operator's average yearly salary was $26,790; for Dundee (27,248) a plus of $458. No further non-supervisor employees comparables were submitted by either side;

All non-supervisory employees are at Level 3 (maximum rate). The below rates show wage progression for the proposed 3% increase each year.

Leader (presently $14.09; year 1; $14.51; year 2-$14.95; year3-$15.40.

Operator (presently) $13.60; year 1-$14.00; year 2- $14.42; year 3-$14.85

Lt. Equipment Operator (presently $13.10; year 1-$13.49; year 2-$13.89; year 3-$15.28

Laborer (presently $11.66) year 1-$12.01; year 2-$12.37; year 3-12.74

The Fact Finder recommends a 3% increase across the board at all levels, recognizing that all present employees are at Level 3 (maximum rate). The recommendation would continue the step differential between Levels 1, 2, 3. The Fact Finder while persuaded that the Levels should be continued is not convinced of the economic need for a lesser than 3% increase for Levels 1 and 2.

ISSUE: VACATIONS

The Village proposes to revise vacation utilization and payment of unused vacation as follows: "Each employee is requested and encouraged to utilize 100% of their annual vacation time off. However during Year 1 of the Agreement employees shall be premitted to use 50% of their allotted vacation, and 70 % of their allotted vacation during Year 2 and will be paid for any unused vacation. There shall be no carry over of any unused vacation into the next year, and no payment for an unused vacation during Year 3 of the Agreement. In the event an employee is unable to take a scheuled vacation due to work required by the Village, the employee's vacation shall be rescheduled at a time agreed to by the employee and Village Manager."

NOTE: Present CBA provides for 50% utilization for Non-Supervisory Employees and 40% utilization for supervisors.

The Union has rejected the Village Proposal and has countered with a 50% utilization by both the supervisory (presently 40%) and by the non-supervisory employees unit (presently 50%; no change).

At the Hearing, Union Witness William Gauss testified that vacation carryover of unused vacation pay had been going on for at least ten (10) years and that with regard to the Non-Supervisory Contract the fifty percent (50%) usage requirement was accepted by the unit six years ago.

The Village wants to revise the vacation utilization and pay-out of unused vacation as set forth earlier in the Village proposal. The Village's purpose in seeking this change from past practice is to limit the Village's unfunded liability for an employees vacation on an annual basis.

The Fact Finder recognizes that the Village's proposal is a significant change from past practice. However the Fact Finder believes that the Village is sensitive to accomplishing the change over the course of the proposed three year contract. The employees are requested and encouraged to use 100% of their annual vacation time off. However Year 1 of the Agreement would permit an employee to use 50% of their allotted vacation and would be paid for any unused vacation; Year 2 would provide for 70% usage and would be paid for any unused vacation.

There would be no carry over of any unused vacation into the next year and in Year 3 the employee must use all of his vacation or lose the unused vacation amount.

The Fact Finder finds this Village proposal to be in the best interest and welfare of the Village and its people by in an equitable manner attempting to limit the unfunded vacation liability on an annual basis. The proposed phasing in does demonstrate some consideration and sensitivity .

The Union's offer shows some recognition of the problem by proposing the supervisors utilize 50% instead of the prior and present 40%. There would be no change for the non-supervisory 50% usage.

It appears to the Fact Finder that the prime purpose of a vacation with pay, is to reward an employee for his work and to afford a time for recreation and time off from the job. It is not in its conception designed as an in lieu of vacation additional pay though the past practice of the parties does not reflect this.

The Fact Finder recommends the adoption by the parties of the Village Proposal. Had the Village attempted to remedy the past vacation practice without the first and second year progression and latitude, the Fact Finder would have felt differently.

ISSUE: SICK LEAVE DAYS (SUPERVISORY CBA)

The Village proposes to limit the number of sick leave days to a maximum accumulation of 180 days in an individual single sick leave bank.

The Union has countered the Village proposal with a cap of 180 days and any earned days in excess of 180 would be paid at the current hourly rate annually.

The Village proposal and the Union's counter-proposal pertains to the Supervisory Employees contract only. The Supervisory Employees contract presently has no accumulation limit on the number of sick days.

It is to be noted that the Non-Supervisory Employees contract has a maximum accumulation of 180 days. The Village is proposing the same 180 days cap for the supervisors. Presently there are 3 supervisors and 8 non-supervisory employees.

The Village argues that a 180 days sick leave cap is generous and reasonable and that it is likely that disability or workmen's compensation insurance would apply over a prolonged period.

An employee accumulates one (1) sick leave day per month, amounting to twelve (12) days per year. It would take fifteen years (twelve days per year unused)) to initially acquire the maximum of 180 days.

The Union proposes to accept a cap of 180 days but that any earned days in excess of 180 days would be paid at the current rate annually.

The Fact Finder is of the opinion that the 180 day proposed sick leave cap is reasonable and should be adopted in the new supervisors agreement. It already exists in the Non-Supervisory bargaining unit.

However, during the course of the Hearing it was brought to my attention that one presently employed supervisor has accumulated over 180 days before and during this present time where there is no limit on the maximum accumulation of sick days. The Fact Finder recommends that if the 180 days maximum accumulation of sick leave days be adopted in the new Supervisory Agreement, that said supervisor be paid one time for any earned sick leave days in excess of 180 days at the hourly rate established when the parties reach a new wage agreement.

ISSUE: MEDICAL/HOSPITAL, DENTAL, VISION INSURANCE
VILLAGE PROPOSAL (For Non-Supervisory and Supervisory Employees)

The Village will continue to provide medical/hospital, dental and vision insurance benefits as follows:

Medical: Blue Cross/Blue Shield Blue Care Network (HMO) Plan G
Dental: Employer's Health Plan
Vision: VSP Vision Plan

The Village shall pay the entire premiums for the above benefit plans.

OPTION #1.

An employee may elect medical/hospital coverage by the Blue Cross/ Blue Shield CMM-250 PPO Plan with a Five ($5.00) Dollar prescription card, in which case the Village will pay 50% of the premium difference between the Blue Cross/Blue Shield Blue Care Network HMO (Plan G) and this PPO Plan. An employee will still be eligible for dental and vision care coverage as provided by the Village.

OPTION #2.

An employee may elect to waive medical/hospital coverage provided by the Village, in which case the Village will pay the employee One Thousand Five Hundred ($1,500.00) Dollars annually. An employee will still be eligible for dental and vision coverage provided by the Village.

UNION PROPOSAL: INSURANCE PROTECTION
The Union has proposed:

OPTION A. MEBS Blue Care Network (HMO) Plan G

The Union also proposes an OPTION B.

OPTION B. IUOE TRUST Blue Cross/Blue Shield
Master Medical Option IV
Caremark Prescription Drug Rider
($3 co-pay name brands-$0 generic)

IUOE TRUST Vision and Dental Insurance

The Union states that should all Village employees enroll in the traditional Blue/Cross Blue Shield, would reduce the Village's current premium costs by 38.2%. (Note: No exhibit provided.) The Union further states that should employees elect to enroll in Blue Care Nettwork Plan G , an even greater savings could be recognized.

In the prior agreements (both supervisor and Non-Supervisory; Joint Exhibits land 2) the Employer paid the full cost of the Blue Cross/Blue Shield Comprehensive Hospital Care Benefits. Over the past three years, Village Manager , Patrick Burtch , stated that insurance costs increased 24%;18% and 17%. He testified that if the Village switched from the BC/BS last contract plan to Blue Care Network (HMO) Plan G would result in $36,000 cost savings. While the Village is not asserting a lack of ability to pay, it is asserting that the Village has a responsibility to hold health insurance costs down with still providing its employees with a decent program that provides adequate coverage.

The increasing spiral of health and medical costs confronts this and every other bargaining table that has provided benefits for its employees. The Fact Finder is persuaded that there must be some containment and/or control of escalating costs.

One solution is Blue Cross/Blue Shield Blue Care Network (HMO) Plan G which is the Village proposal and which corresponds to the Union's Option A. It is the same plan as the Village offers. BCN rates are produced quarterly. The rates below are for the 2nd quarter 1996. The 3rd quarter rates (7-1-96 to 9-30-96) are not yet available but are not expected to change. Once a plan is established, rates are guaranteed for a 12 month period.

Health Insurance
Blue Care Network, Plan G with $5 Rx

	Monthly	Annual
Single	$151.32	$1,815.84
2 Person	348.05	4,176.60
Family	393.44	4,721.26
Family Continuation	90.79	1,089.48

The Village testified that this would save $36,000 per year in premium costs. The Fact Finder recommends the adoption of this program by the parties. The Village would continue to pay the entire premiums for hospital/medical Dental and Vision.

During the course of the Hearing both union people stated that a number of the employees were opposed to the HMO Plan G because of limitations on choice of doctors and hospitals. It is realistic that some employees might be in favor of Plan G, where all premium costs for hospital/medical would be paid by the Village.

For the employees who are opposed to Plan G the Village offers Option #1 whereon an employee may elect medical/hospital coverage by the Blue Cross/ Blue Shield CMM-250 PPO Plan with a Five ($5.00) prescription card, in which case the Village will pay 50% of the premium difference between the Blue Cross/Blue Shield Blue Care Network HMO (Plan G) and this PPO plan. An employee will still be eligibe for dental and vision coverage as provided by the Village..

Buy up option from BCN to BC/BS

		Village of Dundee/Employee Contributions	
	Buy up Cost	Monthly	Annual
Single	$ 74.88	$ 37.44	$ 449.28
2 Person	126.95	63.48	761.76
Family	138.11	69.05	828.72
Family Continuation	130.05	-0-	-0-

The Village would still pay the dental and vision coverage

The Fact Finder recognizes that to date the employees have not had to pay any portion of the premium costs. Under the Village's proposed HMO Plan and under the Union's Option A this would continue.

If the old way is to continue, with escalating premium costs, the Fact Finder is of the opinion that the employees will have to share a portion of the costs and therefore recommends Village Option #1 as an alternative choice,if the employee does not want to accept the BC/BS HMO Plan G.

Under Village Proposal Option #2 an employee may elect to waive medical/hospital coverage provided by the Village, in which case the Village will pay the employee One Thousand Five Hundred ($1,500.00) annually. Dental and Vision coverage would still be paid by the Village.

This would benefit an employee who is covered as a dependent in a hospital/medical plan, which another person (e.g. wife) holds as the primary insured. The parties had no disagreement on this, if the Union becomes satisfied that there is no income tax incurred by the individual employee by receipt of the $1,500.00 annually. The Fact Finder is in accord.

Issued at Lansing, Michigan
June 28, 1996

Robert F. Browning

Robert F. Browning
Fact Finder
308 Meade Drive
Lansing, Michigan, 48917

Employer Ex 1

VILLAGE OF DUNDEE
1996 CONTRACT NEGOTIATIONS

ISSUE: WAGE INCREASE
VILLAGE PROPOSAL
Ref: NON-SUPERVISORY EMPLOYEES CBA, SCHEDULE A, pp. 21-25

	Year 1	Year 2	Year 3
Level 1	0%	1.5%	2%
Level 2	1%	2%	2.5%
Level 3	3%	3%	3%

No additional pay for certifications.

	Leader	Operator	Lt. Equipment Operator	Laborer
	($14.09)	($13.60)	($13.10)	($11.66)
1.	$14.51	$14.00	$13.49	$12.01
2.	$14.95	$14.42	$13.89	$12.37
3.	$15.40	$14.85	$14.28	$12.74

NOTE: All employees are at Level 3 (maximum rate). The above rates show wage progression for present employees/3% increase each year.

Ref: SUPERVISORY EMPLOYEES CBA, SCHEDULE A, p. 23

Supervisor step level

	Year 1	Year 2	Year 3
Level 1	0%	1.5%	2%
Level 2	1%	2%	2.5%
Level 3	3%	3%	3%

Supervisors: ($38,917.48)
1. $40,085.00
2. $41,287.55
3. $42,526.18

NOTE: Wage/progression at 3% increase each year.