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In Re the Arbitration between:

BMS File No. 10-PA-0145

Housing and Redevelopment Authority  
of Duluth, Minnesota,

Employer,

and

**GRIEVANCE ARBITRATION  
OPINION AND AWARD**

General Drivers, Warehousemen,  
Helpers, and Inside Employees,  
(Teamsters) Local 346,

Union.

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Pursuant to a Letter of Understanding dated March 4, 2008 the parties have processed this grievance in accordance with **Article 17** of the Collective Bargaining Agreement effective January 1, 2007 through December 31, 2009, and submit the above captioned matter to arbitration.

The parties selected James A. Lundberg as their neutral Arbitrator from a list of Arbitrators provided by the Minnesota Bureau of Mediation Services.

The parties raise no procedural issues and agree that the grievance is properly before the Arbitrator for a final and binding determination.

The grievance was submitted on June 17, 2009.

The hearing was conducted on November 20, 2009.

Briefs were posted on December 15, 2009 and the record was closed upon receipt of briefs.

**APPEARANCES:**

**FOR THE EMPLOYER**

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**FOR THE UNION**

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**ISSUE:**

*Based upon their duties and responsibilities, what is the proper class of pay for the Property Manager position?*

**FACTUAL BACKGROUND:**

The Duluth Housing and Redevelopment Authority, HRA, the Employer, owns and operates 1,046 public housing units throughout the City of Duluth, Minnesota. The HRA has both high rise facilities and what they call “scattered sites”, meaning smaller single and multiple unit facilities located throughout the City. HRA owns six (6) high rise buildings and has two hundred thirty seven (237) scattered sites. Part of the workforce is organized by AFSCME, and supervisory personnel are organized by Teamsters Local 346.

Prior to 2008 the Duluth HRA was organized under the following three centralized departments:

- **Facility Operations** took care of all maintenance for the 1046 units owned by HRA. The Director of Facility Operations was paid at Class 13 on the salary schedule and the Maintenance Supervisor was paid at Class 12.
- **Tenant Services** addressed all of the housing issues, including tenant eligibility, leasing, tenant problems, complaints and evictions. The Director of Tenant Services was paid at Class 13 and the Housing Operations Supervisor was paid at Class 12.

- **Administration and Operations** performed finance, budgeting, contract administration and procurement for the entire Housing Authority.

In 2007 the Employer notified Local 346 that the U.S. Department of Housing and Urban Development was adopting an “asset based” organizational format and the Duluth HRA would be reorganizing to conform to the new format. The actual reorganization took place in 2008.

The new organizational format decentralized operations and divided the HRA properties into four Asset Management Projects, AMPs, exclusive of **Section 8** properties. All privately owned **Section 8** properties were placed in a separate project. The HRA administers one thousand four hundred sixty six (1466) vouchers for the **Section 8** housing subsidy program.

In the pre 2008 organization, the Housing Operations Supervisor and the Maintenance Supervisor had responsibility for all HRA properties and **Section 8** responsibilities. The Housing Manager position was not used under the pre 2008 organization. When the HRA was reorganized, fewer positions previously classified as Level 13 and Level 12 remained within the organization. Several very highly skill employees were unable to transfer laterally under the new scheme.

The position of Property Manager was created under the reorganization and four positions were established. The four Property Managers were each given direct supervisory responsibilities over one of four AMPs. Within the Asset Management Project scheme, the Property Manager is a key figure, who is charged with the responsibility of making his/her AMP profitable. The model being used is an ownership

model and the Property Manager owns all aspects of the AMP to which he or she is assigned.

Property Managers are charged with responsibility for both tenant issues and the maintenance and upkeep of the units. Tenant issues include leasing, rent collection, and filling vacancies. Maintenance issues include unit upkeep, contract issues, budgeting and employee supervision. The Property Manager's goal is to make the AMP profitable and to identify those units that are not profitable and not viable properties. Each Property Manager is responsible for between 215 and 294 units.

In creating the Property Manager position the Employer determined that the job duties and scope of responsibility most closely resembled the duties and scope of responsibility of a Housing Manager. The Housing Manager position was incorporated into the collective bargaining agreement in 1985 and had been a dormant job category under the pre-AMP organization. The Housing Manager position was paid Class 11 wages, when it was part of the organizational scheme. Of the specific individuals who filled the Property Manager position, two (2) received substantial wage increases and two received wage decreases, which were of a lesser percentage. However, the impact of a decrease in wages upon those individuals should not be discounted simply because the losses are a lower percentage than the gains obtained by those who received a wage increase.

On March 11, 2008 the parties agreed to review the Property Manager job, after it had been filled for six (6) months to determine if the wage rate was fair and reasonable for the duties assigned.

On December 3, 2008 the Union asked to meet with the Deputy Director of HRA to discuss the Teamsters view that the wages for the Property Manager position should be raised to at least Class 12 on the wage matrix. The parties met in April of 2009. The request for a wage adjustment was denied on June 10, 2009. The grievance was brought to the HRA Board of Directors on July 12, 2009. The request for a wage adjustment was denied by the Board on July 21, 2009 and the matter was brought to arbitration.

The burden in this arbitration is on the Union to establish that the wages for the Property Manager should be raised from Class 11 on the wage matrix to Class 12.

UNION'S POSITION:

The Union is asking for the grievance to be sustained by finding that the Property Manager position should be paid at Wage Class 12 retroactively from January 1, 2009.

A comparison between the new position of Property Manager and the previous Pay Class 12 positions of Maintenance Supervisor and Housing Operations Supervisor justifies reclassifying the job to Pay Class 12 on the wage matrix. The previous Director of Facility Operations (Maintenance), who assumed the Director of Property Management position under the reorganization, compared the duties and responsibilities of positions formerly paid at the Class 12 level with the Property Manager. She testified that the Property Manager job requires expertise in two broad areas - housing and maintenance - and that the diversity of duties makes the job more challenging in some respects than the old Maintenance Supervisor position. The Maintenance Supervisor was previously responsible for a greater number of units. However, the broader range of responsibilities raises additional challenges for Property Managers.

The Property Manager's "ownership" of each AMP means they are expected to take responsibility for all facets of their units and assume responsibility for the ultimate success or failure of the AMP. Property Managers now have housing issues to address and have much greater discretion in spending decisions and budgeting than did the prior position of Maintenance Supervisor. In the past the Maintenance Supervisor would provide information regarding proposed maintenance projects, but the responsibility for determining what projects to complete was made by the Director of Property Management. While the Director continues to approve projects, the Property Manager is setting priorities and actually making the decision.

The Property Manager in charge of the 237 scattered sites formerly filled the position of Maintenance Supervisor. He testified that his current position is more challenging than the position of Maintenance Supervisor, because he continues to perform all of the Maintenance Supervisor functions on the 237 buildings that he previously performed, and has taken on all of the tenant, budget, contract, inventory and employee supervision issues required of the Property Manager position. Since a majority of his housing units are single family homes, housing families, there are more tenants and invariably more problems. For example, he has personally appeared in court five times for tenant evictions. The diversity of duties and issues he faces with tenants makes his current Property Manager job more challenging than the maintenance responsibilities of his prior position.

The former Director of Tenant Services is currently working as a Property Manager. She previously supervised the Housing Operations Supervisor, with was position paid at Class 12 on the wage matrix. She testified that the Housing Operation

Supervisor and the Maintenance Supervisor both had a one-to-one supervisor relationship with their Directors, which allowed them to assume less overall responsibility and pass some decision making up the chain of command. In contrast, the four Property Managers have a single supervisor who expects the Property Managers that work under her to independently make as many decisions as possible. Hence, greater responsibilities are given to employees lower on the organizational chart.

The job descriptions created by the HRA also supports a finding that the duties and responsibilities of the Property Manager are at least as great as the previous Maintenance Supervisor and Housing Operations Supervisor positions. Nearly all of the previous duties required of the Maintenance Supervisor and Housing Operations Supervisor were combined in the job description of the Property Manager.

HUD also requires that Property Managers earn certification by completing a three day course. There was no evidence that the previous Class 12 jobs (Housing Operations Supervisor and Maintenance Supervisor) required a similar certification.

With the implementation of the Asset Management reorganization, the Duluth HRA did not reconstitute the Housing Manager position because its job duties did not accurately reflect the work that needed to be performed. Instead the HRA created the Property Manager position.

Despite having significantly more duties and responsibilities, the HRA equated the Property Manager job with the Housing Manager job to justify payment of wages at Class 11 on the wage matrix. However, the duties of a Property Manager extend beyond the job duties set forth in the nearly twenty year old Housing Manager job description. The Housing Managers did not supervise more than one person. The Housing Managers did not supervise any maintenance employees. The Housing Managers did not have overall budget responsibility for

the units they managed. The Housing Manager did not create a budget projecting revenue and expenses similar to what is now the role of the Property Manager. Furthermore, the Housing Manager did not have maintenance responsibilities, other than to inspect apartments, while the Property Manager requires maintenance qualifications.

The comparison between the Housing Manager and the Property Manager job supports the position that the Property Managers should be paid at the Class 12 lane in the wage matrix. Where the Housing Manager supervised as few as one person, the Property Manager supervises as many as seven. Where the Housing Manager had limited budget or maintenance responsibilities, the Property Manager has considerable authority in these areas. The contrast is significant and as a result any comparison between the two jobs supports paying the Property Managers at Class 12.

The Employer would have the Arbitrator believe that a determination of wages should be based upon application of a simple mechanical formula:

Number of Units X Areas of Responsibility = Classification Rate.

However, testimony and common sense demonstrates that having overall responsibility for all facets of the operation and the success or failure of approximately 250 housing units is certainly as challenging as expertise in only one area, even if the number of housing units involved is significantly more. The entire purpose of the Asset Management reorganization is to decentralize responsibilities. While the former Operations Supervisor needed significant expertise in one area, she did not have overall responsibility for success or failure of roughly one-quarter of Duluth's HRA owned housing units.

The Employer makes the argument that more supervisors now perform the same amount of work. Hence, the Class 11 wage rate is justified. There are two problems with the

Employer's argument. First, the decentralization of responsibility from department heads to the Property Managers creates a job with more responsibilities. The Property Manager uses a broader range of skills than the Housing Operation Supervisor used under the previous organizational plan. The number of positions is not relevant to the depth and range of skills used to meet the goals set for the position. Second, the Employer's assertion that there are now six Supervisors performing the work previously performed by four Supervisors ignores the evidence. In fact, the number of housing specialists decreased from five to four at the time of reorganization. The decrease in Housing Specialists does not correlate with the sale of HRA Units at Harbor Center. Harbor Center was sold by the HRA in 2007. Following the sale of Harbor Center, the HRA employed five housing specialists until the advent of the Asset Management Reorganization. The number of housing specialists was reduced to four upon reorganization.

The ownership role of the Property Manager necessitates a sharing of additional responsibilities between the Property Managers and the Housing Specialist. The Property Managers who testified said they "do what it takes" to support their Housing Specialist and ensure that the leasing, rent collection, and initial tenant problems, which are the responsibility of the Housing Specialists are addressed. One Property Manager testified that an additional half time Housing Specialist is needed for his AMP, because his Housing Specialist is currently overwhelmed by the volume of work.

The Employer's argument that six Supervisors are doing the work previously performed by four ignores the fact that work previously done by the Administration and Operations Department has been delegated to the Property Managers. Most significantly, the Property Managers are required to formulate an overall budget for their units, monitor those

budgets throughout the year, and make adjustments accordingly. Budget setting is not a task that was performed by the four Supervisors who previously worked in wage Class 12 positions.

In determining the effect the reorganization had on employee workloads, the most relevant consideration is that twelve positions were eliminated and twelve positions were created. One witness observed that after the reorganization the HRA has the same number of employees doing the same amount of work. The difference is that the Property Managers have more responsibility for their AMPs and less support from a centralized administration.

The request of the Union to increase the Property Manager pay from Class 11 to Class 12 is a modest increase. Based on their years of service, two of the four Property Managers are at Step E on the wage scale and the other two are at Step B. For Step E, the change from Class 11 to Class 12 is 2.7% and for Step B it is 3.0%. The total annual cost of the Union's request for all four positions is \$6,600 per year.

In contrast, employees previously in the position of working foreman (who became Lead Mechanics) received monthly wage increases of \$74; the individual in the position of Procurement Administrator (who became Procurement and Capital Improvement Manager) received a monthly wage increase of \$1,191; the employee in the position of IT/Computer (who took the position of IT/Confidential) received a monthly wage increase of \$942; the employee in the position of Inventory Specialist (who became Lead Mechanic) received a monthly wage increase of \$205 and the individual previously in the position of Mechanic (who became Lead Mechanic) received a monthly increase of \$344. In contrast, the Union's request for the Property Manager's to go from Class 11 to Class 12 is a difference of \$135 based on 2008 wages at Step E and \$134 at Step B.

The Union's request is not unusual nor unprecedented and the HRA has the ability to pay.

The Union provided the following comparisons demonstrating that the Property Manager classification (regardless of whether it is paid at Class 11 or Class 12) is underpaid versus the appropriate external comparables:

<u>Duluth HRA</u>	<u>2009 WAGES</u>
Union Position	\$53,112 - \$62,628
Employer Position	\$51,660 - \$60,972
Minneapolis PHA	\$50,952 - \$74,052
St Paul PHA (wage x 37.5 x 52)	\$50,800 - \$76,401
Dakota County HRA	\$51,900 - \$71,700

The duties and responsibilities of the positions used in the Union comparison closely resemble the new Property Manager position at the Duluth HRA. The Minneapolis Public Housing Authority general statement of duties/responsibilities for Asset Operation Manager tracks closely with the Property Manager at the Duluth HRA. The job is paid a salary ranging from \$50,582 to \$74,052 per year. At the St. Paul Public Housing Authority the Resident Services Manager supervises a staff, and is likewise responsible for tenant and maintenance issues on the units assigned to them. St. Paul Housing Authority pays this job a range from \$50,800 to \$74,052. The Dakota County Housing Authority also has a Property Manager position with nearly identical job duties to the position in Duluth, including tenant selection and lease up, lease compliance, monitoring and resolving tenant disputes, coordination of maintenance for new and existing range from \$51,900 to \$71,700.

The three positions used by the Union compare with the Duluth Property Manager position but have significantly higher top pay ranges than either the Union's request at Pay Class 12 or the current pay set by the Employer. In fact, the average for top rates of the three positions at the Minneapolis, St. Paul and Dakota County HRAs are 21% higher than the current annual pay offered in Duluth.

The Employer offered the same Housing Manager job descriptions from the St. Paul Public Housing Authority and the Dakota County Housing Authority as outside comparables.

The only additional comparable position offered by the Employer was the Property Manager position at the St. Cloud HRA. The position has an annual pay range of between \$35,484 and \$56,804. Including the St. Cloud position with the three other comparables (Minneapolis, St. Paul and Dakota County), the average top rate for all the positions is \$69,739 per year, a full 14% greater than the current top rate paid by the Employer for the Property Manager position.

The top wage rate is the crucial wage since that is where two of the four Property Manager slot in. The other two will reach the top step "E" within the next three years, as the Labor Contract provides for annual movement up the steps unless step increases are withheld because of unsatisfactory performance.

The Employer's efforts to compare public housing Property Manager jobs with general wage data of the Minnesota Department of Employment and Economic Development should be rejected by the Arbitrator. In an occupational grouping entitled "Property, Real Estate and Community Association Managers" the Employer brought forward evidence that these positions range from \$11.68 an hour to \$44.65 an hour. The occupational description is too broad to

make a valid comparison and management of residential units is only a small fraction of the work surveyed. Also, there is no way to know whether the public housing property managers surveyed were at the top or bottom of the broad range surveyed. Because of the diverse and varying duties and responsibilities included within the general wage data of the Minnesota Department of Employment and Economic Development, together with the extremely wide pay range, the comparison is of no value in determining the proper rate of pay for the Duluth Property Managers.

The Employer's efforts to minimize the higher pay at other Housing Authorities in the State through summary worksheets purporting to compare expenses in Duluth versus expenses in other cities should be rejected. Rather than provide government created statistics on living costs, the Employer instead offers conclusive statements by "FAS Relocation Network" with absolutely no foundation or background as to how the comparisons are made.

The Union asks for a retro active wage increase to January 1, 2009. In the parties original Letter of Understanding the parties agreed that if they could not reach agreement on the proper rate of pay the Union had the right to pursue the issue pursuant to the grievance procedure of the Labor Contract. Pursuant to the original Letter of Understanding, on December 3, 2008 the Union asked to meet and discuss with the Employer the Union's concerns regarding implementation of the Asset Management restructuring.

Business Manager Rod Alstead testified that when he met with the Employer he informed the Employer that the Union would seek a retroactive wage adjustment to January 1, 2009. In fact, the Union's July 13, 2009 appeal to the HRA Board of Commissioners concludes:

We respectfully request that you consider all of these facts and find that the Property Manager's responsibilities and duties

are certainly worth the approximate additional \$125 wage per month, and implement the wage rate retroactively to the six month anniversary date agreed upon by the parties. January 1, 2009. (Emphasis added).

The Union gave up any back pay claim for at least six months from the Property Manager's June 2, 2008 start date. Because the Union began pursuing the issue on December 3, 2008 and the HRA Board of Directors did not dispute the Union's assertion of a January 1, 2009 retroactive date, any wage increase should be retroactive to that date.

**EMPLOYER'S POSITION:**

The grievance should be denied because the position of Property Manager is properly classified at Class 11 under the collective bargaining agreement.

The HRA and the Union agreed prior to 1986 that the former position of Housing Manager was properly classified as Class 11. The position of Property Manager under the new management structure is essentially the same position as the prior position of Housing Manager under an old, previously used management model. Each position is responsible for the management of a specific property or limited group of properties. Although the position of Housing Manager was vacant for many years, by agreement of the parties it remained in the collective bargaining agreement. Thus, it was available for use at any time the HRA chose to return to the property-based management model.

A local, regional and national comparison of salaries for property managers places the Local 346 Property Managers well above the mean and median pay for property managers in other Minnesota public housing or community development agencies. When adjusted for regional differences in the cost of living, the Duluth HRA's Property Managers are paid more at Class 11 than their counterparts in other public housing agencies.

It is unreasonable to equate the position of Property Manager with the former positions of Housing Operations Supervisor ("HOS") or Maintenance Supervisor ("MS") (as the Union sought to do). While the Property Manager is required to have some of the same knowledge as those two prior supervisors, those supervisors were directly responsible for undertaking a much broader scope of duties, supervising a much greater number of employees and managing a much higher number of housing units than is required of the current Property Managers. Further, to assist them in performing their responsibilities within a much smaller universe of rental units and tenants, the Property Managers have a smaller, dedicated team of employees who are specialists in both the areas of tenant services (previously supervised by the HOS) and maintenance and capital improvements (previously supervised by the MS). The HOS and MS had to rely upon and supervise a much larger shared pool of employees.

The overall scope of responsibilities of the Property Managers is only 215 to 294 housing units, which is about one-fourth of the 1250 housing units for which the HOS and MS were responsible. The decreased number of units results in fewer housing issues and fewer maintenance issues.

All duties related to **Section 8** housing and rent subsidies, which were previously part of the responsibility of the HOS, were re-assigned to a newly-created Director of Rent Subsidies. By assigning all of the **Section 8** duties to a Director of Rent Subsidies, the scope of responsibilities of the Property Managers is less than that of the prior HOS.

Of the entire universe of duties previously performed by two supervisors (HOS and MS), under the direction of two directors (Director of Tenant Services and Director of Facilities Operations), only a portion of those duties are now being handled by four supervisors (Property

Managers) under the direction of one director (Director of Property Management). Thus, five supervisors are now performing less than all of the work that was previously performed by four supervisors. Put another way, six supervisors now perform the same duties and responsibilities previously performed by four supervisors, when including the **Section 8** rent subsidy work. As a result, the HRA is paying wages of \$29,832 per month for six supervisors to do the same work previously performed by four supervisors at a monthly cost of only \$21,342. All of the increase is directly attributable to utilizing four Property Managers instead of the HOS and MS. On this basis alone, a reasonable person must conclude that the Class 11 wage rate for Property Managers is more than fair and reasonable.

The primary distinguishing characteristic between jobs at Class 11 and those at Class 12 is scope of responsibility. Appendix A-1 shows that the only job at Class 11 is that of Housing Managers (the old title for Property Managers). These employees have responsibilities that are limited to a specific property or properties. In contrast, the jobs at Class 12 or above are responsible for their areas of expertise with respect to all HRA properties.

The Financial Operations Supervisor has responsibility for all financial operations throughout the entire HRA affecting all of the HRA properties, all housing units, all tenants and all employees. Similarly, each of the directors at Class 13 have responsibility for their area of expertise throughout the entire HRA, affecting all of the HRA properties, all housing units, all tenants and all employees. In contrast, the jobs at Class 11 are the only supervisory positions for which the job holder is not responsible for subject matter throughout the entire HRA; they have no responsibilities for all HRA properties, for all housing units, for all tenants or for all employees.

The Class 11 jobs have responsibilities that are limited to a small portion of the HRA, a small portion of the housing units, a small portion of the tenants and a small portion of the employees.

In May 1985 the HRA created a job description for the existing job of Housing Manager. Although the position of Housing Manager went through several permutations over the years, when used most recently in the late 1980's, there were two Housing Managers who were responsible for managing all of the housing units owned or managed by the HRA. At that time the HRA owned and managed approximately 1800 units.

The old job description for Housing Manager is less detailed than the current Property Manager description but it includes within its scope all of the duties and services that are being performed by the current Property Managers. The Property Manager job description makes a general statement of responsibilities and identifies a list of duties which include budgeting, forecasting, inspecting, leasing, unit turning, insuring compliance with all regulations and codes, tenant relations, rent collection, maintenance and operations. Housing Managers have "responsibility for services, maintenance and operations, and other management functions ... as necessary to promote and maintain positive site appearance." There are no duties currently performed by the Property Managers that are not included within the scope of duties described in the Housing Manager job description. Although the job description of Property Manager provides more detail than the job description of Housing Manager, both describe essentially the identical position. Every conceivable task for which a Property Manager is responsible is included within the scope of the job description of Housing Manager.

After determining that the position of Property Manager was equivalent to the position of Housing Manager, the HRA conducted salary surveys similar to that conducted during contract negotiations and determined that the HRA's rate of pay at Class 11 under the CBA was at or above comparable regional, state and national pay rates for property managers. The survey showed:

Comparison	Mean Hourly Rate	Median Hourly Rate
National	26.84	21.90
Minnesota	26.12	21.48
Duluth-Superior MSA	N.A.	24.35
2009 HRA Class 11	26.49 to 31.27	

The survey also showed that the current lowest pay step (Step A) for Teamster Class 11 puts the salary at the 97<sup>th</sup> percentile for property managers \$51,660 per year.

The median salary for federal government property managers is only \$43,016 per year compared to the HRA teamster Class 11 pay which starts at \$51,660 per year and tops out at \$60,972 per year in 2009.

A survey made in preparation for the arbitration hearing on this grievance confirmed that the rate of pay at Class 11 is still at or above comparable regional, state and national pay rates for property managers. The updated survey showed:

Comparison	Mean Hourly Rate	Median Hourly Rate
National	27.40	22.15
Minnesota	25.99	21.76
Duluth-Superior MSA	N.A.	22.15
2009 HRA Class 11	26.49to31.27 <sup>3</sup>	

The survey also showed that the most recent national average salary for property manager is \$30,512 compared to the HRA starting rate of \$51,660 per year.

Other public and community housing agencies in Minnesota were surveyed to compare current wage rates for property managers with those of the HRA. The survey demonstrated that the HRA's rate of pay at Class 11 is comparable to the rate of pay for property managers with comparable job descriptions and duties in St. Paul and Dakota County and significantly higher than the rate of pay for property managers in St. Cloud. The Union's survey included the Minneapolis PHA.

Comparison Authority	Minimum Hourly Rate	Maximum Hourly Rate
Duluth HRA	26.49	31.27
St. Cloud HRA	17.06	27.31
Minneapolis PHA	24.50	35.60
Dakota County CDA	26.62	36.77
St. Paul HRA	27.59	39.18

The salary survey information indicated that the cost of living in St. Paul is 19.5% higher than in Duluth, 3.4% higher in St. Cloud than in Duluth and 19.7% higher in Dakota County than in Duluth. When these cost of living differences are factored in, the hourly wage rate for Class 11 exceeds all comparables.

There are a number of significant differences in the scope of job duties between the Property Managers at the HRA compared to the Property Managers in the other public housing agencies surveyed. For example, the four Housing Managers at the St. Paul HRA are responsible for 1296 units or an average of 324 units each. The four Property Managers at the Duluth HRA are responsible for only 1046 units, an average of only 261 each.

Although the Union argued that the Property Manager is responsible for supervising Housing Specialists in the performance of maintenance functions and that the Housing Specialists were previously supervised by the MS under the horizontal management model, the Housing

Manager supervised the same maintenance functions for his/her property under the old vertical management model. ("Responsibility for services, maintenance and operations, and other management functions...").

Although the Union argued that the Property Manager is responsible for supervising others in the performance of landlord-tenant housing functions that were previously supervised by the HOS under the horizontal management model, the Housing Manager handled directly or supervised others in handling the same housing and tenant functions for his/her property under the old vertical management model. ("Responsibility for services, maintenance and operations, and other management functions...; Conducts leasing interview; monitor lease agreement; responsible for rent payments; takes action regarding delinquent payments; maintains effective management/tenant relationships").

Although the Union argued that the Property Manager is responsible for assisting the DPM in the preparation and monitoring of the budget for his/her AMP, the Housing Manager was equally responsible for assisting the predecessor Director of Housing Management in the preparation, forecasting and monitoring of the budget for his/her property. ("Assists the Director of Housing Management in the preparation of the conventional public housing operating budget, determines future needs").

The minimum qualifications for the job of Housing Manager are nearly identical to the minimum qualifications for the job of Property Manager. (7 years experience consisting of combination of B.A. in business administration or public administration, additional experience with HRA or related agency or certification as Public Housing Manager with combination of 7 years experience consisting of 4-year degree in business, public administration or related field, 3

years experience in public housing management administrative duties and equivalent work experience or education). The Property Manager is not required to be certified as a Property Manager for six months.

Two of the four current Property Managers received a significant promotion and a 49% pay raise to move into the position. One was previously a Housing Specialist and the other was previously a Maintenance Technician. Both were AFSCME positions paid significantly less than the Teamster Class 11 wage rate for the Property Manager.

The other two Property Managers are the former MS and DTS. The positions were classified at Teamster class 12 and 13, respectively, so two of the Property Managers, James King and Diane Martin, took only 2.6% and 10.6% pay cuts (from \$31.43 per hour and \$34.24 per hour to \$30.60 per hour under 2008 salary schedule), respectively, to accept voluntarily the position of Property Manager after the HOS and DTS positions were eliminated through the reorganization.

Both the Housing Manager and the Property Manager work to assist a single supervisor (the Director of Housing Management and Director of Property Management, respectively) in the overall management of the specific properties assigned to that manager.

Both the Housing Manager and the Property Manager have a staff of other employees to perform the work required to manage the tenant, maintenance and budgeting issues for the property. In the former case, there were shared employees or pooled maintenance employees available. In the latter case, the housing services and maintenance employees are dedicated and assigned full time to their property, allowing for enhanced efficiency and greater autonomy and control.

The Housing Manager was primarily responsible, directly and through the

supervised employees, for all landlord-tenant and leasing issues. In contrast, each Property Manager has a dedicated Housing Specialist assigned to his/her properties who is primarily responsible for all landlord-tenant and leasing issues for that AMP only.

The HRA, following the direction mandated by HUD, determined that the use of dedicated, assigned housing specialists and maintenance technicians would lead to better ownership of issues and problems, consistency of approach and direct accountability; therefore, managing a property with a smaller, but dedicated, team of employees would be easier than managing the same property with a larger, but shared, pool of employees.

The position of Property Manager is not equivalent to the old class 12 positions of MS and HOS, as alleged by the Union. First, the MS and HOS were each responsible for their subject matter of expertise across the entire universe of properties that the HRA owned and managed. In contrast, the Property Managers are responsible for maintenance and housing services functions only in a narrow, defined group of properties. There is no supervisory position within Class 12 in which the supervisor's scope of responsibility is less than all of the HRA properties. In sheer numbers alone, each Property Manager has responsibility for between 215 and 294 units. The MS and HOS each were responsible for up to 1250 units.

The HOS had responsibility for **Section 8** rent subsidy issues related to 1466 privately owned housing units whose owners dealt with the HRA. The Property Managers have no responsibility whatsoever for **Section 8** rent subsidy issues.

The HOS directly supervised 15 employees and the MS directly supervised 22 employees. In contrast, each Property Manager is responsible for supervising only 5 to 7 employees.

The Union argued that the Property Managers have duties and responsibilities in

budgeting that are greater than the duties and responsibilities of the HOS and MS. However, the job description of the HOS clearly states that the HOS is "responsible for assisting the department director in ... budget preparation and monitoring" and serves as the "lead resource person in the preparation of department budgets, providing recommendations on projections and departmental financial stability." This duty was performed by the HOS with respect to all 1046 HRA owned housing units and all 1466 **Section 8** housing units. In contrast, the Property Manager, "under the supervision of the Director of Property Management" has the duty to "participate in the preparation and revision of the annual budgets or the individual property" and is "responsible for the continuous monitoring of budgets..." This duty is performed with respect to only 215 to 294 units, depending on the AMP, and the actual numbers that are plugged into the budget are furnished by the finance department. One cannot argue with a straight face that assisting a director with a budget for a single building or small group of buildings is the equivalent of assisting a director with a budget for the entire agency. It is, however, the equivalent of the budget duties that the Housing Manager had, which was the preparation of budgets and forecasting for all conventional family housing managed by that manager.

The Union's argument that some procurement duties were transferred from the Procurement Administrator to the Property Managers is not supported by the evidence. The new organizational chart contains the position of Procurement and Capital Improvement Manager. The old organizational chart had a position of Procurement Administrator. Under both management models, the person in these positions is responsible for procurement company-wide. Nothing in the job description of Property Manager assigns these responsibilities to the Property Manager. Rather, the Property Manager, as part of his/her management of specific properties, will make

budget recommendations to his/her supervisor that might include capital improvements necessary for his/her AMP. When and if the budget is approved by the DPM, the actual procurement of funds in excess of \$500 must be approved by the Director of Property Management and the actual procurement (bidding, ordering and contracts) is then handled by the Procurement and Capital Improvement Manager. This is no more responsibility than the old Housing Manager had in making recommendations to the Director of Housing Management with regard to determining the future needs of the properties and then putting money in the budget to address those future needs.

The Union's argument that the Property Manager has more responsibility for making decisions on maintenance and capital expenditures than did the old MS is not supported by the evidence. James King admitted that as MS he would make recommendations to the Director of Facilities Operations and the DFO had the final say — to approve or reject the recommendations. As MS, he performed this function with respect to all HRA owned properties. Currently, as Property Manager of AMP 1, he makes recommendations to the DPM with respect to maintenance and capital expenditures of only AMP 1. This work is done only with respect to a much smaller number of properties. As before, the DPM makes the final decision, approving, rejecting or modifying the recommendation and the Procurement and Capital Improvement Manager handles the actual bidding, ordering and contracting for the purchases.

The Union's argument that the job description of Property Manager mirrors the job description of the DPM is inaccurate and misses the mark. Since both positions have responsibility for the management of HRA-owned property, it is not unusual to see similar descriptions in the list of duties. However, the former is "managing" at the "field level" a single

building or group of buildings and supervising a small number of employees who work exclusively at those properties. The latter is "managing" at the department head level, all of agency properties and all of the agency employees, including the Property Managers themselves, involved in the management of properties. That does not mean the jobs are the same. As an analogy, consider the differences between the job description of a manager of an 8-unit motel in Ely and a manager of a 1400 room hotel in Las Vegas. Hypothetically, both job descriptions could be identical because both managers have to deal with the same issues: employee supervision, maintenance, capital improvements, marketing, cleaning, supplies, collection of rents, budgeting, purchasing, etc. Thus, although the type of issues each must address might be very similar, clearly the two positions are not similar in the scope, level, degree and extent of responsibility and one would not expect both to be paid the same salary. For the same reasons, although the type of issues addressed by the Property Managers is similar to the type of issues addressed by the DPM and the old MS and HOS, the scope, level, degree and extent of responsibility is clearly less for the Property Manager than it was for the DPM, MS or HOS.

The Union argued that the Property Managers are now responsible for the administration of a limited number of third party contracts, such as contracts for snow removal, garbage service, elevator service and cell phone tower leases. Monitoring contracts is not the same as negotiating, bidding and preparing contracts. These contracts are negotiated by the Procurement & Capital Improvement Manager, just as was the case prior to AMP. Prior to AMP, the monitoring of these contracts was a responsibility of the MS who performed this task for all 1046 HRA-owned properties. Now the Property Manager for AMP 4 performs this task with respect to two buildings; the Property Manager of AMP 3 performs this task with respect to one

building; the Property Manager of AMP 2 performs this task with respect to three buildings. The Property Manager of AMP 1 does not have any cell phone tower leases or elevator maintenance contracts to administer. Instead he has responsibility for snow removal contract and garbage service contract monitoring for 237 scattered sites buildings. Clearly, the scope of this small part of the job is much less for the Property Manager than it was for the MS.

The Union argued that the job of Property Manager was made more difficult by the reduction in the number of Housing Specialists from 10 to 9. Again, this is inaccurate and misses the point. Under the pre-AMP structure, there were 10 housing specialists. After AMP there are 9 (five in the Department of Rent Subsidies and one assigned to each of the four AMP's). As Barbara Akervik testified, there were 5 housing specialists when the HRA still owned and managed the HOPE VI project. Thus, the HRA owned and managed 1250 units of housing with 5 housing specialists. This is a ratio of 250 units per housing specialist. When management of HOPE VI property was privatized between 2005 and 2008, the "extra" Housing Specialist was not eliminated. Instead the HRA decided to wait until the AMP restructuring. Currently, there are 4 housing specialists responsible for 1046 units of HRA-owned housing, or a ratio of 261 units per housing specialist. This is an increase of only 4 percent in the number of units per housing specialist. Such a minor increase in the average work load per housing specialist has not increased the duties and responsibilities of the Property Manager — particularly since these four dedicated housing specialists, unlike their predecessors, have no responsibility for **Section 8** issues. Both James King and Diane Martin testified that they have not had any disciplinary or non-disciplinary discussions with their housing specialists about any lack of productivity or work performance issues due to their work load. In any event, as supervisors of

the housing specialist, the Property Managers merely supervise; they do not perform the work of the housing specialist. If they are doing so, then they are working outside their own job duties and cannot expect to be paid at a higher rate of pay than class 11 to perform work that is paid at an AFSCME rate significantly below Teamster class 11.

Contrary to the Union's argument that the Property Managers are over-worked and do not have sufficient staff to perform the work, the change to AMP has reduced the turn rate.

**OPINION:**

While the arguments on both sides of this issue are very strong, three factors give the Union argument somewhat greater weight in this dispute over the Employer's contention that Class 12 wages should not be paid to employees who do not have responsibilities for all HRA properties. The demands of the Property Manager position are greater than the former Housing Manager position and are broader in many respects than previous Class 12 positions, despite the fact that Property Managers are responsible for fewer units than previous Class 12 positions. The "ownership like" characteristics of the Property Management position appear to have resulted in improved performance, which supports the argument that greater skill and knowledge is being applied at a critical point in the HRA system. The external comparisons submitted at hearing reflect top wage rates that appear to be consistent with the external comparisons made by both Union and Management.

The Arbitrator is convinced that the level of knowledge and expertise required of the current Property Managers at the Duluth HRA is greater than the knowledge and expertise previously required of Housing Managers. Similarly, the scope of knowledge

and expertise is broader than the knowledge and expertise previously required of Class 12 positions that had responsibilities for all HRA properties. While the Property Managers have responsibilities for roughly one quarter of all HRA properties, the responsibility is comprehensive. The ownership model adopted by the HRA imposes a significantly higher standard of performance upon the Property Manager than the previous position of Housing Manager and the standard of performance more closely resembles the standard of performance for Class 12 positions. The arguments comparing job descriptions made by both parties highlight the fact that general responsibilities are shared between various positions. In this instance, the Union has convince the Arbitrator that the performance expectations for Property Managers are greater than expectations for the previous position of Housing Manager paid at the Class 11 wage rate.

The AMP system has resulted in lower vacancy rates at the Duluth HRA. The objective of the AMP system was to improve overall performance by imposing “ownership like” responsibilities upon the Property Managers. The Property Manager’s have been meeting the performance expectations of the AMP format, which supports the argument that greater expertise and knowledge is being applied at a critical point in the organization. The position of Property Manager is a focal point in the reorganization into the decentralized AMP model and far more of the burden of the program’s success has been placed on the Property Manager than was imposed upon the previous position of Housing Manager.

The wage comparisons made by the parties demonstrate that top wages paid in other comparable communities are considerably higher than top wages paid at the Duluth HRA, while starting wages are very close. The top wage comparison is consistent with

the arguments made by the Employer that the wages paid in other communities are being paid to employees who are responsible for more units and the wages reflect higher costs of living.

While the arguments presented by the parties in this grievance arbitration reflect a very close question, the Union did demonstrate by a preponderance of the evidence that the position of Property Manager should be paid at the Class 12 wage rate found in the collective bargaining agreement.

The March 2008 “Letter of Understanding” does not address the question of retroactive wage payments. The Union Step 3 grievance memorandum dated July 13, 2009 argues for retroactive pay to January 9, 2009 based upon the agreement of the parties. The Arbitrator is not convinced that the parties entered into an agreement regarding retroactive pay. In the absence of a clear agreement over the issue of retroactivity, the award herein should be from the July 13, 2009 grievance appeal.

**AWARD:**

*The four (4) Teamsters Local 346 members working at the Duluth HRA in the position of Property Manager shall be paid wages at the Class 12 rate beginning July 13, 2009 and thereafter.*

**Dated: January 28, 2010**

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**James A. Lundberg, Arbitrator**