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STATE OF MICHIGAN
STATUTORY LABOR ARBITRATION PANEL
(Pursuant to Act 312, P.A. 1969, as amended)

In the Matter of Arbitration Between:

CITY OF ALPENA

and

UNITED STEELWORKERS OF AMERICA
AFL-CIO-CLC
LOCAL UNION NO. 8019
(POLICE EMPLOYEES)

Alpena, City of

OPINION AND AWARD

Chairman of Arbitration Panel: Barry C. Brown

City Delegate: Edward Sequin

Union Delegate: Robert Kurtz

Representing City: Robert Ferguson, Esq.

Representing Union: Lawrence Wolfe, Esq.

Hearings Held: November 11, 1977 at Alpena City Hall, Alpena,
Michigan.

Final Briefs Received: January 31, 1978

Opinion and Award: February 18, 1978

Barry Brown

Michigan State University
LABOR AND INDUSTRIAL
RELATIONS LIBRARY

I STATEMENT OF THE CASE:

This matter came on for hearing before a panel of arbitrators appointed pursuant to the terms of Act 312 (Public Acts of 1969, as amended) for the purposes of hearing and deciding unresolved issues in a new contract dispute between the parties shown above. Pursuant to the statute, Barry C. Brown was appointed by the Director of the Michigan Employment Relations Commission to serve as chairman of the arbitration panel. The City designated Mr. Edward Sequin, City Clerk, as its delegate to the panel. The Police Officers designated Mr. Robert Kurtz as its delegate to the panel. So constituted, the panel met on November 11, 1977. At this hearing, it was agreed that the case would be submitted to the arbitration panel principally upon the briefs and reply briefs of the parties. The parties stipulated and the panel agreed that all of the issues, except No. 11, were economic and, therefore, subject to the last best offer provision of Section 8 of the Act. Issue No. 11 was declared to be non-economic. The issues are as follows:

1. Vacation rate
2. Method of taking vacation
3. Sick leave pay out on retirement
4. Sick leave rate
5. 1977 wage increase
6. 1978 wage increase
7. Wage differential for Corporals and Sergeants
8. Health insurance for retirees

9. Retirement Agé
10. Life insurance for retirees
11. Dental program - agent designation
12. Employee's contribution rate - retirement program
13. Pay premium for education achievement
14. Penalty for false illness statement as to illness

On January 12, 1978, the parties had mailed their initial briefs and their lists of last best offers to the chairman of the arbitration panel who in turn forwarded them to opposing counsels and the other panel members. The final reply briefs were received on January 31, 1978.

It should be understood that the panel members representing the City and the Police Officers disagreed with certain of the findings and awards set forth hereinafter. Each generally supported the last best offer of the party to whom he was appointed to the panel. Accordingly, the signature of either of the partisan panel members at the conclusion of this Opinion and Award does not represent a concurrence in each and every element of the final award but does constitute a recognition that there exists a majority vote in support of each item contained in the final award.

II BACKGROUND

The City and the Steelworkers, Local Union 8019, were signatory to a collective bargaining agreement with an expiration date of June 30, 1977. Prior to the expiration of the contract, negotiations

for a new contract had been instituted. After several bargaining sessions, it was determined that there was an impasse on several issues and that continued bargaining would be fruitless. Subsequently, in a letter dated July 14, 1977, a demand was made for interest arbitration under Act 312. On August 29, 1977, the Michigan Employment Relations Commission appointed Barry C. Brown to serve as the neutral chairman of the arbitration panel. No issue with respect to the proper appointment or constitution of the arbitration panel was raised during the course of these proceedings. Neither was any question raised about the arbitrability of the dispute raised by either the City or the Steelworkers Union.

III LAST BEST OFFERS:

Issue No. 1 Vacation Rate

- A. Current contract provisions: Article VII, Vacation and Sick Leave,
(A) (2)

"2. A day of vacation shall consist of eight (8) hours at the individual employee's straight time hourly earnings two weeks prior to the beginning of the individual's vacation period. If a general increase in wage rates occurs during the calendar year prior to the time the vacation is taken, such general increase will be included in the computation of the vacation pay, anything above to the contrary notwithstanding. If the employee's vacation has been properly scheduled two (2) weeks prior to the date of starting his first week of vacation, he shall, upon request, be given his vacation check on the payday preceding his vacation covering the amount of vacation he is currently taking."

- B. City's last best offer: No change
- C. Union's final position: Request that the current language be changed to the following:

"A day of vacation shall consist of 8 hours at the individual employee's actual rate he would receive if he had been working including shift premium. (emphasis added)"

Issue No. 2 Method of taking vacation

- A. Current contract provision: Article VII, Vacation and Sick Leave,
(A) (3) (first paragraph only)

"The determination of when vacations may be taken is left to the Department Head, who will prepare and post a vacation schedule for his department."

- B. City's last best offer: Propose the following language:

"A. 11. An employee may take a portion of his vacation in days at a time not to exceed a maximum of five (5) days subject to the following conditions:

- "(a) Not less than two weeks notice of request to be made to Captain.
- "(b) There shall be not to exceed two men on vacation at any time.
- "(c) The vacancy created shall be filled at the Chief's discretion.
- "(d) Such vacation day request shall be granted to the first employee to apply therefor if there is more than one applicant.
- "(e) If it develops that the affected employee is scheduled for Court appearance(s) on the day he has selected as his vacation day, the employee will be paid his vacation day pay only with no further obligation on the part of the City."

- C. Union's final position: The Union has accepted the Employer's last best offer.

Issue No. 3 Sick leave pay-out on retirement

- A. Current contract provision: Article VII, Vacation and Sick Leave,
(B) (7)

"Effective as to employees who retire on or after January 1, 1974, the retired employee shall receive one-half of his accumulated sick leave based on average hourly straight-time rate at the time of retirement."

- B. City's last best offer: No change

C. Union's final position:

"100% of pay-out of accumulated sick leave at time of retirement."

Issue No. 4 Sick leave rate

A. Current contract provision: Article VII, Vacation and Sick Leave, (B) (3)

"Sick leave will be paid only if the employee makes every reasonable effort to notify his Department Head before the start of his scheduled day of work."

B. City's last best offer: No change

C. Union's final position: Propose to add the following language:

"Sick leave shall be paid at the actual rate the employee would have received if he had been working including shift premium"

Issue No. 5 1977 wage increase

	A. Current contract provision (1976)	B. City's last best offer	C. Union's final position
Sergeant	\$6.28	\$6.71 (+.43)	\$6.74 (+.46)
Detective Sergeant	6.28	6.71	6.74
Safety Officer	6.13	6.56	6.59
Patrolmen	6.03	6.46	6.49

Issue No. 6 1978 wage increase

	A. Current contract provision (1976)	B. City's last best offer	C. Union's final position
Sergeant	\$6.28	\$7.14 (+.86)	\$7.20 (+.92)
Detective Sergeant	6.28	7.14	7.20
Safety Officer	6.13	6.99	7.05
Patrolmen	6.03	6.89	6.95

Issue No. 7 Wage differential for Corporals and Sergeants

A. Current contract provisions: See above

B. City's last best offer:

"A 3% increase in wage differential for Corporals over Patrolmen and a 6% increase for Sergeants over Patrolmen effective July 1, 1978."

C. Union's final position: The Union accepts the City's last best offer.

Issue No. 8 Health insurance for retirees

A. Current contract provision: None. (The practice is to allow retirees to purchase their own health insurance at about \$100.00 per month.)

B. City's last best offer: No change

C. Union's final position: Propose to add the following language to Article XIII.

"The City shall pay 25% of the cost of health insurance for all future retirees to age 60 and 50% of the cost thereafter."

Issue No. 9 Retirement age

A. Current contract provision: Retirement age at 55 years and 25 years of service.

B. City's last best offer: No change

C. Union's final position: Retirement with 25 years of service, regardless of age.

Issue No. 10 Life insurance for retirees

A. Current contract provision: None

B. City's last best offer: No change

C. Union's final position: Add to Article XIV, Insurance, new Section D, as follows:

"The City will provide future retirees with a paid up \$2,500 life insurance policy."

Issue No. 11 Dental program - selection of agent

- A. Current contract provision: There is now no provision relating to the designation of the agent administering the dental program.
- B. City's last best offer: No change
- C. Union's final position: "Papke-Beatty Agency to administer the dental program.

Issue No. 12 Retirement program - employee contribution rate

- A. Current contract provision: The employees now pay 7% of their wages into the retirement fund.
- B. City's last best offer: No change
- C. Union's final position: Reduce the employees contribution to 6%.

Issue No. 13 Pay premium for education achievement

- A. Current contract provision: None
- B. City's last best offer: No change
- C. Union's final position: Add to Article XVI, Other Conditions of Employment, Section 13, new sub-section f, as follows:

"Police officers having completed an Associates Degree or the equivalent of two years of college in the field of Criminal Justice, shall receive a college incentive premium of 2% of their base wage rate, to be paid semi-annually the first week of June and December respectively. Further, officer having completed a Bachelors Degree or the equivalent of four years of college in the field of Criminal Justice shall receive a college incentive premium of 4% of their base pay rate, also to be paid semi-annually the first week of June and December respectively."

Issue No. 14 Penalty for false statement as to illness

- A. Current contract provision: None
- B. City's last best offer: Add to Article VII, Vacation and Sick Leave, (B), new Section 5, as follows:

"If the employee submits a false statement as to illness, his service with the City shall terminate."

C. Union's final position: No change.

IV FINDINGS AND CONCLUSIONS:

The following opinions and orders have taken into consideration each of the factors enumerated in Section 9 of Act 312. The lawful authority of the employer is not a significant consideration in this case. In all respects, the Union's demands do not appear to exceed the authority of the City to grant. Section 9 (C) of the Act speaks of the financial ability of the unit of government to meet additional costs. The ability of the City to pay the demands of the Police Officers here is not a basic factor in this dispute in that the City can meet these various demands without being put into a deficit position at this time. Of course, there is always the question of what are proper government priorities, and the City obviously may exercise its discretion to expend certain sums on areas other than the personnel costs for the members of this bargaining unit. The fact that there is currently an operating surplus or that the City can be said to be conservative in its fiscal management does not provide an impetus for this panel to disburse such sums to the employees involved in this arbitration. The panel need only determine that the City has the ability to pay and with that decision that topic need not play a further role in these considerations.

Public Act 312 also requires that the panel compare the wages and other working conditions for the employees involved in this case

with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally in public and private employment in comparable communities. The City, which has a population of 14,000, seeks to compare its last best offers with the wage and benefits offered in two upper peninsula Michigan communities whose populations are slightly smaller and several public employee bargaining units within Alpena County. The Steelworkers propose the use of approximately nine cities in the lower peninsula of Michigan, whose populations are slightly larger and who have police force staffs of 20 to 26 men. The Union also used several private employer bargaining units in Alpena for purposes of comparison.

Under Act 312, the panel was charged with the duty of making its determination based upon factors enumerated in the Act, several of which have been set forth in the preceeding paragraphs. However, several other factors, such as comparison of the wages, hours and conditions of other employees working for the City of Alpena, have also been taken into consideration, as have factors typically considered by the parties in negotiating a collective bargaining agreement. All of this information has formed the basis of the following findings, opinions and orders:

Issue No. 1 Vacation Rate.

The Union has proposed that the agreement should be revised so as to provide a rate of pay for an employee on vacation that would include the shift differential he would have received if he had worked the week taken for vacation. The City argues that this benefit would be unreasonably costly and that greater than straight time vacation rates are not offered to other public employees (even in the Union's comparables) except for the local deputy sheriffs.

As to costs, the City now pays a high ratio in fringe benefits (43%) and vacations represent a significant portion of such costs (8%). The total vacation allowance compares favorably with that granted to employees in similar employment in comparable communities. Currently, the afternoon shift received a 2% shift premium and the third shift receives a 4% premium. While it is impossible to calculate the exact cost, it is clear that with three quarters of the force having five years or more of seniority they will receive from 10 to 16 days of paid vacation. If the Union's proposal were adopted, many of those days would be paid at 2 to 4% higher rates.

A shift differential is paid to offset the undesirable hours and their negative effect on family and social life. When on vacation, an employee does not suffer the bad hours and, thus, he should not expect the shift differential. It could cause a financial hardship if an employee were to suffer a reduction in his regularly expected weekly wage when on vacation. However, the pay practice in the City of Alpena is to pay an amount greater than the weekly

wage when the employee takes a vacation. Therefore, there is no actual reduction in the regular take home pay.

Finally, the inclusion of the shift premium could be most difficult to calculate. First, the Sergeants represent one-quarter of the bargaining unit, and they regularly rotate their shift assignments. Further, the patrolmen are moved from one shift to another and sometimes they trade assignments. It would appear to add a burdensome complication to change the present method of vacation pay calculation based on the Union's proposal.

AWARD: The City's Last Best Offer of status quo is adopted.

Sequin	<u> X </u>	Concurs	<u> </u>	Dissents
Kurtz	<u> </u>	Concurs	<u> ✓ </u>	Dissents

Issue No. 2 Method of taking vacation

The Union has accepted the City's Last Best Offer on this issue.

Issue No. 3 Sick leave pay out on retirement

The Union seeks 100% of accumulated sick leave at time of retirement. The Employer argues that very few comparable communities grant full sick leave pay out on retirement. Also, the City projected costs based on the experience of the last six retirees and projected an estimated cost to the City of more than \$3,000 per employee upon retirement. This would be a considerable liability which would have to be funded in advance by appropriate budget account. The City argues that the panel should reject this Union demand because the cost

is unreasonable when viewed in the context of the Employer's overall benefits and coverage at retirement.

The Alpena deputy sheriffs do receive 100% pay out on retirement. However, their rate of pay and days accumulated are less, so the comparison is not on an equal basis. The fire fighters and other City employees have a rate of pay out of sick leave on retirement which is comparable to the police officers. In other units where there are few days banked to be paid on retirement (private employers and school employees), there is not a fair basis for comparison. The majority of the cities in both the City's and the Union's comparisons do not pay 100% of accumulated sick leave on retirement. The panel is convinced that the comparisons support the Employer's Last Best Offer of status quo.

The Union argues that the City will not experience a cost in the long run because employees will be less likely to consume their sick leave allowance if they are able to "bank" and be paid such accumulations on retirement. The City did show that the employees now are inclined to decreased their utilization of sick leave as they near retirement and the prospective lump sum payment at the 50% rate. The panel believes that the younger employees would not be influenced by a payment in the distant future. The present 50% rate of payment is already having the effect suggested by the Union and, thus, a 100% rate of payment would probably not represent a significant savings offset to the City. For all of the reasons stated above and in the light of the evidence adduced at the hearing and in

the parties' submissions, the panel concludes that the City's Last Best Offer conforms to the criteria set forth in the statute.

AWARD: The City's Last Best Offer of status quo is adopted.

Sequin	<u>X</u>	Concurs	<u> </u>	Dissents
Kurtz	<u> </u>	Concurs	<u>✓</u>	Dissents

Issue No. 4 Sick leave rate

The Union seeks a rate of sick leave payment which includes the shift differential. This concept was discussed in detail under Issue No. 1. The panel is convinced that there has been no strong need shown for this proposed contract change. Further, the administration problems seem great with a great opportunity for confusion and grievances. For these reasons, the panel believes the Union's proposal should be rejected.

AWARD: The City's Last Best Offer of status quo is adopted.

Sequin	<u>X</u>	Concurs	<u> </u>	Dissents
Kurtz	<u> </u>	Concurs	<u>✓</u>	Dissents

Issue No. 5 and 6 General Wage Increases

The Union seeks a 46 cent across the board wage increase effective on July 1st in 1977 and 1978. The City has offered 43 cents per hour instead in each of those years. The 3 cents per hour difference in the final positions of the parties is minimal and, therefore, the panel will not analyze the parties' positions in great detail.

As noted earlier in the discussion of comparable communities, Alpena is somewhat unique as a Northern Michigan community. It is both highly industrialized and highly unionized. Thus, comparisons to other non-union, tourist oriented communities is not productive. However, the more desirable lifestyles of the north country and the different requirements on urban police officers makes comparisons to Detroit area cities equally inappropriate. Consequently, the panel will look closely to other like-situated, outstate communities in Michigan's lower peninsula and to the other public employees in Alpena for the most comparable wages, hours and conditions of work to those in this bargaining unit.

Under both the City's and the Union's Last Best Offers, the Alpena patrolmen would be about even in annual wages with the Traverse City patrolmen in 1978 at the three-year seniority level. While the beginning wages would be higher, this would have little cost impact on the City as there are and will be few employees in those categories. The fringe benefits for the Alpena patrolmen are higher in the overall than those granted under most contracts in comparable communities. In part, this is a reflection of the impact of the many private employment-Steelworker collective bargaining agreements in the Alpena area. It appears that the Alpena police officers have traditionally enjoyed a leadership position in many of these fringe benefits.

The employees in this unit were granted a 45 cent wage increase by the 1975 Act 312 panel. The parties negotiated a 50 cent per

hour wage increase for 1976. Thus, these employees have enjoyed an 8.6% and an 9.0% increase in the two years prior to this contract. The employees have thus generally been able to keep up with the cost of living increases of approximately 6% and 7% in the same period. Further, the present contract has a cost of living adjustment which should adequately protect the employees if the actual cost of living increases exceed the general wage increase granted by this panel.

There are many bargaining units represented by the Steelworkers in Alpena which require average wage payments of more than \$7.00 or \$8.00 per hour. The average wage of the Union members in the Alpena Police Department is \$6.11 per hour. Further, looking to comparable outstate cities, such as Albion, East Grand Rapids, St. Joseph and Mt. Pleasant, we find that the maximum pay for the Alpena patrolmen is somewhat lower. The base pay figure of \$12,542 is lower than all but Albion's comparable pay level of \$11,941.

The Alpena Fire Fighters now annually earn more than the patrolmen by \$300+. Similarly, the Alpena Department of Public Works workers have average annual earnings that are very nearly that of the patrolmen. These comparisons are supportive of the Union's position. The Alpena deputy sheriffs seem to traditionally be somewhat behind the patrolmen in annual earnings, as they are at this time. The Union's reduction in their wage request from 50 cent per hour to 46 cents per hour brings them closer to a fair wage increase for the two years in dispute. It also demonstrates a sincere effort to compromise their position to achieve a settlement.

Based on the factors cited above and in consideration of the record as a whole, the panel concludes that the Union's Last Best Offer best meets the criteria set forth in Section 9 of Act 312.

AWARD: The Union's Last Best Offer of an across the board wage increase of 46 cents per hour is adopted effective on both July 1, 1977, and July 1, 1978. (The wage increase of July 1, 1977, is to be paid retroactively shortly after the effective date of this award.)

Sequin	<u>X</u>	Concurs	<u> </u>	Dissents
Kurtz	<u>✓</u>	Concurs	<u> </u>	Dissents

Issue No. 7 Wage Differential for Corporals and Sergeants

The Union's Last Best Offer sought a Corporal's wage differential of 3% over the patrolmen's base wage and a Sergeant's wage differential of 6% over the patrolmen's wage. The City has agreed to adopt this provision effective on July 1, 1978. While the panel will not be required to act on this issue, as it is no longer in dispute, the panel will consider it a part of the total compensation and cost package. Further, the panel notes that a significant portion of the unit will receive an additional pay increase in 1978 because of this new provision.

Issue No. 8 Health insurance for retirees

The Union is proposing that the City will pay 25% of the cost of health insurance for all future retirees to age 60, and 50% of the cost thereafter.

The City at this time pays no health insurance for any of its retirees (police, fire or Department of Public Works units). If a retiree wishes to continue his health insurance coverage (and most do), the City arranges to deduct the \$100 or so monthly insurance premium from their pension checks. Of course, at age 65 (or earlier in some instances), medicare and medicaid benefits are available and the cost drops dramatically.

It seems clear to the panel that this benefit would only be available to those who go on pension after the effective date of this agreement. Further, the benefit is only for the insurance cost of the retiree and not his family. Thus, the single subscriber premium would be used as a basis for determining the 25% or 50% paid by the City. Therefore, the City's cost estimates for this provision were too high as they were predicated on a family coverage. The single subscriber rate is only about \$40.00 a month and 25% of that is only \$10.00 a month. There are only six active retirees at this time, and though not eligible for this benefit, it shows that there will not be too many employees enjoying this benefit.

It was most difficult for the panel to make comparisons for this benefit with other units as the specific information was not

presented in the various exhibits. Although it is common knowledge that the U.A.W. contracts grant such coverage to retirees, that benefit was treated differently in the private employer contracts of the Steelworkers. Often such a benefit would be incorporated in the retirement plan adopted by an employer. Such plans or policies were not included in this record. The Employer states that such a benefit (employer contribution to retiree's health insurance premium) is unusual, especially in the private sector. The Union claims that many Alpena area private employers do assist retirees in paying their health care insurance premiums.

The Union makes a strong point that retirees must have some assistance in paying for health care insurance because it requires such a disproportionate part of their limited income after retirement. Certainly, the cost of health care insurance has risen dramatically in recent years. Equally certain is the fixed nature to retirees' incomes. In balance, the panel concludes that the cost to the City will be minimal, but the effects most beneficial to grant this demand of the Union.

AWARD: The panel adopts the Union's Last Best Offer of City payment of 25% of the cost of a future retiree's health insurance cost to age 60 and 50% of the cost thereafter.

Sequin	<u> </u>	Concurs	<u> X </u>	Dissents
Kurtz	<u> ✓ </u>	Concurs	<u> </u>	Dissents

Issue No. 9 Retirement Age

The Union proposes that police officers should be eligible to retire after 25 years of service regardless of their age. The City strongly opposes this proposal on the basis of cost and its adverse impact on the City's pension plan. The City points out that a police officer could theoretically retire at the age of 43 under the Union's proposal. Under the current plan such a young officer would be able to take a 50% pension payment and seek work elsewhere. Such a program would seem to be an inducement to high turnover. The City also argues it would lose well trained men who are at their prime if such a plan were adopted.

The Union likens such early retirement plan to that employed by the armed forces. Further, they claim that a police officer should be able to leave the force while a young man if he has served the City 25 years in such hazardous duty. Further, the Union indicates many officers may wish to stay on past their 25th year of service and that the panel should not presume that all will retire at the earliest possible date.

A review and comparison of both the private and public sector collective bargaining agreement provisions on retirement shows that eligibility to retire after 25 years of service to be virtually unique. Age 55 seems to be the predominate minimum age for retirement. The number of cities with minimum age of 50 is still a small minority among those shown in the Union's exhibit.

It is clear that the funding requirements of a retirement plan would be substantially increased by a substantial reduction in the minimum requirements. If several patrolmen were to exercise their option to retire after 25 years of service, they would be able to draw their benefits (50% of average salary) over several years in which there would have been payments into the plan under the present set up. Therefore, in order to keep the plan fiscally sound the City would have to substantially increase contributions or make lump sum payments to offset this potential lost income.

The panel believes the Union has not met its burden of proof to show that there is a basis for the panel to award this benefit. It is determined that such early retirement eligibility is not a benefit enjoyed by police officers in comparable communities. Further, the present pension program is adequate and the potential cost of the Union's demand is disproportionately high.

AWARD: The City's Last Best Offer of a status quo on the retirement plan is adopted by the panel.

Sequin	<u>X</u>	Concurs	<u> </u>	Dissents
Kurtz	<u> </u>	Concurs	<u>✓</u>	Dissents

Issue No. 10 Retiree's life insurance

The Union's final position is to provide future retirees with a \$2,500 life insurance policy. The City argues that such

a benefit is granted in only about 25% of comparable collective bargaining agreements. Further, they assert that the City's total fringe benefit program and the life insurance program the City offers for its regular police officers are superior and need not be augmented by a further program for the future retirees.

The panel notes that it would not be too costly for the City to supplement its present \$15,000 life insurance policy for its police officers on active duty with a conversion upon retirement to \$2,500 in coverage for life. Such a conversion provision is not uncommon and it would provide at least burial expense coverage for the retirees. While the number of cities presently granting such a benefit is less than a majority, it does appear that the trend is to such insurance protection for retired employees.

The panel determines that the Union's final position is that which is the most consistent with the Act 312 criteria.

AWARD: The panel adopts the Union's Last Best Offer of a City paid \$2,500 life insurance policy for future retirees.

Sequin	<u>X</u>	Concurs	<u> </u>	Dissents
Kurtz	<u>✓</u>	Concurs	<u> </u>	Dissents

Issue No. 11 Dental program - agent designation

The Union seeks designation of the Papke-Beatty Agency to administer the dental program. The parties have agreed in negotiations that a dental program is to be an added benefit under this contract. The Union presumed that the Papke-Beatty Agency would administer this program as they are already the successful administrators of several other Steelworker contract dental plans in the Alpena area. The City followed its usual competitive bidding program for all City contracts, and two agents submitted identical bids for the administration of the dental program. The City then followed its usual practice of drawing straws to select the successful bidder. It was not the agent favored by the Union. The Union made a contract demand that the Papke-Beatty Agency be designated. Both parties have agreed that this is a non-economic issue.

Typically, employer independently select the carriers and agents to cover or administer the insurance benefits negotiated in their collective bargaining agreements. However, it has been determined that such matters may properly be the topic of collective bargaining. In this case, the Union claims that its members will receive better service from an experienced agent. There was no proof entered, however, that there is a basis to expect that the present designated agent will not function adequately.

A city must follow a strict program to insure fairness and objectivity in its letting of contracts. Too often city administrations

in other places have rewarded friends by granting city contracts in a manner that was not open and competitive. The City of Alpena strictly followed an objective bidding program in the case before the panel. The contract was awarded in good faith. The successful agent has taken training from the carrier and has made preparations to administer the dental program. The panel is not convinced that such administration will not be successful. Further, competition between agents in the City may enhance the service offered by both agents. If the Union is still dissatisfied after several months of experience they can bargain for a new agent in the next contract.

AWARD: The panel adopts the City's Last Best Offer of status quo on the agent for the dental plan.

Sequin	<u>X</u>	Concurs	<u> </u>	Dissents
Kurtz	<u> </u>	Concurs	<u>✓</u>	Dissents

Issue No. 12 Retirement plan - employee's contribution rate

The Union proposes that on July 1, 1978, the employee's contribution to the pension plan be reduced from 7% to 6%. The Union noted that the private employers in the area all pay 100% of the cost of the pension programs for their employees. The Employer counters by noting the lesser payment on retirement of the private pension plans. Further, the Employer notes that other public employees in the area with Steelworker agreements do require

employee contributions. Though the amount of employee contributions is not apparent in every contract offered by the parties, it appears it is often less than the 7% payment by the police officers. However, this rate was proposed by the Union in recent past negotiations in exchange for certain other benefits. The present retirement program seems fiscally sound and its benefit levels are high in comparison with comparable units and communities. Therefore, there appears to be no strong impetus for a change at this time. Also, the benefits negotiated by the parties and granted by this award are costly and put the Alpena police officers in a good relative position for wages and fringe benefits. Hence, the panel cannot agree to this costly benefit increase of another 1% of overall compensation.

AWARD: The panel adopts the City's Last Best Offer of status quo on the employees' pension contribution.

Sequin	<u>X</u>	Concurs	<u> </u>	Dissents
Kurtz	<u> </u>	Concurs	<u>✓</u>	Dissents

Issue No. 13 Pay premiums for education achievement

The Union requests that a police officer be paid a college premium incentive of 2% for two years or the equivalent of college (Associates Degree) or 4% for a Bachelors Degree or the equivalent of four years of college. The college work would have to be in the field of Criminal Justice. The City notes that few

cities have instituted such a benefit program. Further, the City sees no need to add to its present program of encouraging college education in that there are ample qualified individuals available as recruits or for upgrading at this time.

The panel notes that only 13 of the 240 cities in the Union's exhibit have instituted such a program. Thus, it cannot be said that this benefit is commonly offered in comparable communities. Further, the cost of the program (2% and 4%) could be substantial though it was not shown how many would be eligible at this time. Finally, the language of the Union's proposal requiring payment for the "equivalent" of two or four years of college is confusing and could be subject to numerous grievances. For an entrance program, it would seem that actual accredited college hours in a Criminal Justice program ought to be the sole criteria for the premium. Otherwise, military training, non-credit courses, correspondence courses, etc., will be offered as "equivalent" to regular college classes. This panel cannot alter language of Last Best Offers. Thus, because of the uncertainty of the overall cost impact in an already costly fringe benefit package and because of the prospective difficulties of administration, this proposal must be rejected.

AWARD: The City's Last Best Offer of status quo is adopted.

Sequin	<u>X</u>	Concurs	<u> </u>	Dissents
Kurtz	<u> </u>	Concurs	<u>✓</u>	Dissents

Issue No. 14 Penalty for false illness statement

The City proposes that the contract include a provision which requires termination of an employee who submits a false statement as to illness. The City claims it has had cause to question the validity of many of the illness statements it has received. Further, it said that the payment of sick leave constitutes a substantial cost and that the proposed provision in the agreement may serve to curb improper absences.

The Union states that the City did not properly negotiate on this item prior to the Act 312 arbitration. Further, the Union notes the Employer has every power to promulgate rules and to discipline for cause if an employee submits a false statement or if he misrepresents the reason for his absence.

The panel is not convinced that there is sound basis for the singling out of this one form of misconduct in the contract. The panel believes the Employer has adequate remedies for the problem it has portrayed without resort to this contract provision. Further, contract changes of this sort should be developed at the bargaining table. The City did not show that there was meaningful discussion of this matter in negotiations. Hence, the City's proposal is not accepted.

AWARD: The Union's final position of status quo is adopted.

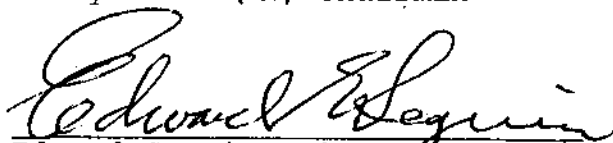
Sequin	<u> </u>	Concurs	<u> X </u>	Dissents
Kurtz	<u> ✓ </u>	Concurs	<u> </u>	Dissents

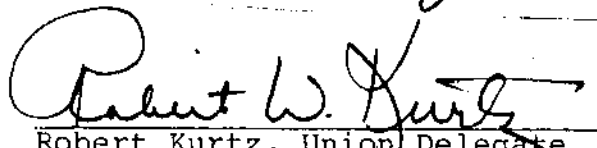
AWARD

The contract between the parties for the period of July 1, 1977 to June 30, 1979, shall contain the City's last best offer on issues Nos. 1, 3, 4, 9, 11, 12, and 13. The new contract shall also contain the Union's last best offers on issue Nos. 2, 5, 6, 7, 8, 10, and 14. These benefits and terms of the agreement are all retroactive to July 1, 1977.

PANEL OF ARBITRATION


Barry C. Brown, Chairman


Edward Sequin, City Delegate


Robert Kurtz, Union Delegate