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STATE OF MICHIGAN
DEPARTMENT OF LABOR
EMPLOYMENT RELATIONS COMMISSION

In the Matter of:

CITY OF CENTER LINE,

Employer,

MERC Act 312

and

Case No. D94 A-0118

POLICE OFFICERS LABOR COUNCIL,
CENTER LINE PUBLIC SAFETY
OFFICERS AND DISPATCHERS,

Union.

Kathleen R. Opperwall, Chairperson
Paul Konopa, Union Delegate
Joseph W. Fremont, Employer Delegate

ACT 312 ARBITRATION DECISION

A hearing was held in the above Act 312 arbitration case on March 23 and 24, 1995 in Center Line, Michigan. The Employer was represented by attorney Brian S. Ahearn, and the Union was represented by attorney Kenneth W. Zatkoff. The parties submitted their Final Offers of Settlement on April 6, 1995, and submitted their Post-Hearing Briefs on May 31, 1995.

The parties are finishing the third year of a three-year collective bargaining agreement covering the period from July 1, 1992 through June 30, 1995. This agreement specifically provides for reopening two issues for the third year, that being the year from July 1, 1994

through June 30, 1995. These two issues are: (1) medical insurance, and (2) wages for sworn public safety personnel. These two issues have been submitted for binding arbitration under Act 312, and are the only issues before this Act 312 panel. Both issues are economic issues which are subject to the requirement that the panel adopt the last offer of settlement which in its opinion more nearly complies with the applicable factors prescribed in Section 9 of Act 312.

STATUTORY AUTHORITY

Section 9 of Act 312 provides as follows:

"Where there is no agreement between the parties, or where there is an agreement but the parties have begun negotiations or discussions looking to a new agreement or amendment of the existing agreement, and wage rates or other conditions of employment under the proposed new or amended agreement are in dispute, the arbitration panel shall base its findings, opinions and order upon the following factors, as applicable:

- (a) The lawful authority of the employer.
- (b) Stipulations of the parties.
- (c) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.
- (d) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
 - (i) In public employment in comparable communities.
 - (ii) In private employment in comparable communities.
- (e) The average consumer prices for goods and services, commonly known as the cost of living.
- (f) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.

- (g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- (h) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment." [MCLA 423.239]

COMPARABLES

The parties agreed that the following two communities would be considered as comparable communities for purposes of this proceeding:

Huntington Woods
Farmington

The Union proposed the following additional communities as comparable communities:

Berkley
City of Grosse Pointe
Oak Park
Fraser

The City proposed the following additional comparables:

Albion
East Grand Rapids
Grand Haven
Greenville
Ionia
Petoskey

Center Line has a Public Safety Department, which is a combined police and fire department in which the officers are cross-trained to perform both duties. In view of this, both parties limited their proposed comparables to other communities which had public safety departments.

The parties then applied different methodologies in choosing their proposed comparables.

The City identified those other communities throughout Michigan which satisfied at least

two of the following criteria:

1. Population within 50% plus or minus that of Center Line;
2. Total SEV (state equalized value) within 50% plus or minus that of Center Line;
3. SEV per capita within 50% plus or minus that of Center Line.

This resulted in the list of communities which the City proposed as comparables.

The Union considered only communities within the "Tri-County" area of Macomb, Oakland, and Wayne counties. Center Line is in the southern part of Macomb County. This resulted in a list of 13 communities with public safety departments within these three counties. The Union then used a computer program to rank these 13 communities on some 32 different factors. The Union chose as its comparables the six communities which received the best ranking as being more similar to Center Line on these 32 factors.

Act 312 itself does not define what is meant by "comparable" communities. Nor does the Act itself or the regulations dictate what method should be used for choosing comparable communities.

Center Line is approximately two square miles in area, and has a population of 9,026 (1990 census). Center Line is completely surrounded by the City of Warren. Center Line's south boundary is approximately one and one-half miles north of Eight Mile Road, which is the northern boundary for the City of Detroit. Center Line is approximately 10 miles from the downtown area of Detroit. This close proximity to Detroit is a factor which needs to be given consideration in evaluating comparables. This does not mean that geographic distance will necessarily rule out a community as a comparable. For example, in an Act 312 case involving the City of Alpena, both parties agreed that Menominee was a comparable, although the mileage

table on the state map shows that these cities are 296 miles apart by road. Nonetheless, there is enough similarity in their economic conditions that the parties agreed Alpena and Menominee were comparables.

In this case, the City's proposed comparables were located from 91 to 261 miles away from Center Line. Although this alone would not rule them out as comparables, none of these proposed comparables were located near a major metropolitan area like Detroit. On balance, the similarities in population and SEV are not in themselves enough to support a conclusion that these communities should be recognized as comparable communities.

For the Union's proposed comparables, testimony was submitted that Fraser had used Center Line as a comparable in an Act 312 case. Fraser is also located in the southern part of Macomb County, and also shares a border with the City of Warren. Fraser is approximately five miles from Center Line, which makes it the closest of the Union's proposed comparables. With a population of 13,899 (1990 census), Fraser is just slightly outside the City's accepted range of 50% larger than Center Line. Fraser's total SEV is about twice that of Center Line, with the distribution of SEV being fairly similar to that in Center Line, in terms of the percentage received from industrial, personal, commercial and residential property. The SEV per capita in Fraser is \$23,780, which is 30% higher than the \$18,279 SEV per capita in Center Line.

In summary, it was decided to add Fraser to the comparables which had been agreed upon by the parties. This results in the following three communities being used as external comparables:

Huntington Woods
Farmington
Fraser

On issues of fringe benefits, more weight is given to the internal comparables, which are the other employees of the City of Center Line.

MEDICAL BENEFITS

Section 36, subsection 1 of the parties' 1992-1995 collective bargaining agreement includes the following:

"For fiscal year 1994/95, Hospitalization Insurance coverage will be reopened for negotiation for all employees covered by this Agreement."

Section 2 of the agreement, the recognition clause, defines the bargaining unit as including all regular full-time Public Safety Officers, including Public Safety Sergeants I and II, and Public Safety Lieutenants, plus all regular full-time Clerk-Typists performing dispatch and emergency telephone operator duties.

Last Offers of Settlement. The Union's last offer of settlement was to continue the current Blue Cross/Blue Shield Preferred Plan medical coverage with these changes only: (1) increase the prescription drug co-pay from \$3.00 to \$5.00, and (2) eliminate the City's reimbursement of one-half of the annual deductible, so the employees themselves would be responsible for the deductible limits of \$100 per person and \$200 per family.

The City's last offer of settlement was to switch the bargaining unit employees to the Blue Cross/Blue Shield Comprehensive Major Medical (CMM) program which is in effect for other city employees. This program has a \$500 per person/\$1,000 per family annual deductible, and a 20% annual co-pay up to a maximum co-pay of \$1,000, with the City reimbursing the employees for 50% of their deductible and co-payment expenses.

For the external comparables, Farmington and Fraser provide coverage which is similar to the Union's last offer, with \$100/\$200 deductibles and no reimbursement by the city. Huntington Woods has taken a step in the direction of the last offer of the City of Center Line, by switching to CMM coverage, with higher deductibles and 20% co-pays. However, Huntington Woods reimburses the employees for the first \$500 of deductibles or co-pays, but does not then share the costs of any additional deductible or co-pay expenses.

For the internal comparables, it was undisputed that all the other employees of the City of Center Line have been switched over to the program which the City has proposed. This includes the non-represented employees, as well as the employees in the clerical employees bargaining unit and the Department of Public Works bargaining unit.

On issues of fringe benefits, the internal comparables should be given considerable weight. This is particularly true in a case such as this case, where all the other city employees are under a different program. Based on the March 1, 1995 premium rates, switching to the City's CMM proposal would reduce the monthly premiums for single employees by \$56.90, and reduce the monthly premiums for family coverage by \$131.27. The City has projected that even after the City's higher costs for reimbursing deductibles, the City would save some \$9,229 per year based upon the March 1, 1995 premium rates. This basically translates into 1% of payroll for this bargaining unit (Employer Exhibit 3, Medical Section).

Bargaining unit employees will be exposed to potential costs of \$750 for a single employee (50% of \$500 deductible, plus 50% of \$1,000 maximum co-pay), and \$1,000 for family coverage (50% of \$1,000 deductible, plus 50% of \$1,000 maximum co-pay). This is not insignificant. However, it can also be noted that the medical benefit change will not actually

take effect until after the end of the 1994-95 contract year. Therefore, in effect, the public safety officers will have the benefit of the wage increase for one year prior to the higher medical costs coming into effect. This can be thought of as providing some financial cushion for the higher medical costs.

In summary: The City's last offer on medical benefits is adopted. That last offer is not quoted here in full, as it included eight pages of attachments. It is intended that this decision incorporates the City's last offer dated April 6, 1995, including the attachments.

WAGES

Section 41 of the parties' 1992-1995 collective bargaining agreement includes this sentence:

"For fiscal year 1994/95, rates of pay for sworn Public Safety Personnel only will be re-opened for negotiation."

Last Offers of Settlement. The Union's last offer of settlement was a 4.5% increase effective July 1, 1994. The City's last offer of settlement was a 3% increase effective July 1, 1994.

The bargaining unit currently includes two Lieutenants, three Sergeants, and 19 Public Safety Officers, for a total of 24 employees (Union Exhibit 25). Approximately half of the Public Safety Officers have been hired within the last five years, and have not yet reached the top of the pay scale for public safety officers.

For the year July 1, 1993 through June 30, 1994, the sworn public safety employees at the City of Center Line received the following annual rates of pay:

<u>CLASSIFICATION</u>	<u>START</u>	<u>1 YEAR</u>	<u>2 YEARS</u>	<u>3 YEARS</u>	<u>4 YEARS</u>	<u>5 YEARS</u>
Public Safety Officer	28,128	29,982	31,830	33,441	35,120	36,923
Public Safety Officer-Sgt. I						39,692
Public Safety Officer-Sgt. II						42,668
Public Safety Lieutenant						45,869

The issue before the panel is the appropriate wages for the succeeding year, from July 1, 1994 through June 30, 1995. For this 1994-95 year, the comparable communities of Huntington Woods, Farmington, and Fraser paid higher salaries. As of July 1, 1994, the top of the pay scale for Public Safety Officers in Huntington Woods was \$42,490 (under expired 1993-94 contract rates); in Farmington was \$42,228 (per Union Exhibit D); and in Fraser was \$40,420. This results in an average of \$41,712 for the top of the pay scale for Public Safety Officers.

For Sergeants, as of July 1, 1994, top pay in Huntington Woods was \$51,795 (expiring contract); in Farmington was \$47,405 (per Union Exhibit D); and in Fraser was \$48,056. This yields an average of \$49,085.

For Lieutenants, the wage rate in Fraser was \$52,862; and for Farmington and Huntington Woods no current figures for this rank were provided.

The Union's last offer of a 4.5% increase will still result in salaries in Center Line being below that of the average of the three comparable communities. The City of Center Line presented information indicating that its tax base was growing more slowly than that of the comparable communities (City Exhibit 5). The three comparable communities also had an average SEV per capita of \$25,963 versus \$18,279 for Center Line (City Exhibit 3). The City of Center Line has also lost approximately 4% of its population between 1990 and 1993 (City

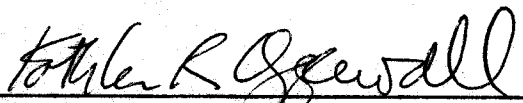
Exhibit 17), which has an impact on the City's eligibility for revenue sharing which is based upon population. For all these reasons, Center Line is operating under financial restraints which need to be taken into account. Nonetheless, the City did not argue that it was unable to pay the 4.5% increase requested in the Union's last offer. The panel concludes that this 4.5% increase is a reasonable increase which is within the City's ability to pay.

In summary, the Union's last offer of settlement on wages is adopted. A 4.5% wage increase is granted to the sworn public safety personnel, including the Sergeants and Lieutenants. This increase does not apply to bargaining unit members who are not sworn public safety personnel and were not included in the re-opener under Section 41 of the parties' contract.

CONCLUSION

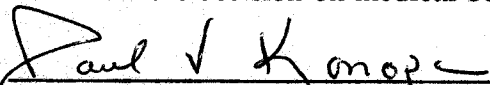
The City's last offer of settlement is adopted on the medical benefits issue. The Union's last offer of settlement is adopted on the wages issue.

DATED: June 26, 1995


Kathleen R. Opperwall, Chairperson

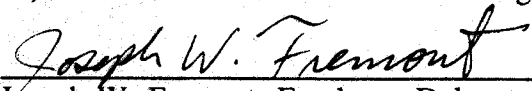
I concur with the decision on wages, and dissent from the decision on medical benefits.

DATED: June 19, 1995


Paul Konopa, Union Delegate

I concur with the decision on medical benefits, and dissent from the decision on wages.

DATED: June 21, 1995


Joseph W. Fremont, Employer Delegate

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