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STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
ACT 312 ARBITRATION

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STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
ST. LOUIS BRANCH OFFICE

In The Matter of:

CITY OF MARINE CITY,

-and-

POLICE OFFICERS LABOR COUNCIL

Case No. D97 A-0029

Background

The Agreement between the above named parties expired on June 30, 1997. Negotiations began on a new Agreement but they rapidly reached an impasse. Mediation was held with Mediator Richard Terepin on January 12, 1998, but was unsuccessful and on January 24, 1998 the Union petitioned for Act 312 Arbitration. At the time of the petition there were seven (7) unresolved issues. These were wages, sick time payments, sick leave, retiree health insurance, equipment, pension and longevity payments.

This Arbitrator was chosen as the Impartial Chairperson of the Panel on March 28, 1998 and the Pre-Hearing Conference was held on April 27, 1998. Following the Pre-Hearing Conference, the parties resumed negotiations and negotiated an Agreement which was rejected for ratification by the City Commission of Marine City. Obviously much time was lost and the first Arbitration Hearing was held on October 16, 1998 in Marine City.

The Union delegate was Nancy Ciccone of the P.O.L.C. and the Union's advocate was Attorney Mark Douma.

The City's delegate was Joseph Fremont of the Michigan Municipal League and the City's advocate was Attorney Brian S. Ahearn.

Inasmuch as these parties had an earlier P.A. 312 Arbitration in 1989, it was agreed that the same comparables would be used. In that Arbitration the Cities of St. Clair, Richmond and Algonac would receive most consideration while the cities of Utica, Yale, New Baltimore, Capac and Marysville would be considered, but to a lesser extent than the first three. In this Arbitration due to new data available the top three remained the same but Utica was moved to sixth place and Marysville and Capac in fourth and fifth place. In general it was agreed that the first three cities (St. Clair, Richmond and Algonac) would receive the highest consideration. It was also agreed that the issue of vehicle safety would be considered as a non-economic issue while the other six were economic issues in which the Panel had to choose between the last best offers of the parties and which where feasible would be retroactive.

It is important to note that the last offers of each party are quite close due mainly to the aborted negotiated settlement.

What follows now is the consideration of each issue, the last offers and the reasons for the Panel's choice on that issue.

1. Wages

This might be a first in Act 512 Arbitration but the last best offers on wages by the parties were identical for the first years but differed by .5% in the last year with the Union's offer being the lower one. Their reason given was to help defray some of the increased costs of some of the other items. Since the Panel did award a major cost item to the Union (retiree health insurance) it adopted the Union's position on wages which was:

July 1, 1997 3.5% increase
July 1, 1998 3.0% increase
July 1, 1999 3.0% increase
July 1, 2000 2.5% increase

As agreed to by the parties in their offers, these raises are to be retroactive to July 1, 1997 and there is to continue the 10% differential between sergeants above the top paid patrolmen.

2. Longevity

The Union withdrew this issue so that the City's position which is the status quo continues in effect, namely a payment of \$650 to all employees each year on their anniversary date after completion of five years of service.

3. Pension Eligibility

Since July 1, 1985 an employee must have completed twenty five years of service and attained the age of fifty-five to be eligible for voluntary retirement. The Union proposed eliminating the age requirement and merely requiring the fulfillment of twenty-five years of service to qualify. The reason given is the job stress and danger of police work as against other occupations and that the completion of twenty-five years should be adequate enough to qualify without minimum age requirement.

The City's rationale for keeping the minimum age requirement was based on costs, the causing of large unfunded pension liabilities due to state funding requirements as well as the fact that the major comparable communities and even the minor ones with the exception of Utica all have age requirements.

Mostly for reasons of cost, the panel adopts the City position of the status quo. It would seem sensible for the Union to negotiate a lower minimum age in future Agreements but to have no minimum age is somewhat fiscally utopian.

4. Retiree Health Insurance

The Union has requested that retirees and their dependents be provided health care coverage from Blue Cross-Blue Shield from the time of retirement until eligibility for Medicare. The Union contends that the increased costs of this benefit would be offset by the City replacing the retiree with a younger and lower paid employee. The Union also points to the comparables in which all but two provide retiree health insurance.

The City points to the "unreasonable costs" of this benefit but proposes a less costly route of paying \$650 per year to each retiree to help defray the costs of retiree health insurance.

The Panel accepts the Union's offer in full recognition of its costs and the ultimate need to extend this benefit to the internal comparables. Leaving retirees without adequate health insurance is very undesirable and unfair. It is recommended that the City seek ways of minimizing the costs of this benefit such as rewarding those who get this coverage from a spouse's policy and perhaps other ways of saving. But the need for this coverage is there and most logically covered through a person's employment.

5. Sick Leave Payout (at resignation)

This issue has two parts, namely payout at time of resignation and also annually. The Panel believed that the City's offer of payout at time of resignation was the more reasonable one. This was based both on the comparables and the fact that the payout at resignation is based on a higher rate than that prevailing when it was earned. It was felt that the Union's request for 100% of payout for those with ten years or more was exorbitant. The City's position would provide for one with less than ten year's service 10% to be paid out if notified within two weeks, 20% of accumulated sick bank if he gives four weeks notice and those with more than ten years service would receive 35% of his accumulated sick bank.

6. Sick Leave Payout (annually)

The parties were not very far apart on this issue and either one's offer would be reasonable. The Panel believed that the Union's offer was slightly superior in that it allowed an employee to "cash in" up to forty hours each year after 450 hours of accumulation. The City's offer was almost the same (80 hours at 50%) except that the City would limit the benefit to those who did not use up more than three sick leave days during the preceding twelve months. The Panel felt that this was unfair in that it penalized someone for having been sick. If it is intended to

prevent abuse of sick leave, there are other fairer methods. The Union's position on this issue is in closer agreement with the internal comparables.

Non-Economic

7. Vehicle Safety and Maintenance

The Union evidently has felt that the present method of assuring the safety of vehicles is inadequate. The present Agreement imposes a duty on the City to remove unsafe vehicles. The Union wants all vehicles of over 100,000 miles to be inspected by two mechanics, one chosen by the City and one by the Union. The City prefers the status quo. Both the Union and the City admit there is no guidance on this issue among the comparables.

It is recognized by the Panel that police vehicles do get harder usage than other vehicles but yet the arbitrary setting of the 100,000 mile threshold is unrealistic since many cars go quite a bit longer while others break down much sooner as testified to by the Chief.

In that this has been agreed to as a non-economic issue the Panel has attempted to fashion a solution that incorporates the concerns of both parties. The Panel has agreed to adopt the current language but to add:

When an employee brings to the attention of the Department concerns about the safety of a particular vehicle, that vehicle shall be promptly brought in to the Department mechanic and not released until the mechanic verifies its safety.

Award

1. Wages (Union's Last Best Offer)

The Union requests the following across-the-board salary increases:

July 1, 1997: 3.5%
July 1, 1998: 3%
July 1, 1999: 3%
July 1, 2000: 2.5%

The ten percent (10%) differential for sergeants above the top paid patrolman shall be maintained.

The Union requests full retroactivity of all economic benefits.

2. Longevity - City's Offer (Union's offer withdrawn)

Article 54 of the 1994-1997 contract is maintained.

Effective July 1, 1991, employees completing five (5) years of service shall receive on their anniversary date an annual longevity allowance in the amount of \$650.00.

3. Pension (City's Best Offer)

The status quo is maintained as set forth in Article 52 of the 1994-1997 contract.

Section 1

- A. Employees are required to belong to the City's Pension Plan and pay five percent (5%) of their gross salary, which is to be deducted from their salary.
- B. City Ordinance 80-1 adopted November 20, 1980, concerning the City of Marine City, City Retirement System and its amendments are incorporated herein by reference and made a part thereof to the same extent as if it were specifically set forth herein, except for changes in specific portions or, portions of provisions which are set forth in this Article.
- C. Effective July 1, 1985, employees who have attained the age of fifty-five (55) with twenty-five (25) years of service are eligible for voluntary retirement.

4. Retiree Health Insurance (Union's Last Best Offer)

The language currently in Article 35, Section 1 (1) is changed to read as follows:

Upon retirement the City shall provide Blue Cross/Blue Shield coverage for the retiree and dependents. Coverage for any individual person receiving coverage pursuant to this benefit shall be discontinued on the date that person becomes eligible for Medicare.

5. Sick Leave Payout - at resignation (City's Last Best Offer)

Article 28, Paragraph C of the 1994-1997 contract is to read as follows:

- D. When an employee with less than ten (10) years of service resigns from the Department and tenders a two (2) week notice he will receive ten percent (10%) of his accumulated sick bank; if he tenders a four (4) week notice he will receive twenty percent (20%) of his accumulated sick bank. When an employee with ten (10) or more years of service resigns from the Department, he will receive thirty-five percent (35%) of his accumulated sick bank.

6. Sick Leave Payout - annually (Union's Last Best Offer)

The following additional language is added to Article 28:

After accumulating four hundred fifty (450) hours an employee shall have the option to "sell" forty (40) hours of sick time each December.

7. Equipment (Non-economic)

When an employee brings to the attention of the Department concerns about the safety of a particular vehicle, that vehicle shall be promptly brought in for inspection to the Department mechanic and not released until the mechanic verifies its safety.

Retroactivity

All economic changes where relevant shall be made retroactive to July 1, 1997.

Conclusion

The above issues were decided by the panel and the Award includes all other issues agreed to by the parties outside the scope of this arbitration. It is to be assumed that the Panelists voted in favor of those awards favorable to their party and dissented in those awards for the opposite party. However, in all cases the Awards represented at least a majority of the Panel.

The Panel wishes to thank the advocates for both sides for their effective and professional representation of the parties. The Panel also wishes to thank the witnesses who appeared before the Panel.

It is the belief of the Panel that this Award is fair and equitable and workable for the period covered by this Agreement.

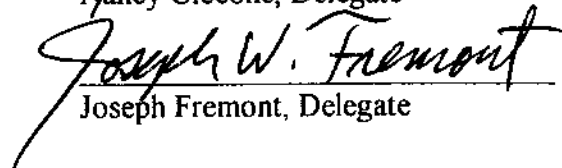
Respectfully submitted



Bernard Klein, Chair



Nancy Ciccone, Delegate



Joseph Fremont, Delegate

Dated: March 8, 1999