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STANLEY T. DOBRY  
ARBITRATOR

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9134 UNION CEMETERY ROAD #225  
CINCINNATI, OHIO 45249-2006  
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STATE OF MICHIGAN  
DEPARTMENT OF COMMERCE AND INDUSTRY SERVICES  
EMPLOYMENT RELATIONS COMMISSION  
STATUTORY INTEREST ARBITRATION TRIBUNAL

In the Matter of the Arbitration  
Pursuant to Act 312 (Public Acts of 1969):

CITY OF LIVONIA

Case No. D97 E-0115

-and-

POLICE OFFICERS' ASSOCIATION OF MICHIGAN  
(LIVONIA POLICE OFFICERS' ASSOCIATION)

PANEL'S OPINION AND AWARD

Date of Hearing: November 2, 9, and 24, 1998  
Date of Award: November 24, 1998

Arbitration Panel:

Chairperson of Arbitration Panel: Stanley T. Dobry  
City Delegate: Raymond Pomerville  
Union Delegate: Kenneth Grabowski

Appearances:

**For the City:**

RILEY & ROUMELL

By: George T. Roumell and Gregg Schultz

Attorneys

**For the Union:**

WILLIAM F. BIRDSEYE, Secretary Treasurer Representative

STATE OF MICHIGAN  
DEPARTMENT OF COMMERCE AND INDUSTRY SERVICES  
EMPLOYMENT RELATIONS COMMISSION  
CIVIL SERVICE  
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ARBITRATOR'S OPINION AND AWARD

I. STATEMENT OF THE CASE

The labor organization, Police Officers' Association of Michigan (POAM), filed a petition for arbitration pursuant to Act 312, P.A. of 1969 as amended (M.C.L.A. 423 231, et seq.). The union asserted in its petition dated December 5, 1997, that it had engaged in good faith bargaining with the Employer, the City of Livonia, on behalf of the City police officers and an impasse in negotiations had been reached. The Michigan Employment Relations Commission (M.E.R.C.) appointed Stanley T. Dobry as the impartial Arbitrator and Chairperson of the Arbitration Panel in this matter by letter dated February 2, 1998. Respectively, the City and Union appointed Raymond Pomerville and Kenneth Grabowski as their delegates to the Arbitration Panel. The parties stipulated and established the hearing procedures to be followed in a pre-hearing conference conducted on April 27, 1998.

## **II. ISSUES BEFORE THE ARBITRATION PANEL**

The hearings were held at the Livonia City Hall on November 2, 9, and 24, 1998. A complete record duly made. The panel has carefully and fully reviewed that record, in light of the statutory criteria indicated hereafter.

At the hearing, the parties presented detailed evidence, in the form of voluminous records in briefing books, which have been completely reviewed by the panel.

The Arbitration Panel has determined that, for purposes of this proceeding, each of the disputed issues is economic. The Arbitration Panel, thus, must issue an award based upon the applicable factors in the Judgment of the Panel, prescribed in Section 9 of the Act.

## **III. THE STANDARDS FOR THE PANEL'S DECISION**

In pertinent part, Section 9 of Act 312 sets forth the following factors upon which the Panel's decision must rest:

[T]he arbitration panel shall [emphasis added] 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 these 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 foods 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.

#### IV. COMPARABLES

##### A. External Comparables

Without belaboring the point, the parties proffered lists of comparables, which were substantially identical. The commonality suggests, at least partially, a consensus. The arbitrator has suggested that the City of Warren in particular should be part of any set of comparables.

Fortunately, the parties have provided historical data, indicating the larger prevailing wage pattern and pattern of settlements. As the chairman has often written, the year after year placement of a particular bargaining unit into a particular ranking in a given set of comparables suggests that the parties have freely and voluntarily chosen their relative economic place. This historical method of analysis inherently integrates the myriad ways skilled advocates can dissect communities and bargaining units for their alleged comparability.

Additionally, the arbitrator must take into account internal comparables. After all, this bargaining unit does not exist in a vacuum. The employer has other employees, and their settlements are of considerable import.

In this proceeding all of the foregoing factors have been given due weight.

It is their chairman's considered opinion that resolutions in Act 312 proceedings should reflect results which plausibly could have come from a collective bargaining negotiation.

In that regard, it is especially important to remember that awards in Act 312 should ordinarily be evolutionary, not revolutionary. Their roots ought to be squarely planted in the collective bargaining relationship, and fundamental changes are not to be easily made.

Nevertheless, the Chairman is also of the opinion that different times create different imperatives, and that there are situations where a freely negotiated agreement might make a fundamental shift. The employer's request to go from "defined benefit" to "defined contribution" is such a shift.

The panel is of the opinion that this fundamental shift should be made, but that it ought to be bought and paid for. A quid pro quo, Latin for an exchange ('that for which'), is the very essence of good problem solving under the circumstances.

The chair was also very much impressed with the reasoning of Theodore St. Antoine in another Act 312 proceeding, involving the City of Livonia and Livonia Fire Fighters Union, Local 1164, I.A.F.F., Case No. D96 I-2157. The case presented the City's request to establish a two-tier system, inaugurating a defined contribution plan for future employees.

As Dean St. Antoine wrote:

The proposals on the defined contribution plan present an economic issue, and the Panel is obligated to adopt one party's offer or the other's. The Chairperson is not convinced that the City has demonstrated either the financial need or the actuarial justification for the 4% differential between the contributions on behalf of current and future fire fighters. Yet I am even less convinced, on the basis of both the internal and external comparisons, that the City would ever have agreed to granting an option to new hires to elect between a defined benefit and a defined contribution plan. I also realize there is a nationwide trend toward defined contribution plans. As is said in a standard text, Steen L. Wilborn, Stewart J. Schab & John F. Burton, Jr., Employment Law, Cases and Materials 776 92d ed. 1998):

Historically, defined benefit plans were the predominant form of pension plan. As recently as 1975, more than two-thirds of pension plan participants were in defined benefit plans (27.2 of 38.4 million participants. . . . In 1991, 58 percent of pension plan participants were in defined contribution plans, including economic factors (e.g., [slow growth in firms offering defined benefit plans]), legal factors (e.g., compliance with laws is more costly in defined benefit plans), and the preferences of both employers and employees (e.g., defined contribution plans are easier to link with current performance and permit greater employee mobility). DOUGLAS L. KRUSE, PENSION SUBSTITUTION IN THE 1980s: WHY THE SHIFT TOWARD DEFINED CONTRIBUTION PLANS? (National Bureau of Economic Research Working Paper No. 3882, 1991).

In crafting the specific results in this proceeding, the Chairman has taken into account the concerns

expressed by Mr. St. Antoine.

Therefore, a majority of the Panel has concurred on all of the issues indicated hereafter.

**VI. AWARDS ON THE UNRESOLVED ISSUES.**

Based upon all of the evidence, testimony and arguments presented by the parties, and in light of all of the applicable statutory criteria, a majority of the Arbitration Panel has determined that the following awards should be adopted.

The City and Union delegates and panel members sign this overall award with the express caveat that they remain steadfast in their respective dissent or concurrence on the individual issues. Their signature simply indicates their recognition that a majority of the Arbitration Panel supports each award on the separate issues.

**Modifications to Collective Bargaining Agreement**  
**Between City of Livonia and the**  
**Livonia Police Officers Association**  
**Based Upon Act 312 Award of Arbitrator Stanley T. Dobry**

1. Change date of Agreement to December 1, 1997 to November 30, 2006.
2. Delete all references to Police Cadets throughout the Agreement.

3. Add a new Section 8.9 to read as follows:

Probationary employees, as defined in Rule 18 of the Rules and Regulations of the Civil Service Commission, shall have no right to grieve decisions to terminate their employment.

4. Modify Article XXIII, Section 23.4, to read:

Through December 31, 1998, Ppolice officers who do not use more than five (5) days of their sick leave banks during the preceding calendar year shall have three (3) additional sick leave days added to their sick leave banks and one (1) day added to their vacation banks for the following calendar year. Effective January 1, 1999, based on the calendar year 1998, police officers who do not use more than five (5) days of their sick leave banks during the preceding calendar year shall have an additional three (3) days added to their vacation bank and one (1) additional sick leave day added to their sick leave bank on January 1.

5. Modify Article XXVII, Sections 27.2, 27.8 and 27.9 to read:

27.2 The Employer agrees to pay the full premium for complementary coverage provided by Blue Cross/Blue Shield for each retiree and spouse as each attains age sixty-five (65), it being understood that they each must have been enrolled immediately prior to reaching age sixty-five (65) with Blue Cross/Blue Shield to be eligible for this coverage at age sixty-five (65). In the event of death of the retiree, this coverage shall continue for the surviving spouse if the surviving spouse is eligible for retirement benefits under Option (a) or (b) of the Defined Benefit Retirement Plan Ordinance or if the retiree was a member of the Defined Contribution Retirement Plan.

27.8: Effective December 1, 1993, the Employer agrees to pay the premium for hospitalization-medical coverage for permanent full-time employees, spouses, and dependent children under 19 years of age; the plan to be the Blue Cross/Blue Shield Preferred Plan, which includes MVF-1 Plan, Master Medical, Option 5, including a \$150.00 annual deductible for an individual plan and a \$300.00 annual deductible for a family plan, \$5.00 deductible Preferred Rx drug prescription rider. The prescription is to be filled by generic drug unless the physician directs the prescription to be "Dispensed As Written."

27.9: Effective December 1, 1993, employees who retire on or after December 1, 1993, below the age of 65,



shall be eligible to participate in the hospitalization-medical programs; defined as the Blue Cross/Blue Shield Preferred Plan, which includes MVF-1 Plan, Master Medical, Option 5, including a \$150.00 annual deductible for an individual plan and a \$300.00 deductible for a family plan, \$5.00 Preferred Rx deductible drug prescription rider. The prescription is to be filled by generic drug unless the physician directs the prescription to be "Dispensed As Written." This coverage shall include the retiree, spouse, and dependent children under 19 years of age.

6. Modify Article XXVII, Section 27.12 to read:

27.12.A. For the contract year beginning December 1, 1991, employees may be reimbursed for dental expenses incurred for themselves and family up to four-hundred fifty dollars (\$450.00) for the year, subject to submission of proof of billing and proof of payment for such expense. Beginning December 1, 1992 the dental reimbursement maximum will be four-hundred seventy-five dollars (\$475.00) per year. Beginning December 1, 1995, the dental reimbursement maximum will be five-hundred dollars (\$500.00) per year. Beginning December 1, 1997, the dental reimbursement maximum will be five hundred twenty-five dollars (\$525.00) per year. Beginning December 1, 1998, the dental reimbursement maximum will be five-hundred fifty dollars (\$550.00) per year.

\* \* \*

27.12.D.1. Each-year-rRequests for reimbursement provided herein shall be submitted during-the-months-of May-and-December as incurred. Under no circumstances will reimbursement be made for any requests submitted more than thirty (30) days after the fiscal year end.

2. Reimbursements shall be made by the Employer by the-end-of-the-month-following-the-above-made-request within thirty (30) days following the request for reimbursement.

7. Modify Article XXXVI to read:

ARTICLE XXXVI  
RETIREMENT - POLICE OFFICERS

36. A DEFINED BENEFIT PLAN

The following provisions shall be applicable to employees participating in the defined benefit plan as set forth in the City of Livonia Retirement Ordinance. Only employees hired prior to November 24, 1998 are eligible to participate in the defined benefit plan. These provisions shall not apply to employees hired

prior to November 24, 1998 who have elected to participate in the defined contribution plan as set forth in Article XXXVI.B below and the City Retirement Ordinance as amended by the City, or to employees hired on or after November 24, 1998.

\* \* \*

36.A.2: Early Retirement. Employees who are fifty-two (52) and have ten (10) years of service or who are any age fifty-(50); with twenty-five (25) thirty-(30) years of police service, may retire at full pension benefits as provided in the City Pension Ordinance....

\* \* \*

36.A.9: Effective November 24, 1995, an employee's annuity factor shall be 2.8% for the first twenty-four (24) thirty-(30) years of service to a maximum "cap" of seventy-five percent (75%) of final average compensation, provided that after 25 years of service the employee will automatically receive the 75% maximum cap of final average compensation. For employees retiring December 1, 1995 or thereafter, there shall be no benefit reduction at full Social Security age.


\* \* \*

36.A.14: The parties agree that pension will not be the subject of bargaining through November 30, 2006.

#### 36.B. DEFINED CONTRIBUTION PLAN

The following provisions shall be applicable to employees participating in the defined contribution plan. The provisions shall apply to all employees hired November 24, 1998 or later and all employees hired prior to November 24, 1998 electing to participate in the defined contribution plan. These provisions shall not apply to employees hired prior to November 24, 1998 who have elected to continue to participate in the defined benefit plan, as set forth in Article XXXVI.A above and the City's Retirement Ordinance, as amended by the City.

36.B.1 a. Employees hired before November 24, 1998 and eligible to participate in the defined contribution plan, at the employee's sole option, may make a one-time irrevocable election to participate in a defined contribution plan rather than a defined benefit pension plan, with the City contributing an amount equal to 13% of the employee's wages to said plan and the employee contributing an amount

 equal to 5% of the employee's wages. The employee is permitted to contribute additional amounts up to the maximum allowed by law. The employee shall be eligible to make this one-time irrevocable election to participate in the defined contribution plan on the following dates:

May 28, 1999; and  
January 28, 2000.

b. Participants in the defined contribution plan shall also participate in a disability plan equivalent to the defined benefit disability plan as set forth in the City Retirement Ordinance. The City's liability for the disability benefit shall be offset (1) by any amount which may be payable pursuant to the Workers' Disability Compensation Act, if applicable, and (2) by the lifetime annuity value of the employee's 401(a) defined contribution retirement account, determined as of the effective date of the employee's disability-related separation from service. The lifetime annuity value shall be determined by soliciting three quotations for straight life lifetime annuities from insurance companies rated A+ or better by A.M. Best Company, Inc. The quotation providing the largest annuity value will be selected for purposes of this calculation. Defined contributions shall include all contributions and income accumulated in the plan account whether derived by the contributions made by the employee or employer, including any amounts transferred into the plan, but excluding voluntary employee contributions. The defined contribution will also include any amounts withdrawn from the 401(a) Plan or leveraged or levied by the employee for any reason, regardless of whether it was by court order or voluntary decision. The value of any withdrawn amounts shall be calculated as though they remained in the plan and accrued income or value at the applicable rate of the remainder of the employee's assets in the plan.

c. Health care provisions for employees hired prior to November 24, 1998 who retire and have elected to participate in the defined contribution plan shall be the same as the health care retirement benefits provided for in the defined benefit plan.

d. Retirees who are members of the defined contribution plan are not eligible for hospitalization-medical coverage until normal retirement.

2. a. For employees hired on November 24, 1998 or later, the pension provided following the first six (6) months of their employment will be a defined contribution pension plan with the City contributing an amount equal to 9% of the employee's wages and the employee contributing an amount equal to 5% of the employee's wages, with vesting after four (4) years of employment. The employee is permitted to contribute additional amounts up to the maximum allowed by law.

b. The health care benefit paid for employees hired by the City on November 24, 1998 or later, upon retirement, shall be as follows:

For employees retiring with ten years of service and who are at least 52 years of age, the City will pay 50% toward the premium of the health care insurance.

For employees retiring after 15 years of service and who are at least 52 years of age, the City will pay 60% of the payments towards premiums.

For employees retiring after 20 years of service and who are at least 52 years of age, the City will pay 75% of the payments toward premiums.

For employees retiring after 25 years of service, the City will pay 100% of the payments towards premiums.

3. Employees hired prior to November 24, 1998, electing to participate in the defined contribution plan shall have the actuarially-determined present value of accrued benefits for the defined benefit plan transferred over into the defined contribution plan, and shall be immediately vested.

4. The term "wages" as used in Article 36.B.1 and 2 above shall mean wages plus other compensation as defined in Section 2.96.050 of the City's Retirement Ordinance.

5. If an employee becomes ill or disabled and is unable to perform the work of his classification, the Employer will make its best effort to find work for said employee which the employee is capable of performing, taking into consideration the employee's medical condition and the advice of the City Physician and the employee's physician, provided, however, that this provision is not in conflict with the City's Retirement Ordinance.

6. The City, at no cost to itself, agrees to the institution of a pension "pick-up" plan for employees, which will allow employees to realize increased disposable income by deferring payment of withholding taxes on their pension contributions in accordance with the applicable provisions of the Internal Revenue Code. The "pick-up" plan as set forth herein shall be instituted as follows:

a. The City shall pick up the employee contributions required of employees for all compensation earned after the effective date of this provision. The contributions, so picked-up, shall be treated as Employer contributions in determining tax treatment under the United States Revenue Code. Employee contributions picked-up by the City, pursuant to this provision, shall be treated, for all other purposes, in the same manner and to the same extent as Employee contributions made prior to the effective date of this provision.

b. These employee contributions so picked-up shall not be included in gross income for tax purposes until such time as they are distributed by refund or benefit payment.

c. With respect to the Plan Amendment and the "pick-up" of employee pension contributions set forth above, it is expressly understood and agreed as follows:

i. The plan amendment is being adopted only for the purpose of allowing employees to take advantage of IRS code provisions which permit governmental employees to tax shelter their pension plan contributions.

ii. The actual current and future gross salary of the employees will not be affected by the plan amendment.

iii. Employee contributions will be withheld from actual gross salary and paid to the plan.

iv. Actual gross salary will continue to serve as the basis for determining the amount of salary related fringe benefits, including retirement benefits.

v. Taxable gross salary (salary reported on form W-2) for the employees will

be equal to actual gross less the employee contribution to the pension plan.

vi. The City will maintain information which will permit identification of the amount of employee contributions made before and after the plan amendment. This is necessary in order to determine the extent to which a pension plan distribution is taxable income to the employee at the time the distribution is received.

vii. The plan amendment is being accomplished by local agreement rather than a change in State law.

7. The parties agree that pension will not be the subject of bargaining through November 30, 2006.

8. **Modify Article XXXVII to read:**

**ARTICLE XXXVII  
PENSION - DISPATCHERS**

**37.A DEFINED BENEFIT PLAN**

The following provisions shall be applicable to employees participating in the defined benefit plan as set forth in the City of Livonia Retirement Ordinance. Only employees hired prior to November 24, 1998 are eligible to participate in the defined benefit plan. These provisions shall not apply to employees hired prior to November 24, 1998 who have elected to participate in the defined contribution plan as set forth in Article XXXVII.B below and the City Retirement Ordinance as amended by the City, or to employees hired on or after November 24, 1998.

\* \* \*

37.A.6.D: When the sum of an employee's years of age and years of service equals 85, the employee is eligible to retire with full pension benefits.

37.A.13: The parties agree that pension will not be the subject of bargaining through November 30, 2006. Notwithstanding the above, in the event that any modifications are made to the Defined Benefit provisions for members of AFSCME Local 192, during the life of this Agreement, such modifications will be implemented to the Defined Benefit provisions for the Dispatchers as well.

### 37.B. DEFINED CONTRIBUTION PLAN

The following provisions shall be applicable to employees participating in the defined contribution plan. The provisions shall apply to all employees hired November 24, 1998 or later and all employees hired prior to November 24, 1998 electing to participate in the defined contribution plan. These provisions shall not apply to employees hired prior to November 24, 1998 who have elected to continue to participate in the defined benefit plan, as set forth in Article XXXVII.A above and the City's Retirement Ordinance, as amended by the City.

37.B.1 a. Employees hired prior to November 24, 1998 and eligible to participate in the defined contribution plan, at the employee's sole option, may make a one-time irrevocable election to participate in a defined contribution plan rather than a defined benefit pension plan, with the City contributing an amount equal to 12% of the employee's wages to said plan and the employee contributing an amount equal to 3.1% of the employee's wages. The employee is permitted to contribute additional amounts up to the maximum allowed by law. The employee shall be eligible to make this one-time irrevocable election to participate in the defined contribution plan on the following dates:

May 28, 1999; and  
January 28, 2000

b. Participants in the defined contribution plan shall also participate in a disability plan equivalent to the defined benefit disability plan as set forth in the City Retirement Ordinance. The City's liability for the disability benefit shall be offset (1) by any amount which may be payable pursuant to the Workers' Disability Compensation Act, if applicable, and (2) by the lifetime annuity value of the employee's 401(a) defined contribution retirement account, determined as of the effective date of the employee's disability-related separation from service.

The lifetime annuity value shall be determined by soliciting three quotations for straight life lifetime annuities from insurance companies rated A+ or better by A.M. Best Company, Inc. The quotation providing the largest annuity value will be selected for purposes of this calculation.

Defined contributions shall include all contributions and income accumulated in the plan account whether derived by the contributions made by the employee or employer, including any amounts transferred into the plan, but excluding voluntary employee contributions. The defined contribution will also include any amounts withdrawn from the 401(a) Plan or leveraged or levied by the employee for any reason, regardless of whether it was by court order or voluntary decision. The value of any withdrawn amounts shall be calculated as though they remained in the plan and accrued income or value at the applicable rate of the remainder of the employee's assets in the plan.

c. Health care provisions for employees hired prior to November 24, 1998 who retire and have elected to participate in the defined contribution plan shall be the same as the health care retirement benefits provided for in the defined benefit plan.

d. Retirees who are members of the defined contribution plan are not eligible for hospitalization-medical coverage until normal retirement.

2. a. For employees hired on November 24, 1998 or later, the pension provided following their six (6) month probationary period will be a defined contribution pension plan with the City contributing an amount equal to 7% of the employee's wages and the employee contributing an amount equal to 3.1% of the employee's wages, with vesting after four (4) years of employment. The employee is permitted to contribute additional amounts up to the maximum allowed by law.

b. The health care benefit paid for employees hired by the City on November 24, 1998 or later, upon retirement, shall be as follows:

For employees retiring with ten years of service and who are at least 57 years of age, the City will pay 50% toward the premium of the health care insurance.

For employees retiring after 15 years of service and who are at least 57 years of age, the City will pay 60% of the payments towards premiums.

For employees retiring after 20 years of service and who are at least 57 years of age, the City will pay 75% of the payments toward premiums.



For employees retiring after 25 years of service and who are at least 57 years of age, or if the employee meets the requirements set forth in Articles 37.A.6.C. or 37.A.6.D. (Rule of 85), the City will pay 100% of the payments towards premiums.

3. Employees hired prior to November 24, 1998, electing to participate in the defined contribution plan shall have the actuarially-determined present value of accrued benefits for the defined benefit plan transferred over into the defined contribution plan, and shall be immediately vested.
4. The term "wages" as used in Article 37.B.1 and 2 above shall mean wages plus other compensation as defined in Section 2.96.050 of the City's Retirement Ordinance.
5. If an employee becomes ill or disabled and is unable to perform the work of his classification, the Employer will make its best effort to find work for said employee which the employee is capable of performing, taking into consideration the employee's medical condition and the advice of the City Physician and the employee's physician, provided, however, that this provision is not in conflict with the City's Retirement Ordinance.
6. The City, at no cost to itself, agrees to the institution of a pension "pick-up" plan for Employees, which will allow Employees to realize increased disposable income by deferring payment of withholding taxes on their pension contributions in accordance with the applicable provisions of the Internal Revenue code. The "pick-up" plan as set forth herein shall be instituted as follows:
  - a. The City shall pick up the employee contributions required of employees for all compensation earned after the effective date of this provision. The contributions, so picked-up, shall be treated as Employer contributions in determining tax treatment under the United States Revenue Code. Employee contributions picked-up by the City, pursuant to this provision, shall be treated for all other purposes, in the same manner and to the same extent as Employee contributions made prior to the effective date of this provision.

b. These employee contributions so picked-up shall not be included in gross income for tax purposes until such time as they are distributed by refund or benefit payment.

c. With respect to the Plan Amendment and the "pick-up" of employee pension contributions set forth above, it is expressly understood and agreed as follows:

i. The plan amendment is being adopted only for the purpose of allowing employees to take advantage of IRS code provisions which permit governmental employees to tax shelter their pension plan contributions.

ii. The actual current and future gross salary of the employees will not be affected by the plan amendment.

iii. Employee contributions will be withheld from actual gross salary and paid to the plan.

iv. Actual gross salary will continue to serve as the basis for determining the amount of salary related fringe benefits, including retirement benefits.

v. Taxable gross salary (salary reported on form W-2) for the employees will be equal to actual gross less the employee contribution to the pension plan.

vi. The City will maintain information which will permit identification of the amount of employee contributions made before and after the plan amendment. This is necessary in order to determine the extent to which a pension plan distribution is taxable income to the employee at the time the distribution is received.

vii. The plan amendment is being accomplished by local agreement rather than a change in State law.

7. The parties agree that pension will not be the subject of bargaining through November 30, 2006. Notwithstanding the above, in the event that any modifications are made to the Defined Contributions provisions for members of AFSCME Local 192, during the life of this Agreement, such modifications will be implemented to the Defined Contributions provisions for the Dispatchers as well.

9. Modify Article XXXVIII to read:

For the period December 1, 1997 through November 30, 1998, the following pay rates shall apply: (3.0%)

CLASSIFICATION	<u>STEP 1</u>	<u>STEP 2</u>	<u>STEP 3</u>	<u>STEP 4</u>	<u>MAXIMUM</u>
Police Officer II	\$34,299.20	\$36,566.40	\$39,312.00	\$42,577.60	\$45,718.40
	1,319.20	1,406.40	1,512.00	1,637.60	1,758.40
	16.49	17.58	18.90	20.47	21.98
Senior Police Officer	\$48,048.00				
			1,848.00		
			23.10		

	<u>STEP 1</u>	<u>STEP 1-1/2</u>	<u>STEP 2</u>	<u>STEP 3</u>	<u>STEP 4</u>
Dispatchers	\$34,736.00	\$35,318.40	\$35,963.20	\$37,336.00	\$38,792.00
	1,336.00	1,358.40	1,383.20	1,436.00	1,492.00
	16.70	16.98	17.29	17.95	18.65

For the period December 1, 1998 through November 30, 1999, the following pay rates shall apply: (3.0%)

CLASSIFICATION	<u>STEP 1</u>	<u>STEP 2</u>	<u>STEP 3</u>	<u>STEP 4</u>	<u>MAXIMUM</u>
Police Officer II	\$35,318.40	\$37,668.80	\$40,497.60	\$43,846.40	\$47,091.20
	1,358.40	1,448.80	1,557.60	1,686.40	1,811.20
	16.98	18.11	19.47	21.08	22.64
Senior Police Officer	\$49,483.20				
			1,903.20		
			23.79		

	<u>STEP 1</u>	<u>STEP 1-1/2</u>	<u>STEP 2</u>	<u>STEP 3</u>	<u>STEP 4</u>
Dispatchers	\$35,776.00	\$36,379.20	\$37,044.80	\$38,459.20	\$39,956.80
	1,376.00	1,399.20	1,424.80	1,479.20	1,536.80
	17.20	17.49	17.81	18.49	19.21

For the period December 1, 1999 through November 30, 2000, the following pay rates shall apply: (3.0%)

<u>CLASSIFICATION</u>	<u>STEP 1</u>	<u>STEP 2</u>	<u>STEP 3</u>	<u>STEP 4</u>	<u>MAXIMUM</u>
Police Officer II	\$36,379.20	\$38,792.00	\$41,704.00	\$45,156.80	\$48,505.60
	1,399.20	1,492.00	1,604.00	1,736.80	1,865.60
	17.49	18.65	20.05	21.71	23.32
Senior Police Officer		\$50,960.00			
		1,960.00			
		24.50			

	<u>STEP 1</u>	<u>STEP 1-1/2</u>	<u>STEP 2</u>	<u>STEP 3</u>	<u>STEP 4</u>
Dispatchers	\$36,857.60	\$37,460.80	\$38,147.20	\$39,603.20	\$41,163.20
	1,417.60	1,440.80	1,467.20	1,523.20	1,583.20
	17.72	18.01	18.34	19.04	19.79

The Senior Police Officer rate shall be paid upon a police officer's completion of ~~twelve-(12)~~ ten (10) years of employment within the police department.

10. Modify Article XXXIX, Section 39.2, to read:

Police officers who hold an earned associate degree in Law Enforcement from an accredited college or university shall receive annually an educational premium on December 10 of each year the officer is actively employed pursuant to the following schedule:

1994-1995 \$900.00  
 1995-1996 \$900.00  
 1996-1997 \$900.00

Any probationary police officer whose employment with the City is terminated for any reason prior to completing a contract year shall have the educational premium provided herein adjusted on a prorated basis, with the balance to be deducted from any monies otherwise due the employee.

11. Modify Article XLI, Section 41.2, to read:

41.2: Qualified employees of this bargaining unit will be entitled to additional compensation annually, as follows:

A. In order to be eligible for this benefit, the employee must complete his/her service requirement by the cut-off date for the Sergeant's Exam, April 8.

After 20 years	\$1,800.00
After 25 years	1,980.00

B. In an employee's final year of employment, only, the merit compensation provided for in Section 41.2.A above will be \$4,000.00, except that an employee is not eligible unless their final year of employment is their 25th year or more of service.

Employees who retire between July 1 and December 1 shall be reimbursed the difference between the previous year's merit compensation and \$4,000.00 at the time of retirement. Employees who retire between December 2 and June 30 shall receive the \$4,000.00 merit compensation at the time of retirement.

12. Add a new Section 48.2 (and renumber remaining sections accordingly) to read:

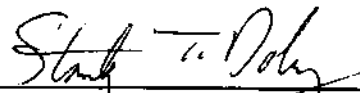

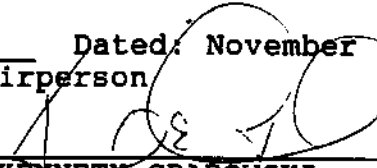
Notwithstanding the foregoing, the parties agree that either party may notify the other in writing by September 1, 2000, but no earlier than August 1, 2000, or, if notification is not given by either party between August 1, 2000 and September 1, 2000, either party may notify the other in writing by September 1, 2003, but no earlier than August 1, 2003, of the party's desire to reopen the Agreement for the purpose of negotiating on all items set forth in the Agreement, except the issue of pension which, pursuant to Article XXXVI, is not an item for bargaining until the expiration of nine (9) years from the effective date of this Agreement; provided, however, this Agreement, unless modified pursuant to said negotiations, contains the terms and conditions of agreement through the 30th day of November, 2006; and provided, further, that in any event, the pension issue is not subject to this provision for reopener; and provided, further, that any statutory provision for impasse as to items subject to the reopener shall not apply to the pension issue as set forth in this Agreement, as the parties have agreed that the current pension provisions shall be binding on the parties through the 30th day of November, 2006.

VIII. CONCLUSION

As a personal note, the Chair wishes to thank the Delegates, the Attorneys and the parties for their professional approach to this matter.

The concludes the case. The Panel retains no further jurisdiction.

IT IS SO ORDERED.

	Dated: November 24, 1998
STANLEY T. DOBRY, Impartial Chairperson	
	 11-24-98
RAYMOND POMERVILLE City's Delegate	KENNETH GRABOWSKI Union's Delegate