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Arb. 6/15/2000

STATE OF MICHIGAN
MICHIGAN EMPLOYMENT RELATIONS COMMISSION

In the matter of Act 312
Arbitration between:

CITY OF TROY,

Employer,

and

POLICE OFFICERS LABOR COUNCIL,

Union.

Case No. D98 A-0040

Arbitration Panel:

Jerold Lax, Chairperson
Peggy Clifton, Employer Delegate
Lloyd Whetstone, Union Delegate

Troy, City of

Appearances:

For the Employer:

Craig W. Lange
Lange & Cholack, P.C.
50 W. Big Beaver Rd.
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For the Union:

Mark P. Douma
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OPINION AND AWARD

I. Introduction.

This Act 312 arbitration proceeding involves the City of Troy (hereinafter "City") and the Police Officers Labor Council (hereinafter "Union"), representing approximately 36 police command officers employed by the City in the ranks of captain (3), lieutenant (9) and sergeant (24).

The last collective bargaining agreement between the City and the Union covered the period July 1, 1995 through June 30, 1998. The parties bargained concerning a new agreement and tentatively agreed to all issues except the elimination of the reduction of the annuity factor upon an employee becoming eligible for social security. After the parties failed to agree upon this issue, the Union filed a petition for arbitration under Act 312 of the Public Acts of 1969 (MCL 423.201 et seq) on October 27, 1998.

Jerold Lax was appointed impartial chairman of the arbitration panel on December 1, 1998. During a telephone conference among the chairman and representatives of the parties on January 12, 1999, the parties indicated they would determine within two weeks whether further negotiation had resolved the outstanding issue and the case could be withdrawn from arbitration. No agreement was reached, and on March 5, 1999, an amended 312 petition was filed by the Union listing eight issues requiring arbitration: (1) overtime, (2) disability insurance, (3) hospitalization and medical insurance, (4) clothing and cleaning allowance, (5) longevity, (6) retirement, (7) wages, and (8) shift premium. The Employer, in addition, proposed that a defined contribution plan be implemented with regard to the retirement system.

A pre-hearing conference was held at the City's offices on May 5, 1999, at which time the parties agreed that all issues listed in the amended petition except disability insurance remained open. The parties further agreed to waive the statutory time limits for completion of the award. It was determined that formal hearings would commence on August 30, 1999.

Hearings commenced on the designated date, and continued on October 5, October 23, and October 29. At the initial hearing, after testimony had been given, it was determined that, for purposes of this 312 proceeding, the following communities would be regarded as comparables: Farmington Hills, Pontiac, Royal Oak, Southfield, Sterling Heights, Warren, and

Westland. The parties agreed that the term of the resulting contract was to be three years, and indicated that agreement had been reached on the issues of clothing allowance and shift premium, thus leaving unresolved the matters of overtime, hospitalization and medical insurance, longevity, retirement, defined contribution plan, and wages, as well as the question of retroactivity for any benefit awarded. Wages were to be determined separately for each of the contract's three years. All unresolved issues were agreed by the parties to be economic.

The parties were given a full opportunity to present testimony and exhibits relating to all disputed issues. Final offers were exchanged on or about December 15, 1999, and briefs were exchanged on or about January 24, 2000.

The panel conferred by telephone on February 22, 2000, and met in executive session on March 20, 2000 to discuss the proposed award, and the following discussion summarizes the conclusions of the panel, with concurrences and dissents appropriately noted. All panel members are in agreement that this award shall be regarded as timely under Act 312. In rendering this award, the panel has adhered to the directive of Section 9 of Act 312 that it base its findings, opinion and order upon the following factors, as applicable:

a.. The lawful authority of the employer;

b. Stipulations of the parties;

c. The interest 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.

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 pendence 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 sector or in private employment.

Further, the panel has adhered to the directive of Section 8 of the statute that it adopt the best offer of settlement which, in the opinion of the panel, more nearly complies with the applicable factors prescribed in Section 9. The panel notes, however, that with regard to any particular issue, each Section 9 factor need not be accorded equal weight. City of Detroit v Detroit Police Officers Association, 408 Mich 410 (1980).

II. Resolution of disputed issues.

(1) Overtime.

Section 18 of the expired collective bargaining agreement between the parties specifically excludes employees in the rank of captain from receiving overtime pay for weekly hours worked in excess of forty, providing instead that captains will be compensated for overtime by means of time off for the equivalent number of hours. Lieutenants and sergeants were given the option of receiving overtime pay or compensatory time. The Union proposes that captains be contractually permitted to receive overtime pay in the same manner as it has been available to sergeants and lieutenants, while the City proposes that the overtime provisions of the 1995-1998 agreement remain unchanged.

The Union's principal argument in support of its request is that in treating captains differently from lieutenants and sergeants, the expired contract created a situation where it was possible for lieutenants to earn more than captains for the same amount of work, and that at least one captain had indicated he would seek a demotion to lieutenant if overtime pay remained unavailable. The Union also suggested through testimony that captains who chose to "sell back" their vacation time in order to increase their effective wages might thereby be deprived of adequate time off. In response to the Union's position, the City contends, with support in the record, that it is not unusual for lower-ranking officers to earn more than officers above them in rank. With regard to the suggestion that qualified individuals will be deterred from applying for a captain's position as a result of unavailability of overtime pay, or will seek demotion after obtaining captain's rank, the City correctly notes that captains' positions have consistently been filled by qualified individuals, and that if the position of chief is to be filled and there are captains interested in the position, only a captain can be promoted to chief. Finally, the City notes that captains have made effective use of compensatory time for vacations, and that the fact that captains have sold back vacation time on occasion should therefore, in the City's view, not be taken as evidence that the unavailability of overtime pay for captains results in captains being deprived of vacation opportunities.

It is the view of the majority of the panel, taking into particular account the overall compensation received by those in the rank of captain including their compensatory and vacation time, that no compelling reason has been advanced by the Union for altering the overtime provisions of the prior contract. Hence, it is the award of the panel that the language of the overtime provision remain unchanged.

(2) Hospitalization and medical insurance.

Section 32 of the expired contract deals with hospitalization and medical insurance, and is set forth in full to facilitate summary of the offers of the parties regarding the successor contract:

32. HOSPITALIZATION AND MEDICAL INSURANCE

A. The Employer shall provide hospitalization and medical insurance for employee and family equal to the following:

1. Blue Cross/Blue Shield, MVF-1, Master Medical Option I, with the following riders: $2 deductible prescription, D45NM, F, SA, G65, ML, VST, FAE, reciprocity, optical, PREVENT, and MSO.

   Effective 7/1/90, the following riders will apply: DRI275/550, $5 deductible prescription.

2. Prudential Dental Insurance, including Class I and Class II benefits with a 10% employee co-payment of claims and a maximum benefit of $600 per person per year, beginning each July 1.

3. Prudential Orthodontic coverage with a 50% employee co-payment of claims and a $1,200 maximum lifetime benefit per person to age 19.

B. An employee who elects to be covered for this insurance shall contribute not more than $10.00 per month. Effective 7/1/90, employees will no longer contribute $10.00 per month for this insurance.

C. Effective 7/1/90, employees who choose not to subscribe to medical insurance may elect to receive the cash value of the single rate.

D. For those employees who retire after January 1, 1983, the insurance described in A.1 above (less optical) will be provided for retiree and spouse, provided also that these retirees will apply for Medicare or its equivalent when eligible, and the City will then provide supplemental insurance benefits to equal the above level of insurance benefits. However, in any event, the total cost to the City for all of the above insurance for a retiree and spouse shall not exceed one hundred and ten dollars ($110.00) per month. For those employees who retire after July 1, 1986, the total cost to the City shall be $165.00 per month.

For those employees who retire after July 1, 1990: 1) the following riders will apply to Blue Cross/Blue Shield medical insurance: DRI 275/550, $5 deductible prescription; 2) the total cost to the City for medical insurance will be $200.00 per month. For those employees who retire after July 1, 1994, the entire cost of this insurance for the retiree and spouse will be paid for by the City.

For employees retiring after June 27, 1996, the City agrees to pay for medical and hospitalization coverage at the rate of 4% per complete year of retirement service as a Police Officer to the City of Troy for two (2) person coverage for retiree and current spouse or dependent child, provided that the retired employee or spouse is drawing benefits or a pension pursuant to the City of Troy Retirement Ordinance. A retiree may pay, at his/her own option and expense, the difference between a two person and family rate.

The Union's proposal treats all matters covered by Section 32 as a single package, and requests the following changes:

(a) With regard to traditional Blue Cross/Blue Shield coverage, which the Union proposes to retain along with its present riders, the following riders should be added to the plan: RM (routine mammogram), RPS (routine pap smear), PSA (prostate specific antigen testing), ICMP (individual case management), SOTPE (specified organ transplant rider), HCB-1 (hospice care), MOPD (mail order prescription drug rider), and EBMT (experimental bone marrow transplant); an employee electing Blue Cross/Blue Shield coverage would be required to pay the monthly cost of these additional riders, up to $10.

(b) As alternatives to traditional Blue Cross/Blue Shield coverage, an employee may opt for Blue Cross/Blue Shield PPO, Group #80898-660 (as it existed on November 1, 1999), with the following additional riders: RM, RPS, PSA, ICMP, SOTPE, HCB-1, MOPD, EBMT, or for an available HMO program offered by the City.

(c) With regard to employee dental insurance, the maximum annual benefits should be increased to $1,000, and with regard to employee orthodontic insurance the lifetime benefit per person should be increased to $2,000.

(d) With regard to insurance for retirees, the VST rider (voluntary sterilization) should be replaced with the VCA 80 rider (vision care), and dental and orthodontic coverage "consistent with that received by active employees" should be provided. The Union has made it clear in its post-hearing brief (although its final offer may have been ambiguous on this point) that its proposal concerning retiree health benefits is meant to incorporate the provision of the expired contract that the City's obligation to pay should be at the rate of 4% for each complete year of service as a police officer for the employee involved.

Presumably, the Union seeks no change in the provision of the prior contract (Section 32C) permitting employees who decline medical insurance to obtain a cash payment instead.

The City proposal treats matters covered by Section 32 in six separate categories--employee hospitalization and medical insurance, employee dental insurance, employee orthodontic insurance, retiree hospitalization and medical insurance, retiree dental insurance, and retiree optical insurance. In substance, the City proposes that the status quo--as represented by Section 32 of the expired contract--be maintained except with regard to employee hospitalization and medical insurance, where the City proposes that the existing option of conventional Blue Cross/Blue Shield coverage be eliminated and that employees instead be give the option of HMO coverage (this option is clearly proposed in the City's post-hearing brief, although it is less clear that the City's final offer in the contained this option) or the Blue Cross/Blue Shield PPO (Group #80898-660) requested by the Union, but without the additional riders requested by the Union and with an employee contribution of $20 per month toward the cost of the PPO option. The City's brief mistakenly assumes that the Union has proposed a different PPO plan which had been contractually available to the clerical and service employees represent by the Michigan Association of Police and had been inadvertently made available to police command officers represented by the POLC, but it is clear that both the City and the Union are proposing the same PPO, albeit with different riders and with different levels of employee contribution.

Whether the various medical insurance matters are considered as separate issues, as requested by the City, or as a unified package as requested by the Union, it is clear that the effect of the Union's offer is to enhance the benefits available in a variety of ways, including the addition of several riders to traditional Blue Cross/Blue Shield coverage (with employees to assume at least a portion of the cost of these enhancements), the contractual recognition of PPO and HMO options previously made available as a result of administrative inadvertency (with the requested PPO option being less favorable to the employees than the PPO option inadvertently provided under the expired contract), an increase in maximum dental and orthodontic benefits available to employees, and the addition of vision and dental coverage to retiree medical benefits.

It is correspondingly clear that the effect of the City's proposal is to leave medical coverage essentially unchanged, with the exception of replacing traditional Blue Cross/Blue Shield coverage with HMO and PPO options, and with employees being required to contribute to the cost of the PPO option. All questions related to hospitalization and medical insurance are included in a single section of the expired contract, and the amended Act 312 petition listed as a single issue "Section 32 - Hospitalization and Medical Insurance (Includes Dental)." Thus, in the view of the majority of the panel, it is not unreasonable, for purposes of this decision, to deal with hospitalization and medical insurance as a single issue. While the City's concern with the cost of medical insurance is understandable and justified, it is the conclusion of the majority of the panel that the Union's offer is, on balance, the most acceptable method of resolving these matters.

With regard to basic coverage for existing employees, the City has provided no compelling reason for discontinuing the availability of traditional Blue Cross/Blue Shield coverage, which, in its present form, includes deductibles which can reasonably be presumed to reduce the City's cost for such coverage. The additional riders sought by the Union have, for the most part, been made available to police officers represented by the Troy Police Officers Association as a result of the February 16, 2000 Act 312 award provided by the City to the panel, and awarding these riders to the command officers thus draws some support from the statutory admonition that the panel consider, among other things, a comparison with benefits of other employees performing similar services. The Union's proposal would require employees to pay the cost of these riders up to $10 per month, and although it cannot be determined with certainty whether the entire cost will thus be covered, the proposal for employee contributions appears to the panel majority to be a reasonable method of containing the cost of the added riders. The PPO and HMO options requested by the Union are similar to those offered by the City, although the Union requests the addition of the riders which it would add to the traditional coverage, and the City requests a monthly employee contribution of $20. As earlier noted the PPO option sought by the Union is less expensive than the PPO option which the City mistakenly assumed the Union to be requesting, and while the panel is not unmindful of the likelihood that the cost of hospitalization and medical insurance to the City will increase with or without the enhancements requested by the Union, the record does not support the conclusion that the City is financially incapable of assuming these costs.

The Union's request that maximum annual dental benefits be increased from $600 per person to $1,000 is supported by comparison with other represented City employee units, of which 5 out of 7 appear to provide the $1,000 limit. Three of the 7 external comparables also provide a $1,000 limit and all but 2 provide benefits in excess of $600; thus, the Union's proposal is not out of line with these external comparables. Although the panel recognizes that employee co-pay is higher in certain of the external comparables, the limit suggested by the Union is nonetheless appropriate. With regard to orthodontic coverage, four of the other units within the City appear to provide lifetime benefits at the $2,000 level, and while a $2,000 limit would appear to place Troy ahead of most external comparables, the Union's proposal nonetheless is regarded by the panel as the more acceptable, whether reviewed as an isolated issue or--as the panel regards as more appropriate--in the context of overall offers concerning medical insurance issues.

With regard to the medical insurance benefits sought by the Union for retirees, including optical and dental, the record suggests that--at least with regard to dental benefits--the cost to the City may well be significant. The record also suggests, however, that 4 of the 7 external comparables provide dental coverage for retirees. While the precise future costs of the requested additional coverages are not demonstrated by the record, a number of factors, in addition to the provision of retiree dental coverage by the majority of external comparables, lend support to the Union's position, including the apparently sound condition of the retirement system from which these benefits will be paid and the fact that other aspects of this decision relating to wages and to retirement system modifications should serve to ameliorate to some extent any added costs which may result from accepting the Union's proposal regarding hospitalization and medical insurance.

It is the view of the majority of the panel that the Union's last offer concerning hospitalization and medical insurance should be accepted. Hence, it is the award of the panel that the contractual language concerning this subject shall be as follows, which is the language proposed by the Union modified to make it clear that retiree dental and orthodontic coverage is to be "consistent with that received by active employees" (which the panel presumes to include the same maximums and co-pays) and that the formula in the expired contract for determining City contribution to retiree benefits is to remain unchanged:

> Effective (30 days after award) the Union requests that Section 32 be modified as follows:
>
> A. The Employer shall provide hospitalization and medical insurance employee and family equivalent to or better than the following:
>
> 1. Blue Cross/Blue Shield, MVF-1, Master Medical Option I (with the current existing riders: (DRI 275/550, $5 deductible prescription, D45 NM, F, SA, G65, ML, VST, FAE, reciprocity, optical, PREVENT, and

MSO) and with the following additional riders: RM, RPS, PSA, ICMP, SOTPE, HCB-1, MOPD, EBMT.

2. As an option, TCOA members may opt for the Blue Cross/Blue Shield PPO, Group #80898-660 (as it existed on November 1, 1999), with the additional riders: RM, RPS, PSA, ICMP, SOTPE, HCB-1, MOPD, EBMT, or an available HMO program offered by the City.

3. Dental Insurance, including Class I and Class II Benefits (as defined in the dental coverage existing on November 1, 1999), with a 10% employee co-payment of claims and a Maximum benefit of $1,000.00 per person per year, beginning each July 1.

4. Orthodontic coverage with a 50% employee co-payment of claims and a $2,000.00 maximum lifetime benefit per person to age 19.

B. An employee who elects to be covered by the Blue Cross/Blue Shield traditional plan or PPO shall contribute the monthly cost of the additional riders (RM, RPS, PSA, ICPM, SOTPE, HCB-1, MOPD, EBMT) to the policy they select. The total monthly cost to the employee for these riders shall not exceed $10.00.

D. For employees who retire on or after (30 days after the date of the Award) the insurance described in A.1 above (less VST and adding VCA 80) will be provided for retiree and spouse at the rate of 4% per complete year of retirement service as a Police Officer to the City of Troy if said retired employee or spouse is drawing benefits or a pension pursuant to the City of Troy Retirement Ordinance, provided also that these retirees shall apply for Medicare or its equivalent when eligible, and the Employer shall then provide supplemental insurance benefits to equal the above level of insurance benefits. A retiree may pay, at his/her own expense, the difference between a two person and family rate.

E. For those employees who retire on or after (30 days after date of Award) the Employer will provide dental/orthodontic coverage, consistent with that received by active employees, for retiree and spouse, at the rate of 4% per complete year of retirement service as a Police Officer to the City of Troy if said retired employee or spouse is drawing benefits or a pension pursuant to the City of Troy Retirement Ordinance, provided also that these retirees shall apply for Medicare or its equivalent when eligible, and the Employer shall then provide supplemental insurance benefits to equal the above level of insurance benefits. A retiree may pay, at his/her own expense, the difference between a two person and family rate.

(3) Longevity

Section 36 of the expired contract provides that on or before December 20 of each year, employees will receive longevity pay based on the following schedule:

Years of continuous City service as of November 30 of the payment year		Percent of base pay earned from December 1 to November 30		
		Sgt.	Lt.	Capt.
4-8 years	2% but not more than	$ 686	$ 716	$ 840
9-13	4% but not more than	1,373	1,432	1,679
14-18 years	6% but not more than	2,059	2,148	2,579
19 or over	8% but not more than	2,746	2,864	3,358

The City's final offer is that no change be made in this schedule, while the Union proposes that the schedule be revised as follows:

		Sgt.	Lt.	Capt.
4-8- years	2% but not more than	$ 857	$ 890	$1,050
9-13 years	4% but not more than	1,716	1,790	2,099
14-18 years	6% but not more than	2,574	2,685	3,149
19 or over	8% but not more than	3,431	3,580	4,197

In support of its request, the Union contends that its members currently receive longevity pay below the average of all external comparables, and that even it the Union's offer were accepted, longevity would still be below average except at the initial level. The City does not dispute the Union's calculations, but argues that longevity pay commences at the fourth year, unlike at least some comparables where longevity commences at the fifth year. The City further notes that in five of the seven bargaining units within the City, longevity pay has been eliminated for new hires; indeed, this had been the City's initial proposal regarding longevity for police command officers, subsequently modified to request maintenance of the status quo.

It is the view of the majority of the panel, based in large part on the benefits provided to similarly-situated employees in comparable communities and on the relative economic health of the City, that the Union's offer is best supported by the relevant statutory factors. Hence, it is the award of the panel that the contractual schedule proposed by the Union be adopted.

(4) Retirement

Section 37B of the expired contract provides that, effective July 1, 1994, the employees shall annually contribute 2.75% of gross payroll to the pension system to assist in the funding of retirement benefits. The Union proposes that, as of the date of the award in this matter, the annual employee contribution be reduced to 2% of gross payroll, while the City proposes that the annual contribution be increased to 3%.

The Union's principal argument in support of its position is the fact that the pension plan has apparently been overfunded for several years. The City, in support of its offer, observes that four of the seven external comparables require an employee pension contribution considerably in excess of the 3% sought by the City, three of those four communities requiring a contribution of 5% and one requiring 6%. Moreover, the City notes the Troy defined benefit plan has a number of other features which render it more beneficial to retirees than the plans in many of the comparable communities, such as relatively high multipliers, the absence of a percentage cap on available pensions, and employer contribution to Social Security payments. Finally, the City contends that the employee contribution was raised to 2.75% in earlier bargaining to allow for these plan features, and it is not appropriate to reduce the contribution now that these features have been instituted.

Particularly in light of the level of employee contribution required in comparable communities and of the enhancement of retiree medical benefits which will result from this decision, it is the view of the majority of the panel that the City's offer is most consistent with statutory requirements. Hence, it is the award of the panel that the annual employee contribution to the pension be increased to 3% of gross payroll.

(5) Defined contribution plan

The pension plan in the expired contract is a defined benefit plan. The City proposes that a defined contribution plan be included in the successor contract, which would be optional for members presently in the bargaining unit and mandatory for employees transferring into the bargaining unit after issuance of the award who had been participants in another City defined contribution plan immediately preceding the transfer. The Union proposes that no defined contribution plan be included and that the status quo be maintained.

The City indicates in its brief that all other City bargaining units except the police command represented by POLC and the police officers represented by the Troy Police Officers Association have defined contribution plans, and the February 16, 2000 award in the most recent POAM Act 312 proceedings, provided to the panel subsequent to the submission of briefs, requires a defined contribution plan for newly-hired officers. The City argues that its proposed defined contribution plan provides many benefits to employees, including early vesting, and also provides the City the obvious benefit of knowing in advance the precise amount of its annual contribution, thereby reducing what the City describes as its "risk relative to a defined benefit plan." The Union argues that the City's proposal would be administratively confusing, and that while perhaps consistent with internal comparables, it is unsupported by any external comparables.

In the view of the majority of the panel, the City's request is appropriate both to achieve consistency with other City bargaining units and also because other aspects of the present award, most notably the enhancements in retiree medical insurance, justify the City's effort to control pension costs. Hence, it is the award of the panel that the contract contain the following provision:

> <u>Defined Contribution Plan</u>: Effective [date of issuance of Act 312 Award] employees transferring into the bargaining unit who are participating in another City Defined Contribution plan at the time of such transfer shall participate in an IRS §401(a) Defined Contribution (DC) Pension Program as a member of this unit. The Defined Contribution plan is available as an option for employees who were members of the unit before [date of issuance of Act 312 Award].
>
> 1. Contribution rates: Employee - 4%
>   Employer - 12%
>
> 2. Vesting Schedule for Employer Contributions: Employees hired after [date of issuance of Act 312 Award] shall be 50% vested at three years, 75% vested at four years and 100% vested at five years.
>
> 4. 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 retirement ordinance. The City's liability for the disability benefit shall be offset (1) by an amount which may be payable pursuant to the Workers' 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. 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. While the employee is receiving disability benefits or is receiving workers' compensation, the City of Troy shall contribute the employer rate, as contained in subsection 1 above, of the disabled employee's taxable wage for deposit in the defined contribution plan for the employee's benefits.

5. Participants in the defined contribution plan shall also be covered in the event of death, including non-duty death, with a benefit equivalent to the defined benefit plan as set forth in the retirement ordinance. The City's liability for a death benefit shall be offset (1) by an amount which may be payable pursuant to the workers' 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 death.

(6) Wages

As indicated previously, the parties have agreed that each year of the proposed 3-year contract is to be treated separately for determining wages.

The City proposes the following increases:

3.5% effective July 1, 1998

3.25% effective July 1, 1999

3.25% effective July 1,2000

The Union proposes these increases:

4% effective July 1, 1998

4% effective July 1, 1999

4% effective July 1, 2000

It is the Union's contention that wages for the three classifications involved lag behind the average wages for equivalent classifications in comparable communities and would, with the exception of captains, continue to do so for the initial year of the proposed 3-year contract even if the Union's offer were accepted. This argument explicitly acknowledges that, when the entire 3-year contract period is considered, the Union's proposal would place all three classifications above the average. The City asserts--and the record supports--a number of arguments tending to indicate that the City's proposal, for each of the years involved, more closely complies with relevant statutory considerations. First, the City's offer would appear to place the wage levels of each of the classifications above the average in comparable communities over the life of the contract. Further, when other benefits are considered, including such items as health care and pension, the position of the Troy officers in relation to officers in comparable communities would appear even more favorable. To the extent that collective bargaining agreements have been negotiated in comparable communities covering the period which will be covered by the contract in this case, the City's proposed overall increase of 10% appears more in line with the level of increase in those communities. Moreover, the City's proposal is more appropriate in light of cost of living increases, also a statutory factor. The panel also notes that other benefits provided by this decision, including increases in medical insurance and longevity pay, may appropriately be considered in assessing wage offers, and the award of such benefits also lends support to the City's wage proposal.

It is the view of the majority of the panel that the City's wage offer, for each of the years in question, should be adopted. Hence, it is the award of the panel that wages shall increase by the following percentages:

3.5% effective July 1, 1998

3.25% effective July 1, 1999

3.25% effective July 1, 2000

(7) Retroactivity

The Union proposes that, unless an effective date on or after the date of the award is specified, benefits awarded shall be available to all individuals who are or were members of the bargaining unit during the term of the collective bargaining agreement (July 1, 1998 through June 30, 2001), including individuals who may have left the bargaining unit prior to the date of the award. The Union's retroactivity proposal would apply to the issues of wages and longevity. The City's position on retroactivity would appear to exclude employees who are not on the payroll at the time the award is issued. (With regard to the issue of shift premium, concerning which the parties have agreed, the benefit, pursuant to the parties' agreement, is to apply only to those employed on or after the date of the award.)

In the view of the majority of the panel, no persuasive reason exists for excluding from benefits employees who were members of the bargaining unit at any time during the life of the contract. As is frequently the case with proceedings of this kind, issues often remain unresolved until well into the contract period, and excluding employees who may have left the unit during the process of bargaining, mediation, and arbitration penalizes them for matters generally not within their control. Hence, the panel adopts the Union's position regarding retroactivity.

This award is issued the 15 day of June, 2000. Concurrences of other panel members are noted below.

Jerold Lax, Chairperson

CONCURRENCES

	Issue	City	Union
(1)	Overtime	Peggy E. Clifton	
(2)	Hospitalization and medical insurance		Lloyd A. Whetstone

(3)	Longevity		Lloyd A. Whetstone
(4)	Retirement	Peggy E. Clifton	
(5)	Defined contribution plan	Peggy E. Clifton	
(6)	Wages	Peggy E. Clifton	
	(a) Effective 7-1-98	Peggy E. Clifton	
	(b) Effective 7-1-99	Peggy E. Clifton	
	(c) Effective 7-1-00	Peggy E. Clifton	
(7)	Retroactivity		Lloyd A. Whetstone