

STATUTORY ACT 312 ARBITRATION

Between:

CITY OF SAGINAW

-and-

POLICE OFFICERS LABOR COUNCIL

Case Number: L00 G-3020

Arbitration Panel:

C. Keith Groty, Chairperson
Dennis DuBay, City Delegate
Tom Kreis, Union Delegate

Appearances:

Employer

Dennis DuBay, Attorney
Ralph Carter, Labor Relations Administrator
Michael Gunther, Director of Employee Services
Donald Pussehl, Jr., Chief of Police
Karen L. Lawrence-Webster, Finance Director

Union

Mark Douma, Attorney
Thomas E. Kreis, Staff Representative
Patrick Doolan, Police Unit
Kevin Rivaro, Police Unit
Nancy Ciccone, Research Analyst

Hearings: Pre-Arbitration Conference - January 23, 2001
Hearing days - April 26, 2001, May 23, 2001, June 23, 2001

Stipulations:

The new contract, covering the period January 1, 1999 through December 31, 2001, would be the contract covering the period January 1, 1996 through December 31, 1998 as amended by the agreements submitted as joint exhibit one and the award of the arbitration panel. All other matters have either been settled or waived.

Statement of the Issues

Whether the cities of Pontiac and Southfield should be added to the mutually agreed list of comparable cities.

Economic Issues - Whether the Union's request for an increase in the pension multiplier to 2.8% for all years of service should be granted.

Factors for the Panels Decision

"[T]he 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 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 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."

Comparables

The parties agree that the cities of Battle Creek, Bay City, Flint, Jackson, Lansing, Midland, and Muskegon are comparable communities. In addition the Union proposes to add additional comparable communities of Pontiac and Southfield. In the previous Act 312 proceeding between the employer and the bargaining unit, these two additional comparable communities were proposed by the Union. That award does not provide a clear ruling on comparables. Therefore, the issue has arisen again and must first be resolved in order to apply the factors as set forth above.

The Union argues that the demographic data supports the inclusion of Pontiac and Southfield as comparable communities with the agreed upon communities listed above. They argue that the average population of the agreed upon communities is similar to that of Pontiac and Southfield; that the square mileage falls within the range of the comparable communities; that the per capita income, median household income and state equalized value and taxable value of Pontiac are within the range of the comparable communities; that Southfield's per capita state equalized value and per capita taxable value are within the comparable range and the number of police officers, and sergeants and lieutenants are similarly comparable.

The Employer argues, however, that the cities of Pontiac and Southfield are very dissimilarly to the employer in this case. Not only on the variables cited by the Union, but most importantly, it is dissimilar in that the City of Saginaw is an out-state community similar to the agreed upon comparable communities whereas the cities of Pontiac and Southfield are part of the metropolitan Detroit area communities with a clear economic and social base linked to the City of Detroit and other cities in the metropolitan Detroit area.

In reviewing these arguments, the majority on the panel accepts the rationale of the arbitrator Glendon in the Act 312 Arbitration involving the City of Jackson (one of the agreed upon comparable cities in this case), when he states that "such metropolitan communities cannot be utilized as comparable to out state cities because such communities:

Are an integral, albeit rather, part of the uninterrupted urban patch work that makes up the Detroit metropolitan area. As such, they are significantly influenced by metropolitan Detroit wages and employment and law enforcement conditions. All three cities are innately dissimilar to the City of Jackson, which despite its relatively modest size is the largest city and must be considered the dominant economic and social influence in Jackson County.

Therefore, the Panel majority adopts for comparables the mutually agreed upon cities of Battle Creek, Bay City, Flint, Jackson, Lansing, Midland, and Muskegon.

Retirement Benefits

The Union requests that Article 22, Section 5 be modified with the following language:

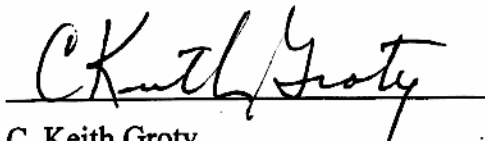
In the event that a defined contribution plan is implemented in the patrol bargaining unit, the pension multiplier for bargaining unit members shall be increased to 2.8% for all years of service. Simultaneously with the increase in the pension multiplier, the calculation in the pension ordinance for determining years of service for a disability pension shall be reduced from (actual service plus years from disablement until the member's 55th birthday) to (actual service plus years of disablement until the member's 50th birthday)sic. If the defined contribution plan is implemented in the patrol bargaining unit prior to January 1, 2002, the 2.8% multiplier shall be in effect for all individuals who were members of the bargaining unit on or after January 1, 1999.

The Unions last offer of settlement seeks to increase the pension multiplier from 2.6% for each year of service for the first 25 years of service and 2.75% for each year of service after 25 years of service to a flat 2.8% multiplier for all years of service. This increase to only take affect if a defined contribution plan is implemented in the patrol bargaining unit.

The Employer argues that the overall agreed increase in compensation and the financial condition of the city do not justify the increase in further compensation through an improvement in the retirement program, particularly when this program implementation is speculative based on future outcomes of other bargaining units. Further, the Employer argues that the agreement to increase the multiplier to 2.8% for fire fighters was based on concessions within that unit's pension program which had the effect of paying for the increased cost of the multiplier. A similar case cannot be made for the projected claims of savings as set forth in the Union's present argument.

The Panel majority rejects the final offer of the Union to change the retirement benefit calculator. The current multiplier of 2.6% is comparable to the agreed upon comparable communities. Internally, within the City of Saginaw, it is comparable, except for the noted exception of firefighters. In reviewing the settlement as a whole, the majority believes that factors as set forth under Section 9 of Act 312 are best met by adoption of the City's final position on the retirement benefits.

There being no other issues pending before the panel the contract is considered settled based on the agreements of the party for the period January 1, 1999 through December 31, 2001 and this award

A handwritten signature in cursive script, reading "C. Keith Groty", is written over a horizontal line.

C. Keith Groty

Arbitration Panel Chairperson

December 13, 2001

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Between:

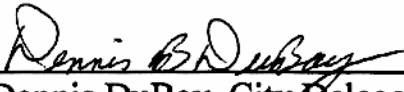
CITY OF SAGINAW

-and-

POLICE OFFICERS LABOR COUNCIL

Case Number: L00 G-3020

Concurring with Chairperson


Dennis DuBay, City Delegate

Date: 12-14-01

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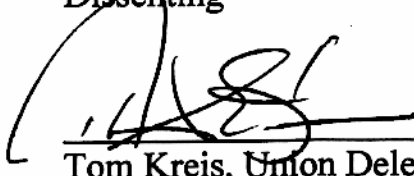
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Dissenting



Tom Kreis, Union Delegate

Date: 12/17/01