

1896

STATE OF MICHIGAN  
MICHIGAN EMPLOYMENT RELATIONS COMMISSION  
ACT 312 ARBITRATION

In the Matter between:

**CHARLEVOIX COUNTY  
SHERIFF DEPARTMENT**

**MERC Case No. L96 C-7001**

**AND**

**POLICE OFFICERS LABOR COUNCIL**

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**Panel**

Anne T. Patton, Impartial Chair  
Peter A. Patterson, Employer Delegate  
Ken Nash, Union Delegate

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**For the Employer:**

**For the Union:**

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**Representatives**

Peter A. Patterson, Attorney

John A. Lyons, Attorney

**Witnesses**

Don Smith, Former County Commissioner  
Eric Cerling, Actuary  
George Lasater, Sheriff

Nancy Ciccone, Labor Research Analyst

**Also Present**

Sherry Sproul  
Chuck Vandra

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**INTRODUCTION**

Pursuant to Public Act 312 of 1969, as amended by Act 127, Public Acts of 1972 (MCLA 423.231 et seq.) (The Act), hearings were conducted before the Arbitration Panel on September 25, 1998 at the Charlevoix County Courthouse in Charlevoix, Michigan.

The Charlevoix County Sheriff's Department (Employer, County, or Department) and the Police Officers Labor Council (Union) seek to complete the successor to their 1993-1996 Collective Bargaining Agreement.

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STATE OF MICHIGAN  
EMPLOYMENT RELATIONS COMMISSION  
DETROIT OFFICE

1896-10-10

### Issues

The Act 312 Petition filed by the Union identified the following issues in dispute:

1. Article 7 Seniority, Section 1 & 1a.
2. Article 21 Wages, Section 1a and b.  
Shift Differential, Section 1c.  
Compensatory Time, Section 2.
3. Article 22 Vacations, Section 3 & 4.
4. Article 23. Holidays, Section 1 & 2.
5. Article 24 Retirement Benefits
6. Article 25 Retiree Health Insurance, Section 6.
7. Article 26 Transportation, Section 5.  
Education, Section 8.  
Uniforms, Section 10,  
Floater, Section 16.
8. Article 28 Duration, Section 1.  
Notice of Termination, Section 4.

At the Pre-Hearing Conference held on September 19, 1997, the parties identified an additional issue:

9. Article 20 Part time employees, Section 4 i.

At arbitration, Joint Exhibit No. 5 was admitted into evidence. It contains the parties' agreements on the following issues / contractual provisions identified on the Petition:

1. Article 22 Vacations, Section 4.
2. Article 26 Transportation, Section 5.  
Education, Section 8.
3. Article 28 Notice of Termination, Section 4.

In Joint Exhibit No. 4, the parties stipulated and agreed to the following:

1. **Timeliness:** Statutory time limits are waived to the extent consistent with the dates and schedules set forth in the pre-hearing report dated September 19, 1997.
2. **Jurisdiction:** The Panel has jurisdiction to hear all issues placed before it.
3. **Contract:** The Contract will consist of:
  - a. Act 312 Panel resolution of all issues placed before it;
  - b. Tentative Agreements placed on the Act 312 record;
  - c. Provisions of the 1993-96 contract to the extent not changed by (a) or (b).
4. **Duration:** The duration of the contract is July 1, 1996 through June 30, 1999.

As a result of the fourth stipulation, the issue involving Article 28, Section 1 (Duration) has been resolved.

At arbitration, the Employer sought to add an exception regarding Article 20 to Stipulation 3 (c), detailed above. The Employer explained that subsequent to the filing of this petition an issue arose regarding the interpretation of Article 20. On September 10, 1998, the Employer presented the Union with proposed language for Article 20. The issue regarding Article 20 has been grieved and taken to final and binding grievance arbitration. The Union objected to this exception. I ruled that the Article 20 dispute could not be added to the Act 312 petition and that the Arbitration Panel was not taking jurisdiction over the resolution of this issue. The grievance dispute will be resolved by the arbitrator, who has no authority to change or alter the language of the Contract. Thus, regardless of how the arbitrator interprets Article 20, that provision falls within Stipulation No. 3 (c) as a provision of the 1993-96 contract not changed by the Act 312 Panel or any Tentative Agreement placed on the Act 312 record. In other words, I am rejecting the Employer's attempt to carve out an exception for Article 20.

In its Last Best Offer, the Union withdrew the following issues from consideration by the Act 312 Panel:

1. Article 7 Seniority, Section 1 and 1a.
2. Article 21 Compensatory Time, Section 2.
3. Article 22 Vacations, Section 3.
4. Article 26 Floater, Section 16.

In view of the above-specified tentative agreements and withdrawals, the following issues remain before the Panel for decision:

1. Article 21 Wages, Section 1a and b.  
Shift Differential, Section 1c.
2. Article 23. Holidays, Section 1.
3. Article 24 Retirement Benefits
4. Article 25 Retiree Health Insurance, Section 6.
5. Article 26 Uniforms, Section 10.

At the pre-hearing conference, the parties stipulated and agreed that each of these five items constitutes an economic issue within the meaning of the Act.

#### **Relevant Statutory Factors**

As to each economic issue, Section 8 of the Act directs the Act 312 Panel to "adopt the last offer of settlement, which, in the opinion of the arbitration panel, more nearly complies with the applicable factors prescribed in Section 9."

Section 9 directs the Panel to base its findings, opinions and order upon the following factors, as applicable:

- (a) The lawful authority of the employer.
- (b) Stipulations of the parties.
- (c) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.
- (d) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
  - (i) In public employment in comparable communities.
  - (ii) In private employment in comparable communities.
- (e) The average consumer prices for goods and services, commonly known as the cost of living.
- (f) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
- (g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- (h) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

In *City of Detroit v DPOA*, 408 Mich 410; 294 NW2nd 68, 97 (1980), the Michigan Supreme Court discussed application of the Section 9 factors. It explained:

The legislature has neither expressly nor implicitly evidenced any intention in Act 312 that each factor in Section 9 be accorded equal weight. Instead, the Legislature has made their treatment, where applicable, mandatory on the panel through the use of the word 'shall' in Sections 8 and 9. In effect, then, the Section 9 factors provide a compulsory checklist to ensure that the arbitrators render an award only after taking into consideration those factors deemed relevant by the Legislature and codified in Section 9. Since Section 9 factors are not intrinsically weighted, they cannot of themselves provide the arbitrators with an answer. It is the panel which must make the difficult decision of determining which particular factors are most important in resolving a contested issue under the singular facts of a case, although, of course, all 'applicable' factors must be considered.

Section 10 of Act 312 provides that the decision of the arbitration panel must be supported by "competent, material and substantial evidence on the whole record."

In this case, consideration of the following Section 9 factors was the same as to all issues for the reasons specified:

**1. Section 9(a). The lawful authority of the Employer.**

There is no dispute regarding the lawful authority of the Employer.

**2. Section 9(c). The financial ability of the unit of government.**

There is no claim of inability to pay. Rather, the Employer presents arguments based on financial considerations, which it claims justify adoption of its Last Best Offer over that of the Union. Discussion of the fairness and financial appropriateness of the parties' competing positions on economic issues will be evaluated under a combination of Section 9 factors, specifically 9(c), 9(d), 9(f) and 9(h).

**3. Section 9(d)(ii). Employees in private employment in comparable communities.**

As more fully discussed below, neither party at the hearing on comparables proposed any private employer as a comparable. Thus, my findings of comparable communities were limited to employees in public employment.

**4. Section 9(e). The Cost of Living.**

The cost of living percentage increases are cited in the Wage section below. There is no argument by either party on the relationship between the CPI and its LBO.

**5. Section 9(g). Changes during the pendency of this proceeding.**

Except for settlement of a contract in Leelanau County, no proofs were introduced at arbitration regarding changes in circumstances during the pendency of this proceeding.

**Comparability**

The parties were unable to stipulate to comparable communities. Accordingly, a hearing on comparables was held on February 12, 1998 at the MERC offices in Lansing, Michigan. The Union took the position that the following were comparable to Charlevoix County: Iosco County, Kalkaska County, Leelanau County, Oceana County, and Roscommon County. The Employer took the position that no communities were comparable to Charlevoix County. In my Decision on Comparable Communities, dated June 18, 1998, I found the above five counties were the appropriate external comparable communities for the purpose of this proceeding. The only internal comparable are non-law enforcement employees of the Employer who are represented by Teamsters Local 214.

## EVIDENTIARY RULINGS

### Certain Employer Exhibits

At arbitration and in its post-hearing brief, the Union objected to all, or parts, of the following Employer Exhibits:

Exhibit No. 8 – Collective Bargaining Agreements

East Jordan Department of Police and Teamsters Local 214  
Boyne City and the Police Officers Labor Council  
Charlevoix City Police Department and Police Officers Labor Council  
East Jordan and Teamsters Local 214 as to DPW Employees  
Boyne City and AFSCME  
County of Charlevoix and Teamsters Local 214

Exhibit No. 25 - 1998 Northern Michigan Industrial Association Benefits Survey Results

Exhibit No. 26 - Charlevoix Area Hospital Employment Policy

Exhibit No. 27 - Harbor Industries Wage / Benefit Package

Exhibit No. 28 - Collective Bargaining Agreement between Dura Automotive Systems, Inc. in East Jordan and the UAW

Paragraph 9 of No. 30 - Contractual pay increases for the Boyne City Police Department.

The Union argues that these exhibits are not relevant because the documents pertain to communities not declared to be comparable and / or to employees who do not perform services similar to those performed by unit employees. The Employer contends that comparison with employees within Charlevoix County (City of Charlevoix, Boyne City, and City of East Jordan) should carry more weight than comparison with employees in other communities, even if deemed "comparable." Similarly, it maintains that comparison with employees who perform similar services (law enforcement) should carry more weight than comparisons with employees generally.

I find that the above-specified Exhibits are of limited relevance for the following reasons:

- 1) The municipalities of Charlevoix, Boyne City, and East Jordan (Exhibit No. 8 and Paragraph 9 of Exhibit No. 30) were not proposed as, or found to be, comparable communities. The earlier decision regarding comparable communities controls the analysis in this decision. The Employer cannot add to, or re-litigate, which communities are comparable after the decision on comparability has already issued. The Employer's argument regarding the comparability of these municipalities has some merit. However there are critical distinctions, chiefly the different form of government -- municipality versus county. In any case, the argument comes too late. Allowing the Employer to disregard the earlier decision does not make good sense and poses due process difficulties. The purpose of the preliminary decision on comparability is to help the parties narrow their proofs and focus their arguments on a comparison of the Employer data with data pertaining to the comparables. Proposing additional comparables at the Act 312 hearing after a decision on comparability has issued deprives the Union of equal opportunity to prepare and respond. Additionally, it ignores the preliminary decision. Thus, although the police employees of the above named cities perform services arguably similar to those performed by unit employees, it would be fundamentally unfair to accord great weight to Exhibit No. 8 (except for the contract between the Employer and Teamsters Local 214) and to Paragraph 9 of Exhibit No. 30.
- 2) For the same reason, Employer Exhibit No. 26 (Charlevoix Hospital Employment Policy), Employer Exhibit No. 27 (Harbor Industries), and Employer Exhibit No. 28 (Contract between Dura Automotive

Systems, Inc. and the UAW) are not entitled to great evidentiary weight. None were proposed as, or found to be, comparable communities prior to the Act 312 hearing. Additionally, although all three employers are located in Charlevoix County, there is no showing that the employees of these private employers perform services remotely similar to those performed by unit employees.

- 3) Finally, the Northern Michigan Industrial Association Benefits Survey Results (Exhibit No. 25) is not entitled to be accorded great weight. This survey was based on responses from 10 private employers. There is no showing that the employees of these employers perform services remotely similar to those performed by unit employees.

#### **Charts Attached to the Employer's Post-Hearing Briefs**

Attached to the Employer's briefs are charts based, in part, on the above-identified Exhibits, to which the Union objected. In a letter dated December 10, 1998, the Union "strenuously objected" to the Panel's consideration of "any of the included charts simply because there were not presented during hearing" and because "they are replete with reference to comparables other than ordered by the Panel Chair."

In a letter dated December 16, 1998, the Employer responded that the information contained in the charts was based on exhibits admitted into evidence during the Act 312 hearing. The Employer further argued:

Act 312 refers to comparable communities not to comparable employees or comparable employers. The Act not only anticipates but requires that the panel consider employees providing similar services and employees generally, thereby clearly evidencing the legislature's intent that both employees providing similar services and employees providing dis-similar services be considered.

For the same reasons articulated above, I agree with the Union's objection to the extent that the charts include reference to communities other than those declared to be comparable. I am not striking the Employer's charts from the record because they are based on evidence presented at hearing. However, I am not giving great weight to data pertaining to communities which were not those declared to be comparables. I am not persuaded by the Employer's argument regarding "employees generally." That phrase does not stand alone but features two modifiers - in public employment in comparable communities and in private employment in comparable communities. Both modifiers stress that, whether public or private employment, that employment is in a comparable community. The "employees generally" relied upon by the Employer are not employed in what has been determined to be a comparable community.

#### **GENERAL BACKGROUND INFORMATION**

Since at least 1984, the Union has represented employees of the Sheriff's Department. The prior collective bargaining agreements were dated 1984-87, 1988-91, 1991-93, and 1993-96. This is the first time the parties have petitioned for an Act 312 proceeding to settle their contract terms.

As of the date of the hearing, the bargaining unit consisted of 19 employees, nine Deputies and 10 Corrections Officers. Some of the Corrections Officers are designated "floaters" because they hold seniority in the Corrections Officer classification but are certified Deputies and function in both the Corrections Officer classification and the Deputy classification.

Overall the 19 unit employees have considerable seniority. Six of the nine Deputies have been with the Department for at least 14 years. One Deputy has 27 years seniority. Because of their seniority, all of the Deputies and six of the ten Corrections Officers (68% of the entire unit) are at the maximum salary level.

As reflected in the seniority of its unit employees, employment in the Sheriff's Department has been very stable. Although the Sheriff receives many applications for employment, he has not hired from outside into the Deputy classification for many years. Instead, employees already employed in the Corrections Officer classification have moved into vacant positions in the Deputy classification.

## ECONOMIC ISSUES

### WAGES

#### Article 21. Section 1

<u>The 1993-96 Contract:</u>	4% increase in each year of the contract
<u>The Union's LBO:</u>	3.5% increase in each year of the contract plus retroactivity
<u>The Employer's LBO:</u>	3% increase in each year of the contract with no change in the retirement plan OR 3% increase in first year, no increases in subsequent years with change in the retirement plan to MERS B-4 as of July 1, 1997

#### Background

During the negotiations resulting in the 1993-96 negotiations, the Employer agreed to a 4% increase in wages for unit employees. Other employees of the County received only a 3% pay increase. According to former County Commissioner Donald Smith, the Employer agreed to the larger pay increase for unit employees in lieu of having to provide retiree health insurance.

#### The Union's Position

The Union submits that its proposed 3.5% increase per year is both modest and justified. Among external comparable communities, it notes that the average wage increase has run from a low of 3.3% in 1996 to a high of 3.45% in 1998 with increases ranging from a low of 2% to a high of 4.5%. The Union maintains that its proposed increase will keep unit member's wage in approximately the same ranking with comparable communities throughout the term of the contract. As to the internal comparables, the Union points out that unit members are more limited in their opportunities for pay enhancement than the Counties' non-law enforcement employees, who have the benefit of both grade and level increases, which can result in pay increases higher than 3.5%

#### The Employer's Position

The Employer contends that the evidence provides no support for the Union's demand for a 3.5% yearly increase. In particular, it notes that the cost of living indices do not support the increase. The Employer argues that comparison with employees within Charlevoix County should carry more weight than comparison with employees in other communities, even if deemed "comparable." Similarly, it maintains that comparison with employees who perform similar services (law enforcement) should carry more weight than comparisons with employees generally. Thus, the Employer points out that even its proposed increase of 3% yearly would result in the Employer's unit officers being the highest paid of law enforcement officers employed by Boyne City, East Jordan, and the City of Charlevoix. Further, it stresses that East Jordan provides only the B-2 MERS plan while Boyne City provides only the B-3 plan and both require that law enforcement employees contribute to the plans. The Employer estimates that the cost of improving unit employees to a higher retirement plan is 4.6% based upon the December 31, 1996 base salary level. As to other public employees in Charlevoix County (DPW employees in East Jordan and Boyne City and the Charlevoix County Road Commission), the Employer submits that unit employees compare very favorably and are higher than those of other public employees. Additionally, unit employees receive:

1. More vacation time
2. More than the average number of holidays
3. Longer income protection coverage under the combined sick leave and STD plan

4. Medical and dental insurance coverage without contribution to the premium
5. Better retirement plan (if the B-4 plan is awarded)

The Employer also notes that the proposed pay increases are greater than those received by private sector employees in Charlevoix County.

As to the internal comparables (other County employees), the Union notes that the unit employees receive larger steps and the opportunity to get to the top step sooner. It also notes that County employees received only a 3% pay increase in 1993, 1994, and 1995, while the unit employees received a 4% increase those years.

As to the external comparables, the Employer stresses that unit employees have been the highest and second highest paid and, thus, that there is no disparity which requires correction. It asserts that the Sheriff's proposal is more comparable to the increases received by employees in the comparable communities

### Analysis

The State Equalized Valuation (SEV) for the Employer and the five comparable counties shows that the Employer has ranked second in SEV in 1995, 1996 and 1997. The Employer also ranks second in percentage of growth (18.2%) and in SEV per capita (\$50,420). See, Union Exhibit No. 7, Tab 4.

The following table shows that the average annual wage increase in 1996, 1997, and 1998 in the comparable communities has been more than 3%:

**SHERIFF'S DEPARTMENTS IN COMPARABLE COMMUNITIES  
PERCENTAGE SALARY INCREASE**

COUNTY	1996	1997	1998
Charlevoix	U - 3.5% / ER - 3% or 0	U - 3.5% / ER - 3% or 0	U - 3.5% / ER - 3% or 0
Iosco	3%	4%	3%*
Kalkaska	3%	2%	4%
Leelanau	3.25%	3.25%	3%
Oceana	3.5%	3%	2.75%
Roscommon	4%	4%	3%
<b>AVERAGE</b>	<b>3.35%</b>	<b>3.05%</b>	<b>3.15%</b>

\* Effective 1/1/98, Iosco added a 5<sup>th</sup> year to the salary scheduled, 1.4% above the 4<sup>th</sup> step. It now takes these deputies 5 years to get to the top pay whereas in Charlevoix, it takes only 3 years. Beginning 1/1/99, the increase is 3%.

Similarly, the 1997-99 contract between the Employer and its non law enforcement employees (the internal comparables) indicates a 3% annual wage increase.

The following table charts the yearly increase in the Consumer Price Index (CPI):

**THE CONSUMER PRICE INDEX**

Year	U.S. City Avg.	Midwest Urban	Midwest size D
1995-96	2.3 %	2.8 %	3.5 %
1996-97	2.2 %	2.4 %	2.8 %
1997-98	1.5 %	1.8 %	0.3 %

A comparison of the CPI table with the average wage increase table reveals that the average yearly wage increases for 1996 and 1997 have roughly matched the increase in cost of living. However, for 1998, the



average wage increase of 3.15% outstripped the cost of living increase as calculated for Midwest size D cities. In other words, it does not appear that wage increases were premised solely on the CPI. If they had been, the average increase for 1998 would have been much lower.

### Deputies

In the category of Top Paid Deputies for 1994 and 1995, the Employer ranked either 1<sup>st</sup> or 3<sup>rd</sup> (behind Leelanau and Oceana Counties) depending on whether the base salary was calculated as of January 1<sup>st</sup> or July 1<sup>st</sup>, as set forth below:

Base	Rank
January 1, 1994	3 (behind Leelanau and Oceana Counties)
July 1, 1994	1
January 1, 1995	3 (behind Leelanau and Oceana Counties)
July 1, 1995	1

The following table charts the dollar amount of the salaries paid by the comparable communities to the deputies at the top level, as compared to the dollar amount unit Deputies would earn according to the Union's Last Best Offer and the Employer's Last Best Offers:

#### DEPUTIES AT TOP PAY LEVEL \*

COUNTY	1996	1997	1998
Charlevoix	U - \$31,083 ER - \$30,933	U - \$32,171 ER - \$31,861 or \$30,933	U - \$33,297 ER - \$32,817 or \$30,933
Iosco	\$25,719	\$26,800	\$28,000 **
Kalkaska	\$27,747	\$28,309	\$29,432
Leelanau	\$30,670	\$31,667	\$32,617
Oceana	\$30,226	\$31,133	\$31,989
Roscommon	\$28,787	\$29,931	\$30,826
AVERAGE	\$28,630	\$29,568	\$30,573

\* The top level is reached at different times.

\*\* Iosco added a 5<sup>th</sup> level in 1998.

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This table shows that the salaries of unit Deputies would be above the average for comparable communities whether the increase is the Union proposed 3.5% or the Employer proposed 3% or 0%.

Additionally, the following table demonstrates that, with either a 3.5% or a 3% increase, unit Deputies would rank first as the highest paid among comparable communities. If no increase is given in 1997 and 1998, the salary of unit Deputies ranks third among the comparables. Both rankings are in keeping with rankings in 1994-1995, when the unit Deputies were ranked either the first or third most highly paid.

**RANKING – DEPUTIES AT TOP SALARY LEVEL**  
**WITH UNION WAGE PROPOSAL AND EMPLOYER WAGE PROPOSALS**

Ranking	1996	1997	1998
1.	<b>Charlevoix with Union 3.5% or Employer 3.0%</b>	<b>Charlevoix with Union 3.5% or Employer 3.0%</b>	<b>Charlevoix with Union 3.5% or Employer 3.0%</b>
	Leelanau	Leelanau	Leelanau
	Oceana	Oceana	Oceana
3	Roscommon	<b>Charlevoix with Employer 0%</b>	<b>Charlevoix with Employer 0%</b>
	Kalkaska	Roscommon	Roscommon
	Iosco	Iosco	Iosco

**Corrections Officers**

According to Union Exhibit No. 7, Tab 4, the Employer ranked second (behind Leelanau County) among the comparable counties in the category of Top Paid Communications / Corrections Officers for 1994 and 1995, as to both the January 1<sup>st</sup> base and the July 1<sup>st</sup> base.

In the area of the dollar amount received in salaries by Corrections Officers, the data is very parallel to that pertaining to the Deputies. The salary of Corrections Officers would be above the average for comparable communities whether the increase is 3.5%, 3%, or 0%, as shown by the following table:

**CORRECTIONS OFFICERS AT TOP PAY LEVEL\***

COUNTY	1996	1997	1998
Charlevoix	U - \$26,294 ER - \$26,167	U - \$27,214 ER - \$26,952 or \$26,167	U - \$28,167 ER - \$27,761 or \$26,167
Iosco	\$20,318	\$21,173	\$22,126**
Kalkaska	\$23,504	\$23,982	\$24,939
Leelanau	\$28,981	\$29,923	\$30,820
Oceana	\$24,700	\$25,441	\$26,141
Roscommon	\$22,922	\$23,837	\$24,544
<b>AVERAGE</b>	<b>\$24,085</b>	<b>\$24,871</b>	<b>\$25,714</b>

\* The top level is reached at different times.

\*\* Iosco added a 5<sup>th</sup> level in 1998.

Similarly, the salary of Corrections Officers would be ranked second among those of comparable communities, regardless of whether the increase is 3.5%, 3%, or 0%, as shown on the following table:

**RANKING – CORRECTIONS OFFICERS AT TOP SALARY LEVEL**  
**WITH UNION WAGE PROPOSAL AND EMPLOYER WAGE PROPOSALS**

Ranking	1996	1997	1998
1	Leelanau	Leelanau	Leelanau
2	Charlevoix with Union 3.5% or Employer 3.0%	Charlevoix with Union 3.5% or Employer 3.0% or Employer 0.0%	Charlevoix with Union 3.5% or Employer 3.0% Employer 0.0%
3	Oceana	Oceana	Oceana
4	Kalkaska	Kalkaska	Kalkaska
5	Roscommon	Roscommon	Roscommon
6	Iosco	Iosco	Iosco

Being ranked second in salaries is consistent with the history of rankings in 1994 and 1995.

**Findings**

The Employer's SEV and its SEV per capita indicate that it is the second wealthiest community among the external comparables. Only Leelanau County shows greater wealth. Additionally, its ranking as second in percentage of growth suggests that its ranking as a wealthy community is likely to continue. Both Leelanau County and the Employer are popular resort areas and vacation destinations featuring a coastline along Lake Michigan and various large inland lakes. The economic and geographic data indicate that Leelanau County is the comparable most closely matched to the Employer.

A 3% annual wage increase would be consistent with that received by both the external and internal comparables. Additionally, the 3% increase would keep both the Deputies and the Corrections Officers at approximately the same ranking their salaries held in 1994 and 1995. Although the salaries paid by the Employer do not lag behind those paid by comparables, there is no reason apparent on this record why the salaries should not continue to be of the same historical ranking. The fact that the CPI did not rise 3% in 1998 does not undermine this finding. All the internal and external comparables received, on average, at least a 3% increase, in spite of the CPI. The same should apply to unit employees.

However, a 3% increase is not an option because neither party proposed such in its LBO and the Panel has no authority to craft a compromise. Rather, the Panel must choose one LBO or the other. Although one of the Employer's LBOs included a 3% increase, the proposed increase did not stand alone but was tied to no change in the retirement plan. The Panel has no authority to bifurcate a LBO, awarding just a portion and ignoring the tie-in. For the reasons discussed below, the evidence on this record supports the Union's proposal for an improved retirement plan. Thus, the Employer's 3% with no change in retirement plan LBO is not a viable option.

The question is which of the two remaining LBOs more nearly comports with the Section 9 factors. The evidence supports the conclusion that the Union's LBO more nearly comports with the Section 9 factors.

**Section 9(c):** There is no evidence on this record that the Employer is not financially able to meet the costs of a 3.5% yearly increase.

**Section 9(d):** Although a 3.5% increase is slightly higher (.45% to .15%) than the yearly averages for the external comparable communities, it is still within the 2% - 4% range of the increases granted. Additionally, the 3.5% increase substantially approximates the 3.25% increases in Leelanau County, the comparable most closely matched to the Employer. Moreover, with a 3.5% increase, the Employer ranks first in wages paid Deputies and second in wages paid Corrections Officers. These rankings are consistent with the 1994-95 rankings.

**Section 9(e):** As discussed above, the yearly increases received by both the internal and external comparables do not appear to have been tied exclusively to any increase in the CPI. It would not be reasonable to single out unit employees by restricting their wage increases to the CPI.

**Section 9(f):** Historically, the overall compensation of unit employees has placed them in, or near, the lead of the pack defined by the external comparables. The 3.5% increase is consistent with this historical placement. The Employer would have unit employees pay for the improvement in their retirement plans by suffering a 0% increase in wages for the last two years of the contract. As discussed above, there is no showing that the Employer is not able to fund the improved retirement plan and a yearly increase of 3.5%.

**Section 9(h):** Traditionally, in the circumstances of voluntary collective bargaining, it is highly unusual to withhold a yearly wage increase. In those rare circumstances when the parties agree to a 0%, there is proven financial hardship, not present in this case. Although voluntary collective bargaining features give and take, which frequently involves withdrawing or lessening a demand in exchange for receiving another, it is unlikely that any union would settle for a zero increase in these economic times. For example, the Employer notes the case of the City of Charlevoix Police who settled for a lesser wage increase in exchange for an improved retirement plant. However, the police still received a 1% increase.

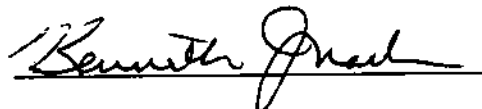
SIGNATORY PAGE

**AWARD:** The Panel finds on the Wage Issue that the Union's LBO more nearly comports with the Section 9 factors, particularly with Sections 9 (c), (d) and (h). Article 21, Section 1 (a) and (b) is modified to reflect a 3.5% annual wage increase, effective July 1, 1996.



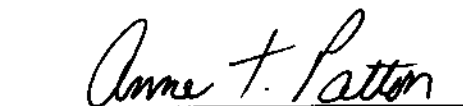
Peter A. Patterson, Employer Delegate  
~~CONCUR~~ / DISSENT

Dated: 7/1/99



Ken Nash, Union Delegate  
CONCUR / ~~DISSENT~~

Dated: 6/19/99



Anne T. Patton  
Impartial Chair

Dated: 6/16/99

## **SHIFT DIFFERENTIAL**

### **Article 21, Section 1 (c)**

<u>The 1993-96 Contract:</u>	Afternoon: 3:00 p.m. – 11:00 p.m.	\$ .10 per hour
	Midnight: 11:00 p.m. – 7:00 a.m.	\$ .15 per hour
<u>The Union's LBO:</u>	Afternoon: \$ .20 per hour	
	Midnight: \$ .30 per hour	
<u>The Employer's LBO:</u>	No change in present contract.	

### **Background**

The Employer provides law enforcement services to the community 24 hours per day, seven days per week, 365 days per year. Typically, there are three shifts, as follows:

Days	7:00 a.m. to 3:00 p.m.
Afternoons	3:00 p.m. to 11:00 p.m.
Midnights	11:00 p.m. to 7:00 a.m.

Except during the summer months, there are two Deputies scheduled for the day and afternoon shifts; one is assigned the east side of the county and the other is assigned to the main office / west side of the county. About 50% of the time, the midnight shift is staffed with one Deputy. During the summer months, there may be two Deputies on the midnight shift and two or three Deputies on the afternoon shift. Additionally, there is a Deputy on Beaver Island who works his own schedule. When available, two Deputies are scheduled on the afternoon shift on Fridays. Scheduling on holidays varies. For example, the day before Christmas is quiet and only one Deputy is scheduled per shift. In contrast, the staffing on New Year's Eve is increased. Summer holidays also require additional staffing. The Sheriff seeks to schedule an experienced Deputy on the same shift as an inexperienced Deputy. Two Corrections Officers are scheduled for each of the three shifts. Because of the number of female inmates, the Sheriff attempt to assign both a male and female Officer to each shift.

### **The Union's Position**

The Union asserts that its request for a \$ .20 afternoon premium and a \$ .30 midnight premium are modest and reasonable. It points out that all comparable communities, except for Roscommon County, pay a greater shift differential than the Employer. The average premium for the afternoon shift is approximately \$19 per hour and the average for midnight shift is approximately \$.26 per hour

### **The Employer's Position**

The Employer maintains that there is no justification for the large differential in total hourly compensation that would result from the Union's proposal. As to the afternoon shift premium, it points out that, with the Sheriff's proposal of annual 3% increases, the total compensation for second shift Deputies would be second only to Leelanau County and greater than 80% of the comparable communities. With the Sheriff's proposal of 3% - 0 - 0 increase, the total hourly compensation of second shift Deputies would be third behind Leelanau and Oceana Counties. Total hourly compensation would exceed 60% of the comparable communities. The Employer notes that the same relationship holds true as to the third shift premiums. In contrast, it points out that, with the Union's proposal of 3.5% increases yearly, the total hourly wage for the second and third shifts would be nearly 4% higher than Leelanau County. Finally, it stresses that the Union's proposal, if accepted, would double the Employer's shift premium costs. As to other public employees in Charlevoix County, the Employer notes that Boyne City pays a 10% premium for night work in the winter. As to employees of private employers in Charlevoix County, the employers pay a range of from zero to \$ .25 for afternoons and \$.60 for midnights.

### Analysis

Historically, the Employer has paid the following amounts for the payment of shift differentials:

#### SHIFT DIFFERENTIAL COSTS

1993 - None

1994

Sheriff	\$160.60
Secondary Road	88.22
Jail / Comm	530.45
<b>TOTAL</b>	<b>\$779.27</b>

1995

Sheriff	\$302.10
Secondary Road	214.65
Jail / Comm	1,220.35
<b>TOTAL</b>	<b>\$1,737.10</b>

1996

Sheriff	\$ 361.93
Secondary Road	152.20
Jail / Comm	997.55
<b>TOTAL</b>	<b>\$1,511.68</b>

1997

Sheriff	\$1,040.00
Secondary Road	82.00
Jail / Comm	961.80
<b>TOTAL</b>	<b>\$2,083.80</b>

1998 Year to Date

Sheriff	\$ 788.80
Secondary Road	
Jail / Comm	642.25
<b>TOTAL</b>	<b>\$1,431.05</b>

This table indicates a 13% decrease in costs from 1995 to 1996 and a 17% increase in costs from 1996 to 1997. The 1998 year-to-date figures suggest that costs were higher in 1998 than in 1997.

The following table indicates that the Employer, together with Iosco County, currently pay the lowest second shift premium of the comparable communities:

SHERIFF'S DEPARTMENTS IN COMPARABLE COMMUNITIES  
1998  
SECOND SHIFT

COUNTY	HOURLY WAGE	SHIFT PREMIUM	TOTAL
Charlevoix	U - \$16.31	.20	\$16.51
	ER - \$15.78	.10	\$15.88
	ER - \$14.87	.10	\$14.97
Iosco	\$13.46	.10	\$13.56
Kalkaska	\$14.15	.15	\$14.30
Leelanau	\$15.68	.25	\$15.93
Oceana	\$15.38	.25	\$15.63
Roscommon	\$14.82	None	\$14.82

Similarly, the following table indicates that the Employer currently pays the lowest third shift premium of all the comparable communities:

THIRD SHIFT

COUNTY	HOURLY	SHIFT PREMIUM	TOTAL
Charlevoix	U - \$16.31	.30	\$16.61
	ER - \$15.78	.15	\$15.93
	ER - \$14.87	.15	\$15.02
Iosco	\$13.46	.20	\$13.66
Kalkaska	\$14.15	.25	\$14.40
Leelanau	\$15.68	.35	\$16.03
Oceana	\$15.38	.25	\$15.63
Roscommon	\$14.82	None	\$14.82

In the context of a 3.5% annual wage increase, the Employer would pay the following hourly amounts to Deputies for shift differentials in 1998:

2<sup>nd</sup> Shift            \$16.41

3<sup>rd</sup> Shift            \$16.46

These amounts are greater than those paid by any of the comparable communities.



### **Findings**

The evidence supports the conclusion that the Employer's LBO more nearly comports with the Section 9 factors, in particular:

**Section 9(c):** Although there is no evidence that the Employer is not able to pay the cost of the Union proposal, the Employer is being required to pay annual increases of 3.5% for three years plus the cost of the an improved retirement plan.

**Section 9(d):** Although the Employer lags behind the other comparable communities in the amount paid for shift differentials, this disparity is outweighed by the fact that it will pay the highest wage of all the comparables for the 1996-98 time period. When the shift differential is added to the hourly rate as of 1998, the Employer will be paying the highest hourly payment for shift differentials among the comparable communities.

**Section 9(h):** The realities of voluntary collective bargaining are such that a higher annual wage increase compensates for a lesser shift differential.

**SIGNATORY PAGE**

**AWARD:** The Panel finds on the Shift Differential Issue that the Employer's LBO more nearly complies with applicable Section 9 factors. Article 21, Section 1(c) remains unchanged.



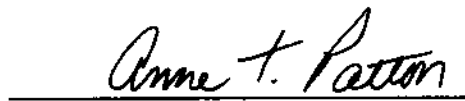
Peter A. Patterson, Employer Delegate  
CONCUR / ~~DISSENT~~

Dated: 7/1/99



Ken Nash, Union Delegate  
CONCUR / DISSENT

Dated: 6/19/99



Anne T. Patton  
Impartial Chair

Dated: 6/16/99

## **HOLIDAYS**

### **Article 23, Section 1**

**The 1993-96 Contract:** 10 Holidays:

New Year's Day  
Memorial Day  
Independence Day  
Good Friday  
Labor Day  
Thanksgiving Day  
Christmas Day  
Employee's Birthday  
Veterans' Day  
Easter

**The Union's LBO:** Two additional Holidays: Christmas Eve Day and New Year's Eve Day

**The Employer's LBO:** No change from present contract

### **Background**

The Sheriff estimates that vacation time alone averages one person on vacation every day of the year, a reduction of 11% in available Deputy staff, i.e., of the nine Deputies, only eight are available for duty. Additionally, this number may be reduced by illness, training, compensatory time, and personal days.

### **The Union's Position**

The Union maintains that its proposed increase to 12 holidays is justified. It notes that the employees of the majority of external comparables receive 12 holidays and the Charlevoix County non-law enforcement employees receive 14 holidays.

### **The Employer's Position**

The Employer asserts that 10 holidays is the norm for public and private employees in Charlevoix County. As to employees of the comparable communities who have 12 or 12.5 holidays, the Employer argues that unit employees are still better off because they receive 10 days more vacation time and additional sick leave benefits. It estimates that adding two holidays increases holiday costs by 20% and will add approximately 1% to wage cost based upon straight time wages. The Employer asserts that two additional holidays are not warranted because of the vacation time off and the sick leave/STD benefit.

### Analysis

As the following table demonstrates, employees in each of the external comparable communities have 12 holidays, as of 1998, about the same amount of vacation time and funeral leave, and more personal leave than unit employees:

#### SHERIFF'S DEPARTMENTS IN COMPARABLE COMMUNITIES 1996-1998 PAID DAYS OFF BY CATEGORY

COUNTY	VACATION*	HOLIDAYS	SICK LEAVE	PERS. LEAVE	FUN. LEAVE
Charlevoix	20	U - 12 ER - 10	7 + 130 STD	None	3
Iosco	15	13 1996/97 12 1997-98	12	3	3
Kalkaska	20	12.5	12	2	3
Leelanau	18	10 1996/97 12 1998	12	2	3 / 5 if outstate
Oceana	20	13 1996/97 12 1998	12	3	3
Roscommon	20	12	12	3	3
Internal	20	9	12	Not stated	3

\* Assuming 10 years seniority  
- - - - -

As shown in the following table, the total number of paid days off (excluding STD) for each comparable community shows an average of 46.6, 4.6 more days per year than what the Union proposes:

#### TOTAL PAID DAYS OFF

COUNTY	TOTAL	XMAS EVE DAY	NEW YEAR'S EVE DAY
Charlevoix	U - 42 ER - 40		
Iosco	45	X	X
Kalkaska	47		
Leelanau	43	X	
Oceana	50	X	X
Roscommon	51		
Internal	44	X	X
AVERAGE	46.6		

### **Findings**

The evidence supports the conclusion that the Employer's LBO more nearly comports with the Section 9 factors, in particular:

**Section 9(c):** The current scheduling difficulties experienced by the Department will be exacerbated by the addition of two holidays, both of which fall on days when it is likely and predictable extra law enforcement coverage will be needed.

**Section 9(d):** Although the Employer has less holidays than the other comparables, this disparity is compensated for by the fact that the Deputies will receive the highest pay and the Corrections Officers the second highest pay for the 1996-98 contract term.

**Section 9(h):** Taking into consideration the realities of voluntary collective bargaining, the employees will be receiving a sufficiently high annual wage increase to compensate for not having 12 paid holidays.

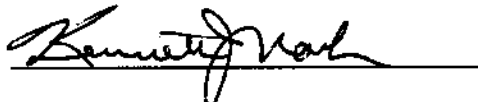
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**AWARD:** The Panel finds on the Holiday Issue that the Employer's LBO more nearly complies with the Section 9 factors. Article 23, Section 1 (c) remains unchanged.



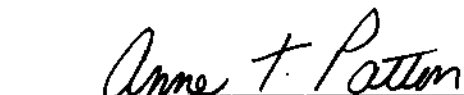
Peter A. Patterson, Employer Delegate  
CONCUR / ~~DISSENT~~

Dated: 7/1/99



Ken Nash, Union Delegate  
CONCUR / DISSENT

Dated: 6/19/99



Anne T. Patton  
Impartial Chair

Dated: 6/16/99

## RETIREMENT BENEFITS

### Article 24

#### The 1993-96 Contract:

MERS B-1 Plan	
Annuity Factor:	1.7% x years of service
Maximum Benefit:	No
Eligibility:	Age 50 / Years of service 25
Employee Contribution:	2.2%
Final Average Compensation	FAC-5
Post Retirement Escalator:	No

#### The Union's LBO:

Increase to MERS B-4 Plan	
Annuity Factor:	2.5 % x years of service
Maximum Benefit:	80 %

#### The Employer's LBO:

No change if salary is increased each year, OR  
B-4 plan effective July 1, 1997 with no salary increase in second and third years

### The Union's Position

The Union maintains that its proposal for the MERS B-4 plan is fair and reasonable. It points out that the unit's current annuity factor under the B-1 plan is 1.7%, by far the lowest among comparable communities. The Union notes that all of the comparable communities, except Oceana County, use a 2.50% annuity factor. It stresses that the current factor results in a yearly retirement benefit, which is approximately \$5,000.00 below the average after 25, 30 and 35 years of service. The Union also points out that the Employer's non-law enforcement employees have the benefit of the B-4 plan. It contends that increasing the unit to the B-4 plan will simply place the unit on a par with the external and internal comparables.

### The Employer's Position

The Employer stresses that it has no objection to improving the pension plan from B-1 to B-4, as long as unit employees will accept lesser salaries and lesser non-wage benefits in exchange. It notes that the B-4 plan matches: 1) the best plan among law enforcement employees in the County; 2) the plan available to non-unit County employees effective July 1, 1998; and 3) the best plan available to employees in the external comparable communities. The Employer further notes that the B-4 plan is better than the pension plans for other unionized public employees (non law enforcement) and private employees in the County.

The Employer emphasizes that the cost of the B-4 plan is great. Referring to Employer Exhibit No. 17, it points out that the current contribution is \$15,799 per year and that implementing the B-4 plan will amount to a yearly cost of \$38,083 per year, an increase of \$22,284 per year equal to a 141% increase and a 4.2% increase in the unit payroll cost as of December 31, 1996 (\$535,790). The Employer notes that when the Charlevoix City police improved their plan to B-4, they received only a 1% wage increase.

### Analysis

The following table charts the additional cost of providing the MERS B-4 plan:

#### EMPLOYER COMPUTED CONTRIBUTIONS TO SUPPORT BENEFIT PROGRAM B-4 BASED ON 12/31/ 96 ACTUARIAL VALUATION

	Current Benefits	Improved Benefits	Difference
No. of Active Members	18	18	0
1. Annual Payroll	\$535,790	\$535,790	0
2. Actuarial Accrued Liability (Active & Inactive)			
a. ER portion	518,263	831,092	\$312,829
b. EE portion	153,121	153,121	0
c. Total	671,384	984,213	\$312,829
3. Percent Funded	81.8%	78.7%	-3.1%
4. Cost as % of Payroll			
a. Normal cost	2.35%	4.21%	1.86%
b. Unfunded Accrued Liability	1.08	4.05	2.97
c. Total	3.43	8.26	4.83
5. Annual \$ Contrib.			
a. Normal cost	\$13,522	\$ 24,280	\$ 10,758
b. Unfunded Accrued Liability	6,229	23,324	17,095
c. Total	19,751	47,604	27,853
6. Accelerated Funding Credit	3,952	9,521	5,569
7. MERS Employer Contribution for Fiscal Year beginning 1/1/98	15,799	38,083	22,284



Although the cost of the MERS B-4 plan is considerable, the following table reveals that all external comparable communities have a higher annuity factor, at least 2.25%, than the Employer. In fact, most external comparables have an annuity factor of 2.5%, equal to the Union's proposal.

#### SHERIFF'S DEPARTMENTS IN COMPARABLE COMMUNITIES

County	Multipl. 1 <sup>st</sup> 25 years	Multipl. Excess Service	Max. Benefit	Age	Years Of Service	Employee Contrib.	Final Average Comp/	Post Retire. Escalator
Iosco	2.50%	2.50%	80%	0	25	0.0%	FAC-5	No
Kalkaska	2.50%	2.50%	80%	50	25	0.0%	FAC-5	2.5%
Leelanau	2.50%	2.50%	80%	50	25	0.0%	FAC-5	No
Oceana	2.25%	2.25%	80%	55	15	3/5.0%	FAC-5	No
Roscom.	2.50%	2.50%	80%	50	25	4.0%	FAC-3	2.5%
<b>Average</b>	<b>2.40%</b>	<b>2.40%</b>	<b>80%</b>			<b>1.6%</b>		
Charlev. Bldg. Ees	2.50%	2.50%	80%					
Charlev. Current	1.70%	1.70%	Unltd.	50	25	2.2%	FAC-5	No
Charlev. U Proposal	2.50%	2.50%	80%	50	25	2.2%	FAC-5	No

As shown in the following four tables, when the FAC salary is multiplied by the annuity factor, the yearly retirement wage for unit employees, both Deputies and Corrections Officers, is far less than the average yearly retirement wage for the employees of the comparables after 25, 30, and 35 years of service.

### DEPUTY

#### FINAL AVERAGE COMPENSATION

County	Years in FAC	1994	1995	1996	1997	1998	FAC Salary
Iosco	5	24,243	24,970	25,719	26,800	28,000	25,946
Kalkaska	5	26,166	26,936	27,747	28,309	29,432	27,718
Leelanau	5	28,770	29,705	30,670	31,667	32,617	30,686
Oceana	5	28,216	29,204	30,226	31,133	31,989	30,154
Roscom.	3			28,787	29,931	30,826	29,848
<b>Average</b>							<b>28,870</b>
Charlev. Current	5	27,767	28,877	30,032	30,032	30,032	29,348
Charlev. U Prop.	5	27,767	28,877	30,032	31,233	32,483	30,078

#### RETIREMENT BENEFIT

County	FAC Salary	Multiplier	Benefit with 25 yrs. / service	Benefit with 30 yrs. / service	Benefit with 35 yrs. / service
Iosco	25,946	2.50%	16,216	19,459	20,757
Kalkaska	27,718	2.50%	17,324	20,788	22,174
Leelanau	30,686	2.50%	19,179	23,014	24,549
Oceana	30,154	2.25%	16,962	20,354	23,746
Roscommon	29,848	2.50%	18,655	22,386	23,878
<b>Average</b>	<b>28,870</b>	<b>2.45%</b>	<b>17,667</b>	<b>21,200</b>	<b>23,021</b>
Charlevoix Current	29,348	1.70%	12,473	14,967	17,462
Charlevoix U Proposal	30,078	2.50%	18,799	23,558	24,062

## COMMUNICATIONS / CORRECTIONS

### FINAL AVERAGE COMPENSATION

County	Years in FAC	1994	1995	1996	1997	1998	FAC Salary
Iosco	5	19,152	19,726	20,318	21,173	22,126	20,499
Kalkaska	5	22,173	22,818	23,504	23,982	24,939	23,483
Leelanau	5	27,185	28,069	28,981	29,923	30,820	28,999
Oceana	5	22,768	23,865	24,700	25,441	26,141	24,583
Roscom.	3			22,922	23,837	24,544	23,768
<b>Average</b>							<b>24,266</b>
Charlev. Current	5	23,489	24,428	25,405	25,405	25,405	24,826
Charlev. U Prop.	5	23,489	24,428	25,405	26,421	27,478	25,444

### RETIREMENT BENEFIT

County	FAC Salary	Multiplier	Benefit with 25 yrs. / service	Benefit with 30 yrs. / service	Benefit with 35 yrs. / service
Iosco	20,499	2.50%	12,812	15,612	16,319
Kalkaska	23,483	2.50%	14,677	17,612	18,786
Leelanau	28,996	2.50%	18,122	21,747	23,320
Oceana	24,583	2.25%	13,828	16,593	19,359
Roscommon	23,768	2.50%	14,855	17,826	19,014
<b>Average</b>	<b>24,269</b>	<b>2.45%</b>	<b>14,859</b>	<b>17,878</b>	<b>19,376</b>
Charlevoix Current	24,826	1.70%	10,551	12,661	14,771
Charlevoix U Proposal	25,444	2.50%	15,902	19,083	20,355

### Findings

As shown by the above four tables, the Employer lags behind the external comparables in regards to its retirement plan. This finding strongly supports the conclusion that the Union's LBO more nearly comports to the Section 9 factors, in particular:

**Section 9(c):** Although the Employer asserts that the cost of the B-4 plan is considerable, there is no claim that it is beyond the Employer's ability to pay this cost.

**Section 9(d):** As manifested by the above data, the Employer's retirement plan lags behind that of all the external comparables as well as the internal comparable. With the 2.5% annuity factor of the proposed B-4 plan, however, the lag would disappear. In fact, the yearly retirement wage for unit employees would exceed the average yearly retirement wage for comparable communities. Specifically, it would place the Employer second in rank, behind Leelanau County, thereby placing the Employer on a par with its most closely matched comparable. Perhaps, even more importantly, the B-4 plan would make the retirement

plans for unit employees and the Employer's non-law enforcement employees uniform. Uniformity in benefits has a positive impact on employee morale.

**Section 9(e):** The cost of living factor is not determinative. As discussed above under the Wage section, the CPI data on this record does not show a close correlation with yearly increases. Similarly, there is no correlation proven on this record between the CPI and the level of retirement benefits provided by the other external comparables and the internal comparable.

**Section 9(f):** Given the overall seniority of the unit, which the Employer characterizes as "aging," it is only appropriate that their retirement benefits be improved.

**Section 9(h):** The critical other factors to be taken into account, which are traditionally considered in voluntary collective bargaining are those enumerated above in Sections 9(d) and (f).

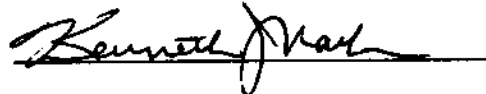
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**AWARD:** The Panel finds on the Retirement Benefits Issue that the Union's LBO more nearly complies with the Section 9 factors, particularly Section 9(d). Article 24 is amended to provide the MERS B-4 Plan, effective July 1, 1996.



Peter A. Patterson, Employer Delegate  
~~CONCUR~~ / DISSENT

Dated: 7/1/99



Ken Nash, Union Delegate  
CONCUR / ~~DISSENT~~

Dated: 6/19/99



Anne T. Patton  
Impartial Chair

Dated: 6/16/99

## RETIREE HEALTH INSURANCE

### Article 25

#### The 1993-96 Contract:

No provision

#### The Union's LBO:

Add Section 6: Full Blue Cross/Blue Shield coverage to all retired employees and their spouses. Spouse coverage will be based on the number of years the retiree worked for the County:

25 years	-	100%
20 years	-	75%
15 years	-	50%
10 years	-	25%

The dependent premium amount that the County will pay will be frozen at the time of retirement. This benefit only applies to employees who are members of the bargaining unit at the time of the arbitration award.

#### The Employer's LBO:

No change from present contract

### Background

At its December 10, 1986 meeting, the County Board of Commissioners passed Resolution #86-127, which provided that the Employer would pay Blue Cross coverage for County retirees (non-law enforcement) and their eligible dependents, effective January 1, 1987. After this resolution was passed, former County Commissioner Donald Smith became concerned that no actuarial study had been undertaken. Accordingly, the Employer hired Watkins, Ross & Co. to issue an Actuarial Valuation Report regarding Post Retirement Benefits other than Pensions (Report) for the fiscal year beginning January 1, 1992.

In September 1992, the actuarial Report was issued (Employer Exhibit No. 20). According to the Report, the Employer's accumulated post-retirement benefit obligation was \$1,568,934.00 and was predicted to increase to about \$1,831,156.00.

Concerned about this liability, the County Board of Commissioners passed Resolution #92-104 on December 30, 1992. The resolution provided, in part, that new County employees hired after December 31, 1992 would NOT be eligible for either retiree health insurance coverage or for retiree's dependent health insurance coverage. The health insurance coverage of current retirees and their dependents remained the same.

As noted above under the discussion of Wages, the Union sought to obtain retiree health insurance during the negotiations resulting in the 1993-96 contract. In lieu of providing this benefit, the Employer agreed to a 4% pay increase for unit employees. Other employees of the County, who were eligible for retiree health insurance, received only a 3% pay increase.

### The Union's Position

The Union stresses that the health insurance benefit proposed is a limited one, which would apply only to those employees who are members of the unit at the time of the award. It explains that retiree health insurance is a crucial issue for unit members because many will retire, due to the demands of police work, before being eligible for Medicare. If they do, they will have to pay exorbitant rates for individual health insurance or remain uninsured until they attain the age of eligibility for Medicare. The Union points out that all external comparables, except Leelanau County, provide a retiree health insurance benefit. Further, it notes that non-Union County employees hired before January 1, 1993 receive Blue Cross / Blue Shield

health insurance. Additionally, the Union emphasizes that the Employer has not contested its ability to pay for this benefit

### **The Employer's Position**

The Employer contends that the Union now wants to keep the benefit of the 4% pay increase plus obtain the health insurance. It points out that the Union offered no evidence regarding the cost of this benefit. The Employer points out that the annual premium for insurance is \$338.62 (Employer Exhibit No. 15), which amounts to an annual cost of \$4,063 per Officer. It submits that the Union's demand, on its face, without careful financial analysis is irresponsible. The Employer contends that the requested benefit is not identical to the benefit enjoyed by other non-unit County employees because the Union's demand includes all unit employees at the time of the award, including the ten who were hired after December 31, 1992. It also maintains that the Union has not proven its claim that all Commissioners received this benefit. As to other law enforcement employees located in Charlevoix County, the Employer notes that only the City of East Jordan provides this benefit and even then, liability is limited to either \$75 or \$150 per month. As to other public employees in Charlevoix County, East Jordan provides the same benefit to its DPW employees as it provides to its law enforcement employees. As to private employees in Charlevoix County, the Employer notes that Dura pays 2/3 of the insurance premium for early retirees and permanent total disability retirees, but only to age 62-65 or until eligible for Medicare.

As to law enforcement employees in comparable communities, the Employer points out that none provide this health insurance benefit, except for Kalkaska County, which provides very limited coverage. As in East Jordan, the Kalkaska plan incorporates a minimum service requirement, an age requirement which correlates with the minimum service requirement, a term limit (age 65), no coverage for spouses, and an employer contribution limited to 50%. The Employer further notes that employment in the Kalkaska sheriff's department is so unstable no one has ever met the service requirements. Iosco County includes retirees in the department insurance coverage but only at the employee's own expense. The plan in Oceana County features various restrictions, including age and service eligibility requirements, a term limited to the date of eligibility for Medicare/Medicaid, and dollar liability limited to a maximum of \$125 per month. The plan in Roscommon County is similarly limited as to eligibility. The Employer asserts that the additional 1% increase negotiated for unit employees in 1993 probably exceeds the limited value of the plans offered by the departments in the comparable communities. It further argues that adopting the Union proposal would adversely impact the morale of other County employees and impact the fact-finding proceeding regarding the employees of the Employer's Circuit and Probate Courts.

### **Analysis**

As the table below demonstrates, the Union's proposal for retiree health insurance surpasses the retiree health insurance benefits provided by four of the external comparable communities. Additionally, those policies provided are much more limited in two areas: coverage and employer contributions. For example, the Kalkaska and Roscommon plans limit coverage until age 62 or 65 or until the employee is eligible for Medicare benefits. The Iosco plan is entirely at the employee's expense with no employer contribution. The Oceana and Roscommon plans limit the employer contributions to no more than \$75 per month and \$175 per month, respectively.

# SHERIFF'S DEPARTMENTS IN COMPARABLE COMMUNITIES

COUNTY	COVERAGE
Iosco	At employee's cost
Kalkaska	Fully paid at age 50 with 25 y.o.s. until age 65
Leelanau	No
Oceana	With 25 years of service Age 55-58 – Employer pays \$75 / month Age 59-61 – Employer pays \$100 / month Age 62 + Medicare – Employer pays \$125/month
Roscommon	Employer pays up to \$175 per month until eligible for Medicare
Internal	Sliding Scale 25 years of service – Employers pay 100% 20 years of service – Employer pays 75% 15 years of service – Employer pays 50% 10 years of service – Employer pays 25%
Charlevoix - current	No
Charlevoix – Union proposal	Sliding Scale 25 years of service – Employers pay 100% 20 years of service – Employer pays 75% 15 years of service – Employer pays 50% 10 years of service – Employer pays 25%

Significantly, Leelanau County, the comparable most closely matching the Employer in SEV, SEV per capita, percentage of growth, and wages paid, provides no retiree health insurance. This suggests that high wages were agreed to in exchange for not providing retiree health insurance.

As to the internal comparable, the Union's proposal exceeds the coverage provided in one key respect. Non-law enforcement employees hired after December 31, 1992 are not included in the coverage. In contrast, the Union proposal would include 10 unit employees who were hired after December 31, 1992.

## Findings

The evidence on this record supports the conclusion that the Employer's LBO more nearly comports with the Section 9 factors.

**Section 9(c):** It is not possible to determine whether the Employer has the financial ability to pay the cost of the Union's proposal because there is no estimate of that cost on this record.

**Section 9(d):** The retiree health insurance provided by the external comparable communities is much more limited than that proposed by the Union. Those comparables, which provide retiree health insurance, feature lower wages than those paid by the Employer. The comparable most similar to the Employer in terms of SEV and wages paid does not provide retiree health insurance. As to the internal comparables, employees hired since December 31, 1992 have no retiree health insurance benefit.

**Section 9(e):** Without sufficient data regarding the cost of the Union proposed insurance, it is not possible to analyze its relationship to the CPI.

**Section 9(f):** Without sufficient data as to the cost of the Union proposed insurance, it is not possible to evaluate the overall compensation of employees.



**Section 9(h):** Because of the insufficient computation on this record of the cost of the benefit proposed by the Union, it is not possible to make a proper analysis of the Section 9 (h) factor, which requires considering those factors normally considered in voluntary collective bargaining. A critical item normally considered in collective bargaining is the cost.

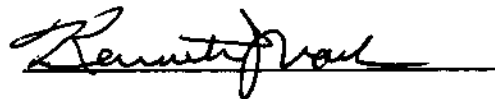
SIGNATORY PAGE

**AWARD:** The Panel finds on the Retirees Health Insurance Issue that the Employer's LBO more nearly complies with the Section 9 factors. Article 25 remains unchanged.



Peter A. Patterson, Employer Delegate  
CONCUR ~~DISSENT~~

Dated: 7/1/99



Ken Nash, Union Delegate  
CONCUR / DISSENT

Dated: 6/19/99



Anne T. Patton  
Impartial Chair

Dated: 6/16/99

## **UNIFORMS**

### **Article 26, Section 10**

**The 1993-96 Contract:**

All Employees shall receive the following uniforms, which shall be replaced by Employer as needed:

- (a) Probationary Employees: 2 pants, 2 winter shirts, 2 summer shirts
- (b) Permanent Employees: 4 pants, 4 winter shirts, 4 summer shirts

Employer will provide, when necessary, suitable rainwear.

**The Union's LBO:**

Additional \$125.00 annually

**The Employer's LBO:**

No change from present contract

### **The Union's Position**

The Union argues that the nature of police work requires uniforms and involves physical activity. It maintains that quality footwear is necessary for comfort, health, and safety. The Union notes that all comparable communities, except Leelanau County, provide either footwear or an allowance for the purchase of footwear. For these reasons, the Union submits that its proposal is reasonable.

### **The Employer's Position**

The Employer submits that no evidence supports the Union's proposal, which represents a .4% increase based on a maximum base salary as of July 1, 1996 of the Sheriff's proposal. It notes that no other employer in Charlevoix County provides footwear. As to the comparable communities, the Employer points out that Kalkaska and Roscommon Counties include shoes as part of the uniforms; Iosco County contributes \$50 towards the purchase of shoes; and Leelanau and Oceana Counties do not provide footwear.

### **Analysis**

The following table charts the uniform allowance in the external comparable communities. Only Kalkaska County provides shoes without any limit as to amount. Iosco County allows \$50 towards the purchase of shoes:

COUNTY	UNIFORM ALLOWANCE
Charlevoix	4 pants, 4 winter shirts, 4 summer shirts Dry cleaning.
Iosco	4 pants, 4 shirts, winter coat, spring jacket <b>\$50 toward purchase of shoes</b> Dry cleaning as is reasonably necessary
Kalkaska	3 pants, 3 short sleeve shirts, 3 long sleeve shirts, short jacket, cold weather cap, hat, shoes No dry cleaning.
Leelanau	3 pants, 3 short sleeve shirts, 3 long sleeve shirts, class A hat, jacket with zip-in liner, winter coat, rain coat Annual allowance: \$575 for full time Deputies \$150 for part time Deputies
Oceana	3 winter shirts, 3 summer shirts, 3 pair winter pants, 3 pair summer pants, 1 long winter jacket, 1 lightweight jacket, 1 summer cap, 1 winter cap 1 pair winter gloves, 2 neckties Dry cleaning as needed.
Roscommon	Initial uniform and 3 or 4 changes as needed. Dry cleaning of sheriff's uniforms – annual budget of \$4,700.

### **Findings**

The evidence on this record supports the conclusion that the Employer's LBO more nearly comports with the Section 9 factors, in particular the following factors:

**Section 9(d):** The uniform allowance provided by the Employer is on a par with that provided in each of the external comparable communities. The two comparables which either provide shoes (Kalkaska) or partial payment of shoes (Iosco) are those which rank lower than the Employer in the amount of wages paid to employees. The absence of a shoe allowance is counter balanced by the additional wage paid unit employees.

**Section 9(f):** The overall wage compensation awarded to unit employees more than makes up for the denial of a shoe allowance. As noted above under the Wage section, the Employer ranks first in wages for the years 1996-97. With their higher wage levels, unit employees have additional income with which to purchase their shoes.

**SIGNATORY PAGE**

**AWARD:** The Panel finds on the Uniform Allowance Issue that the Employer's LBO more nearly complies with the Section 9 factors. Article 26, Section 10 remains unchanged.



Peter A. Patterson, Employer Delegate  
CONCUR / ~~DISSENT~~

Dated: 7/1/99



Ken Nash, Union Delegate  
~~CONCUR~~ / DISSENT

Dated: 6/19/99



Anne T. Patton  
Impartial Chair

Dated: 6/16/99

**PETER A. PATTERSON**

ATTORNEY AT LAW

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July 1, 1999

Anne T. Patton  
Arbitrator and Attorney  
P.O. Box 1633  
Birmingham, MI 48012-1633

Re: Charlevoix County Sheriff and POLC  
MERC Case No. L96 C-7001

Dear Ms. Patton:

I enclose the several signatory pages which were forwarded to me by Mr. Nash after he had signed them. I have signed them but note that my concurrence or dissent is as to the result only and does not indicate concurrence with the stated analysis or rationale. Further, the employer reserves all rights to challenge all or any part of the award on any basis, either procedural or substantive, as to which I will be consulting with the employer in the near future.

I will appreciate your including a copy of this letter with your report/award to the MERC so that the conditional nature of my concurrence/dissent is noted. Thanks.

If you have any questions, please contact me

Sincerely,



Peter A. Patterson  
Attorney at Law

cc: Mr. Lasater  
Mr. Behling  
Mr. Nash  
Ms. Oken