

5/14/80

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STATE OF MICHIGAN  
DEPARTMENT OF LABOR  
EMPLOYMENT RELATIONS COMMISSION  
PUBLIC ACT 312 ARBITRATION PANEL

In the Matter of Statutory Arbitration between

CITY OF EAST DETROIT, MICHIGAN

-and-

Case No. D 79-G2071

EAST DETROIT POLICE OFFICERS ASSOCIATION,  
POLICE OFFICERS ASSOCIATION OF MICHIGAN

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ARBITRATION PANEL OPINION  
AND AWARD

Arbitration Panel

George E. Gullen, Jr. - Chairman  
J. Scott Miller - City Delegate  
William Powell - Union Delegate

Michigan State University  
LABOR AND INDUSTRIAL  
RELATIONS LIBRARY

CITY OF EAST DETROIT

The undersigned was appointed as Chairman of a panel of arbitrators by the Michigan Employment Relations Commission pursuant to the Police-Firefighters Arbitration Act (Act 312, Public Acts of 1969, as amended ) in a dispute involving contract negotiations between the City of East Detroit (hereinafter referred to as the City) and the East Detroit Police Officers Association (Police Officers Association of Michigan) (hereinafter referred to as the Union).

These proceedings were initiated by petition for arbitration filed by the Union pursuant to Act 312.

A prehearing conference was held on April 7, 1980 at East Detroit, Michigan. The parties agreed that the only issues in dispute between them concerned rates of compensation and cost-of-living allowance for the current (third and final) year of the current labor agreement (under a reopener clause ). It having been apparent that the parties were very close to settlement of the dispute, the undersigned remanded the issues to the parties for collective bargaining pending formal hearing.

Settlement having not been reached, a hearing was held on April 21, 1980 at East Detroit, Michigan. Representing the City at the hearing was Robert J. Hribar, City Attorney. Representing the Union was Fred Timpner, Secretary of the Union (P.O.A.M.) Other appearances were made at the hearing as follows:

For the City

J. Scott Miller, City Manager  
Silvio Marcozzi, City Finance Director

For the Union

Ann Maurer, Labor Economist, P.O.A.M.  
Thomas Danbert, President, East Detroit Local, P.O.A.M.

The parties agreed at hearing that both issues were economic issues and that all statutory time limitations were waived.

The purpose of arbitration proceedings under Act 312 is to provide an expeditious, effective and binding resolution to contract disputes between public police and fire departments and their employers. Under the Act the panel of arbitrators is required to hear evidence submitted by both parties on the matters in dispute and to select the last best offer of one of the parties on each economic issue; on economic issues the panel must select the precise offer of one of the two parties -- compromise is not permitted.

Section 9 of Act 312, as amended, sets forth eight factors which must be considered on and form the basis of its findings:

- (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, factfinding, arbitration or otherwise between the parties, in the public service or in private employment.

### ISSUES

- I. Salary
- II. Cost of Living allowance

#### RELEVANT CURRENT CONTRACT PROVISIONS (Agreement dated July 1, 1977-June 30, 1980)

- I. SALARY:

#### "Article XV. Salary:

"(a) The following salary schedule shall become effective for each classification on the dates as designated.  
(Annual salaries)

<u>"Classification</u>	<u>July 1, 1977</u>	<u>July 1, 1978</u>
"Patrolman	\$17,942.00	\$19,019.00
"Detective	\$19,557.00	\$20,731.00"

- II. COST OF LIVING ALLOWANCE

#### "Article XV. Salary:

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"(d) A cost of living shall be paid in lump sum each six months. The National Consumers Price Index will be used for purposes of computation and the equivalent of one cent per hour will be given for each one point rise in the index. The difference between the index on July 1st and December 31st will be used to compute the first six months cost of living payment. This rise in the index will be multiplied by a maximum of 1,040 working hours to arrive at the figure to be paid. The difference between the index on July 1st and the following June 30th will be used to compute the second six months cost of living payment. This rise in the index will be multiplied by a maximum of 1,040 working hours to arrive at the figure to be paid. Cost of living payments will only be made if there is an increase in the National Consumers Price Index during the period under consideration. Actual payment of the cost of living benefit will be made in lump sum payments after the index figure for the last month in the six month period is available. In no instance shall any index points and/or cost of living payments be accumulative beyond the end of the fiscal year. An Employee

who has not worked the full six months, shall receive a proportionate cost of living payment based on straight time hours worked during the six month period.

"(e) An additional One Hundred (\$100.00) Dollars shall be added to cost of living (Item "d" above) payable with the first semi-annual payment in the 1977-78 contract year. One Hundred Twenty-five (\$125.00) Dollars shall be added to the first semi-annual payment in the 1978-79 contract year."

#### LAST BEST OFFERS

##### By the City:

###### I. SALARY

"(a) The following salary schedule shall become effective on the dates as designated (annual salaries).

<u>CLASSIFICATION</u>	<u>July 1, 1979</u>
Patrolman	\$20,303.00 *
Detective	\$22,130.00 *"

\* 6.75% increase

###### II. COST OF LIVING ALLOWANCE:

"(d) Maintain language of present contract as set forth above.

"(e) An additional Four Hundred (\$400.00) Dollars shall be added to cost of living (Item "d" above) payable with the first Semi-annual payment in the 1979-80 contract year."

##### By the Union:

###### I. SALARY

The Union proposes an 8% increase in wages for top patrolman and detective. Such increase is to be retroactive to July 1, 1979 and results in an annual salary of \$20,541.00 for top patrolman.

###### II. COST OF LIVING ALLOWANCE

The Union proposes an annual cost of living adjustment with such formula that .4 increase in the Consumer Price Index shall equal 1¢ per hour, paid on all hours worked. Such provision is to be retroactive to July 1, 1979 and would result in an approximate

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payout of \$1,352.00 for the current year, payable in August, 1980.

The specific language of the COLA proposal of the Union is as follows:

"Article XV. Salary

"(d) Effective July 1, 1979 all bargaining unit members shall receive cost of living allowance in accordance with the following provisions.

"Payment of such cost of living allowance shall be made annually and shall be determined in accordance with increases in the Consumer Price Index for All Urban Consumers, U.S. Cities' Average. All Items (1967=100) based on the 1972-73 Survey of Consumer Expenditures as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the "Index".

"The amount of cost of living allowance at each annual adjustment shall be calculated on the basis that each .4 increase in the Index for the 12 month period from June to June each year shall equal 1¢ per hour and shall be paid as a lump sum during the first pay period in August for all hours worked during the prior 12 month period, including compensatory time.

"In the event that the Bureau of Labor Statistics does not issue an appropriate Index prior to any adjustment date, any amounts shall be paid retroactively at such time as the Index is published.

"No adjustments, retroactive or otherwise, shall be made due to any revision which may later be made by the Bureau of Labor Statistics.

"In the event of a discontinuance of the above named Index, the parties agree to apply to the Bureau of Labor Statistics for an alternate Index.

"(e) Delete."

CONTENTIONS OF THE PARTIES

City:

A 6.75% increase in salary is most equitable in light of the salaries paid in comparable cities. Warren, St. Clair Shores and Farmington Hills are not comparable to East Detroit and should not be

used as standards.

The City salary offer is also equitable in light of the salary increases granted other East Detroit employees. Four other unions accepted 6% increases. The City's proposed increases to the police officers is greater than the others received, but in granting an increase even higher than that would do damage to the City's credibility with the other unions and its labor peace.

Together with fringe benefits, a 6.75% increase in salary results in a payout of \$32,282.00 in total benefits for each officer. Moreover, a majority of the officers receive shift premium, increasing the average base salary to \$21,216.00.

Although the Consumer Price Index does not truly reflect the actual increase in the cost of living (Index is exaggerated), East Detroit police officer salaries have risen 154% since 1967 while the Index has increased 149%. Thus the salaries have kept up with increases in the cost of living.

As to COLA, with the average COLA payout per man and the \$400 bonus, East Detroit is near the top of the list of comparable cities, and in fact, six cities do not pay any COLA. The Union's COLA proposal would pay \$1,801, exceeding the highest City comparable by almost \$600.

The Union's COLA proposal refers to all hours worked. With overtime, which averages between 130 and 150 hours per officer a year, the formula base of 2080 is misleading.

As with the salary issue, the Union proposal on COLA and even the City proposal on COLA exceeds those paid to other East Detroit employees.

Finally, under present economic conditions and city finance problems, economic restraint must be exercised.

Union

The average salary paid in the Union's comparable cities effective July 1, 1979 is \$21,005. With the Union's proposed 8% increase, East Detroit officers would be \$464 below that average. This increase would do little more than maintain East Detroit's rank among the comparables from the prior year's salaries. It would offset the effects of inflation by only a small degree.

The City's argument (which did not include a claim of inability to pay) ignores comparable wages for comparable work and focuses on the position that the police officers must accept the inferior wage package offered to other city employees. The argument that police officer salaries have kept up with the inflation rate ignores the fact that, historically, public employee wages were below those of other employees.

The increase proposed by the Union is equitable and justifiable based on the evidence presented.

Concerning COLA, the change from semi-annual to annual pay-out proposed by the Union would be a financial benefit to the City. Proposed language improvements would protect both parties. Even the  $.4 = 1\%$  formula does not offer full protection against inflation, but is an improvement over the present formula and is common to many public and private sector contracts. Police officers in half of the Union's comparables receive COLA payments, most of which are based on .4 or .3 factors. The recent escalation in the rate of inflation creates an absolute necessity for an improved COLA formula, but even with the wage and COLA improvements the East Detroit police officers will suffer a loss of purchasing power in all three years of the contract.



OPINION

The Union represents 36 police officers in the East Detroit Police Department. The officers are spread among three plain-clothes divisions (youth, detective and special investigations) and four uniformed officer shifts.

The City of East Detroit is located in eastern Wayne County and is bordered by the Cities of Detroit, Harper Woods, Warren, Roseville, and St. Clair Shores. The City is considerably smaller than all but one of the surrounding communities and is comprised of about five square miles in area and 42,000 people in population. The City is, however, a part of the greater Detroit metropolitan area and has a number of major street and highway arteries running through it. As a result, according to Thomas Danbert, President of the local police officers unit, much of the crime that occurs in the City is committed by transient population. Because of its physical location, the City's police department is involved in mutual aid pacts with surrounding communities, under which City police officers may and do get sent into other communities to render assistance in police matters.

The Union presented exhibits and testimony regarding 13 cities which it considered as being comparable to East Detroit in features relevant to this case. Those cities are:

St. Clair Shores  
Warren  
Roseville  
Harper Woods  
Farmington Hills  
Lincoln Park  
Garden City  
Allen Park  
Wayndotte  
Madison Heights  
Southgate  
Inkster  
Highland Park

The first four cities are all those cities which are contiguous to East Detroit, excluding the City of Detroit. The other cities, according to the unrebutted evidence of the Union, are all cities in the tri-county area which were spread equally from the mid-point population of 42,058 of East Detroit, including all those cities with up to 12,000 inhabitants greater than East Detroit and all those cities downward to 12,000 inhabitants less than East Detroit.

The City cited figures from sixteen cities, including the cities that are contiguous to East Detroit but excluding Detroit and Warren. Most of the remaining cities are contained in the Michigan Municipal League Area I population group of cities (25,000 to 49,999), of which East Detroit is a part.

The City cites the following communities as comparables:

Oak Park	St. Clair Shores
Farmington Hills	Sterling Heights
Ypsilanti	Ferndale
Madison Heights	Lincoln Park
Wayndotte	Birmingham
Southgate	Mt. Clemens
Centerline	Roseville
Allen Park	Harper Woods

The Union challenges the make-up of the City's list of comparables as it excludes five cities contained in East Detroit's population group and includes two cities with populations considerably less than East Detroit's. The City challenges the use of Warren, St. Clair Shores and Farmington Hills as they are larger and not truly comparable.

The contiguous City of Warren is more than twice as large as East Detroit in area, population, tax base and police department size. The contiguous city of Harper Woods is half as large as East Detroit in size, population and tax base. While

these facts alone do not render those cities totally incomparable to East Detroit for the purpose of comparing police officer compensation, they cannot be deemed closely analogous to the situation in East Detroit. For the purpose of this opinion and award the compensation paid in those cities are considered, but are given less weight than other "comparables". Of the non-contiguous cities used by the Union only Farmington Hills appears to be considerably dissimilar to East Detroit.

Of the communities used by the parties, the "least dissimilar" to East Detroit appear to be as follows:

Roseville	Madison Heights
Lincoln Park	Southgate
Garden City	Inkster
Allen Park	Ferndale
Wyandotte	St. Clair Shores

Compensation figures supplied by the parties on those communities are as follows:

BASE WAGES FOR PATROLMAN AT TOP OF SCALE

<u>City</u>	<u>July 1, 1978</u>	<u>July 1, 1979</u>
St. Clair Shores	\$19,776	\$22,178
Roseville	\$18,802	\$19,742
Lincoln Park	\$19,444	\$20,611
Garden City	\$19,425	\$21,400
Allen Park	\$19,665	\$20,315
Wyandotte	\$19,698	\$21,050
Madison Heights	\$20,005	\$21,205
Southgate	\$19,875	\$21,000
	(Jan, 1, '78)	(Jan. 1, '79)
Inkster	\$20,147	\$21,557
Ferndale	-----	\$20,800
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AVERAGE	\$19,648	\$20,986
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EAST DETROIT (City Proposal)	\$19,019	\$20,303
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EAST DETROIT (Union Proposal)	\$19,019	\$20,541

The City's last offer on salary, in terms of actual dollars, puts the East Detroit officers about \$680 below the average of the cities listed. The Union's last offer puts the officers about \$445 below the same average.

On cost of living allowances, the cities compare as follows:

<u>City</u>	<u>Formula</u>	<u>78-79</u>	<u>79-80 (Est.)</u>
Roseville	1.0 pt. increase = 1¢ per hour	\$472	\$547
Lincoln Park	.4 pt.=1¢ (16¢/ yr. cap)	\$333	\$333
Garden City	None	None	None
Allen Park	up to .9% of base (50% roll in)	\$629	\$731
Wyandotte	None	None	None
Madison Heights	None	None	None
Southgate	None	None	None
Inkster	None	None	None
Ferndale	None	None	None
St. Clair Shores	.4=1¢	None	None
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EAST DETROIT (City Proposal)	1.0 pt = 1¢ + \$400	\$425.56	\$759.84
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EAST DETROIT (Union Proposal)	.4 = 1¢	\$425.56	\$1,352 (Union est.)

Total wage compensation for patrolmen for 1979-80 (base salary plus COLA) is estimated as follows:

Roseville	\$20,289
Lincoln Park	\$20,944
Garden City	\$21,400
Allen Park	\$21,046
Wyandotte	\$21,050
Madison Heights	\$21,205
Southgate	\$21,000
Inkster	\$21,557
Ferndale	\$20,800
St. Clair Shores	\$22,478

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AVERAGE:	\$21,177
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EAST DETROIT (City Proposal)	\$21,063
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EAST DETROIT (Union proposal)	\$21,893
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While the above figures on COLA and total wage compensation are far from precise, the figures do properly reflect the fact that the COLA benefit that would be received by the East Detroit police officers under the City's proposal compare favorably with the comparable cities.

On COLA, the formula proposed by the Union -  $.4=1\%$  - is not out of line with those in other public and private sector contracts which contain COLA provisions. It is significant, though, that many police contracts in similar communities have no COLA whatsoever, and that the Union proposal is uncapped. The estimated payout of the Union COLA in the current year is considerably higher than that received in other communities.

Considering the salary and COLA issues together in light of the factors set out in Act 312, the following conclusions are drawn:

(a) Lawful authority of employer:

This factor is not pertinent to the issues presented.

(b) Stipulation of the parties:

The parties are agreed that the salary and COLA awards of this arbitration shall be retroactive to July 1, 1979.

(c) Interests and welfare of the public and the financial ability of the unit of government to meet those costs:

It is within the interests and welfare of the public that the police officers they depend upon for services be reasonably compensated at a cost the public can bear. In this case none of the proposals of the parties are clearly unreasonable, and the City has presented no argument or evidence that it is unable to pay the costs of the Union proposals.

(d) Comparison of the wages, hours and conditions of employment of the employees involved with those of other employees performing similar services and with other employees generally, in both public and private employment in comparable communities:

Evidence was presented solely on compensation of police officers in comparable communities. That evidence, in general, demonstrates that neither proposal of either party is clearly unreasonable in light of compensation paid in comparable communities.

The salary proposal of the Union is closer to the average salary in the comparables, in terms of dollars paid; both City and Union proposals on salary are below the average. The COLA proposal of the Union is above the average in terms of estimated dollars payable; the City's proposal on COLA compares more favorably,

In terms of total wage compensation (salary and COLA) the City's proposals puts East Detroit \$114 below the average of the comparables. The Union's proposal on total wage compensation would put East Detroit well above the average and at or near the top of the comparables.

(e) The average consumer prices for goods and services (cost of living):

The effect of the obvious increase in the cost of living is recognized by both parties in their proposals. There are few employee groups of this nature whose rates of compensation keep pace with inflation. Neither party's proposal would increase compensation at the same rate as inflation. Both take the facts into appropriate consideration in proposing increases.

While COLA provisions provide no "cure" for decreases in purchasing power, they are an increasingly recognized ameliorating measure in both public and private sector labor agreements. Both parties' proposals provide for COLA provisions based on increases in the Consumer Price Index, which index is, as the City argues, not a very perfect measure.

Due to the nature of the differences between the COLA formulations proposed by the parties, meaningful comparison is difficult. The Union proposal provides for more money with smaller increases in the CPI. The City proposal provides for a lump-sum payment and the same amount for greater increases in the CPI. There are also language and date of payment differences that are not crucial, except for the "all hours

worked" language of the Union proposal, which would provide undue extra compensation on top of overtime pay.

(f) 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:

No delineation and comparison of East Detroit police officer benefits was presented at hearing. The contract between the parties includes provisions regarding benefits such as shift premium, leave days, longevity pay, overtime pay, holiday pay, vacations, and insurance with life, health, optical, hospital and dental coverages.

According to City Finance Director Silvio Marcozzi, 59% of the police officer base is paid out to pay for fringe benefits for each officer. Under the City's wage proposal, the total salary and fringe benefit cost to the City for each officer would be in the neighborhood of \$32,000.00. Moreover, a majority of the police officers receive shift premiums ranging from 4% to 8%. The City estimates that 69.5% of the police officers will receive (with the addition of the shift premium) more than the base salary.

The fringe benefit package received by the police officers is significant but is not a determinative factor as fringe benefit facts and figures from comparable communities were not presented.



(g) Changes in foregoing circumstances during pendency of the arbitration proceedings:

No such changes are found.

(h) Such other factors normally considered in determining wages, hour and conditions of employment:

One factor not previously considered is the nature of the City's settlements with its other employees for the current year. Wage settlements in the four other bargaining units in East Detroit (including firefighters) were all for 6% increases. The COLA provisions are the same as the City's offer for the police except that the COLA bonuses in the others were either \$150 or \$200. Thus, the City's offer to the Union is significantly higher than what was obtained in the other units. While relevant to these proceedings, this factor cannot carry much weight as there is insufficient data supplied by the parties to determine the relative reasonableness of those settlements vis-a-vis the police officers and vis-a-vis settlements in like-units in comparable cities.

CONCLUSION

The first conclusion that can be drawn is that the Union's last best offer on COLA is less reasonable than the City's. The estimated payout for the current year is considerably more than those in the comparables that have COLA, and many of the comparables have no COLA. Moreover, the formula is based on "all hours worked" which is both excessive and almost undeterminable. The City's COLA proposal, in terms of payout, is more in line with what is happening in the comparables. There is, however, a problem with the City's current and proposed COLA provision. It bases the payment on "the National Consumers Price Index" and uses index figures for July 1 and December 31 to compute the first six months payment, and July 1 and following June 30 for the second six months payment. The problem with the name of index used is that it is non-specific, there being more than one consumer price index. The problem with the dates used is that the indices are established as of the last day of each month. These problems were discussed at the arbitration panel conference in this case held on May 9, 1980. It was agreed between the parties, through their panel delegates and the Chairman, that the problems would be resolved by changing the language in the City's last best offer on COLA to refer to the Consumer Price Index for All Urban Consumers, U.S. Cities' Average, All Items (1967=100) based on the 1972-73 Survey of Consumer Expenditures as published by the Bureau of Labor Statistics, U.S. Department of Labor. It was also understood that the COLA language would be changed to reflect the proper index dates, being "as of June 30 and December 31" for the first six month payment and "as of June 30 and the following June 30" for the second. With those corrections, the City's last best offer on COLA is the more acceptable of the two.

On the salary issue, the following chart shows the most significant comparison:

	<u>78-79 Salary</u>	<u>79-80 Salary</u>
AVERAGE OF COMPARABLES:	\$19,648	\$20,986
CITY OFFER:	\$19,019	\$20,303
UNION OFFER:	\$19,019	\$20,541

The gap between the East Detroit salary in 1978-79 and the comparables' salary average in 1978-79 is \$629. The difference between the City's salary offer for 1979-80 and the comparables average for 1979-80 is \$683. The difference between the Union's salary offer for 1979-80 and the average of the comparables is \$445. Both the City's and the Union's salary offers for 1979-80 are below the average of what is being paid to police offers in the comparables. The effect of the City's salary offer is to widen the gap between East Detroit and the comparables, while the Union's offer narrows the gap some. There is a significant factor in favor of the Union's offer. The bargaining history of the parties evidences a desire by both parties to narrow the gap but the City's offer does just the opposite while the Union's offer goes only part way in shortening the gap, but not excessively so as it is still over \$400.

When the combination of salary and COLA payout is considered, the Union salary offer and City COLA offer combination (\$21,301) is about \$124 above the comparable's average combination (\$21,777). The combination of the City's salary offer and the City COLA (\$21,063) is about \$114 below the average.

The combination of the Union salary offer and the City COLA offer closes the gap between East Detroit and the comparables and is

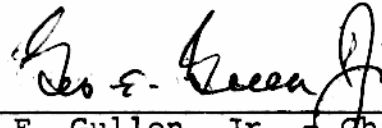
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the more equitable combination when all the relevant factors are considered.

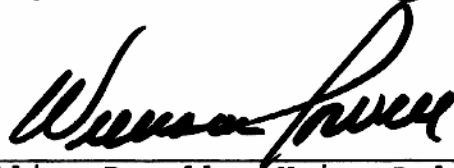
AWARD

- I. The last best offer of the Union on salary shall be adopted.
- II. The last best offer of the City on cost-of-living shall be adopted.

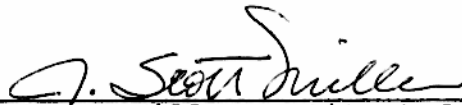
Dated: May 14, 1980



George E. Gullen, Jr. - Chairman



William Powell - Union Delegate  
Concurring in Part I of the Award  
and dissenting on Part II of the Award



J. Scott Miller - City Delegate  
Dissenting on Part I of the Award  
and concurring on Part II of the Award