

6/29/82
arb

198
State of Michigan
Department of Labor
Employment Relations Commission

Public Act 312, As Amended

In the matter of the statutory arbitration between
City of East Detroit, Michigan
and
East Detroit Police Officers Association.
Police Officers Association of Michigan

Case No. D81-F-1476

Arbitration Panel

Herbert V. Rollins, Chairman
J. Scott Miller, City Delegate
Carl Parsell, Union Delegate

Michigan State University
LABOR AND INDUSTRIAL
RELATIONS LIBRARY

Hearings

January 8, 1982
March 18, 1982
March 19, 1982
May 11, 1982

Pre Hearing Conference
Hearing
Hearing
Hearing

East Detroit, City of

Michigan State University
LABOR AND INDUSTRIAL
RELATIONS LIBRARY

PARTIES PRESENT

City of East Detroit

J. Scott Miller	Panel Member
Ron Dowell	Research Analyst
Robert J. Hribar	City Attorney
Sil Marcozzi	Finance Director
Charles B. Weber	Witness

East Detroit Police Officers Union

Carl Parsell	Panel Member
Ann Maurer	Business Agent
Fred Timpner	Business Agent
Thomas Danburt	Witness - Police Officer
Ron Szymoski	Witness

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BACKGROUND

This hearing is dealing with the existing contract of the parties (Jt. #1), covering the period of July 1, 1980 to June 30, 1982. Article XXIII(g) provides that for the second year of the contract, the provisions providing for Salary, COLA and Call Outs [as provided in Article VII(b)] would be reopened for negotiations. The parties having failed to reach a settlement on these issues, the union filed a petition for arbitration under Act 312, P.A. 1969, as amended. During these proceedings the union withdrew its issue of Call Outs - Article VII(b), however, since the city had petitioned for a change of the same section, the chairman (over the objection of the union) allowed the city to proceed with its position on this provision as its issue.

The following constitutes the background, arguments and decisions on each issue, including whether any benefits awarded to the union should be retroactive to July 1, 1981.

The remarks in each decision are in the main those of the chairman. By signing the decisions and concurring in a decision, neither of the other panel members are necessarily agreeing with the Chairman's remarks.

Date of signatures: June 29, 1982

THE ISSUES OF WAGES

The present contract provides that the maximum basic salary for a patrolman is \$21,876.00 per year. A starting patrolman is paid \$4,000.00 less, however, he receives semi-annual increment raises of \$500.00 each until he reaches the maximum in four years.

UNION'S LAST BEST OFFER

The union's last best offer is a demand to increase the maximum salary by six and one half percent (6½%) to \$23,298.00. The starting rate would again be \$4,000.00 less, with semi-annual increments of \$500.00 each.

The demand further states that the wage increase be retro-active to July 1, 1981.

CITY'S LAST BEST OFFER

The city's last best offer represents a 4% wage increase as follows:

"Article XV, Section (a)"

(a) the following salary schedule shall become effective for each patrolman on the dates as designated.

(annual salaries)

<u>Classification</u>	<u>July 1, 1980</u>	<u>July 1, 1981</u>
Patrolman	\$21,876.00	\$22,751.00
Detective	Pending arbitration	Pending arbitration

DISCUSSION

In support of its position the Union states the following:

1. That of the 10 comparables (Union Ex. 7) 8 have negotiated new contracts and this union's demand would place it 8th from the top of the 9 new contracts.
2. Since January of 1980 the salaries of E. Detroit policemen (including COLA) have not kept pace with the Consumer Price Index (CPI).

In contesting the union's demand, the City states as follows:

1. After considering the patrolmen's other income, in addition to their basic salaries, over 2 years; i.e., vacations (up 40%), holiday pay (up 33%), court pay (up 104%), overtime pay (up 93%), COLA (up 140%) and education allowance (up 21%), the union's demands are unrealistic.
2. While the average base salary and other pay (longevity, COLA, overtime, court pay, etc) is \$29,377, when the other benefits like Medical and Dental Insurance, pension, etc. are added in, the total annual salary for a patrolman is \$40,607.00.

3. When comparing the items in paragraph 2 as paid to the policemen in the 6 comparables (City Ex. 11), East Detroit policemen receive the highest amount, except for those in Southgate who receive \$10.00 a year more.
4. In the COLA provision, police receive an extra bonus of \$400.00, while other city employees receive \$300.00, the termination pay for accumulated sick days is higher and the type of Medical Insurance is more costly and has more benefits.
5. Historically, police in East Detroit been paid more than the firemen.

DECISION

All the exhibits have been carefully reviewed. There are persuasive arguments in favor of both list of comparables. Of the comparables, 3 cities are included in both lists, viz.: Garden City, Madison Heights and Wyandotte. The following is a comparison of those 3 cities with East Detroit, showing what an individual patrolman costs the cities -- with all fringe benefits, as of July 1, 1981.

East Detroit	\$ 40,607.00
Garden City	<u>39,125.00</u>
East Detroit Overage	\$ 1,482.00
East Detroit	\$ 40,607.00
Madison Heights	<u>39,125.00</u>
East Detroit Overage	\$ 1,482.00
East Detroit	\$ 40,607.00
Wyandotte	<u>35,189.00</u>
East Detroit Overage	\$ 5,488.00

Garden City and Madison Heights both received wage increases in excess of what this union requested. (Wyandotte has not reported.) Since the majority of the panel has decided to accept this unions proposal, it has at least (in 2 of these cases) with a small increase lowered the gap on total pay differences.

In addition the gap will be further narrowed when East Detroit no longer has to pay the \$400.00 annual lump sum as part of COLA and approximately \$1,000 a year it will

save by reducing the call-in time. The other decisions follow this issue on wages.

The problem here is a historical one with this City. The \$400.00 COLA is totally unrelated to COLA and was an arbitrary misnamed benefit that should never have been in the contract. The double time for overtime (when all other city employees received time and one half) was another city largess, given without logical basis. But the problem is, that the City has now come along with a hatchet and is trying to cure all the mistakes of the past in one hearing i.e. knock out the \$400.00 -- knock out the double overtime -- and accept its offer -- not the union's on wages, when the union's offer for a new total base wage will be even less than some other unions in some comparable cities that both parties refer to.

The city argues that "while this union is slightly behind the comparable cities average in base salary, these exhibits demonstrate a clear superiority in almost every other benefit". The chairman agrees with the City, but as he has said before, these decisions will in some way help to narrow the differences.

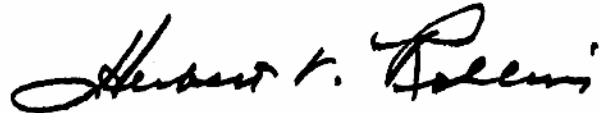
The chairman is also aware that other unions in East Detroit only received a 4% increase. However, by now reducing COLA by \$400.00 and overtime by somewhere in the neighborhood of \$1,000, the new basic wage increase of \$2,187 (plus fringes based on a percentage of wages), then deducting what the city offered of \$875, represents a cost difference of the two

total packages of perhaps \$220 per man. This is not an unbearable amount to bear for a city in relatively good financial position.

While the union's panel member is accepting the last offer of the union, he is not concurring with all the remarks made above by the Chairman. (The union still insists on retaining the \$400 COLA and double overtime.)

On the issue of wages, the majority of the panel accepts the last best offer of the ~~union~~ ^{union}. Accordingly, the base maximum annual salaries will be raised by 6-1/2% to \$23,298.00. (See commencement date covered in the issue of Retroactivity).

Concurring:

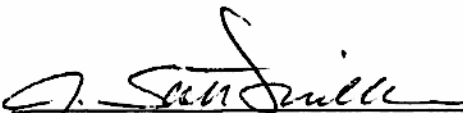


Chairman



Panel Member

Dissenting:



Panel Member

The Issue of COLA

The contract, Article XV, Section (d), presently contains a COLA provision. Under this provision, every six months, a 1¢ per hour raise is given each patrolman for each one point rise in the National Consumer's Price Index, during the six preceding months on the first raise and during the twelve preceding months on the second raise. For computation of the payment, the maximum working hours during each six months is 1,040 (40 hours per week), and proportionately less for those who had not worked the maximum number of hours.

Further, under sub section (e) an additional sum of \$400.00 is also paid with the first COLA payment of each year.

Union's Position

The Union's position is that the COLA provision, both sub-sections (d) and (e) should remain "Status Quo".

City's Position

The city requests no change in the COLA payment provision as contained in sub-section (d) but requests that the \$400 amount paid pursuant to sub-section (e) be eliminated.

DISCUSSION

The union presented the following arguments in defense of its position, viz:

1. Of the 13 comparable cities it referred to, 5 pay a higher COLA benefit; however, if the \$400 was removed, than E. Detroit patrolmen would rank 7th from the top.
2. The police supervisors also receive the additional \$400.00.
3. The extra money is needed to help keep up with inflation.

The position of the city is contained in the following arguments:

1. The \$400.00 is an arbitrary extra bonus and is unrelated in any way to the C.P.I. This is much more apparent when one considers that the \$400.00 would be paid even if the C.P.I. went down during the preceding period.
2. The \$400.00 payment is \$100.00 is more than that paid to other city employees.
3. The amount of COLA paid by E. Detroit is higher than that paid by all except one of the six comparable cities it cited (Allen Park, Ferndale, Garden City, Madison Heights, Southgate and Wyandotte). Three of these cities have no COLA provisions.
4. The COLA increases, on the average, have increased in dollars) 141% in two years.

5. The City of E. Detroit's payments of salaries and fringe benefits are higher than all six cities cited in its comparables.
6. While the C.P.I. has risen 172.1% in 13 years, the total salary and COLA paid to E. Detroit patrolmen has risen 183.1% during that same period.
7. E. Detroit has a present unemployment rate of 16.3, which is higher than all cities in its 8 city comparables.
8. E. Detroit, of the eight city comparables, has the highest percentage of population over 60 years of age. (The city felt that an older population has less resources to pay increased taxes).
9. For the first time in 13 years the amount of annual federal aid has decreased. The last amount was a decrease of 4.2%.
10. The city's unappropriated fund has decreased by almost 93%.
11. The C.P.I., as presently constituted, is not a true reflection of the cost of living because it is overweighted by the cost of home ownership and

includes a static market basket in its computations. People normally only buy homes once in a life time and the choice of goods in a market basket vary with changes in diet and fluctuation of costs. Thus both the costs of new homes and the market basket values are not a true reflection of costs, and the union is receiving very favorable C.P.I. increases without the \$400.00.

DECISION

After reviewing the record, including the many exhibits and testimony, as presented by both parties, the majority of the panel consider the offer of the city to be the most equitable. The \$400 represents a totally arbitrary bonus and is unrelated in any way to a COLA formula. As such it should be included in the bargaining as part of the wages and not be included in COLA payments. Further, the C.P.I. as presently reported is overly weighted (23%) to indicate home ownership. Also, the market basket expense is not a true reflection of costs, when people change their food buying habits either because of varying values or diets. Thus the use of the C.P.I., as presently constituted, is unrealistic and represents an illogical advantage to the union. However, since the parties have agreed to use it, the panel has no authority to change it. But the union having this advantage, the \$400 only adds further mistakes to the COLA-C.P.I. procedure and should be eliminated.

DECISION


On the issue of COLA, the offer of the city to retain Article XV (d) and to continue the regular COLA payments on the formula so provided is accepted. Thus Article XV, Section (d) shall remain without change.

Section (e) of Article XV, providing for a \$400.00 annual bonus, is eliminated *no per city, least best offer.*


Chairman


Panel Member

Dissent:


Panel Member

DOUBLE TIME ISSUE

Article VII, Section (b) presently provides that Call Outs on Holidays shall be paid at double time and those employees whose regular shifts and crew schedules which provide for being off on certain holidays should not be altered or changed to force a holiday shift assignment.

However, there is a dispute with the last sentence of the section. It presently reads as follows:

"All midnight shift and/or split shift employees who are called out within eight hours of the termination of their shift, shall be paid at double time in accordance with the overtime call out policy. (Shift termination shall be the exact time an employee leaves work)."

The City's Last Best Offer

"Elimination of the last sentence."

The Union's Last Best Offer

Retain the status quo.

DISCUSSION

The City presents the following arguments:

1. On the salary issue, the union wanted parity with certain comparable cities. On the COLA issue the union went from comparing with other cities to demanding parity with other city unions. The double time provision not existing in comparable cities or with other city unions (except East Detroit Police Supervisors), it is basing its case on a demand for parity with the Police Supervisors.

2. This is a poor comparison, because there are only 3 Police Supervisors in the East Detroit system who enjoy this benefit.

3. The statements made by police officers as to the time they must expend in court is exaggerated.

4. All police officers in this union receive time and one-half for overtime. Therefore, these officers will suffer no penalties and all members of the union will be treated equally.

5. No other comparable cities (city or police exhibits) show officers receiving double time for call outs.

Union's position

1. Double time payment for their policemen called in for extra duties (court work, parades, etc.) is fair and equitable.

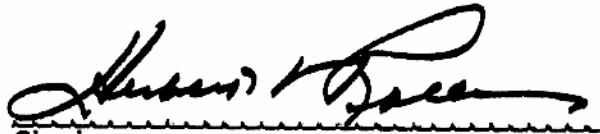
DECISION


These double time payments are not made by any comparable cities and therefore, in trying times as this city is presently experiencing, such payments are not fair and equitable. This is particularly true when no other union members (except 3 Police Supervisors) receive such benefits.

The union is certainly aware that the federal government is facing perilous financial problems. The State of Michigan is broke. The surplus of this city is quickly disappearing. Unemployment figures are distressing and the future nation wide is bleak. Therefore, wherever possible, governments have to cut back. When considering the decent salaries these policemen are drawing and the fine benefits they receive (for example, Medical Insurance and Dental Insurance now costs \$1,997 a year, with large increases coming up soon), their overall pay terms are excellent. The \$400 extra COLA and double time call outs, are types of items that were acceptable during plush times. These are not the times for plush fringe benefits.

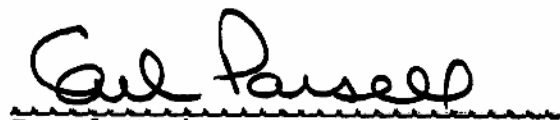
AWARD

The last best offer of the city is ^{accepted} ~~acceptable~~. The last sentence of Article VII (b) Overtime, is eliminated.


Chairman


Panel Member

Dissent:


Panel Member

RETROACTIVITY

The union's last offer states:

"All economic issues awarded to the Union shall be retroactive to July 1, 1981 unless otherwise specified by the union."

The city's last offer states:

"BASE SALARY - Allow retroactively to July 1, 1981.

C.O.L.A. Allow members of the bargaining unit to retain any monies earned under this contract provision between July 1, 1981 and the date of this award.

DOUBLE TIME PROVISION: Allow members of the bargaining unit to retain any monies earned under this contract provision between July 1, 1981 and the date of this award."

The panel accepts the last best offer of the city.



CHAIRMAN



PANEL MEMBER



PANEL MEMBER