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STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
EMPLOYMENT RELATIONS COMMISSION

*In the Matter of the
Fact Finding Between:*

CITY OF MONROE

and

MERC Fact Finding
Case No. D04 H-1220

COMEAL UNIT I, MFT & SRP
NO. 6091

**FACT FINDER'S FINDINGS OF FACT,
REPORT AND RECOMMENDATIONS**

APPEARANCES:

For the City of Monroe:

Dennis B. Dubay, Attorney
Debbie Manns, City Manager
Edward Sell, Finance Director

For COMEA Unit 1, MFT & SRP No. 6091:

John Schlosser Jr., MFT/SRP Field Rep.
Dennis Knab, Negotiator
David Tubbs, Negotiator
Jeffrey Green, Negotiator
Randy Sommers, Negotiator

Background

The City of Monroe is located in southeast Michigan between Detroit and the Ohio border. It consists of 10.06 square miles. The City's 2004 population was 21,925 with a population density of 2,440.9 persons. The 2000 per capita income of the City's residents was \$19,948.00 with the median household income being \$41,810.00. In 2004, the taxable value of the City's property was \$908,284,320.00 which represented an 11.17% increase from the 2000 taxable value of \$801,856,360.00. The City's millage rate is 15.7078.

The property tax revenue in 2000 was \$11,095,808.00. In 2001, this increased 2.83%; in 2002, 1.5%, in 2003, 4.56%, in 2004, 3.79%. The 2005 budget projects a 4.93% increase but the

2006 budget projects the property tax revenue of \$13,203,833.00 or an increase of \$8,669.00 over 2005, meaning an increase of .07%.

With the exception of 2001, the State shared revenue since 2002 represents a declining state shared revenue for the City of Monroe which is the result of the State's financial difficulties:

**City of Monroe
State Shared Revenue Trend**

<u>Fiscal Year</u>		<u>State Shared Revenue</u>	<u>Inc./ (Dec.)</u>	<u>% Change</u>
2000	Actual	\$2,716,561		
2001	Actual	\$2,780,435	63,874	2.35%
2002	Actual	\$2,706,145	(74,290)	- 2.67%
2003	Actual	\$2,393,278	(312,867)	-11.56%
2004	Actual	\$2,215,373	(177,905)	- 7.43%
2005	Budget	\$2,156,151	(59,222)	- 2.67%
2006	Budget	\$2,156.151	-	0.00%

Source: Michigan Department of Treasury

These financial figures reflect themselves in the City's budget as illustrated below:

**City of Monroe
General Fund Budget Status**

	<u>2005 Amended</u>	<u>2006 Adopted</u>
Operating Revenue	\$18,498,615	\$18,604,704
Transfers From Other Funds	-	150,000
Total Revenue	\$18,498.615	\$18,754,704
Expenditures	<u>\$18,673,447</u>	<u>\$18,750,328**</u>
Revenue Over/(Under) Expenditures	<u>\$ (174,833)</u>	<u>\$ 4,376</u>
Structural Budget Deficit	\$ (174,833)	\$ 395,624

** \$270,000 of the capital improvements budget normally funded by the General Fund was funded from surplus funds in the capital projects fund.

As of the fiscal year 1998, the General Fund balance was \$1,520,402.00, or 10.71% of General Fund revenues and 10.91% of General Fund expenditures. For fiscal year 2004, the

Fund balance reached its highest point, namely, \$2,996,881.00, or 16.72% of the General Fund expenditures and 16.68% of the General Fund revenue. However, the amended budget for fiscal year 2005 begins a downward trend showing a drop to \$2,822,048.00 in the General Fund balance. For fiscal year 2006, the amount is \$2,826,424.00 in the Fund balance, or a ratio of 15.07% of General Fund revenue and General Fund expenditures.

What these figures mean is that the City of Monroe is facing some constraints upon its finances. Its fund balance is not increasing at the rate it once was and is beginning a downward trend. The property tax revenue is increasing at less than 1% as compared to increases as recently as 2005 of 4.93%, and the state shared revenue in the past six years has been dropping, with the exception of one year.

In terms of reaching a contract settlement, these revenue and expenditure figures suggest that though the City of Monroe does have the financial ability for a modest increased economic package, the increase must be modest. If the City does not act with fiscal restraint, in view of the flat property tax revenues and falling state shared revenue, the City could experience a continued downward trend in fund balances which in turn could affect the economic health of the City.

This need for fiscal restraint governed by the financial trends noted above have been a factor in applying the criteria the Fact Finder has used in making his recommendations.

The Bargaining Units

The City has six bargaining units representing its employees as well as the non-represented employees. These units are Teamsters Local 214 which primarily represents DPW employees, Police Patrol, Police Command, Fire Fighters, COMEA Unit II and COMEA Unit I. There are 32 authorized positions in the COMEA I bargaining unit, including the property

appraiser 1/department assistant in the assessor's office; deputy city treasurer, deputy city clerk, secretary/clerical assistant, cashier, receptionist, secretary/clerical assistant in the clerk/treasurer's office; planner II, planner I, plumbing and mechanical inspector, housing/zoning inspector I, blight inspector, building, zoning inspector II, electrical inspector, secretary/clerical assistant, custodian in development services; PC coordinator and network administrator, information systems; motor pool and store supervisor, receptionist, clerk-typist, secretary/clerical assistant, forestry crew supervisor, operator crew supervisor, city electrician in the Department of Public Services.

The expired contract between the City of Monroe Employees Association, Unit I (COMEIA I) and the City of Monroe covers the period July 1, 1999 to June 30, 2004. The parties began negotiating for a successor agreement in February, 2004. Unable to reach agreement, the parties engaged in mediation on December 6, 2004. Mediation did not result in agreement. Thus, on March 3, 2005, COMEIA I filed a petition for fact finding resulting in the current proceedings.

The Issues

At the time of the fact finding hearing, the Union issues were salary, length of work day, pension calculation and COLA, duration of agreement and (business) personal days. The City issues were duration, sub-contracting, temporary assignments, elimination of Article 4, Section 1(C) (extra pay for supervisors supervising more than one department), and health insurance for active employees. At the fact finding hearing, the City withdrew the sub-contracting issue.

Following the fact finding hearing, the City submitted a proposal wherein it withdrew its proposals as to temporary assignments and elimination of Article 4, Section 1, subsection C.

Because of the focus and recommendations of this Fact Finder, this Fact Finder will proceed on the assumption that both the City's temporary assignments and elimination of Article 4, Section 1, subsection C have been withdrawn and the recommendation is based upon the withdrawal of these proposals.

The Criteria

The recommendations of the Fact Finder are not made in a vacuum. They are based upon certain recognized criteria which serve as guides to fact finders when formulating recommendations.

The statute providing for fact finding does not set forth the criteria. However, when the legislature enacted the provisions of binding arbitration in police and fire disputes, namely, Act 312 of Public Acts of 1969, the legislature provided in Section 9 (MCLA 423.239) the list of criteria that arbitrators under that Act were to apply, namely:

Where there is no agreement between the parties, or where there is an agreement but the parties have begun negotiations or discussions looking to a new agreement or amendment of the existing agreement, and wage rates or other conditions of employment under the proposed new or amended agreement are in dispute, the arbitration panel shall base its findings, opinions and order upon the following factors, as applicable.

- (a) The lawful authority of the employer.
- (b) Stipulations of the parties.
- (c) The interests and welfare of the public and the financial ability of the unit of government to meet 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.

Though these criteria were adopted specifically dealing with interest arbitration of police and fire disputes, the criteria represents common sense guidelines that should be followed by fact finders when making recommendations.

Essentially, the Act 312 criteria address the cost of living, the financial ability of the employer to fund the award, and comparables, both internal and with other similarly situated public and private employees in the geographical area involved.

Seemingly to recognize the correlation between the enumerated statutory guidelines under Act 312 to be followed by arbitrators and guidelines followed by fact finders, the legislature, in 9(h) refers to criteria used by fact finders not otherwise enumerated in section 9. This means that in addition to the enumerated Section 9 criteria this Fact Finder has focused upon, other criteria used by fact finders can be a factor. It also recognizes that the application of a particular criteria depends upon the circumstances.

Among the criteria utilized by fact finders is the bargaining history of the parties, both past and current, as well as the “art of the possible,” namely, what is a possible settlement between the parties recognizing the give-and-take of negotiations. The “art of the possible” in concept means that if the parties were left to their own devices and the public employees involved had the right to strike, as a strike deadline loomed the parties would attempt to compromise in order to avoid a disruption in public service and loss of employee income. The concept is that, in compromising, the parties would review their respective positions and attempt to reach a resolution based on the art of the possible, as the art of the possible is the essence of compromise.

In addition, fact finders do use the bargaining history of the parties, both the bargaining history in the past and the bargaining history during the current negotiations, in an attempt to ascertain, along with the art of the possible, what the parties may have settled upon on their own when faced with outside deadlines.

As enumerated in Section 9, there is the comparables criteria. This comparables criteria would include external comparables as well as internal comparables. The function of the comparables criteria is to ascertain the value the marketplace in the geographical area for similarly-situated public employees has placed on the type of employment involved. Though both the Union and the City have proffered certain external comparisons, in the view of the Fact Finder, the most relevant comparables are the internal comparables with other City of Monroe employees.

The reason for this is that there are five other bargaining units of employees within the City representing City employees who have reached collective bargaining agreements. Three of

these units, patrol, fire and Teamsters, have reached agreements covering the period from July 1, 2004 through June 30, 2008. All have agreements except for COMEA Unit I for 2004. All but the command and COMEA Unit I have agreements for 2005. This represents a pattern of bargaining within the City and when this internal comparables criteria, coupled with the bargaining history and the art of the possible are considered, then the Fact Finder is provided with clear guidelines as to a recommended settlement.

Of course, the financial ability of the employer to fund the award is of importance. As already explained, though the City does have the financial ability to fund a modest settlement, these finances must be utilized with restraint because of a reduction in state shared revenue and a flat revenue stream generated from property taxes.

It is this analysis of the applicable criteria that serves as a guide to this Fact Finder's recommendations for settlement of this dispute.

**The Internal Comparables and Bargaining History
(as Applied to Hours, Wages and Duration)**

The internal comparables as to wages including recently-negotiated contracts reveal:

<u>City of Monroe</u> <u>Contract % Increases</u>					
<u>Union</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Patrol	2.50%	2.50%	2.75%	*	*
Command	2.50%	2.50%	n/a	n/a	n/a
Fire	2.50%	2.50%	2.75%	*	*
Teamsters	2.75%	3.00%	2.75%	*	*
COMEA Unit I	2.75%	n/a	n/a	n/a	n/a
COMEA Unit II	2.50%	2.50%	2.50%	n/a	n/a

* Wage increased according to matrix/health care cost experience (see attached)

n/a = contracts have not been ratified at this time (COMEA Unit I) contract ends 06/30/06

The attached matrix reveals:

Wage Increase/Health Care Costs

<u>Health Care Cost Experience</u>	<u>Base Wage Factor Average</u>
0% - 2%	3.5%
2.1% - 4%	3.25%
4.1% - 6%	3.0%
6.1% - 8%	2.75%
8.1% - 10%	2.50%
10.1% - 12%	2.25%
12.1% - 14%	2.0%
14.1% - 16%	1.75%
16.1% - 18%	1.5%
18.1% - 20%	1.25%
20.1% +	1.0%

The issue of wages cannot be considered in isolation. One of the issues raised by the Union is the hours of work along with health care. Presently, COMEA Unit I employees receive pay for 7.5 hours. The Union has proposed that the paid work day be increased to 8 hours per day with the City providing a half hour paid lunch with the remaining half hour being unpaid. The internal comparables on this point reveal:

Length of Work Day

COMEA I	7.5 hours/day - 37.5 hours/week
COMEA II	8 hours/day - 40 hours/week
Teamsters	8 hours/day - 40 hours/week
Fire	24 hour day - 52 hour/week
Police Patrolmen	8 hours/day - 40 hours/week
Command Officers	8 hours/day - 40 hours/week
Non-represented	7.5 hours/day - 37.5 hours/week

This request by the Union for change in work hours at fact finding as noted in their “rebuttal and final comments,” is as follows:

8 Hour Work Day

The City stated that the proposed 8-hour workday would increase the city’s compensation costs by 10.34%. In reality, the ‘8-hour workday,’ which proposes that one-half of the ‘lunch hour’ be paid by the city with

the remaining half hour unpaid, would cost the city 6.6%. Currently, the city does not pay COMEA I employees for any part of the lunch hour, while Teamster employees receive 30 minutes of paid lunch.

Understanding that this is a 6.6% increase to the city, COMEA I has offered to offset this gain with a three-year wage proposal of 0% (Year 1), 2% (Year 2), and 3% (Year 3).

NOTE: Should the 8-hour workday not be part of the final contract proposal submitted for ratification by COMEA I and approval by the City, COMEA I would withdraw the proposed salary structure stated above and would expect salary increases commensurate with other bargaining units within the City.

In support of this position, the Union made the following comments through its local president:

Supervision of Teamster Employees by COMEA I Employees

In certain situations, COMEA I employees have the responsibility of supervising Teamster employees. Due to differences in benefits, lunch hours, and length of workday, this creates an unequal working environment for COMEA I employees who are supervisors. This is one of the reasons we are seeking the 8-hour workday discussed below.

COMEA I, in discussions concerning the 8-hour workday, may have been referring to its initial wage proposal along with the duration which was, at the time of fact finding:

Article XII - Duration of Contract

Contract Length - 3 year contract. Wage increase as follows:

Year 1 July 1, 2004 through June 30, 2005 - 1%

Year 2 July 1, 2005 through June 30, 2006 - 4%

Year 3 July 1, 2006 through June 30, 2007 - 4%

This contract shall be effective from and retroactive to July 1, 2004 and shall continue in full force and effect until midnight, June 30, 2007, when it shall terminate.

As the Fact Finder reviews the situation, as to the length of workday, the 7.5 hour day for COMEA I employees has been in existence for a number of years. This is part of the parties'

bargaining history. It is tied to the fact that, with the exception of those members dealing with the Teamsters, a number of members in the unit work with non-represented employees who work 7.5 hour workdays. Given this bargaining pattern over the years and the City's reason for the 7.5 hour workday, this Fact Finder will not recommend a change in the hours of work for COMEA Unit I. The bargaining history at this point and the practicalities of the situation, under the art of the possible, dictate that this is not the time for change. Rather, the emphasis should be on providing a wage pattern that is beneficial to all COMEA I employees.

By letter dated October 4, 2005 to the Fact Finder with copies to the union, the City did offer the following wage package for a contract expiring June 30, 2008:

As you are aware, the parties' last collective bargaining agreement was in effect from July 1, 1999 to June 30, 2004. We are enclosing a copy of the City's settlement offer for a new contract to be in effect from July 1, 2004 through June 30, 2008 (marked as Attachment A). As set forth in the settlement offer, the City proposes the following wage adjustments:

July 1, 2004	2.5%
July 1, 2005	2.75%
July 1, 2006	matrix/health cost experience
July 1, 2007	matrix/health cost experience

The City's wage offer is in line with the other negotiated agreements. We are enclosing a summary (marked as Attachment B) of the wage adjustments in each of the other City units. We are enclosing the now-ratified settlement with the Police Officers (marked as Attachment C); the now-ratified settlement with Teamsters 214 (marked as Attachment D); and the now-ratified settlement with the Firefighters (marked as Attachment E).

As set forth in the summary of the wage adjustments in each of the other City units (Attachment B), the City's offer for the first year of the contract (July 1, 2004 - 2.5%) is in line with all of the other agreements (except the Teamsters which was in the last year of a previously negotiated contract). The City's offer for the second year of the contract (July 1, 2005 - 2.75%) is in line with all of the other agreements. The City's offers for the third year (July 1, 2006) and fourth year (July 1, 2007) (matrix/health cost experience) is in line with all of the other recently negotiated contracts.

Reviewing the internal comparables, it is noted that with the exception of the Teamsters in 2004, this is the wage pattern that has been adopted by patrol and by fire. It is true that the Teamsters did receive a 3% increase in 2004, but this increase was on an expiring contract. The current negotiated contracts represent a 2.5% and 2.75% pattern. It is noted that in 2003, when the patrol, command and fire were receiving 2.5%, COMEA Unit I was receiving 2.75%, as did the Teamsters. Though the Fact Finder recognizes that the Teamsters did receive a 3% increase in 2004 while other units were getting 2.5% in 2004, namely patrol, command, fire and COMEA Unit II, there is no reason not to follow this 2.5% pattern for 2004 for COMEA Unit I. It is the art of the possible. The City is prepared to make this offer.

In terms of the wage offer that has now been made by the City, one must look at the bargaining history and the art of the possible. Though the Teamsters did receive a 3% raise in 2004, as noted, this was at the end of the contract. All other unions, as noted, settled for 2.5% in 2004. It is also noted that, in 2003, only two units, the Teamsters and COMEA Unit I, received 2.75%. All others settled for 2.50%. In 2005, of the settled units patrol, fire, Teamsters and COMEA Unit II, three settled for 2.75% and COMEA Unit II settled for 2.50%. The point the Fact Finder makes is that COMEA Unit I has been treated most favorably as compared to other bargaining units, and even received an advantage over patrol, command, fire and certainly COMEA Unit II in 2003. Even with the City's offer for 2004 and 2005, 2.5% and 2.75% respectively, the City's offer is consistent with the other settlements except the one year for Teamsters and actually, for 2005, is above COMEA Unit II.

The conclusion that the Fact Finder is based upon the bargaining history, the internal comparables and the art of the possible. The City's wage offer to COMEA Unit I for 2004 and

2005 meets all criteria. The Teamsters' difference in 2004 does not change this conclusion for the Teamsters change is not reflected as to other bargaining units. For this reason, the Fact Finder will recommend that the City's offer for 2004 and 2005 be accepted.

The City has also made an offer, as pointed out, based upon a wage increase/health care cost matrix which has been incorporated into the contracts for 2006 and 2007 for the patrol, fire and Teamsters. This settlement represents a pattern, namely, a contract extending through June 30, 2008 with the last two years adopting the wage increase/health care cost matrix. This is the internal comparable. There is no justifiable reason to not recommend the same wage offer for 2006 and 2007 and a contract extending through June 30, 2008. The City has made such an offer. The Fact Finder, again noting the internal comparables and what seems to be a bargaining history consistent with the internal comparables, and the art of the possible, will recommend that the contract for COMEA Unit I extend through June 30, 2008 and, for 2006 and 2007, the contract will have the wage increase/health care cost matrix proposed by the City.

There was some question about retroactivity. As to retroactivity, the City has proposed:

4. A retroactive payment (consisting of the difference between the salary rates set forth above and the salary rates actually paid between July 1, 2004 and the date of implementation of the new salary schedule) will be made within thirty days after the contract is signed by the principal parties.

As the Fact Finder reads this offer, the retroactivity commences July 1, 2004. This is a reasonable approach and answers the questions of retroactivity. It is also consistent with the internal comparables noting, for example, that the fire fighters contract settlement in October, 2004 included over three years of retroactive payments upon ratification. The same should apply to COMEA Unit I and, for this reason, the Fact Finder will adopt the proposed retroactivity

clause.

Health Care Insurance

There is no question that, over the years, the cost of health care insurance has increased at rates that have put pressure on the finances of many municipalities in the State of Michigan. The City of Monroe is no exception. This is the reason why the City did propose, for 2006 and 2007, a wage offer based upon a wage increase/health care cost matrix which, as noted, has already been accepted by the patrol, fire and Teamsters and has been recommended by this Fact Finder. In order to provide for wage increases for City employees and in particular COMEA Unit I employees for 2006 and 2007, steps must be taken to contain health care costs. There are two areas that the City has proposed changes, which are designed to moderate health care cost increases. These proposals are:

5. Article VII. Fringe Benefits, Section 18: Medical Insurance, subsection A, Hospitalization and Master/Major Medical shall be revised to provide, effective August 1, 2005, or as soon thereafter as is implemented by the City, as follows:
 - A. Hospitalization and Medical. The City shall provide hospitalization coverage for a current employee and his/her eligible dependents as follows: Blue Cross/Blue Shield Community Blue Option I with \$20 office visit and \$50 ER for a non-medical emergency. All new hires will receive the Blue Cross/Blue Shield benefit on the 91st day of employment.
6. Article VII. Fringe Benefits, Section 18: Medical Insurance, subsection D. Prescription Drug Program shall be revised to provide, effective August 1, 2005 or as soon thereafter as is implemented by the City, as follows:
 - D. Prescription Drug Program. Co-payment for generic drugs will be \$5.00; co-payment for 'brand-name' drugs will be \$12.00; co-payment for mail order will be \$3.00 (plus shipping). Employees who retire under this contract shall receive the same benefits.

5.A deals with office visits and emergency room visits. It provides that users of office visit and emergency room services make a contribution toward same. This will serve to moderate cost increases and is a moderate change. If, in fact, it is an effective moderation then the moderation will be reflected in health care cost increases which, in turn, could increase the wages for COMEA Unit I members for 2006 and 2007.

The same comments can be made about the prescription drug program. It is a well known fact that one of the driving forces for health care insurance cost increases is the use of prescription drugs. The just-expired COMEA Unit I contract provided as to drug co-pays:

- D. Prescription Drug Program: Co-payment for generic drugs will be \$3.00; co-payment for 'brand-name drugs will be \$10.00. Employees who retire under this contract shall receive the same benefits.

The proposal of the City, to increase generic drugs from \$3.00 to a \$5.00 co-pay and brand-name drugs from \$10.00 to \$12.00, along with a \$3.00 co-pay for mail order drugs, is indeed a most modest increase. A survey in southeast Michigan might well suggest that private employers and even municipal employers have higher co-pays. Two examples make this point. Pittsfield Charter Township has a \$10.00 generic drug co-pay and a \$20.00 brand name drug co-pay. The City of Wyandotte has a generic drug co-pay of \$15.00 and a brand-name drug co-pay of \$30.00. The point is, there is a trend toward increasing drug co-pays because of the impact of the cost of drugs on health care costs. The City's proposal is modest and, as the Fact Finder has suggested, if this modest proposal does restrain increases in health care costs in 2006 and 2007, this will impact on the amount of wage increases that employees represented by COMEA I and, for that matter other employees, receive. In addition, the recent settlement with the Teamsters reveals that the two proposals just discussed above have been adopted by the Teamsters. It is for

all these reasons that the Fact Finder will recommend the health care changes proposed by the City as outlined above, based on the bargaining history, the comparables and the art of the possible.

Pensions

Pensions became an issue between the parties with the City, at the time of fact finding, making no offer except the status quo on pensions, whereas the Union made the following proposal:

Pension Plan - New employees shall have the option to select either the traditional or hybrid plan at the time of hire. Current employees would be provided a one-time opportunity to change from the traditional plan to the hybrid or from the hybrid to the traditional plan upon agreement of this contract.

Section 21: Pension.

- A. Defined Benefit Plan** - Employees hired after the date of this contract shall have the option of selecting either the traditional Defined Benefit Plan or the hybrid Defined Benefit/Defined Contribution Plan.

Pension Multiplier - Increase pension multiplier by 3 points for both the traditional and hybrid pension plans.

Section 21: Pension

- A. Defined Benefit Plan**

- 2. Multiplier** - 2.5% for the traditional plan and 1.8% for hybrid plan.

COLA - COLA after one year of retirement

Section 21: Pension

- A. Defined Benefit Plan**

- 3. After one year of retirement, all future retirees of the defined benefit (DB) will receive a 2% COLA compounded, and shall be calculated by using the**

employee's original retirement benefit on each anniversary date of retirement.

Rule of 80 - Implement a 'Rule of 80' retirement program, which would allow any combination of age and years of service equaling 80 to qualify an employee for retirement.

Section 21: Pension

A. Defined Benefit Plan

6. The 'Rule of 80' retirement program, allows an employee of the City of retire with full benefits with any combination of age and years of service equaling 80.

In support of its position, the Local president wrote to the Fact Finder, as follows:

City Contribution to Pension Fund. The City of Monroe has not contributed to the Pension Fund on behalf of city employees since 2001. At present, the Fund is identified as being over funded at 128.2%. Acceptance of all COMEA I pension proposals would still leave the Pension Fund over funded.

In response, the City presented an actuary study prepared by Gabriel Roeder Smith & Company. As to the Rule of 80, Gabriel Roeder estimated that the annual cost to the City would be \$34,125.00 for the defined benefit payroll and \$9,123.00 for the hybrid payroll. As to the change of multiplier proposed, the annual cost for the defined benefit payroll would be \$161,379.00 and for the hybrid payroll, \$28,603.00. Gabriel Roeder also crossed out the value of a COLA, namely:

Proposal #4: For Defined Benefit members, over the life of the three year contract, activate a member's COLA with the fourth year of retirement in year one of the contract; with the third year of retirement in year two of the contract; and with the second year of retirement in year three of the contract. [Emphasis in original]

This cost annually would be \$25,319.00 for the Defined Benefit payroll with no cost for the hybrid payroll.

Gabriel Roeder then did a combined cost of the above mentioned three proposals and

came up with an annual combined cost of \$202,329.00 for the Defined Benefit payroll and \$30,411.00 for the hybrid payroll. It may be that at the present time, because of market conditions in the past which no longer exist, the City's pension funds became overfunded. But with costs as suggested above, these costs could easily impact the financial viability of the pension fund. And one must recognize, as this Fact Finder has, that the City of Monroe has limited financial resources with which to contribute to the funding of the pension plan if COMEA I's proposals and the cost associated with same were adopted.

The Fact Finder then goes to the comparables. The comparables amongst the City's bargaining units as to COLA, the modifier and contribution, is as follows:

Pensions:	COLA & Multiplier & Contribution	
COMEA I	55/25	2% at the fifth year of retirement 2.2 multiplier 4% contribution
COMEA II	55/25	2% first year 2.2 multiplier 4% contribution
Teamsters	Rule of 80	2% cola at the first year 2.2 multiplier 5% contribution
Fire	50/25	3% cola first year 2.65 multiplier 5.5% contribution
Police	50/25	3% cola first year 2.65 multiplier 5.5% contribution
Command	50/25	3% cola after first year 2.65 multiplier 5.5% contribution

It also should be noted that COMEA Unit I, COMEA Unit II and Teamsters have social

security but the police units and the fire unit do not.

What these comparables reveal is that all have a multiplier after the first year for COLA, with the exception of COMEA Unit I. It is true that the Teamsters, fire, police and command have higher contributions than COMEA I and COMEA II. Yet, COMEA I and II do have the same 4% contribution and the same 2.2 multiplier, as do the Teamsters. The other groups, fire, police and command, have a 2.65 multiplier but have higher contributions. It is true that the Teamsters have a higher contribution than COMEA I and II, namely, 5%, but the Teamsters do have a "Rule of 80," which does cost money, namely, as pointed out with COMEA Unit I, \$34,125.00 for defined benefit payroll and \$9,123.00 for the hybrid plan.

Against this background, the City prepared another offer following fact finding. That offer after fact finding was on COLA, and provided:

7. Article VII. Fringe Benefits, Section 21. Pension, subsection A, Defined Benefit Plan, subsection 3 shall be revised to provide as follows:
 3. Effective with the fifth year of retirement (beginning on July 1, 2005 effective with the third year of retirement), all future retirees of the defined benefit (DB) will receive a 2% COLA non-compounded, and shall be calculated by using the employees original retirement benefit on each anniversary date of retirement.

The problem for this Fact Finder is that, in order to have consistency, namely, relying on the internal comparables, it would seem that the appropriate agreement would have the same cost of living adjustment as appears in the COMEA Unit I contract and the Teamsters contract, which was represented in the chart set forth above as being "at the first year." In other words, it would be the intent of the Fact Finder that, effective July 1, 2005 which the City has proposed as the effective date, COMEA I will have a COLA multiplier of 2% implemented at the same point in

time of the employee's retirement, as is the case in the COMEA II and Teamsters contracts as well as the other contracts. This is somewhat different from the offer of the City, but just as the comparables support the City's offer on wages and health care, the comparables require that, after one year of retirement, there should be the 2% COLA as in the COMEA II and Teamsters contracts.

Neither COMEA I nor the City can have it both ways. The comparables criteria dictate this result. The art of the possible dictates this result. The costs associated with this change can be absorbed by the pension plan because of its current funding status. It would seem that it is contrary to the bargaining history within the City with other units to treat COMEA I differently in this respect. Beyond this, there cannot be any other pension improvement because of the cost involved and the fact that COMEA I will not have an increase in their contribution which will still remain at 4%. This is the give and take of bargaining; it is the art of the possible.

Personal Time

The just-expired COMEA Unit I contract provided as to personal leave:

- A. Each full time employee shall be entitled to use twenty-two and one-half (22 ½) hours of their accumulated sick leave or vacation time as paid personal leave. Each new hire will be credited with Personal Leave hours after they have completed six (6) months of service. Personal Leave hours are credited every January 1 and are non-cumulative. These hours are intended to be used for personal business during the normal working day. Vacation is not a proper use of personal time.

COMEA I initially asked for five personal days. In a letter to the Fact Finder, the Local president wrote:

Personal Days. The City stated that employees represented by the teamsters Union have three personal days that are charged to their accumulated sick time. This is an incorrect statement. According to the Teamsters/City of Monroe contract, Teamsters receive three (3) personal days which are not charged to any accumulated hours, whether vacation

or sick time.

Here is the point: the 22 ½ hours came into the COMEA I contract as the result of the bargaining history. It may be that the Teamsters get three personal days, but there is another aspect of the Teamsters contract that is more appealing than the question of the three personal days, namely, the personal time is not charged to “any accumulated hours, whether vacation or sick time.” The City has offered this position with COMEA I, but to keep the personal time limited to 22 ½ hours which actually is consistent with three days 7 ½ hour days for which COMEA I employees are paid. The City has also agreed to eliminate the charging of these days to vacation or sick banks. Thus, the City proposed:

8. Article VII. Fringe Benefits, Section 4: Personal Leave, Section A shall be revised to provide as follows:

Section 4; Personal Leave

A. Effective July 1, 2005, each full-time employee shall be entitled to twenty-two and one-half (22 ½) hours of paid personal leave. Each new hire will be credited with personal leave hours after they have completed six (6) months of service. Personal leave hours are credited every July 1 and are non-cumulative. These hours are intended to be used for personal business during the normal working day. Vacation is not a proper use of personal time.

This is consistent with the Teamsters contract; consistent with the parties' bargaining history; and is consistent with the art of the possible. For this reason, the Fact Finder will recommend the City's offer on personal leave.

Tentative Agreements

It is the intent of this fact finding report and recommendation that all tentative agreements reached between the parties be adopted.

Other Proposals

As to all other proposals not agreed to on the part of either party, it is hereby recommended they be withdrawn.

The Art of the Possible

Throughout this fact finding report, the Fact Finder has referred to the art of the possible. When discussing the criteria at the beginning of this report, this Fact Finder explained the concept of the art of the possible.

Now, look at the recommendations. These recommendations seem to track the City's offer made on October 4, 2005, which came about following fact finding and before this report was issued. The offer came about as a result of subsequent negotiations and agreements with other bargaining units. COMEA Unit I members cannot expect a different economic package than that agreed to with the other bargaining units, including wages, including the duration of the contract, including the modest changes in the health care provisions. By any criteria, if the parties were faced with a deadline, a strike deadline for example, this is what the parties would have settled on.

In addition, the City did hear the arguments of the COMEA Unit I bargaining team and made a change as to personal business days, which this Fact Finder has recommended.

Finally, this Fact Finder has deviated from the City's offer as to pensions because, considering the art of the possible, one could understand how the COMEA I bargaining team would insist to be treated like the other bargaining units as to COLA. Under these circumstances, the Fact Finder cannot conceive that this change in the City's offer would be a deal breaker.

If the City is insisting upon the internal comparables, then, as this Fact Finder has suggested, there must be consistency, and having COLA available after the first year of retirement is part of this consistency.

The parties are free to either adopt or not adopt this fact finding report and the recommendations contained therein. It would seem that, consistent with all the criteria and consistent with the City's financial situation, the need to control health care costs and the need to treat all employees similarly, common sense requires that the parties accept this recommendation.

COMECA I is obtaining an improvement in the personal business days and an improvement in pension, and is being treated the same as other employees with regard to other economic and health care benefits. What more can COMECA I expect? Likewise, what more can the City expect, when these factors are considered?

Recommendation

1. All tentative agreements between the parties should be adopted. Any other proposals advanced by either party, except as set forth below, should be withdrawn.
2. Duration. The duration of the contract shall be July 1, 2004 through June 30, 2008.
3. The wages shall be as follows:

July 1, 2004	2.5% across the board
July 1, 2005	2.75% across the board
July 1, 2006	Salaries to be set in accordance with the health care cost experience - base wage factor average matrix as proposed by the City

July 1, 2007

Salaries to be set in accordance with the health care cost experience - base wage factor average matrix as proposed by the City

A retroactive payment (consisting of the difference between the salary rates set forth above and the salary rates actually paid between July 1, 2004 and the date of implementation of the new salary schedule) will be made within thirty (30) days after the contract is signed by the principal parties.

4. Health Care. Article VII, Fringe Benefits, Section 18: Medical Insurance,

subsection A, Hospitalization and Master/Major Medical shall be revised to provide, effective August 1, 2005, or as soon thereafter as is implemented by the City, as follows:

A. Hospitalization and Medical. The City shall provide hospitalization coverage for a current employee and his/her eligible dependents as follows: Blue Cross/Blue Shield Community Blue Option I with \$20 office visit and \$50 ER for a non-medical emergency. All new hires will receive the Blue Cross/Blue Shield benefit on the 91st day of employment.

Article VII, Article VII. Fringe Benefits, Section 18: Medical Insurance, subsection D.

Prescription Drug Program shall be revised to provide, effective August 1, 2005 or as soon thereafter as is implemented by the City, as follows:

Prescription Drug Program. Co-payment for generic drugs will be \$5.00; co-payment for brand name drugs will be \$12.00; co-payment for mail order will be \$3.00 (plus shipping). Employees who retire under this contract shall receive the same benefits.

5. Pensions. Article VII, Fringe Benefits, Section 21: Pension, subsection A,


Defined Benefit Plan, subsection 3 shall be revised to provide the following:

Effective with the fifth year of retirement (beginning on July 1, 2005 effective following the first year of retirement), all future retirees on the defined benefit (DB) will receive a 2% COLA non-compounded, and shall be calculated by using the employee's original retirement benefit on each anniversary date of retirement.

6. Personal/Business Days. Article VII, Fringe Benefits, Section 4: Personal Leave,

Section A, shall be revised to provide as follows:

Effective July 1, 2005, each full-time employee shall be entitled to twenty two and one half (22 ½) hours of paid personal leave. Each new hire will be credited with personal leave hours after they have completed six (6) months of service. Personal leave hours are credited every July 1 and are non-cumulative. These hours are intended to be used for personal business during the normal working day. Vacation is not a proper use of personal time.


GEORGE T. ROUMELL, JR.
Fact Finder

October 13, 2005