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## MICHIGAN EMPLOYMENT RELATIONS COMMISSION

**CITY OF DEARBORN,**

Fact Finding Case No. D04 B-0384

Employer,

-and-

Communications Supervisors Unit

**POLICE OFFICERS ASSOCIATION OF  
MICHIGAN,**

Union.

Kathleen R. Oppewall,  
MERC Fact-Finder

### FACT FINDING REPORT AND RECOMMENDATIONS

A fact-finding hearing was held on August 22 and 25, 2005 in Dearborn, Michigan, under the provisions of Michigan's Labor Relations and Mediation Act (MCLA 423.25). The purpose of the fact-finding procedure is to provide factual findings and non-binding recommendations, to assist the parties in reaching agreement on a new contract. The following individuals attended the fact-finding hearing:

On behalf of the Union:

James Tignanelli, POAM President  
John Barr, POAM Research Analyst  
Brian Black, Local Union President  
Tom Langon, Local Union Vice-President

On behalf of the Employer:

John A. Entenman, Attorney  
Kimberly Craig, Assistant Corporation Counsel & Labor Negotiator  
Paul Klink, Communications Manager  
James O'Connor, Finance Director

The parties' previous collective bargaining agreement was a four year contract which covered the years from July 1, 2000 through June 30, 2004. Through negotiations the parties were able to reach Tentative Agreements on a number of contract issues, including an agreement that their

new contract would have a four year duration. The Tentative Agreements were put into evidence at the fact finding hearing as Joint Exhibit 1. The parties submitted the following issues to the fact finder:

|               |  |
|---------------|--|
| Mutual Issue: | Wages: 7/1/04 to 6/30/05<br>7/1/05 to 6/30/06<br>7/1/06 to 6/30/07<br>7/1/07 to 6/30/08  |
| Union Issues: | Longevity Pay Increase<br>Pension Cap Increase   |
| City Issues:  | Delete Article 19 (Promotions)<br>Medical/Dental Redraft<br>Supplemental benefits to Workers Compensation<br>Defined Contribution Plan (clarification)<br>Paid Time Off ("PTO") Plan<br>Cafeteria ("Flexible Benefits") Plan |

### **FINDINGS OF FACT**

The following findings of fact are based upon the exhibits and testimony offered at the fact-finding hearing:

1. The bargaining unit includes just one classification, the Communications Supervisors employed by the City of Dearborn. As of the time of the fact-finding hearing, there were 6 employees in this classification. The Communications Supervisors are working supervisors who work in the City's dispatch center, and handle 911 calls for police, fire, and medical services. The Communications Supervisors currently supervise 13 regular dispatchers. The supervisors' duties besides handling 911 calls include supervising, training and scheduling the dispatchers, handling complaints, being involved in discipline, and drafting and updating policies.

2. The City of Dearborn is approximately 24.5 square miles in area, and is located in southeast Michigan. The City has a population of approximately 100,000 residents. The City is

a mature, mostly built-out city, without much open land left for new development. There has been some re-development of older properties, with the City in some cases contributing toward the re-development costs.

3. The City's most recent financial report showed a general fund balance of \$43.2 million, as of June 30, 2004. This is 43% of the City's proposed budget for 2006, which is \$101.1 million. The City has been taking steps to address what Finance Director James O'Connor described as a structural budget deficit, with annual expenses growing at a higher rate than annual revenues. The City's main source of revenue is property taxes. Under Proposal A of 1994, property tax increases on most properties are limited to the rate of inflation, or 5%, whichever is less. State revenue sharing has decreased in the last several years, with no expected increases in the near future. The downturn in the stock market from 2000 through 2003 has resulted in the City being required to make significantly larger contributions to its defined benefit retirement plans to keep them properly funded. The City's largest taxpayer, by far, is the Ford Motor Company, and Ford is a major employer in the area. The City's Finance Director testified that there is concern for the future because Ford needs to downsize. It is my finding that there is not an imminent financial crisis for the City, but it is prudent for the City to bring its expenses into line with its revenues.

4. Neither party presented information concerning external comparables. In fact, having a separate bargaining unit of Communications Supervisors is unusual. Both parties used the other bargaining units within the City of Dearborn as comparables. The City's approximately 850 employees are in a nine bargaining units, plus an executive and administrative "meet and confer" group. The other units besides the Communications Supervisors are:

- communications dispatchers
- police patrol unit

- police supervisors
- fire fighters
- 19<sup>th</sup> district court
- supervisory, technical & professional (STP)
- DPW Teamsters unit
- municipal workers (MWD)
- executive and administrative group

5. The police patrol unit was recently awarded increases under an Act 312 proceeding of: 3% for the year starting July 1, 2004; 2% starting July 1, 2005; and another 2% starting January 1, 2006. The fire fighters unit will also receive those increases, and, due to parity, the police supervisory unit will receive the 2004 increase. The non-supervisory dispatchers' 2004-2007 contract has tied their wage increases to those of this Communications Supervisors unit. The Teamsters unit received a 0% increase for the 2004 fiscal year (July 1, 2004 to June 30, 2005), and is in negotiations for future years. The District Court unit also received a 0% increase for 2004, and has a wage re-opener for 2005 and 2006. The STP unit is in negotiations for the 2004 through 2007 years. The MWD unit is in negotiations, and has received a fact-finding recommendation for a 0% raise for 2004, a 2% bonus for 2005 conditioned on instituting the PTO and Flexible Benefit plans, and 2006 and 2007 increases which would be dependent on staff reductions. The executive and professional group has received 0% increases for both the 2004 and the 2005 fiscal years.

## **RECOMMENDATIONS**

Issue 1, Wages It is my recommendation that the bargaining unit employees receive the following wage increases:

- 2% for the year beginning July 1, 2004
- 2% for the year beginning July 1, 2005
- 2% for the year beginning July 1, 2006
- 2% for the year beginning July 1, 2007

Reasoning: These increases are intended to approximate the modest increases in the City's tax revenues which have occurred in the last few years and are likely to occur in the next few years. This is less than the 3% which the police and fire units received in 2004, but more than the 0% which the Teamsters, District Court, and executive and administrative units received for 2004. The City proposed a complicated formula for future years, which would have been dependent on staff reductions in other units. I think it is preferable for this unit to have a set schedule of increases which are not dependent on factors outside their control. The Union proposed matching the increases which were awarded to the police patrol unit. While this unit shares some community of interest with the police and fire units, it is not identical, and it also shares some community of interest with the other bargaining units in the City. This bargaining unit has good health and retirement benefits, which are expensive to maintain. The overall cost to the City, including the cost of maintaining the health and retirement benefits, will be considerably above the 2% per year wage increases.

Issue 2: Longevity Pay Increase. It is my recommendation that the longevity pay for communications supervisors be increased as follows effective beginning July 1, 2005:

- 5 through 9 years - no increase
- 10 through 14 years - \$100 increase, to \$2,000
- 15 through 19 years - \$100 increase, to \$2,200
- 20 years and over - \$200 increase, to \$2,400

Reasoning: this maintains a differential over the non-supervisory dispatchers, who were recently given an increase, and is also similar to increases given to some of the other bargaining units.

Issue 3: Pension Cap Increase. It is my recommendation that the pension cap not be increased from 65% to 70% for the defined benefit (DB) plan. Reasoning: New hires after July 1, 2001 are not eligible to participate in the defined benefit plan (Chapter 22 Plan), but

participate instead in a defined contribution plan. Increasing the benefits in the DB plan is therefore disfavored, since the plan will eventually be phased out. The police patrol unit was not granted a DB pension increase in its recent Act 312 award. The DB plan is already experiencing funding difficulties at its present benefit rate. In addition, no actuarial study was presented to show the cost of the benefit increase which was proposed. The Union pointed out that the non-supervisory unit has a cap of 70%, which is higher than the 65% cap for this unit. However, a dispatcher who is promoted to a supervisor position in this unit will have a salary increase in the year of promotion, and step increases for the next five years. There is a significant differential between the top step of the dispatchers' salary scale and the top step of the supervisors' salary scale. Therefore the DB plan benefits will be higher for the supervisors even though their cap percentage is lower.

Issue 4: Deleting Article 19 (Promotions) It is my recommendation that this language not be deleted. Reasoning: The City wanted this language deleted as unnecessary, since there is only one classification in the bargaining unit. The Union wanted to retain the language in case additional positions were added to the unit at some point. This issue is more important to the Union than to the City, and there is no obvious need to delete this language.

Issue 5: Medical/Dental Redraft. It is my recommendation that the Medical/Dental Redraft proposed by the City be adopted, except for the provision at proposed section 29.1. This will result in the drug co-pay being increased from \$10/\$20 to \$15/\$30 effective July 1, 2006. It will also result in the payments in lieu of health care coverage being revised effective July 1, 2006 from the current \$2,500 annual cash payment to: \$1,250 for a single employee, \$2,000 for two-person coverage, and \$2,500 for family coverage. This will also allow the City to remove the Blue Cross/Blue Shield Comprehensive Major Medical Program as an option.

Reasoning: The evidence presented at the hearing indicated that the current bargaining unit members have all elected the Health Alliance Plan option. This is a reasonable time for the City to achieve some simplification in its health care benefit options. There is a need to take reasonable steps to moderate the ongoing significant increases in the costs for health care coverage. The 29.1 redraft provision is not recommended because I think the parties should bargain before there is a switch to self insurance.

Issue 6: Supplemental Benefits to Workers Compensation. It is my recommendation that this change not be adopted. Reasoning: The proposed change would require employees to use their accumulated overtime, vacation, and sick leave to supplement workers' compensation benefits during the first 90 days of an occupational injury or illness, instead of the present system where the Employer makes up the difference during the first 90 days. All of the City's bargaining units except the District Court unit have language like the existing language, where the City pays the difference during the first 90 days. Some change to the existing system may be desirable, such as reducing the time for the fully Employer paid supplement, in order to provide a better financial incentive for injured employees return to work sooner. Not enough information was provided concerning the current workers' compensation benefit schedules to allow an adequate evaluation of how significant the impact of this proposal would be.


Issue 7: Defined Contribution Plan (clarification) It is my recommendation that this change be adopted. The City explained that this was a clarification of existing practice, which had already been agreed to by a number of the City's other unions. The Union did not express any opposition to this change.

Issue 8: Paid Time Off (PTO) Plan It is my recommendation that this proposal not be adopted. This means bargaining unit members hired before July 1, 2001 will continue to have

the option of participating in the PTO plan, but will not be required to do so. Reasoning: The salary increases recommended above are fairly modest. The PTO plan would reduce the total paid time off by 40 hours per year (while providing more flexibility in how time off could be used). A reduction of this magnitude would effectively offset a year's salary increase. Also, most of the other bargaining units, including the police, fire, and non-supervisory dispatchers units do not require existing employees to switch to the PTO plan.

Issue 9: Cafeteria ("Flexible Benefits") Plan It is my recommendation that this City proposal be adopted. This means that existing bargaining unit employees will begin participating in the Flexible Benefits plan, effective July 1, 2006. New hires after July 1, 2001 have already been required to participate in the Plan. Reasoning: As best I can determine, switching to this Plan will not require any existing bargaining unit members to change their medical coverage, since they currently are enrolled in the Health Alliance Plan option. The City's proposal provides that Health Alliance Plan coverage and Delta Dental coverage will continue to be fully paid for by the City. The Flexible Benefits Plan does provide a mechanism for employees to use pre-tax dollars to elect other benefits. In the future, it could provide the parties with more flexibility in their efforts to maintain valuable benefits but also contain costs to the extent possible.

Dated: October 25, 2005

  
Kathleen R. Oppewall, Fact Finder