

2098

**MICHIGAN EMPLOYMENT RELATIONS COMMISSION**

**IN THE MATTER OF:**

**MERIDIAN TOWNSHIP,**

**Employer,**

**-AND-**

**MERC Act 312 #L01- E-4004**

**POLICE OFFICERS ASSOCIATION  
OF MICHIGAN,**

**Union.**

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**COMPULSORY ARBITRATION**

**Pursuant to Act 312, Michigan Public**

**Act of 1969, as amended.**

**AWARD**

**Arbitration Panel**

**Peter D. Jason  
Arbitrator/Chairman**

**Township Delegate  
Paul Brake**

**Union Delegate  
James DeVries**

## INTRODUCTION

These proceedings were commenced pursuant to Act 312 of the Public Acts of 1969 as amended. The arbitration panel was comprised of the Chairman, Peter Jason; Township Delegate, Paul Brake; and Police Officers Association of Michigan Delegate, Jim DeVries.

A pre-hearing conference was held on October 8, 2002, and at that hearing the parties informed the panel that they could not agree on what communities were comparable to Meridian Township. In an attempt to resolve that dispute, a hearing was held on March 13, 2003 on the sole issue of which communities were comparable. The parties then scheduled a hearing date which had to be canceled because a Township employee was killed in the war in the Middle East and the Township closed for a memorial service. The matter was then rescheduled and a hearing was held on September 16, 2003. The Township was represented by Geoff Seidlein of the firm of Hubbard, Fox, Thomas, White & Bengston, P.C. and the POAM was represented by James DeVries of the Police Officers Association of Michigan. Both parties introduced exhibits and testimony and after the hearing ended, the parties submitted their Last Best Offers on September 30, 2003. The parties then supplied the panel chairman with written briefs on October 29, 2003. The panel then met in executive session on December 4, 2003.

The parties stipulated that the outstanding issues in this matter had all been settled except for the ones to be decided in this award. The parties further agreed that all issues were economic and so the panel was guided by Section 8 of Act 312. This section provides that each economic issue must be decided by the panel selecting the Last Best Offer which more nearly complies with the applicable factors in Section 9. The applicable factors to be considered as set forth in Section 9 are as follows:

- (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 and 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.

The panel considered the factors delineated in the statute.

## **BACKGROUND**

Meridian Township is located in Ingham County, approximately ten miles east of the City of Lansing. The Township is approximately 31 square miles and is home to approximately 39,000 people. As of 2001, the taxable value of the property in Meridian Township was \$1,247,541,223. Among its services, the Township provides police protection for its citizens. The Township's police department has 41 full time officers, 31 of which are represented by the POAM.

## **COMPARABLES**

The parties took very different approaches when selecting communities for comparison. The Township selected three other townships in the State of Michigan with various characteristics

that were within 65% of Meridian Township. The Township selected on the basis of population, geographic size, taxable value of property, population density and the number of full time officers. This produced three comparable communities; Flint Township, Pittsfield Township and Saginaw Township.

The union rejected the Township's approach and used geographic nearness as its criterion. This strategy produced the cities of East Lansing, Lansing, and the County of Ingham as comparables. The union's rationale was that these communities are all within the same labor market as Meridian Township and therefore the Township should pay similar compensation for similar work.

After analyzing the evidence presented by the parties, the chairman was not persuaded by either argument. Although both had some logic, the Township only selected three comparables using its criteria and the chairman was not satisfied that using these same criteria, other townships could have been selected that would have produced varying results. On the other hand, the only similarity that the union's comparables had to Meridian Township was that they were in close proximity to Meridian Township. However, there are a number of townships around the Lansing area that were not used and so the chairman was concerned that the parties selected comparables to support their positions rather than giving the chairman a balanced picture of relevant data. In the final analysis, however, I relied on all the data. The Township's data was important to illustrate the types and amounts of compensation paid by similar communities and the union data was used to determine the "going rate" in the Lansing area.

## ISSUES

As previously stated, all issues to be decided by this award are economic and so the panel

must select one of the Last Best Offers of the parties. However, both parties agreed to submit their Last Best Offers on the wage issue, on a year-by-year basis. Therefore, the panel was given the authority to select from the Last Best Offers of each party on a yearly basis rather than for the four years this award covers.

#### **ISSUE #1 - WAGES**

**TOWNSHIP'S LAST BEST OFFER:**

**A wage increase for 2002 through 2005 at 2.8%, 2.8%, 2.6% and 2.5%.**

**UNION'S LAST BEST OFFER:**

**2002 @ 4.0%, 2003 @ 3.0%,  
2004 @ 3.0%, 2005 @ 3.0%**

**Wages to be retroactive to 1/1/02 for all hours compensated.**

The evidence submitted by both parties indicated that annual increases of approximately 3% are the norm for police officers for the period covered by the Collective Bargaining Agreement (CBA). The parties recognized this while they were negotiating when originally the Township offered a four year increase of 2.5% a year and the union sought a 3.5% per year increase. As the negotiations neared completion, the Township increased its offer to 2.8% for each of the four years in question and the union lowered its demand in its Last Best Offer to 4% for the first year and 3% annually thereafter. Given these narrow parameters, the chairman has selected the Township's Last Best Offer of 2.8% for the first year of the contract. This conclusion was based on the fact that 2.8% was closer to the 3% norm and also approximates the average of the increases in the comparable communities. In addition, the union's Last Best Offer of 4% is not warranted, particularly in comparison with the pattern set by other Township employees. The panel chairman recognizes, however, that a 2.8% raise is low when considering the external comparables. For that reason, the chairman has selected the union's Last Best Offer

of 3% for the second year of the contract. This increase, though slightly more than that offered by the Township is warranted based on the comparison with the list of comparables submitted by both parties. For the last two years the Township lowered its previous offer of 2.8% to 2.6% because of lost revenue due to a downturn in the state's economy. Considering this problem, the panel chairman selects the Township's Last Best Offer of 2.6% for the third year of the contract. The rationale for this selection is the Township's poor financial condition due to lower state revenue sharing. The Township witnesses convinced me that the financial problem is significant and therefore the chairman has selected the more moderate increase. Again, however, the chairman recognizes that this increase falls below both the pattern in the Township and of the external comparables. Therefore, in the fourth year, the chairman has selected the union's Last Best Offer of 3%.

## **ISSUE #2 - PENSION PROVISIONS**

### **TOWNSHIP'S LAST BEST OFFER:**

- 1) **Multiplier.** The Township proposes retention of the B-4 (2.5%) multiplier.
- 2) **Duty Disability Rider (D-2).** The Township is not opposed so long as the costs are paid by the union members.

### **UNION'S LAST BEST OFFER:**

- 1) **Effective December 1, 2005, the pension multiplier shall be increased to 2.75%. Employees shall pay, through payroll deduction, the cost of the difference between 2.50% and 2.75% as determined by a supplemental actuarial valuation provided by MERS.**
- 2) **Effective December 1, 2005, the Employer shall provide at no cost to employees, Benefit Program D-2 for situations related to duty disability.**
- 3) **Effective December 1, 2005, the Employer shall provide, at no cost to employees, the FAC-3 program.**

On the pension issues, the chairman has selected the Last Best Offer of the union with the understanding that the improvements must be approved by MERS.. During negotiations the parties failed to agree because of a concern raised by the Township. Although the union agreed to pay the cost of increasing the 2.5% multiplier to 2.75%, the Township insisted that rank and file police officers agree to combine their unit with that of the police supervisors in the event the supervisors should acquire the same benefit. Because the police command officers are generally older and closer to retirement, and have higher wages, combining the two units would mean that the rank and file police officers would partially subsidize this same benefit for command officers. The chairman found no reason to force rank and file officers to partially subsidize benefits for their supervisors. While the arbitrator is sympathetic to the Township's concern that it will be disadvantaged in future negotiations with command officers, the reality is that these are separate bargaining units represented by separate unions. Therefore, I find there is no justification for combining these two units for the pension improvements particularly since POAM members are paying for their increased costs.

The duty disability pension benefit and the final average compensation benefit are relatively low cost items that are already enjoyed by other employees in the Township and awarding these benefits equalizes the police officers with the other uniform service.

### **ISSUE #3 - HEALTH BENEFITS**

#### **TOWNSHIP'S LAST BEST OFFER:**

The Township will provide medical coverage under the Blue Cross Blue Shield POS (Point of Service) Plan IV with a \$10 office visit co-pay and a \$10/\$20 prescription rider program.

#### **UNION'S LAST BEST OFFER:**

The union rejects any change in the

**current language and/or practice and  
desires to maintain status quo.**

On this issue the chairman selects the Township's Last Best Offer. The evidence indicated that the plan currently in the CBA is out of date and no longer utilized by union members or other Township employees. The plan offered by the Township has become the norm with other Township employees and this new plan provides better benefits.

### **SUMMARY**

The Chairman's decisions on the issues are as follows:

#### **ISSUE 1 - WAGES**

Effective January 1, 2002 @ 2.8%  
Effective January 1, 2003 @ 3.0%  
Effective January 1, 2004 @ 2.6%  
Effective January 1, 2005 @ 3.0%

<b>TOWNSHIP</b>	<u>✓</u>	<b>AGREE</b>	<u>      </u>	<b>DISAGREE</b>
<b>UNION</b>	<u>✓</u>	<b>AGREE</b>	<u>      </u>	<b>DISAGREE</b>

#### **ISSUE 2 - PENSION PROVISIONS**

- 1) Effective December 1, 2005, the pension multiplier shall be increased to 2.75%. Employees shall pay, through payroll deduction, the cost of the difference between 2.50% and 2.75% as determined by a supplemental actuarial valuation provided by MERS.
- 2) Effective December 1, 2005, the Employer shall provide at no cost to employees, Benefit Program D-2 for situations related to duty disability and the E-2 benefit for the final average compensation.
- 3) Effective December 1, 2005, the Employer shall provide, at no cost to employees, the FAC-3 program.



TOWNSHIP

           AGREE

      ✓       DISAGREE

UNION

      ✓       AGREE

                   DISAGREE

**ISSUE 3 - HEALTH BENEFITS**

The Township will provide medical coverage under the Blue Cross Blue Shield POS (Point of Service) Plan IV with a \$10 office visit co-pay and a \$10/\$20 prescription rider program.

TOWNSHIP

      ✓       AGREE

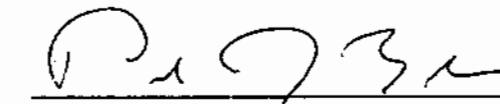
                   DISAGREE


UNION

                   AGREE

      ✓       DISAGREE

  
Peter D. Jason, Arbitrator Panel Chairman

  
- Paul Brake, Township Delegate

  
James DeVries, Union Delegate

DATED: December 19, 2003