

2187

STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES
ACT 312 ARBITRATION

IN THE MATTER OF:

CITY OF HOLLAND (Employer) (City)

-and-

POLICE OFFICERS LABOR COUNCIL
(Union)

_____ /
MERC Case #L05 A-9005
(Arising Pursuant to Act 312
Public Acts of 1969, as amended)

FINDINGS, OPINION AND ORDERS

APPEARANCES:

PANEL:

Chairperson Mario Chiesa, Neutral Arbitrator
Employer Delegate: Peter H. Peterson
Union Delegate: Fred LaMaire

FOR THE UNION: John A. Lyons, P.C.
By: Mark P. Douma
675 E. Big Beaver Road, Suite 105
Troy, MI 48083

FOR THE EMPLOYER: Miller Johnson
By: Peter H. Peterson
250 Monroe Avenue, N.W.
Suite 800
P. O. Box 306
Grand Rapids, MI 49501-0306

TESTIFYING: Soren Wolff, City Manager
Fred LaMaire, Business Agent, POLC
Gary Rahn, City H.R. Director

ALSO PRESENT: Joseph Soto
Tim Beelen
Joel Maat
Nancy L. Ciccone
John Kruithoff
Greg Robinson

PROCEEDINGS

The authority for this compulsory interest arbitration is found in Public Act 312 of 1969, as amended. The Petition for Arbitration was filed by the Union and received by the MERC on August 8, 2005. It was filed on behalf of this bargaining unit which is described as all regular full-time sworn officers of the Holland Police Department, exclusive of command personnel. The unit includes police officers and sergeants. The Employer's counsel responded in an August 19, 2005 correspondence wherein he suggested that the petition was invalid and further related that if the City participated it would be under protest and not intended as a waiver of the City's right to challenge the validity of the petition at a later date.

The chairperson/neutral arbitrator was notified of his appointment by a document dated November 23, 2005. A pre-hearing conference was conducted by conference call on January 18, 2006. A summary memorializing the major points addressed during the pre-arbitration conference call is dated February 6, 2006 and was forwarded to the parties.

The hearing was conducted on June 21 and 22, 2006. Final Offers of Settlement were exchanged between the parties on July 25,

2006. Post-hearing briefs were filed and exchanged between the parties on October 18, 2006.

An executive session was conducted in Grand Rapids, Michigan on December 7, 2006. It is noted that both parties waived the time limits contained in the statute and regulations. These Findings, Opinion and Orders are being issued as soon as possible consistent with a thorough and careful review of the record.

DECISION-MAKING CRITERIA

The basis for an arbitration panel's Findings, Opinion and Orders are factors, as applicable, contained in Section 9 of Act 312 of 1969, as amended, being MCL 423.239. That section of the Act reads as follows:

"423.239 Findings and orders; factors considered.

"Sec. 9. 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."

As indicated in the statute and relevant court decisions, the panel's Findings, Opinion and Orders must be based upon the factors, as applicable, outlined above. A majority decision of the panel is binding if it is supported by competent, material and substantial evidence of the entire record. The issues previously identified must be resolved on the basis of the factors outlined in Section 9, as well as other guidance provided in the statute, such as but not limited to, the references in Sections 8 and 10.

ISSUES

Before outlining the issues, it is noted that the parties stipulated that the Collective Bargaining Agreement, which will be the result of these proceedings, shall be a three-year contract.

Each year has been identified, with the first being July 1, 2005 through June 30, 2006. The second year of the agreement is July 1, 2006 through June 30, 2007, and the final year of the agreement will be July 1, 2007 through June 30, 2008.

Initially the issues in dispute were: wages, each year being considered a separate issue; retroactivity; pension contribution; retiree health insurance; extended payment of Blue Cross/Blue Shield premium; use of sick leave; health insurance plans; health insurance premium contribution; sick leave accumulation; and sick leave payout. Two of the issues were settled and the results of the settlements will subsequently be displayed.

The parties also entered into stipulations which should be memorialized at this point. The first involved the question of accrual of sick leave benefits while an individual is on short-term disability after FMLA benefits are exhausted. Article XIV, Section 1, paragraph (d)4, would read as follows:

"Time away from work as a result of being placed on short-term disability benefits after FMLA benefits are exhausted."

The second stipulation is that if retroactivity is awarded, the parties agree that it would be payable to "any employee who was currently employed in the bargaining unit except those who were terminated by voluntary termination or a caused discharge sustained through the grievance procedure and perhaps ultimately arbitration." It was also agreed that if anyone retired prior to the date of the award, retroactivity would "also include a recalculation of their final average compensation."

It was agreed that the final award in this case would include the specific resolutions of the issues dealt with herein and the language of the prior Collective Bargaining Agreement which has not been altered by the resolution of the issues, or any tentative agreements entered into by the parties.

It is noted that each of the issues has been characterized as economic. The parties' Last Offers of Settlement are attached hereto as Appendix A and made a part of these Findings, Opinion and Orders.

CITY OF HOLLAND - COMPARABLE COMMUNITIES

One of the specifically referenced factors an arbitration panel must consider in arriving at its Findings, Opinion and Orders is a 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 in public employment in comparable communities. As indicated, this bargaining unit is made up of all sworn full-time police officers, excluding command. The unit size is approximately 59 officers, which includes sergeants. Before analyzing the evidence regarding comparable communities, it would be appropriate to outline some of the characteristics of the City of Holland.

The City of Holland is located in the western part of the state, with the southern portion of the city in Allegan County and the northern portion in Ottawa County. The 2000 census data placed its population at just over 35,000. It occupies 17 square miles

and has approximately 145 miles of streets. The population density is about 2,115 and the state equalized valuation is about \$1,228,000,000.00. The SEV per capita is approximately \$35,000. Approximately 50% of the City is commercial and approximately 50% is residential. In those approximations there is less than 2% agricultural.

Counting both full-time and part-time equivalencies, the City has roughly 500 employees. However, this number depends upon the time of year and when focusing on full-time employees, there are approximately 241. Five years ago there were approximately 253. In the city proper there is only one other bargaining unit -- the firefighters. There is also a group of non-union employees. However, there are two additional bargaining units in the Board of Public Works. They are the utility workers and the clerical employees.

One of the specifically referenced factors an arbitration panel must consider in arriving at its Findings, Opinion and Orders is a 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 in public employment in comparable communities. This factor often, as it is in this dispute, receives significant attention by the parties because it is often viewed as a major element evaluating the parties' respective positions on each issue.

In this case the parties have agreed that Kentwood, Muskegon, Norton Shores, Walker and Wyoming are comparable to Holland for the purposes of this arbitration. In addition to the above communities, the Union has offered Grand Rapids, Grandville and Muskegon Heights. The Employer has suggested that both Ottawa and Allegan Counties should be considered comparable communities.

Since both parties have agreed that Kentwood, Muskegon, Norton Shores, Walker and Wyoming should be considered comparable communities for the purpose of this arbitration, there is no need to engage in any analysis comparing those communities to the City of Holland. Regarding Grand Rapids, Grandville and Muskegon Heights, I do note, as pointed out by the Union, that the arbitration panel, chaired by Arbitrator Wolkinson, involved with the 2002 through July 1, 2004 agreement, did adopt the parties' stipulation at the time, which included not only the communities outlined above, but Grand Rapids, Grandville and Muskegon Heights. So clearly during the last round of negotiations the parties agreed that for the purpose of interest arbitration, Grand Rapids, Grandville and Muskegon Heights will be considered comparable communities. While I do not consider myself bound by the parties' prior agreement and adoption of the agreement by Arbitrator Wolkinson, certainly it does carry substantial weight.

There are significant differences between Grand Rapids and Holland, namely, population, population density and index of offenses. Using 2000 census data, Holland's population of 35,000 is less than 1/5th the Grand Rapids' 198,000. Population density

in Grand Rapids is twice Holland's 2,115 and the index of offenses is 59 as opposed to Holland's 39. So undoubtedly there are some differences. Grandville's population is less than half of Holland's, but its index of offenses is 73, which is much higher. Muskegon Heights is just a little more than a third of Holland's population with 3-1/2 times the index of offenses and a little more than a third of per capita SEV. So certainly the issues raised by the Employer regarding these three communities are significant. However, the panel will not reject them in total, but recognizing that they were used in the past and absent any showing of any substantial changes in the relevant statistics from the last arbitration, will consider them comparable at least to the extent they are considered comparable at a perhaps lower tier.

Allegan and Ottawa are counties and both parties recognize that counties have substantial differences between cities. Economic considerations, such as funding, type of services performed, etc., are quite different. Thus, it is very difficult to consider Allegan and Ottawa Counties as comparable communities to the City of Holland for the purpose of this arbitration. Given the fact that there is a very significant geographical relationship, the data regarding Allegan and Ottawa Counties will not be ignored, but will be considered at least to some extent.

CITY OF HOLLAND FINANCIAL CONSIDERATIONS

One of the enumerated elements which, pursuant to Section 9 an arbitration panel must examine, is the "financial ability for the unit of government to meet those costs." That's commonly known as

the ability to pay. While the record doesn't suggest that Holland is currently suffering from an inability to pay, it nevertheless is important to explore aspects of its financial condition, both historically and currently.

When examining the financial condition of a community, it makes sense to explore the general fund. The general fund is the fund which supplies the operating revenues for the entity and absent specific designated millage, provides funds for, inter alia, public safety, wages, benefits, etc.

The current total general fund revenues for fiscal year 2007, and the City utilizes a July 1 to June 30 fiscal year, are projected to be \$20,394,704.00. That's at 9.5188 mills. In 1995/1996 the total general fund revenues were \$15,414,814.00. This increased to \$18,016,753.00 in 2000/2001. In fiscal year 2006 total revenues were estimated to be \$19,591,462.00. The approved budget for fiscal year 2006 showed expenditures of \$19,906,609.00. The difference between the outlays and the revenues received in the budget of fiscal year 2006 was made up by \$315,147.00 utilized from the fund equity.

Keying in on fiscal year 2007, the budget projects total revenues of \$20,394,704.00. 57.30% of this will be from property taxes, 15.9% from other revenues, 14.23% from operating transfers in, and the rest of the revenues are made up by contributions from several other sources. The next highest source is services at 5.37%. The proposed expenditures for fiscal year 2007 amount to \$20,577,423.00. Apparently the difference will be made up by

utilizing fund equity. Nonetheless, of the \$20,577,423.00 allocated, public safety expenditures amount to 46.93%. The next highest is leisure and cultural services at 19.34%, followed by community and neighborhood services at 10.08%, fiscal services at 9.25%, management and administrative services at 8.37% and transportation system and services at 6.03%.

When the expenditures of \$20,577,423.00 are dissected by the use of funds, it is noted that 46% will go to working wages, with fringe benefits next at 21% and down the line mandatory employer costs of 3%. The rest of the expenditures include contingency, capital outlay, transfers out, contractual, supplies, maintenance and other.

Regarding undesignated fund balances, it is noted that in fiscal year 2003 the actual figure was \$2,733,545.00. In 2004 that amounted to \$2,620,217.00, while in 2005 the actual figure was \$2,622,401.00. The amended budget for fiscal year 2006 displays an undesignated fund equity of \$2,248,099.00. The final revised estimate for fiscal year 2006 was \$2,551,224.00. For fiscal year 2007, the estimated undesignated fund equity is \$518,828.00. The exhibit shows that the City Manager had recommended it should be \$2,321,805.00. Again, these are figures that are not adjusted for amounts "designated from market adjustments."

It is interesting to note that the City also maintains what is called a budget stabilization fund which it categories as a "special revenue fund." That undesignated unreserved ending

balance or fund equity was \$1,872,659.00 at the end of fiscal year 2004 and was proposed to be \$1,557,718.00 for the fiscal year 2007.

As a result of the state's declining financial circumstances, there has been a reduction in state shared revenues. The constitutional portion has not significantly changed, but the statutory portion has been reduced. The evidence establishes that in 2001 the state shared just over \$4,000,000.00 of revenue with the City of Holland which equaled just a little more than 23% of the general fund budget. In 2005 the last actual figures regarding state revenue sharing displays an amount of about \$3,249,000.00. That amount represented 17.3% of the general fund budget. In 2006 the estimated amount of state revenue sharing was \$3,228,000.00 which represented 16.38% of the general fund budget. The estimates suggest there will be further decline in 2007 with the state revenue sharing budgeted to be the same amount as 2006, i.e., \$3,228,100.00, but with the increase in general fund revenues, this amount now represented only 15.83% of the general fund budget.

As a general observation, it does appear to be true that the City is experiencing a tightening of funds and, as will be subsequently explored, some significant increases in certain expenditures. Nonetheless, the evidence does establish that the City of Holland is far from destitute and is certainly in much better financial shape than many other communities in the state and, frankly, the state itself. While certainly there are substantial concerns regarding the future, especially with

spiralling benefit costs, etc., the City can clearly afford the cost of the awards contained in these Findings, Opinion and Orders.

WAGES

Although the Employer has suggested there would be difficulty in implementing the Union's wage provision as written, it is clear that essentially the parties' positions are, in principle, identical. As a result, in the brief submitted by the Union, Union's counsel stated:

"The Employer's last offer of settlement is substantially similar to the Union's proposed wage increase for each year of the collective bargaining agreement. Therefore, the Union accepts the Employer's last offer of settlement on wages for each year of the collective bargaining agreement."

AWARD - WAGES

The panel adopts the Employer's Last Offer of Settlement for each of the contract years in question.

RETIREE HEALTH INSURANCE

Currently the language in Article XI - Group Insurance, Section 2 - Retiree Insurance Contribution, paragraph (b), provides that the Employer will pay \$145.00 per month for single coverage or \$300.00 a month for double coverage. Effective May 1, 2004 those amounts were increased to \$200.00 per month and \$400.00 per month respectively.

The City's Last Offer of Settlement would increase those amounts to \$225.00 per month and \$450.00 per month for double coverage. The Union's proposal provides, effective the first full month after the date of the award for employees who retired after

July 1, 2005, the amount paid by the Employer will increase to \$250.00 per month for single coverage and \$450.00 per month for double, or what is known as couple coverage.

In its brief the City stated: "The City is willing to stipulate to the Union's LBO on this issue."

AWARD - RETIREE HEALTH INSURANCE

The Union's Last Offer of Settlement is adopted.

EMPLOYEE PENSION CONTRIBUTION

Currently Article XI - Group Insurance, Section 9 - Pension, reads as follows:

"Section 9. Pension The Employer agrees to make available to the employees of the bargaining unit, the Michigan Employees Retirement System retirement plan Option B-4. The Employer has made available and will continue to make available to the employees, booklets setting forth the provisions of this retirement plan. The plan shall include the F-55/25 waiver. (Retirement with no reduction in benefits at age 55 with 25 years of service.) Effective July 1, 2001 F-50/25 will be added to the retirement plan for bargaining unit employees. Employees will pay the entire cost of adding the F-50 benefit, as indicated in the actuarial valuation, through payroll deduction. The maximum employee pension contribution will be 3.2%."

The Union's Last Offer of Settlement would continue the language unchanged. As noted, the Employer's Last Offer of Settlement provides for an actuarial evaluation to establish the updated cost of the F-50 benefit, with adjustments being made up or down to the amount employees are required to contribute with a cap of 5%. The language, if adopted, would provide for one new

actuarial evaluation and does not contemplate or provide for annual evaluations and changes in the cap.

Essentially the Employer takes the position that it is faced with serious financial challenges, including the fact that since 2002 the City's pension contributions have more than tripled. It bases its requests on three factors. First, the actuarial cost of a specific improvement made to a defined benefit plan may change over time. Second, MERS has changed its policy to allow a supplemental evaluation to update the cost of the F-50/25 rider for the police officers bargaining unit. Third, the City takes the position that its Last Offer of Settlement does nothing more than attempt to control the City's rising pension costs in a reasonable manner consistent with the spirit of the parties' agreement to adopt the F-50/25 rider with the bargaining unit willing to pay the entire cost of adding it.

The Union's position is that at the time the original F-50/25 rider was adopted, the bargaining unit agreed to pay all of the costs capped at the 3.2%. This amounted to a change because previously bargaining unit members made no pension contributions. It argues there was no agreement to continually update actuarial costs of the F-50/25 benefit, and it is clear that the Union only agreed to pay the cost as it existed at the time the benefit was instituted.

From the outset it should be understood that the MERS' annual actuarial evaluation as of December 31, 2005 shows that members of this bargaining unit are contributing 3.10%. That was the figure

arrived at as a result of the actuarial evaluation at the time the F-50/25 rider was adopted. As a result of adoption of the Employer's Last Offer of Settlement, the maximum increase members of this bargaining unit would suffer is 1.9%. Of course, there is always the possibility that any increase would be much less than 1.9%, or for that matter, there may not be any increase at all. There is a potential for a decrease, but the panel isn't convinced that is a viable possibility.

While, as suggested by the Employer, there isn't a true comparison between what it is seeking in relation to pension contributions and the contributions employees make in the comparable communities, because the current dispute involves a new actuarial evaluation, the evidence does, nevertheless, establish that in Grand Rapids employees pay 4.77% to 8.77% currently pegged at 5.77%. In Grandville in a defined benefit plan, employees pay 3.4% with 4.4% for sergeants. Kentwood's defined benefit plan requires employees to pay 5% and sergeants 4%. Muskegon's defined benefit plan requires employees to pay 6%. Muskegon Heights requires employees to pay 6%. In Norton Shores the employer pays all of the contributions, while in Walker the employees pay 1% with no contributions for sergeants. These, again, are defined benefit plans. Some of the communities have defined contribution plans, but those contribution rates will not be displayed. In Wyoming the defined benefit plan requires employees to pay 1.59%, although sergeants pay nothing. The defined benefit plans in Allegan and

Ottawa Counties require employees to pay 4.9% and 3.1% and 4.3% for sergeants respectively.

The pension data establishes that the firefighting unit and this unit have a top-tier defined benefit plan. As previously indicated, members in this bargaining unit are contributing 3.1%, while firefighters are paying 8.15%. There were no employee contributions for the defined benefit plans covering the utility workers, clerical employees or City and HBPW non-union employees. Furthermore, the police chief and captains have a defined benefit plan and make no contributions.

The evidence does establish, as suggested by the Employer's argument, that the cost of the City's pension contributions, excluding the Board of Public Works, has more than tripled since 2002. The bar graph suggests that in 2002 the City was paying about \$400,000 and in 2007 that amount is 1.5 million dollars. Of course, there are other employer groups generating those contributions and that increase isn't defined to just the current bargaining unit.

Furthermore, the language in Section 9 - Pension, of Article XI - Group Insurance, indicates, inter alia, that the parties' intent was that the employees would pay the entire cost of adding the F-50/25 rider with the express understanding, however, that the maximum employee contribution would be 3.2%. Nonetheless, as suggested by the Employer, the indication was that the parties anticipated that the bargaining unit would make substantial contributions to the cost of the F-50/25 benefit. Arguably, the

bargaining unit members would pay for the entire cost of the benefit, at the time it was negotiated, but that contribution was capped at 3.2%. It cannot be forgotten, however, that the Union suggests there was no agreement for the bargaining unit members to forever pay for the cost of the F-50/25 benefit.

An examination and consideration of all the aspects of the record which applies to this issue established that the Employer's Last Offer of Settlement should be adopted. First, the percentage increase will be applied once until the parties revisit the issue. The maximum increase is about 1.9%. Whether it is less than that is a question to be determined by the actuarial study. Nonetheless, given the contribution rate of firefighters and the evidence related to pension costs and other relevant considerations, the Employer's Last Offer of Settlement is supported by competent, material and substantial evidence in the entire record.

AWARD - EMPLOYEE PENSION CONTRIBUTION

The panel adopts the Employer's Last Offer of Settlement.

HEALTH INSURANCE DURING SHORT-TERM DISABILITY

The current provision in Article XI - Group Insurance, Section 3 - Extended Payment of Blue Cross-Blue Shield Premium, reads as follows:

"Section 3. Extended Payment of Blue Cross-Blue Shield Premium. The employer will continue to pay the premium for employees on non-pay status, i.e., after all sick leave, vacation time, personal leave days, etc., have been used, until the time the Wage Continuation Insurance Plan becomes effective; at

which time, the employee may continue coverage by continuing to pay the full premium at the City's group rate. This Section is available to employees at such time as they accumulate a minimum of four years of service.

"An employee on leave without pay, not covered by the foregoing paragraph, may keep his hospitalization insurance in force for the length of the approved leave of absence by paying the full group premium himself."

The Employer's Last Offer of Settlement is to maintain the current contract language. As previously indicated, the Last Offers of Settlement are attached hereto, and the Union's Last Offer of Settlement alters the current provision in a fashion, according to the Union, that would require the Employer to pay for Blue Cross-Blue Shield during the period an employee was receiving short-term disability. The language dealing with that provision states, inter alia: "(2) Benefits will begin when the employee has exhausted his/her sick leave and after a minimum of 30 calendar days of disability and shall continue for as long as 34 weeks after."

The Union explains that what it is seeking to do is maintain the Employer's share of health insurance payments for the duration of disability payments under the wage continuation plan. It argues that if it is assumed that one has no paid sick leave at the beginning of a disability, they would have to be disabled for slightly more than four weeks prior to the wage continuation plan kicking in. It reasons that since FMLA is 12 weeks, the Employer would have to continue paying its share of health insurance for approximately eight more weeks. In essence, it is proposing that

the Employer continue to pay its share of health insurance for up to an additional 26 weeks of a disability.

The Employer maintains that none of the comparables supports the Union's Last Offer of Settlement. It suggests that the internal comparables are mixed on the issue and even though the City pays its share of the health insurance premium during short-term disability for the two HBPW bargaining units and the non-represented employees, those groups have a much less favorable overall benefit package than police officers and firefighters.

From the outset it should be understood that it is impossible to even project the potential cost of this benefit. First, its use is contingent upon an individual meeting the elements for a short-term disability. Second, there are other orders and awards in these Findings, Opinion and Orders which deal with the cost of health care. Third, there is a potential for a significant variance in the circumstance related to any individual officer who would be affected by this benefit. There seems to be an almost unlimited combination of circumstances, i.e., sick leave, vacation time, personal leave, etc., which could be available to any individual officer before they qualified for short-term disability.

However, it must be noted that this benefit would provide a significant amount of security to officers on short-term disability and, as suggested by the Union, it could very well hasten their return to work.

The evidence regarding the comparable communities displays a very diverse approach to the nature of this issue. For instance,

the Employer's documentation shows that Grandville, Kentwood, Muskegon, Muskegon Heights and Walker provide no such benefit in their respective Collective Bargaining Agreements. The documentation does show that Grand Rapids has provided the benefit to employees who remain on the city payroll, subject to other contract provisions, and that Norton Shores, Wyoming, Allegan County and Ottawa County have varying versions of the benefit sought by the Union. However, testimony relates that Walker maintains health insurance for up to 12 months of disability leave, while Grandville provides health insurance for up to 90 days. The testimony also disputes the documentation and suggests that under the contract language Walker, Muskegon and Norton Shores provide varying amounts of this benefit. Apparently these positions are the Union's contentions regarding the application of the various contracts. Other communities, such as Allegan County, Ottawa County and Wyoming and, as indicated, Grand Rapids, provide varying versions of this benefit.

It is significant to note, however, that of the employee groups working in Holland, all employees, except for firefighters and police officers, have essentially the benefit currently sought by the Union. The Employer suggests that this circumstance is essentially irrelevant because these units are at the lower end of the benefit scale when compared to firefighters and police officers.

Given the nature of the benefit and its anticipated application to perhaps only a few individuals, along with the

evidence regarding the internal and, for that matter external comparables, and, importantly, other orders contained in these Findings, Opinion and Orders, the panel concludes that the Union's Last Offer of Settlement should be adopted.

AWARD - HEALTH INSURANCE DURING SHORT-TERM DISABILITY

The panel orders that the Union's Last Offer of Settlement be adopted.

USE OF SICK LEAVE

Both parties have submitted Last Offers of Settlement directed at amending the language at Article XIV - Sick Leave Procedure, Section 2 - Use of Sick Leave, (a).

The current language reads as follows:

"Section 2. Use of Sick Leave.

"a) An employee may use sick leave credits with full pay for absences necessitated by injury or illness of himself, required dental or medical care, exposure to contagious disease if directed by a physician or health officer."

Essentially the Employer's Last Offer of Settlement would expand the use of sick leave to those instances involving the employee himself/herself "or" a dependent child 18 years old or under. The Union's Last Offer of Settlement would add a sentence which would allow sick leave credits to be used for "any absence necessitated by injury or illness" of the employee's minor child or spouse.

Of course, when analyzing this issue the panel must keep in mind the existence of FMLA.

The Employer maintains that while both it and the Union are offering a change, its proposal only includes dependent children 18 or under. It argues that the comparables, both external and internal, support its position. It maintains that the panel must keep in mind the need to man the department and the difficulties that could be caused by implementation of the Union's proposal.

The Union's position is that six of the eight comparable communities provide for the use of sick leave to care for family members. It points out that in the internal comparables the clerical employees are allowed to use sick leave to care for members of the employee's immediate family. It maintains its proposal is reasonable and should be adopted.

Looking first at the evidence dealing with internal comparables, it is noted that the clerical employees are the only group within the Employer's employee groups which are allowed to utilize sick leave for sickness or injury incurred by a "member of the employee's immediate family as defined by the Family and Medical Leave Act." Of the external comparables, it is noted that the Union's documentation establishes that in Grandville there can be no use of sick time for anyone other than the employee, but there is a provision that allows for the use of comp time for a spouse, son or daughter. If the comp time is exhausted, then vacation time may be used. Grand Rapids allows the use of up to three days per occurrence for illness of an employee's minor children or spouse. Apparently the application of this benefit is confined to three occurrences per calendar year. In Kentwood an

officer is required to secure the chief's approval and then may use sick leave for emergency in an employee's immediate family. The emergency must reasonably require the employee's absence from work. The Collective Bargaining Agreement in Muskegon provides that an employee may use sick time for any illness or injury to the employee's spouse, child, stepchild, mother, father, mother-in-law or father-in-law, with the caveat that hospitalization of that individual is a requirement. The provision also goes on to allow the use of sick time for any serious illness evidenced by a written physician's report regarding a spouse, child or stepchild and which illness requires the employee's absence from duty. The Union's evidence suggests that in Muskegon Heights an individual officer may use up to two days of sick time for illness or injury to an employee's immediate family with the limitation subject to extension. Norton Shores provides for the use of sick time for serious injury or illness of the employee's immediate family requiring the employee's attendance. The immediate family is defined as spouse, child, stepchild, parent, stepparent, sibling or stepsibling. Apparently Walker has no contractual provision regarding the use of sick leave for family members. Wyoming provides that an unusual or emergency situation involving the health or well-being of an employee's immediate family would allow the use of five sick days assuming that the chief approves.

Moving on to the two counties, Allegan and Ottawa, it is noted that there is no provision in Allegan County's Collective Bargaining Agreement for the use of sick leave in family

situations, but there is a provision which states that "PTO may be used for any reason." Ottawa County provides that limited sick leave may be used for any serious illness or injury in an employee's immediate family.

It is apparent that either the Union's or the Employer's Last Offer of Settlement would expand the availability of paid sick leave for members of this bargaining unit. It is clear, however, that the Union's provision is much broader than not only the Employer's Last Offer of Settlement, but also much broader than many of the provisions existing in Collective Bargaining Agreements in the external comparables and certainly within the internal comparables. The language which is utilized by the Union suggests that paid sick leave could be used in any circumstance involved with injury or illness of an officer's minor child or spouse. The word "necessitated" may be defined in terms of what the officer thinks is necessary, or for that matter, what the Employer thinks is necessary. It is much broader than some of the terms utilized in the external comparables, such as "serious illness or injury," illness or injury which requires "hospitalization of that individual," etc. It seems that the Union's rendition of what the language should read expands not only the individuals covered, but perhaps the criteria utilized to decide whether the absence was necessary.

The Employer's position is certainly much narrower and uses the same standard which currently exists, but expands its application to a dependent child who is 18 or under. It seems it

would also be appropriate to expand it to include an employee's spouse, but that's not part of the Employer's Last Offer of Settlement.

When all the relevant considerations are analyzed, including the information regarding the comparables, both external and internal, and keeping in mind other awards contained in these Findings, Opinion and Orders, the panel concludes that the Employer's Last Offer of Settlement should be adopted.

AWARD - USE OF SICK LEAVE

The panel orders that the Employer's Last Offer of Settlement be adopted.

SICK LEAVE ACCUMULATION

The current language in Article XIV - Sick Leave Procedure, Section 1 - Sick Leave Accumulation, (a) and (b) reads as follows:

"Section 1. Sick Leave Accumulation.

"a) Full-time employees, beginning with the date of employment and continuing for the balance of their continuous service with the Employer, shall accumulate sick leave credits at the rate of four (4) hours for each two (2) full weeks (minimum of 80 hours) of service. Annual accumulation of sick leave credits can total one hundred and four (104) hours. Total allowable maximum accumulation is 720 hours. Annually accumulated unused sick leave in excess of 720 hours will be paid at the rate of 50% of the employee's straight time hourly rate up to a maximum not to exceed 52 hours at the end of each calendar year. Effective on May 1, 2004, the accrued sick leave of a bargaining unit member whose service with the Employer is terminated due to retirement, shall be paid forty (40) percent of all unused sick leave. Bargaining unit members whose employment is terminated for any other reason shall forfeit all accumulated sick leave.

"b) classified employees who, normally and on a continuing basis, work less than forty (40) hours a week, shall accumulate sick leave credit on the basis of actual hours of work with four (4) hours of sick leave accruing for every eighty (80) hours worked."

The Union's position is to continue the status quo, while the adoption of the Employer's Last Offer of Settlement would lead to the amendment of the language regarding "four (4) hours" to "two (2) hours," "one hundred and four (104) hours" to "fifty-two (52) hours" and "fifty-two (52) hours" to "twenty-six (26) hours." In (b) of Section 1, adoption of the Employer's Last Offer of Settlement would alter the accumulation rate of "four (4) hours" to "two (2) hours."

The Employer argues that in combination with what the members of this bargaining unit receive in the way of sick leave payout, it is just plain inequitable for officers "to receive the best of all worlds with respect to sick leave accrual and payout." It argues that neither the external or internal comparables support the continuation of the status quo. The Union argues that the Employer is proposing to cut the accrual rate in half, which means that rather than earning the equivalent of 13 eight-hour sick days per year bargaining unit members would, if the Employer's position were adopted, earn the equivalent of 6-1/2 eight-hour sick days per year. It argues that none of the comparable communities provides such a meager benefit. It maintains there is no evidence indicating the change in the current sick leave or accrual rate is justified.

To put this issue into perspective and to deal with the Employer's reference to sick leave payout, it is noted that the current contract provision regarding sick leave payout provides, inter alia, that annual accumulated unused sick leave in excess of 720 hours will be paid at the rate of 50% of the employee's straight time hourly rate. This payout is capped at 52 hours at the end of the calendar year. Furthermore, upon termination due to retirement employees are paid 40% of all unused sick leave. That provision became effective May 1, 2004.

Frankly, there are external comparable communities which do not have Collective Bargaining Agreements providing the sick leave accumulation in combination of sick leave payout which is enjoyed by members of this bargaining unit. Certainly that's the case with the internal comparables. Indeed, that was probably the evidence at the time the provisions were adopted.

When considering the rate of sick leave accumulation, the current provision, which the Union seeks to continue, compares favorably with the evidence regarding the provisions in the Collective Bargaining Agreements existing in the comparable communities. The same can be said for a comparison with the internal comparables.

Absent more compelling evidence and understanding that this issue, while it related to others, including sick leave payout, is listed as standing alone, the panel concludes that the evidence does not substantiate a change in the status quo. To the contrary, the status quo is clearly supported by the record.

AWARD - SICK LEAVE ACCUMULATION

The Union's Last Offer of Settlement is adopted and, thus, the status quo shall continue.

SICK LEAVE PAYOUT

The current language has been displayed above in the previous issue regarding sick leave accumulation, but to summarize, it is noted that the Collective Bargaining Agreement currently provides, inter alia, that unused sick leave in excess of 720 hours will be paid at the rate of 50% of the employee's straight time hourly rate up to a maximum not to exceed 52 hours at the end of each calendar year. It is noted that effective on May 1, 2004 bargaining unit members who retire are paid 40% of all unused sick leave.

If adopted, the Employer's Last Offer of Settlement would eliminate the payout of accumulated and unused sick leave at retirement and would also alter the language to reflect that a bargaining unit member whose employment is terminated, shall forfeit any accumulated sick leave.

The Union's Last Offer of Settlement would continue the status quo and, thus, the current contract language would remain unchanged.

In evaluating this issue, it is interesting to note that the current provision regarding payment of unused sick leave, more accurately 40% of unused sick leave at retirement, became effective

on May 1, 2004. Thus, it became effective during the term of the prior Collective Bargaining Agreement.

The Union maintains that the Employer has provided no evidence or rationale which justifies eliminating a benefit that the bargaining unit member just received in this bargaining unit.

The Employer maintains that the agreement provides for a yearly 50% payout and a 40% payout for all accrued sick leave. It argues that this arrangement is inequitable and excessive and it is not appropriate for police officers to receive 13 days of sick leave per year and receive a payout for accrued sick leave, both annually and at retirement. It points out that of the internal comparables only two provide a yearly payout and a payout upon separation of employment. As far as the internal comparables are concerned, the Employer points out that none receives payout upon separation of employment, although all receive 50% payout of accrued sick leave in excess of 720 hours on an annual basis.

An examination of all the available evidence convinces the panel that the status quo should continue. For instance, when examining the sick leave payout provisions of other employers, it is noted that, with the exception of Allegan County, each has some provision for sick leave payout, although they vary considerably from comparable community to comparable community. Several of the comparable communities provide unlimited accumulation, while it appears that most provide an accumulation which exceeds that available in the current Collective Bargaining Agreement between these parties, with perhaps the exception of Allegan County and

Ottawa County. Nonetheless, Muskegon, Muskegon Heights and Walker provide annual sick leave payouts, as well as payout at separation of employment. The specific terms vary, but nonetheless, both payouts are available. All of the communities, with varying requirements and with the exception of Allegan County, provide a scheme for payout of accumulated sick leave at separation of employment. The internal comparables show that the firefighters unit receives an annual sick leave payout which could be characterized as more generous than that received by the current unit, or at least equally to what is received by members in the current bargaining unit.

Of course, one of the primary considerations is that the payout upon retirement was just secured by the bargaining unit in May of 2004. Given those circumstances and absent a significant showing of change in circumstances, this panel, or for that matter any panel, should be reluctant to remove or curtail a benefit which had been recently attained by a bargaining unit. Thus, given the evidence and an application of the factors outlined in the statute, including that contained in (h) of Section 9 of Act 312 of 1969, as amended, the panel concludes that the status quo should be maintained. Thus, the panel will adopt the Union's Last Offer of Settlement.

AWARD - SICK LEAVE PAYOUT

The panel adopts the Union's Last Offer of Settlement, thus, the status quo shall be maintained.

HEALTH INSURANCE PLAN

Article XI - Group Insurance, Section 1 - Health Insurance, of the current Collective Bargaining Agreement reads as follows:

"Section 1. Health Insurance. The group hospital-medical insurance plan known as Michigan Blue Cross-Blue Shield Variable Fee Plan (MVF) now in effect providing for ward coverage shall be continued for the life of this Agreement, subject to availability of said plan, with Employer contribution to be the full cost of premiums for the full-time employee's coverage and for those dependents properly enrolled in the plan. Payment for special rider provisions, which are part of the current contract are the responsibility of the employee through authorized payroll deduction.

"The plan also includes the Master Medical Rider with a \$100.00 deductible for one person and \$200.00 deductible for 2 persons and a family, a Prescription Drug Program with \$2.00 co-pay as described in the PDFP literature furnished with the plan by the carrier, and the FAE-RC rider.

"In addition to the cost of the premiums for the present health insurance plan, the cost of the revised Master Medical Rider Option 2; and the Prescription Drug Program with \$2.00 co-pay, shall be paid in full by the Employer for the duration of this Agreement. Effective on June 1, 2004, the prescription drug co-pay will be increasing to \$5.00 for generic drugs and \$10.00 for brand name drugs."

Both the Union and the Employer have submitted Last Offers of Settlement, either of which would change the current provision.

While the specifics have been carefully considered, for the sake of judicial economy, each and every nuance, difference or potential difference between the offers and the current contract language will not be displayed. However, a general review is helpful in understanding this issue.

The Union's Last Offer of Settlement provides that the insurance plan offered to employees will be changed to a Community

PPO Plan 1 Program. As pointed out in the offer, the deductibles would be \$100.00 for members and \$200.00 per calendar year. The Last Offer of Settlement also prohibits in-network co-insurance requirements. There will be a maximum payment of \$500.00 per member per calendar year for preventative service and a \$20.00 brand name/\$10.00 generic prescription drug co-pay with MOPD2X. There is also an opt-out provision and, in essence, a "me too" clause related to the opt-out provision.

The Employer's Last Offer of Settlement provides that all eligible full-time employees and their properly enrolled dependents would have a base plan coverage provided by Community Blue PPO Plan 10. Plan 10 provides a \$250.00 per member/\$500.00 family per calendar year deductible, although it is waived if the service is performed in a PPO physician's office. Out-of-network services requires a \$500.00 per member deductible and a \$1,000.00 family per calendar year. It is noted that out-of-network deductible amounts also apply towards the in-network deductible. Plan 10 has a fixed dollar co-pay of \$20.00 for office visits and \$50.00 for emergency room visits. Out-of-network services are much more expensive to the employee with office visits being covered to 60% after the deductible and they must be medically necessary. The maximum co-pays are \$500.00 per member and \$1,000.00 family per calendar year. Out-of-network figures are \$4,000.00 per member and \$8,000.00 family per calendar year. There are of course a multitude of provisions which will be considered when appropriate. Furthermore, the Employer's Last Offer of Settlement does provide options. The

prescription co-pay for all plans is \$10.00 generic/\$20.00 brand name. Payment for special rider provisions which are not included in the current agreement, as well as any cost of the plan chosen by an employee in the base plan, shall be absorbed by the employee. There is a \$40.00 per pay period reimbursement to employees who elect not to receive health care coverage.

Arguably, the primary motivating factor in altering the current health care plan is cost. That is, the cost absorbed by the Employer in providing health care coverage. For instance, the evidence establishes that the grand total of expenses, including Blue Cross-Blue Shield, master medical, stop loss claims, prescription drug, dental, vision, administrative fees, stop loss premiums, and capitation/incentive, which was discontinued on January 1, 2006, rose from \$2,697,342.00 in the year 2000 to \$3,827,246.00 in 2005. Focusing only on the police officer unit, the monthly rate for family coverage under the traditional plan rose from \$464.00 in the year 2000 to \$949.00 in the year 2006.

When examining from the viewpoint of percentage increases per year, total health insurance expenses for the City between the years 1998 and 2007 increased by an average of 9.6% per year. The largest increases were in 2000 with a 21.59% increase and 2001 with a 22.43% increase. I note the Employer presented a different figure in its brief, but the methodology used by the panel was to add all of the percentage increases for the years in question, subtract the decrease, and then divide by the number of years to get an average percentage increase. However, what is even more

striking is that during that period health insurance expenses more than doubled.

It is also noted that since both the Union and the Employer are offering Last Offers of Settlement, the adoption of either modifying the status quo, both feel there must be some reigning in of costs by altering health care insurance benefits.

As to be expected, an examination of the health insurance scenarios existing in the external comparables present a multiple mixture of benefits, drug co-pays, co-pays, deductibles, premium sharing, etc. While an examination of each would suggest that in some areas what Holland currently provides police officers is superior to the external comparables, such as the current \$5.00/\$10.00 drug rider, there are other areas where what is provided is comparable or perhaps less beneficial, such as health insurance yearly opt-out payments. The point is that a careful examination of all the evidence suggests that either the Union's or the Employer's Last Offer of Settlement would still fall within the generally developed landscape established by the health insurance provisions existing in the comparable communities.

The internal comparables show that, with the exception of the utility workers unit, which has the same \$5.00/\$10.00 prescription drug co-pay as the current contract provides police officers, all the other units have a \$10.00/\$20.00 prescription drug co-pay. All of the units require 20% of the premium unless employees meet the Wellness participation criteria. Non-union employees are provided PPO Plan 10 as the base health care plan.

Testimony establishes that for the current calendar year, given the date of the hearing, the reference is probably 2006, the Employer's Last Offer of Settlement, that is, the PPO-10 and the \$10.00/\$20.00 co-pay, would cost \$788.73 per month for full family coverage. The Union's Last Offer of Settlement, i.e., PPO-1, with a \$10.00/\$20.00 drug co-pay, would cost \$841.65 per month. This compares to the current coverage provided members of this bargaining unit of \$949.38 with ward coverage. Thus, adoption of the Union's Last Offer of Settlement would reduce the insurance cost by \$87.00 per month for full family coverage, while adoption of the Employer's Last Offer of Settlement would reduce monthly insurance costs by \$160.65 for full family coverage. The Union suggests that these figures would establish that at the current enrollment levels adoption of its Last Offer of Settlement would save the Employer \$4,153.00 per month or \$49,836.00 per year.

The evidence does establish, as suggested by both parties, that the Community Blue Plan 10 proposed by the Employer does reduce coverage when compared to the Community Blue Plan 1. Also, there are higher deductibles and co-pays.

Of course, the ultimate question is which Last Offer of Settlement should be adopted. After carefully and painstakingly analyzing the record and keeping in mind other awards issued by this panel, the panel concludes that the Employer's Last Offer of Settlement should be adopted.

The Last Offer of Settlement submitted by the Employer provides greater cost savings to the Employer without a radical

reduction in benefits available to bargaining unit members. For instance, there is no persuasive evidence that in-network services are not available in the area. The fixed dollar co-pays under the Employer's Last Offer of Settlement amounts to \$20.00 for an office visit as opposed to \$10.00 for an office visit under the Union's Last Offer of Settlement. Both provide for a \$50.00 emergency room service. Both provide for 50% co-pay for mental health and the Employer's proposal provides 10% co-pay for general services except if it is performed in a PPO physician's office it is waived. Both proposals have deductibles, with the Union's being \$100.00 per member and \$200.00 per family, while the Employer's is \$250.00 per member and \$500.00 per family. The Employer's proposal also has a co-pay requirement of \$500.00 per member and \$1,000.00 per family per calendar year. There are none under the Union's plan.

However, the co-pays and deductible are relevant to the degree that the services are utilized. They would have little impact on certain employees, while others may very well have to meet the total deductibles and co-pays. Nonetheless, the deductibles and co-pays are not at a level which would prohibit the adoption of the Employer's Last Offer of Settlement. Furthermore, the drug plans are identical between the Union's and Employer's Last Offers of Settlement.

Additionally, as pointed out by the Employer, there are aspects of its proposal which members of the bargaining unit may find attractive. For instance, members of the bargaining unit have the right to elect different health plans or special rider

provisions as long as they pay the additional cost. Such a benefit is currently available, but apparently would be eliminated if the Union's Last Offer of Settlement were adopted.

Certainly, as suggested by the Union, the adoption of the Employer's Last Offer of Settlement will have an impact on the economic reality affecting members of this bargaining unit. Nonetheless, when all of the aspects of this issue are considered, the panel adopts the Employer's Last Offer of Settlement.

AWARD - HEALTH INSURANCE PLAN

The panel adopts the Employer's Last Offer of Settlement.

HEALTH INSURANCE PREMIUM CONTRIBUTION

As can be seen from the above, Article XI - Group Insurance, Section 1 - Health Insurance, provides that the Employer will contribute the full cost of premiums for full-time employees' coverage, etc. Additionally, and attached to the contract, is Appendix F, known as the Wellness Appendix. It is attached to these Findings, Opinion and Orders as Appendix B.

The Union's Last Offer of Settlement would impose a per pay period designated dollar amount to be contributed by employees with single coverage, double coverage and for family coverage. As indicated in the offer, those are \$10.00, \$15.00 and \$20.00 respectively. The offer references the Wellness Program and presupposes that it exists even though a new version of Appendix F is not attached to the Union's Last Offer of Settlement.

The Employer's Last Offer of Settlement requires that effective January 1, 2007 each employee shall contribute towards the cost of health insurance 5% of the base plan premium. Its offer also incorporates Appendix F which is attached to the Employer's Last Offer of Settlement which is in Appendix A.

There was an issue raised by the Employer regarding the Union's Last Offer of Settlement which it suggests would not modify the current language of Appendix F and, thus, create an inescapable conflict if the Union's Last Offer of Settlement were adopted. In other words, the Employer suggests that since the Union's Last Offer of Settlement does not properly integrate with the existing Wellness Program, it creates the potential for confusion and disputes over contract interpretation.

However, the Union has clearly expressed and represented to this panel in its post-hearing brief that it recognizes that if its Last Offer of Settlement were adopted, the Wellness Plan will need to be amended to reflect the changes that the Union's Last Offer of Settlement would bring to the Collective Bargaining Agreement. The panel interprets this statement to mean that the Wellness Program would be altered only to the degree necessary to recognize the straight dollar contributions contained in the Last Offers of Settlement submitted by the Union and modified to include new relevant dates. It certainly would have been a lot easier to deal with this issue if the Union had submitted a complete version of Appendix F.

However, that's not to say that the wording in Appendix F submitted as part of the Employer's Last Offer of Settlement is free from concern. To the contrary, it presents its own difficulties. For instance, and this will be addressed as the last issue, the Employer's retroactivity proposal seeks retroactive wage adjustments and the retroactive application to January 1, 2006, of the changes to Article XI, Section 1 and the retroactive application of the provisions of new Article XI, Section 2, including the employee payment of the 5% of base plan premium, all of which should be retroactive to January 1, 2007. In addition to this language, there is language in Appendix F, which is the Employer's Wellness Appendix to its Last Offer of Settlement, which recognizes a retroactive application of its version of Appendix F. Given the contents of Appendix F, it is questionable whether all of the procedures and the explanation regarding new hires could, or should, be applied in a retroactive manner.

The evidence establishes that of the comparable communities, Grand Rapids, Grandville, Muskegon Heights and Walker do not require employee contributions. Kentwood, Muskegon, Norton Shores and Wyoming pay a flat dollar rate. However, it is noted that Muskegon's formula requires employees to pay any amount of the premium over \$400.00 per month, but caps that amount at \$20.00 per pay period. The formula in Wyoming incorporates an adjustment to the \$22.50 per pay period effective 1/1/06 based upon a percentage equal to the CPI-U.

The remaining communities that require employee contributions use a percentage or modified percentage approach. For instance, Allegan County requires employees to pay 10% of premium, but not an amount which exceeds 2% of a deputy step G rate. Ottawa County employees pay 6% of actuarial determined amount for 2006, 7% for 2007 and 8% for 2008. In 2006 those figures were single coverage \$11.11, two-person coverage \$22.94, and family coverage \$32.49.

Except for recent changes imposed by the Employer on non-union employees, all the other employee units in the City receive full paid health care with the caveat that they participate in the Wellness Program.

When all of the factors are considered, including the substantial gains the Employer has made in other aspects of this arbitration, the panel concludes that it would be appropriate to adopt the Union's Last Offer of Settlement. That offer is supported by the record, including the data in the comparable communities. Furthermore, the Union's argument that it is much easier for the Employer to deal with the percentage increase and the lack of predictability which it brings with it, rather than individual bargaining unit members, is persuasive in light of the current facts and circumstances.

Unfortunately there remains the question of what changes must be made to Appendix F. As a result, this resolution, while final as to employees' contribution based solely upon controlling contract language, will not answer the question regarding the changes to be made in Appendix F and the panel will retain

jurisdiction over that very limited issue if the parties cannot come to some resolution. The panel suggests that changes made to Appendix F should reflect the impact of adoption of the Union's Last Offer of Settlement and the changes to relevant dates. One aspect of the Employer's proposed Appendix F, that is, increasing the 20% contribution contained in the prior Appendix F, to 25% as stated in its proposal, has little in this record to support it other than the suggestion that it is necessary to do so in order to keep the differential as it existed under the prior contract. The fact is that if it remains at 20%, the Employer would still receive the same benefit that it had in the past.

AWARD - HEALTH INSURANCE EMPLOYEE CONTRIBUTION

The panel adopts the Union's Last Offer of Settlement. The panel emphasizes the discussion related above regarding Appendix F and will retain jurisdiction for a period of ninety (90) days to revisit and issue an award regarding Appendix F if necessary.

RETROACTIVITY

The Union's Last Offer of Settlement provides retroactivity for increase in wages only. The Employer's Last Offer of Settlement, as referenced in the discussion of the prior issue, provides retroactivity for wage adjustments to their effective date. Further, changes to Article XI, Section 1, including employee payment of any difference in premium between the plan chosen by an employee and the PPO Plan 10, will be retroactive to January 1, 2006. Lastly, the provisions of new Article XI, Section

2, including employee payment of 5% of the base plan premium, shall be retroactive to January 1, 2007.

The Employer argues that the resolution of the issue is simply a matter of common sense and consistency and points out that if the wage increases are retroactive, any adjustments to wages to pay for health insurance upgrades and premium contributions should be retroactive as well. The Employer suggests that the Union seeks to receive what it considers to be "good" retroactivity, but completely ignores the other side of the equation.

The Union raises an argument which is one of first impression to the chairman. It maintains that the language in the statute, specifically MCL 423.240, in essence prohibits the retroactive application of the reduction in benefits and costs to be incurred by the employees which have been proposed by the Employer. It relies on that portion of the statute which states: "Increases in rates of compensation or other benefits may be awarded retroactively to the commencement of any period(s) in dispute, any other statute or charter provision to the contrary notwithstanding."

It could be argued that a simple reading of that language clearly supports the Union's position. Notwithstanding, the panel concludes that the Union's Last Offer of Settlement should be adopted. While a substantial portion of time, perhaps almost two years of this three-year contract has passed, the Employer will nonetheless recognize substantial benefits in a number of the awards which will help it control costs in not only the final year

of this Collective Bargaining Agreement, but in the future. Additionally, given the arguments and the language of the Last Offers of Settlement which have been adopted, there is just too great a potential for continuing conflict and questions regarding application to warrant adoption of the Employer's Last Offer of Settlement.

AWARD - RETROACTIVITY

The Union's Last Offer of Settlement is adopted.

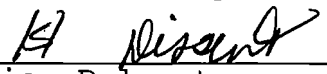
AWARDS

1. **AWARD - WAGES**

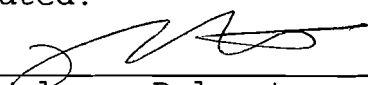
The panel adopts the Employer's Last Offer of Settlement for each of the contract years in question.



Mario Chiesa
Neutral Chairperson



Union Delegate
Dated:

AGREE 


Employer Delegate
Dated: 6-21-07

2. **AWARD - RETIREE HEALTH INSURANCE**

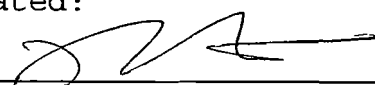
The panel adopts the Union's Last Offer of Settlement.



Mario Chiesa
Neutral Chairperson



Union Delegate
Dated:

DISSENT 

Employer Delegate
Dated: 6-21-07

AWARDS

1. **AWARD - WAGES**

The panel adopts the Employer's Last Offer of Settlement for each of the contract years in question.

Mario Chiesa
Mario Chiesa
Neutral Chairperson

Paul LaMaire (Dissent)
Union Delegate
Dated: 6/18/07

ISI
Employer Delegate
Dated:

2. **AWARD - RETIREE HEALTH INSURANCE**

The panel adopts the Union's Last Offer of Settlement.

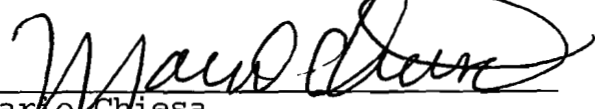
Mario Chiesa
Mario Chiesa
Neutral Chairperson

Paul LaMaire
Union Delegate
Dated: 6/18/07

ISI Dissent
Employer Delegate
Dated:

3. AWARD - EMPLOYEE PENSION CONTRIBUTION

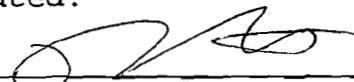
The panel adopts the Employer's Last Offer of Settlement.



Mario Chiesa
Neutral Chairperson

15/ Dissent

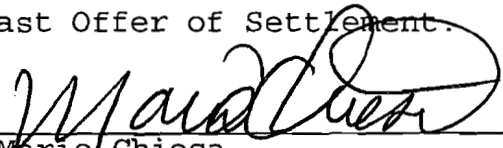
Union Delegate
Dated:

Agree


Employer Delegate
Dated: 6-2-07

4. AWARD - HEALTH INSURANCE DURING SHORT-TERM DISABILITY

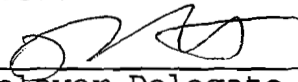
The panel adopts the Union's Last Offer of Settlement.



Mario Chiesa
Neutral Chairperson

15/

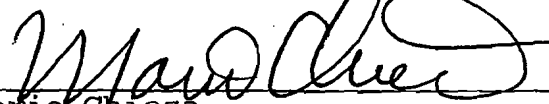
Union Delegate
Dated:

Dissent


Employer Delegate
Dated: 6-21-07

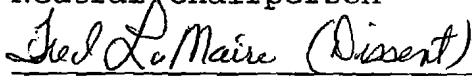
3. AWARD - EMPLOYEE PENSION CONTRIBUTION

The panel adopts the Employer's Last Offer of Settlement.



Mario Chiesa

Neutral Chairperson



Fred LaMaire (Dissent)

Union Delegate

Dated: 6/18/07

15/

Employer Delegate

Dated:

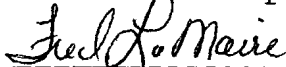
4. AWARD - HEALTH INSURANCE DURING SHORT-TERM DISABILITY

The panel adopts the Union's Last Offer of Settlement.



Mario Chiesa

Neutral Chairperson



Fred LaMaire

Union Delegate

Dated: 6/18/07

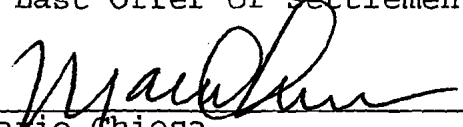
15/ Dissent

Employer Delegate

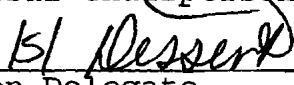
Dated:

5. AWARD - USE OF SICK LEAVE

The panel adopts the Employer's Last Offer of Settlement.




Mario Chiesa
Neutral Chairperson



Union Delegate
Dated:


AGREE




Employer Delegate
Dated: 6-21-07

6. AWARD - SICK LEAVE ACCUMULATION

The panel adopts the Union's Last Offer of Settlement and thus the status quo shall continue.

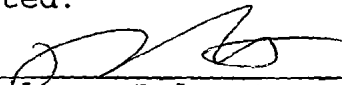


Mario Chiesa
Neutral Chairperson



Union Delegate
Dated:


DISSENT

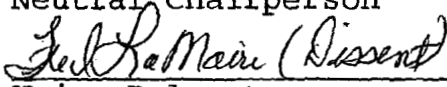



Employer Delegate
Dated: 6-21-07

5. AWARD - USE OF SICK LEAVE

The panel adopts the Employer's Last Offer of Settlement.

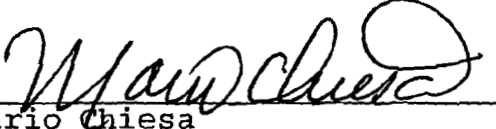

Mario Chiesa
Neutral Chairperson

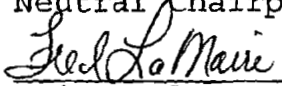

Union Delegate
Dated: 6/18/07



Employer Delegate
Dated:

6. AWARD - SICK LEAVE ACCUMULATION

The panel adopts the Union's Last Offer of Settlement and thus the status quo shall continue.



Mario Chiesa
Neutral Chairperson

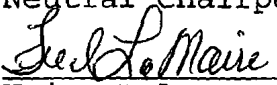

Union Delegate
Dated: 6/18/07

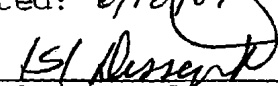

Employer Delegate
Dated:

7. AWARD - SICK LEAVE PAYOUT

The panel adopts the Union's Last Offer of Settlement and thus the status quo shall continue.



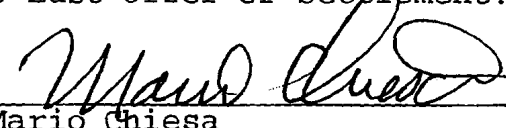
Mario Chiesa
Neutral Chairperson


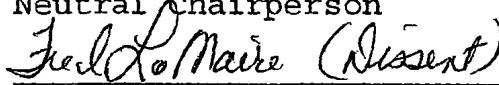
Union Delegate
Dated: 6/18/07



Employer Delegate
Dated:

8. AWARD - HEALTH INSURANCE PLAN

The panel adopts the Employer's Last Offer of Settlement.



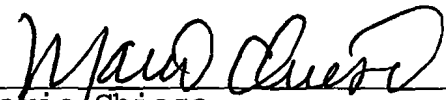
Mario Chiesa
Neutral Chairperson


Union Delegate
Dated: 6/18/07



Employer Delegate
Dated:

7. AWARD - SICK LEAVE PAYOUT

The panel adopts the Union's Last Offer of Settlement and thus the status quo shall continue.

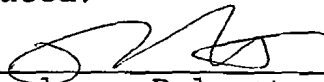


Mario Chiesa
Neutral Chairperson



Union Delegate
Dated:

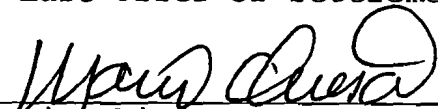
DISSENT



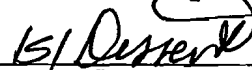
Employer Delegate
Dated: 6-21-07

8. AWARD - HEALTH INSURANCE PLAN

The panel adopts the Employer's Last Offer of Settlement.




Mario Chiesa
Neutral Chairperson



Union Delegate
Dated:


AGREE

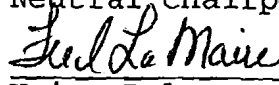



Employer Delegate
Dated: 6-21-07

9. AWARD - HEALTH INSURANCE PREMIUM CONTRIBUTION

The panel adopts the Union's Last Offer of Settlement. The panel emphasizes the discussion related above regarding Appendix A and will retain jurisdiction for a period of ninety (90) days to revisit and issue an award regarding Appendix A if necessary.



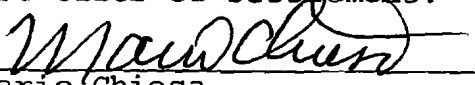
Mario Chiesa
Neutral Chairperson


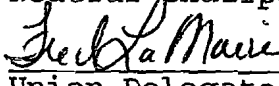
Union Delegate
Dated: 6/18/07



Employer Delegate
Dated:

10. AWARD - RETROACTIVITY

The panel adopts the Union's Last Offer of Settlement.



Mario Chiesa
Neutral Chairperson


Union Delegate
Dated: 6/18/07


Employer Delegate
Dated:

9. AWARD - HEALTH INSURANCE PREMIUM CONTRIBUTION

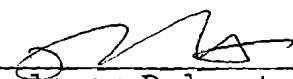
The panel adopts the Union's Last Offer of Settlement. The panel emphasizes the discussion related above regarding Appendix A and will retain jurisdiction for a period of ninety (90) days to revisit and issue an award regarding Appendix A if necessary.



Mario Chiesa
Neutral Chairperson

151

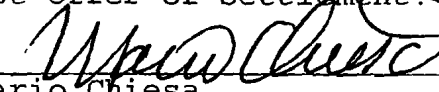
Union Delegate
Dated:

DISSENT


Employer Delegate
Dated: 6-21-07

10. AWARD - RETROACTIVITY


The panel adopts the Union's Last Offer of Settlement.



Mario Chiesa
Neutral Chairperson


151

Union Delegate
Dated:

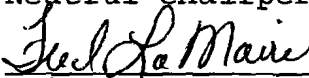
DISSENT


Employer Delegate
Dated: 6-21-07


The total award in this matter includes the resolutions issued by the panel and prior contract language which has not been altered by resolutions or other agreements entered into by the parties.



Mario Chiesa
Neutral Chairperson



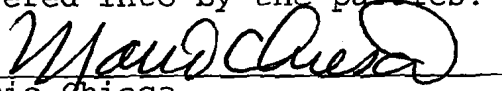
Union Delegate
Dated: 6/18/07




Employer Delegate

Dated: June 25, 2007

The total award in this matter includes the resolutions issued by the panel and prior contract language which has not been altered by resolutions or other agreements entered into by the parties.


Mario Chiesa
Neutral Chairperson

151
Union Delegate
Dated:


Employer Delegate 6-21-07

Dated: June 25, 2007

APPENDIX A

STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
LABOR RELATIONS DIVISION

In the Matter of:

CITY OF HOLLAND,

Employer,

-and-

MERC Act 312
Case No: L05 A-9005

POLICE OFFICERS LABOR COUNCIL,

Union.

_____/

MARIO CHIESA, Chairperson
PETER PETERSON, Employer Delegate
FRED LA MAIRE, Union Delegate

_____/

UNION'S LAST OFFER OF SETTLEMENT

JOINT ISSUES

1. WAGES (Article XXVI - Section 7)

The Union requests the following across-the-board wage adjustments:

July 1, 2005: Increase wages by a minimum of 1% and a maximum of 5% based on the CPI - U (U.S. average) for the preceding 12 month period.

July 1, 2006: Increase wages by a minimum of 1% and a maximum of 5% based on the CPI - U (U.S. average) for the preceding 12 month period.

July 1, 2007: Increase wages by a minimum of 1% and a maximum of 5% based on the CPI - U (U.S. average) for the preceding 12 month period.

2. RETROACTIVITY

The Union requests that the award contain the following language:

Any increases in wages shall be retroactive to July 1, 2005.

3. PENSION CONTRIBUTION (Article XI - Section 9)

The Union is requesting the language of Article XI, Section 9 remain status quo.

UNION ISSUES

**1. EXTENDED PAYMENT OF BLUE CROSS/BLUE SHIELD PREMIUM
(Article XI - Section 3)**

The Union requests that the first paragraph of Article XI, Section 3 be modified to read as follows:

The Employer will continue to pay its share of the applicable health insurance premium for an employee on a non-pay status, i.e., after all sick leave, vacation time, personal leave days, etc. have been used, while awaiting eligibility for the wage continuation insurance plan pursuant to Section 5(c) of this Article. The Employer's obligation to pay its share of the applicable health insurance for such employee shall continue for the duration of the wage continuation benefits received pursuant to Section 5(c) of this Article. If an employee is unable to return to active duty after the exhaustion of wage continuation benefits, the Employer's obligation to pay any portion of the employee's health insurance premiums shall cease until such time that the employee returns to active duty. If, after the exhaustion of wage continuation benefits, the employee remains on an approved leave status, the employee may continue health insurance coverage by paying the full premiums at the group rate. This section is available to employees after accumulation of four years of service.

2. RETIREE INSURANCE CONTRIBUTION [Article XI - Section 2(b)]

The Union requests that the following sentence be added to Article XI, Section 2(b):

Effective (the first full month after the date of the award) for employees who retired after July 1, 2005, the amount paid by the Employer will increase to \$250.00 per month for single coverage and \$450.00 per month for double (couple) coverage. ^{OK}

3. USE OF SICK LEAVE [Article XIV - Section 2(a)]

The Union requests that the following sentence be added to Article XIV, Section 2(a):

Sick leave credits may also be used for any absence necessitated by injury or illness of an employee's minor child or spouse.

EMPLOYER ISSUES

1. HEALTH INSURANCE PLAN (Article XI - Section 1)

As a counter proposal to the Employer's request, the Union is requesting that Article XI, Section 1 be modified to read as follows:

As soon as possible after (date of award) the group hospital-medical insurance plan offered to employees shall be changed to the Michigan Blue Cross/Blue Shield plan known as Community Blue PPO, Plan 1 with an in-network deductible of \$100 per member, \$200 family per calendar year. The plan shall have no in-network co-insurance requirement, a maximum payment of \$500 per member per calendar year for preventive services, and a \$20 brand name, \$10 generic prescription drug copay with MOPD2X. Coverage under this plan shall be available to employees, their spouses and eligible dependents. Employees who receive health coverage through another insurance carrier may elect to opt out of coverage and receive \$40 per pay period in lieu of coverage. However, if any other group of employees is allowed to receive more than \$40 per pay period for opting out of coverage, such higher amount shall apply to this bargaining unit. Elections to opt out shall take place annually. Emergency opt in shall be made available for employees who lose eligibility for alternate coverage.

2. HEALTH INSURANCE PREMIUM CONTRIBUTION (Article XI - Section 1)

As a counter proposal to the Employer's request, the Union is requesting that the following paragraph be added to Article XI, Section 1:

Effective the first full pay period after (date of award) employees participating in the group hospital-medical insurance plan will make, through payroll deduction, the following payments per pay period toward the cost of the health insurance premiums, if they have met the wellness program during the prior benefit year: \$10 single coverage, \$15 for double (couple) coverage, and \$20 for family coverage.

3. **SICK LEAVE ACCRUAL (Article XIV - Section 1)**

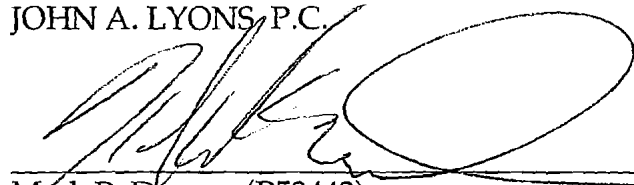
quo. The Union requests that the current contractual language remain status

4. **SICK LEAVE PAYOUT (Article XIV - Section 1)**

quo. The Union requests that the current contractual language remain status

Respectfully submitted,

JOHN A. LYONS, P.C.



Mark P. Douma (P52442)
Attorney for Union
675 E. Big Beaver, Ste. 105
Troy, MI 48083
(248) 524-0890

Dated: July 17, 2006

STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
ACT 312 ARBITRATION

**POLICE OFFICERS LABOR
COUNCIL,**

Petitioner/Union,

-and-

CITY OF HOLLAND,

Respondent/Employer.

Arbitrator Mario Chiesa

MERC Case No. L05 A-9005

CITY'S LAST BEST OFFERS OF SETTLEMENT

The City of Holland ("City") submits the following as its last best offers of settlement ("LBO") regarding the issues in dispute in the above-captioned matter:

1. Retroactivity (Joint Issue)

The City's LBO on this issue is to add a new Section 8 to Article XXVI reading as follows:

Section 8. Retroactivity. No modifications to this Agreement made by the Act 312 award dated {INSERT DATE OF AWARD} shall be retroactive, except that 1) wage adjustments shall be retroactive to their effective date; 2) the changes to Article XI, Section 1, including employee payment of any difference in premium between the plan chosen by an employee and PPO Plan 10, shall be retroactive to January 1, 2006; and 3) the provisions of new Article XI, Section 2, including employee payment of 5% of the base plan premium, shall be retroactive to January 1, 2007.

2. Wages (Joint Issue)

The City's LBO on this issue is to modify Article XXVI, Section 7 to read as follows:

Effective July 1, 2005, wage rates will be increased by the percentage increase in the CPI-U (U.S. average) for the 12-month period June 2004 through May 2005 with a minimum increase of one percent (1%) and a maximum increase of five percent (5%). Effective July 1, 2006, wage rates will be increased by the percentage increase in the CPI-U (U.S. average) for the 12-month period June 2005 through May 2006 with a minimum increase of one percent (1%) and a maximum increase of five percent (5%). Effective July 1, 2007, wage rates will be increased by the percentage increase in the CPI-U (U.S. average) for the 12-month period June 2006 through May 2007 with a minimum increase of one percent (1%) and a maximum increase of five percent (5%).

3. Employee Pension Contribution (Joint Issue)

The City's LBO on this issue is to modify Article XI, Section 9 by deleting the last two sentences and replacing them with the following:

Employees will pay the entire cost of adding the F-50 benefit through payroll deduction. Based on the initial actuarial valuation, the current employee pension contribution is 3.1%. As soon as administratively practicable following issuance of the Act 312 award concerning the 2005-2008 Agreement, the City will obtain a new actuarial valuation showing the updated cost of the F-50 benefit. The employee pension contribution shall be adjusted up or down to reflect the updated cost, subject to a maximum employee contribution of 5%.

4. Retiree Health Insurance (Union Issue)

The City's LBO on this issue is to modify Article XI, Section 2, Paragraph (b) to read as follows:

The Employer will pay for single coverage, up to \$225.00 per month, or double (couple) coverage, up to \$450.00 per month.

5. Health Insurance During Short-Term Disability (Union Issue)

The City's LBO on this issue is to maintain the current contract language.

6. Use of Sick Leave (Union Issue)

The City's LBO on this issue is to modify Article XIV, Section 2 to read as follows:

An employee may use sick leave credits with full pay for absences necessitated by injury or illness, required dental or medical care, or exposure to contagious disease if directed by a physician or health officer, relating to himself or a dependent child who is age 18 or under.

7. Health Insurance Plan (City Issue)

The City's LBO on this issue is to modify Article XI, Section 1 to read as follows:

The Employer shall provide eligible full-time employees and their properly enrolled dependents with health insurance under its group health insurance program, currently administered by Blue Cross/Blue Shield.

- A. The base plan shall be the Community Blue PPO Plan 10. The other plan options shall be the Blue Managed Traditional First Dollar Plan with Master Medical Option 2, the Community Blue PPO Plan 1, and the Blue Choice POS Plan 5. The benefits-at-a-glance summaries showing the general terms of these plans are attached to this Agreement as Appendix G.
- B. The prescription drug co-pay for all plans shall be \$10 generic/\$20 brand-name.
- C. Payment for special rider provisions, which are part of the current contract, as well as payment for any difference in premium between the plan chosen by an employee and the base plan, shall be the responsibility of the employee through authorized payroll deduction.
- D. Employees who elect to receive no health care coverage in compliance with established City procedures shall be paid an incentive of \$40 per pay period. This provision shall not apply to spouses who are both City employees.

8. Health Insurance Employee Contribution (City Issue)

The City's LBO on this issue is to 1) add a new Section 2 to Article XI (renumbering the other sections accordingly) entitled "Employee Contribution Toward Health Insurance" and reading as follows:

Effective January 1, 2007, each employee shall contribute toward the cost of health insurance the following amounts through authorized payroll deduction: 5% of the base plan premium.

and 2) modify Appendix F to read as set forth in the document attached to the City's LBOs.

9. Sick Leave Accrual Rate (City Issue)

The City's LBO on this issue is to modify Article XIV, Section 1(a) by changing "four (4) hours" to "two (2) hours", "one hundred and four (104) hours" to "fifty-two (52) hours", and "52 hours" to "26 hours", and to modify Article XIV, Section 1(b) by changing "four (4) hours" to "two (2) hours".

10. Sick Leave Payout (City Issue)

The City's LBO on this issue is to modify Article XIV, Section 1(a) by deleting the next to last sentence and deleting the words "for any other reason" from the last sentence.

Respectfully submitted,

MILLER JOHNSON
Attorneys for City of Holland

Dated: July 21, 2006

By: _____

Peter H. Peterson

Business Address & Telephone:

250 Monroe Ave. NW, Suite 800
P.O. Box 306
Grand Rapids, MI 49501-0306
(616) 831-1700

APPENDIX F

Wellness Appendix

Effective January 1, 2004, this Wellness Program will be fully implemented with respect to employees in the Police Department. Starting with that date, employees will be required to contribute, by payroll deduction, towards the cost of their health insurance coverage the same percentage determined by the City for all other employees, provided that the percentage will not exceed 20% (25% effective January 1, 2007) of the cost or premium for health coverage under the base plan.

Employees who fully meet the Wellness Participation criteria, as set forth below, will not be required to make the full health insurance premium contribution listed above. Rather, those employees will pay only the amount set forth in Article XI, Section 2 (5% of the base plan premium effective January 1, 2007). (Other employee contributions or co-pays, relating to matters such as dental insurance, prescription drugs, the extra cost for plans other than the base plan, and semi-private room charges, are not affected by this Appendix.)

In order to meet the Wellness Participation criteria, the employee must fulfill those criteria during the preceding calendar year. For example, with respect to premiums for calendar year 2008, the employee must satisfy the Wellness Participation criteria during calendar year 2007.

The Wellness Participation criteria are as follows:

1. Completion of health assessments, when offered. These include the "mini" and "full" assessments. Such assessments are not necessarily offered every year. However, the employee is required to participate in such assessments in any year in which they are offered. The full cost of health assessments is paid by the City.
2. Completion of three fitness programs. Participation in a fitness program means successful completion of at least the minimum fitness level in each program as established by the Wellness Committee. Most such programs have four or five levels. Employees are encouraged, but not required, to achieve levels above the minimum level. In addition, the Police Chief may approve other fitness programs which provide comparable wellness activity.
3. Participation in at least two wellness classes. A total of twelve such classes are offered each calendar year. Such classes will be made available to Police Department employees at times which enable them to attend. In addition, each employee may substitute, for one of the two required wellness classes, a substitute activity from an approved list of special events such as blood drives, Project Lift, and others designated by the Wellness Committee.

Each City department, including the Police Department, has an employee who is a member of the City's Wellness Committee.

Adjustments and accommodations will be provided for employees who are unable to participate in fitness programs due to physical limitations, if such limitations are supported by valid medical confirmation, ordinarily a physician's statement.

A newly-hired employee will be required to make the 20% (25% effective January 1, 2007) percentage contribution to the cost of their health insurance until the start of a plan year (January 1) following the employee's fulfillment of the Wellness Participation criteria. For example, an employee hired on July 1, 2007, will be required to make that percentage contribution at least until January 1, 2008. If the employee has fulfilled the criteria as of January 1, 2008, then the employee will pay only the amount set forth in Article XI, Section 2 during 2008. However, if the employee has not fulfilled the criteria as of January 1, 2008, then the employee will continue to pay the higher premium contribution through 2008.

APPENDIX B

APPENDIX F
Wellness Appendix

This Appendix replaces all provisions regarding the Wellness Program which were contained in the prior collective bargaining agreement. This Appendix also overrides the provisions in Article XI, Section 1, which provide that the City will pay the full cost of health insurance. That obligation is subject to the provisions of this Wellness Program.

Effective January 1, 2004, this Wellness Program will be fully implemented with respect to employees in the Police Department. Starting with that date, employees will be required to contribute, by payroll deduction, towards the cost of their health insurance coverage will be the same percentage determined by the City for all other employees, provided that the percentage will not exceed 20% of the cost or premium for health coverage.

Employees who fully meet the Wellness Participation criteria, as set for the below, will not be required to make any such health insurance premium contributions. Rather, the City will pay the full cost of such health coverage. (Other employee contributions or co-pays, on such benefits as dental insurance, prescription drugs and semi-private room charges, are not affected by this Appendix.)

In order to meet the Wellness Participation criteria, the employee must fulfill those criteria during the preceding calendar year. For example, with respect to premiums for calendar year 2004, the employee must satisfy the Wellness Participation criteria during calendar year 2003.

The Wellness Participation criteria are as follows:::

1. Completion of health assessments, when offered. These include the "mini" and "full" assessments. Such assessments are not necessarily offered every year. However, the employee is required to participate in such assessments in any year in which they are offered. The full cost of health assessments is paid by the City. If no health assessments are offered after the effective date of the Act 312 Arbitration award but prior to December 21, 2003, then any health assessment requirement for calendar year 2003 will be waived for Police Department employees.
2. Completion of three fitness programs. Participation in a fitness program means successful completion of at least the minimum fitness level in each program as established by the Wellness Committee. Most such programs have four or five levels. Employees are encouraged, but not required, to achieve levels above the minimum level. For illustrative purposes, a list of the fitness programs which are available in calendar year 2003 is attached to this Appendix. In addition, the Police Chief may approve other fitness programs which provide comparable wellness activity.
3. Participation in at least two Wellness Classes. A total of twelve such classes are offered each calendar year. Such classes will be made available to Police Department employees at times which enable them to attend. In addition, each employee may substitute, for one of the two required Wellness classes, a substitute activity from an approved list of special events such as blood drives, Project Lift, and others designated by the Wellness Committee. Lists of the twelve Wellness Classes offered in 2003, as well as a list of the current special events which may be used as substitutes, both are attached to this Appendix.

Each City department, including the Police Department, has an employee who is a member of the City's Wellness Committee. A list of Wellness Committee meetings in 2003 is attached to this Appendix.

Adjustments and accommodations will be provided for employees who are unable to participate in fitness programs due to physical limitations, if such limitations are supported by valid medical confirmation, ordinarily a physician's statement.

Prior to January 1, 2004, the City will provide informational meetings about the Wellness Plan, including participation by employees from other departments who have been participating in the plan. In addition, upon the Union's request, the City will meet and discuss with the Union whatever concerns and questions it may have regarding the details of the Wellness program. Also, in consideration of the fact that the 2004 Act 312 Arbitration Award will be issued several months into 2004, the City will pro-rate the Wellness criteria, in particular the required Fitness Programs and Wellness classes, to reflect the remaining time available in 2004.

A newly-hired employee will be required to note the percentage contribution to the cost of their health insurance until the start of a plan year (January 1) following the employee's fulfillment of the Wellness participation criteria.

1 For example, an employee hired on July 1, 2004, will be required to make the percentage contribution at least until
2 January 1, 2005. If the employee has fulfilled the criteria as of January 1, 2005, then the City will pay the full
3 premium cost during 2005. However, if the employee has not fulfilled the criteria as of January 1, 2005, then the
4 employee will continue to pay the premium contribution through 2005.