

2248

STATE OF MICHIGAN  
DEPARTMENT of CONSUMER and INDUSTRY SERVICES  
EMPLOYMENT RELATIONS COMMISSION

IN THE MATTER OF ACT  
312 INTEREST ARBITRATION  
BETWEEN:

**CITY OF GRAND RAPIDS**  
RESPONDENT/EMPLOYER

AND

ACT 312 CASE No: L 06 5-7015

**GRAND RAPIDS POLICE  
OFFICERS ASSOCIATION**  
PETITIONER/UNION

**ARBITRATION OPINION AWARD AND ORDER**

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ARBITRATION PANEL:      HIRAM S. GROSSMAN, ESQ. (P-14425)      CHAIRMAN  
   GEORGE H. CHILDERS, JR.      CITY'S DELEGATE  
   FRED LAMAIRE      UNION'S DELEGATE

APPEARANCES OF  
REPRESENTATIVE:      JOHN H. GRETZINGER, ESQ. (P-28979)      FOR CITY  
   MARK P. DOUMA, ESQ.      (P-52442)      FOR UNION

**WITNESSES**

FOR THE UNION:  
THOMAS VANDER PLOEG  
MARI BETH JELKS  
NANCY CICCONE  
DAVID LEONARD  
FRED LAMAIRE  
VAUGHN UMPHREY

FOR THE EMPLOYER:  
SCOTT BUHRER  
GREG SUNDSTROM  
ALAN WEINER  
PAT COLEMAN  
MAGGIE MCPHEE

## INTRODUCTION

Upon petition for arbitration under Act 312, Public Acts of 1969 as amended filed on June 5, 2008, by the Grand Rapids Police Officers Association (hereafter referred to as the "Union" or "GRPOA") indicated a contract dispute between it and the City of Grand Rapids (hereafter referred to as the "employer" or "City") on behalf of all police officers and sergeants employees enumerated in the parties collective bargaining agreement was assigned to the chairman by letter dated August 4, 2008, for resolution under the terms of Act 312.

A prehearing Act 312 conference was scheduled and took place on August 19, 2008, at Chairperson Hiram Grossman's office in Flint, Michigan. At that conference the City and the Union agreed to utilize the following as comparable communities under MCL 423.239(d):

Kentwood	Holland	Kent County
Walker	Muskegon	Ottawa County
Wyoming	Kalamazoo	Kalamazoo County
Grandville	Lansing	Ingham County
East Grand Rapids	Battle Creek	

The City and the Union memorialized their agreement on 30 matters upon which tentative agreements had been reached during the collective bargaining process, and submitted them to the Act 312 Panel in a document labeled Summary of Tentative Agreements as of August 19, 2008. The City and the Union also identified the 39 remaining issues, reached further agreement on 12 of those issues and submitted the agreement on those 12 issues to the Act 312 Panel in a document labeled Statement of Additional Resolved Issues as of August 19, 2008. Additionally the parties agreed upon a scheduling order that set forth when the exhibits would be exchanged, when witness list containing witnesses' name and what they would be testifying, the dates of the six days of hearing, when the last best offer would be exchanged, date of the executive session, date the briefs were to be submitted and, finally, when the Act 312 Opinion would issue which was stipulated. An additional stipulation included a September 23<sup>rd</sup>

stipulation that a September 5<sup>th</sup> document identified and set forth all resolved issues and all issues still in dispute to the date of September 23, 2008.

The initial two days of hearing were held by the Act 312 Panel on September 23 and 24, 2008. Testimony on those days was primarily limited to matters involving the City's financial situation and the impact of the City's \$160,000,000 unfunded liability for retiree health care costs. Further hearings were held on October 23, 24, 28 and 29, 2008. Testimony on those days addressed the merits of the issues in dispute and the impact upon the City from the loss as of October 9, 2008 of \$87,545,836 in the Police and Fire Pension Fund and \$94,898,659 from the General Pension Fund. At the close of the hearing it was agreed that final offers on the remaining unresolved issues would be submitted on November 13, 2008.

The Act 312 Panel Delegates participated in an executive session on November 5, 2008, to discuss the outstanding issues. The City and the Union then met on November 10, 2008, and resolved two issues involving the potential retroactivity of contributions to a defined contribution retiree health care plan if such a plan was directed to be created by the Act 312 Panel, agreed to clarifications on the ability of retirees to leave and return to the City's health care plan, and agreed to increase the pension benefits available to employees by adding a 1% non-compounding escalator to the retirement benefit. A copy of the Statement of Additional Resolved Issues as of November 10, 2008, is included.

The City and the Union submitted their final offers on the outstanding issues on November 13, 2008, and the Act 312 Panel Delegates held an executive session on that date to review and preliminarily discuss the final offers. Briefs on the outstanding issues were to be submitted by December 1, 2008, in order to allow the Decision and Award to be issued by December 25, 2008.

The parties initially had 37 separate issues within the four general topics of health care plan, retiree health care coverage, retirement plan and direct employee compensation. By the time that Final Offers were to be submitted, 24 issues remained outstanding, although the parties had informally agreed that any changes to the health care plan should not be implemented in a retroactive fashion to any period prior to the

issuance of the Act 312 Award. After submission of the Final Offers, four issues remain open under the topic of the active employee health care plan, nine issues remain open under the topic of the retiree health care plan, two issues remain open under the topic of the retirement plan, and six issues remain open under the topic of direct employee compensation.

These issues are economic in nature, and the Act 312 Panel is required to select the offer on each issue that is best supported by the evidence after a review of all of the statutory requirements of Section 9 of Act 312. Section 9 of Act 312, MCL 423.239 provides as follows:

### **STATUTORY AUTHORITY**

Statutory basis for these proceeding are Act 312 of Public Acts 1969, as amended (MCLA 423.231 et seq.) Section 8 provides in pertinent part:

At or before the conclusion of the hearing held pursuant to section 6, the arbitration panel shall identify the economic issues in dispute and to direct each of the parties to submit within such time limit as the panel shall prescribe, to the arbitration panel and to each other its last offer of settlement on each economic issue. The determination of the arbitration panel as to the issues in dispute as to which of these issues are economic shall be conclusive. . . As to each economic issue, the arbitration panel shall adopt the last offer of settlement which, in the opinion of the arbitration panel, more nearly complies with the applicable factors prescribed in section 9.

Section 9 of the Act provides in pertinent part:

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 an 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) Stipulation of the parties.
- (c) The interest and welfare of the public and the financial ability of the unit of government to meet those costs.
- (d) Comparison of wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the

wages, hours, and conditions of employees performing similar services and with other employees generally.

- (i) Public employment in comparable communities.
- (ii) Private employment in comparable communities.
- (e) The average consumer price for goods and services commonly known as 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 foregoing circumstances during the pendency of the arbitration proceedings.
- (h) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact finding, arbitration, or otherwise between the parties, in the public service or in private employment.

The constitutionality of Act 312 was affirmed by the state supreme court in **City of Detroit vs. Detroit Police Officers Association**, 408 Mich 410 (1980). The court underscored the significance of the section 9 factors and the role they play in an Act 312 proceedings. In its opinion, the court concluded:

(T)he panel's decisional authority has been significantly channeled by section 9 . . . That section trenchantly circumscribes the arbitral tribunal's inquiry only to those disputes including wage rates or other conditions of employment braced by a newly proposed or amended labor agreement and commands the panel to base its finding, opinions, and order relevant to these narrow disputes on the eight listed factors as applicable . . . 408 at 453.

The court in **City of Detroit** concluded Act 312 does not constitute an unconstitutional delegation of authority because:

. . . The eight factors expressly listed in section 9 of the Act provides standards at least as, if not more than as, reasonably precise as the subject matter requires or permits in effectuating the Act's stated purpose 'to afford an alternate, expeditious, effective and binding procedure for the resolution of disputes.' MCL §423.231; MSA 17.455(31). These standards must be considered by the panel in its review of both economic and non-economic issues. In its resolution of non-economic issues, the panel 'shall base its findings, opinions,

and orders upon the following factors, as applicable, MCL §423.239; MSA §17.455(39). (Emphasis supplied). See MCL §423.238; MSA §17.455(38). “The findings, opinions and orders as to all other issues (i.e., non-economic issues) shall be based upon the applicable factors prescribed in section 9. (Emphasis supplied). When these eight specific section 9 factors are coupled with the section 8 mandate that: ‘[a]s to each economic issue, the arbitration panel shall adopt the last offer of settlement which, in the opinion of the arbitration panel, more nearly complies with the applicable factors prescribed in section 9, MCL §423.238; MSA §17.455(38). (Emphasis supplied)’ the sufficiency of these standards is even more patent (footnote omitted) 408 at 461, 462.

In determining whether the panel’s arbitration award should be enforced, the court in the **City of Detroit** case underscored the critical importance of the section 9 factors as well as Sections 8, 9, and 12 of the Act interdependence with each other.

[A]ny finding, opinion or order of the panel on any issue must emanate from a consideration of the eight listed section 9 factors as applicable.

. . . Construing sections 9 and 12 together then, our review must find that the arbitration panel did indeed base its findings, opinion or order upon competent material and substantial evidence relating to the applicable section 9 factors. **Caso vs. Coffey**, 41 NY 2d 153, 158; 391 NW 2d 88, 91; 359 NE 2d 683, 686 (1976). In other words, the order of the panel must reflect the applicable factors and the evidence establishing these factors must be competent, material and substantial evidence on the whole record. It is only through this judicial inquiry into a panel’s adherence to the applicable section 9 factors in fashioning its award that effectuation can be given to the legislative directive that such awards be substantiated by evidence of, and emanate from, consideration of applicable section 9 factors. (Emphasis in original) 408 at 483.

In the **City of Detroit**, the court left for the arbitration panel the decision of determining relative importance of each of the section 9 factors to the particular case; however, in every 312 Act case, each of the section 9 factors must be considered.

[T]he legislature has made the treatment, where applicable, mandatory on the panel through the use of the word ‘shall’ in sections 8 and 9. In effect, then, the section 9 factors provide a compulsory checklist to ensure that arbitrators render an award only after taking into consideration those factors deemed relevant by the legislature and codified in §9. 408 at 484.

In the **City of Detroit**, the court concluded the non-economic award was defective because the arbitration panel did not consider all the applicable section 9 factors in making its award as Act 312 mandates.

[T]he panel does not have the discretion to ignore any applicable section 9 factors. Moreover, this legislative directive is no less obligatory on the panel when the parties themselves have failed to introduce evidence on an applicable factor. In such a case, the panel, in order to comply with the intention of Act 312 that arbitral decisions be substantiated by evidence of, and emanate from consideration of the applicable section 9 factors, must direct the parties to introduce evidence relating to the applicable factors. By so doing, the panel will be able, per the dictates of sections 8 and 9 to make findings based upon the applicable factors enumerated in section 9 from the evidence of record before it.

\* \* \*

Such Pro forma deference to the requirements of sections 8 and 9 of the Act will not do. These sections, by their terms require rigid adherence. . . (footnote omitted) 408 at 496, 497.

From the supreme court's holdings in the **City of Detroit** case, the decision making process of the arbitration panel must, in Act 312 cases, be based upon the factors enumerated in Section 9 of the Act and the panel's decision, must be based upon competent material and substantial evidence on the record considered as a whole.

### **USE OF COMPARABLES**

The parties have stipulated to the use of fourteen comparables which have previously been listed.

### **ISSUES**

The issues in dispute are all economic issues. There are three broad categories of issues remaining in dispute. A total of thirteen issues covering active employee health care plan, four issues and retiree health care plan 9 issues; this is an employer issue. Two issues open on the topic of the retirement plan; these are Union issues. Six remaining issues covering direct employee compensation; these are Union issues. Attached are all issues where the parties have reached agreement. The parties agree

the balance of the current contract is to remain unchanged either because no change was sought or the party seeking modification has withdrawn the issue.

### **BACKGROUND**

The City of Grand Rapids, the second largest city in the State of Michigan, encompasses an area of approximately 45 square miles. Grand Rapids is located in west central Michigan, roughly 30 miles due east of Lake Michigan, and is considered the urban center for the region. The Grand River, a major state waterway, runs through the center of town. The City's population is 197, 800, according to the 2000 census, and the metropolitan area population exceeds 500,000. The City's population increased 4.01% from 1980 to 1990 and 4.59% from 1990 to 2000. There are 4000 – 5000 new residents in the downtown area that are contributing to a vital downtown.

Per State law, City property values for purposes of levying property taxes are based on 50% of the value with annual increases in taxable value limited to the inflation rate until properties are sold or transferred. The 2008 (FY2009) total taxable value for the industrial, commercial, and residential properties is more than \$4.9 billion; a 2.65% increase over the prior year. New construction, tax exemption expirations and property sales/transfers account for increases in excess of inflation. Industrial property accounts for approximately 9.75% of the total taxable value, commercial property accounts for 28.64% and utility-related property for 1.23%. The balance is residential.

The region, and the City in particular, is characterized by an increasingly diverse economy as the local medical, technology, and higher education sectors continue to expand. Non-manufacturing employment in the Grand Rapids – Muskegon – Holland metropolitan statistical area now accounts for nearly 74% of the labor force while more than 26% of all area workers are employed in the manufacturing sector.

The region is home to major manufacturers of home and office furniture as well as stadium seating. The City is well known as the headquarters of Steelcase Inc. – the world's leading designer and manufacturer of office furniture with fiscal year-end February, 2007, revenue of approximately \$3.1 billion. Other products manufactured in the City include: medical tools; metal, plastic and rubber components; material handling

equipment; food products; aircraft components; industrial tools and dies; fuel injectors and valve lifters; and hardware and shelving systems. General Motors Corp. operates plants in the area which manufacture engine parts and assemblies. In addition to the downtown commercial district, the area is home to twelve shopping malls.

Along with public and private K-12 school systems, the Grand Rapids area is home to ten four-year colleges and universities. Western Michigan University, Michigan State University, Ferris State University and the Thomas M. Cooley Law School are located within commuting distance of the City but have recently built satellite campuses in downtown Grand Rapids. Grand Valley State University, located several miles west of the City, opened a downtown campus in 1988, on the banks of the Grand River and continues to expand its presence in the City. In addition to the variety of four-year universities, Grand Rapids is also home to the Grand Rapids Community College, a popular two-year general and technical educational institution operated with countywide support. Michigan State University is moving its medical school to Grand Rapids.

Grand Rapids has more than 2,000 acres of parkland in over 80 locations throughout the City. Many provide facilities for football, baseball, softball, soccer, volleyball, and basketball leagues for men, women, and children; Riverside Park provides a disc golfing course, and there are several bicycle trails within the City and surrounding areas. The Grand Rapids area is popular for sports and recreation activities year-round including skiing, hunting, camping, boating, golfing, and fishing. There are over 40 public golf courses located within a 45-minute drive of downtown.

The City has several legitimate theaters, a public history museum, two art museums, a zoo, and a botanic garden and sculpture park. On the riverbank, just south of the Ford Museum and north of the Grand Valley State University downtown campus, the City's state-of-the-art Public Museum showcases the cultural history of the area, as well as a 50-foot diameter planetarium, a working antique carousel, and extensive educational facilities. The carousel platform extends over the Grand River providing interesting views for residents and visitors using the City's riverwalks at the water's edge.

The 12,000 seat, multi-purpose Van Andel Arena in downtown Grand Rapids opened in October, 1996. The Arena draws thousands of local and regional visitors to its concerts, sporting, and community events. The consistently large numbers of visitors support several new downtown restaurants and entertainment facilities. The Arena is home to a minor league hockey team, the Griffins, and an arena football team, the Rampage. These teams supplement the Whitecaps, a minor league baseball team which started in 1994 and plays at Fifth Third Park ten minutes north of downtown Grand Rapids.

Construction of a \$211 million downtown convention center began in January, 2000. This new facility, known as DeVos Place, provides meeting rooms, an updated performing arts hall, a 685 space underground parking facility, and a 162,000 square foot exhibition hall. The first phase of construction was completed in December, 2003, with a grand opening that welcomed 12,000 curious guests. Upon completion of the third and final phase of the project in June, 2005, the facility added additional meeting spaces and a 40,000 square foot ballroom and exhibition hall.

The heart of the City is crossed by two major limited access expressways that connect the City with state and federal highway networks. Rail service is provided by Amtrak, CSX, Grand Rapids Eastern and Conrail. The Gerald R. Ford International Airport, located thirteen miles southeast of the central City and easily accessible by expressway, is served by six passenger airlines; American Eagle, Continental Express, Delta Airlines/Delta Connection, Midwest Connection, Northwest/Northwest AirlinK, and United/United Express. Greyhound and the Interurban Transit Partnership provide bus service.

The Van Andel Research Institute (VARI), a five-story 100,000 square foot facility, is located next to the Spectrum Health-Downtown hospital. The VARI, in partnership with the Grand Rapids SmartZone Local Development Financing Authority, has already attracted medical technology development businesses to newly constructed "wet lab" facilities in Grand Valley State University's recently completed Cook-DeVos Health Sciences facility. Construction continues on Phase II, a 240,000 eight story expansion of the Institute's medical research and education facility. Students of the

new regional medical school, Michigan State University's College of Human Medicine are expected to utilize the space along with the new VARI graduate school.

St. Mary's Mercy Medical Center, located near downtown, has recently constructed a Health and Learning Center, a professional office building and a \$42 million comprehensive cancer care facility. Currently being constructed is the Hauenstein Center, a \$60 million, 145,000 sq. ft. facility that will bring together both inpatient and outpatient neurological services under one roof.

Spectrum Health's Downtown campus is currently constructing the \$78 million 200,000 sq. ft. Lemmen-Holton Cancer Pavilion and the new 440,000 sq. ft. Helen DeVos Children's Hospital.

The City of Grand Rapids is located in Kent County and its 2000 census population of 197,800 makes it the second largest city in Michigan. The City is part of the Grand Rapids-Muskegon-Holland CSA, which is comprised of the Grand Rapids-Wyoming Metropolitan Area, the Holland-Grand Haven Metropolitan Area, the Muskegon-Norton Shores Metropolitan Area and the Allegan Micropolitan Area.

The City operates under a commission-manager form of government, under which the City Manager is appointed by the City Commission and serves as its chief administrative officer. The combined budgeted funds for the City, including internal service funds, was \$336,038,738 for the fiscal year from July 1, 2008, through June 30, 2009 (FY2009). When the budget was adopted in June, 2008, the City expected to receive revenues of approximately \$123,000,000 for its General Fund. The four largest sources of revenue for the General Fund (89%) are City income Taxes I(\$57,829,659 or 46%), State Revenue Sharing (\$22,811,932 or 19%), Charges for Services (\$14,205,721 or 12%) and City Property Taxes (\$14,402,094 or 12%). The total budgeted funding for Public Safety services (Police, Fire and City Attorney) was \$88,657,406, which utilized 30.2% of the total overall budget and 65.0% of the General operating Fund budget. All of the funding for the Police Department comes out of the General Fund.

The City has 1690 authorized positions within its various departments and component entities (Library and 61<sup>st</sup> District Court) the City has 69 employees who are

unrepresented by any employee group and there are 9 unrepresented employees in the Library and 61<sup>st</sup> District court. The Association of Public Administrators of Grand Rapids (APAGR) represents 170 employees in a City supervisory and managerial unit and 20 employees in a 61<sup>st</sup> District Court supervisory unit. The Grand Rapids Employees Independent Union ("GREIU") represents 692 employees in a City non-supervisory unit and 60 employees in a 61<sup>st</sup> District Court non-supervisory unit.

Public safety services are provided through the Police Department and the Fire Department. Grand Rapids Fire Fighters, Local 336 of the International Association of Fire Fighters (IAFF) represents 230 employees in a City unit covering supervisory and non-supervisory employees of the Fire Department. Teamsters Local 406 represents 4 employees in a City supervisory unit covering Emergency Communication Supervisors. The Police Officers Labor Council ("POLC") represents 35 employees in a City non-supervisory unit covering Emergency Communication Officers and 11 employees on a City non-supervisory unit covering Crime Scene Technicians. The Grand Rapids Police Command Officers Association represents 24 employees in a supervisory unit that includes Captains and Lieutenants. The Union represents 308 employees in a non-supervisory unit that includes Police Officers and Sergeants.

Certainly few cities in Michigan can claim they experienced a 4.6% increase in population in the 1990s' likewise, few Michigan cities can maintain their tax base rose at an annual rate of 11.2% from 2002 – 2006 (Union's Ex 9 P.1) Grand Rapid's assets total net assets increased by a little more than 300 million in fiscal year 2007; at the end of fiscal year 2007, the City's total assets were more than 851 million with more than 102 million of that amount being unrestricted (City Financial Situation Ex 8 P.2) Property tax revenues are projected to increase at almost 6% per year as construction projects are completed and with previously untaxed property is taxed at higher levels, with income taxes projected to increase as new jobs and new residents come to the City.

The City's growth is exemplified by a \$688,556,602.00 increase in total taxable value of property in the City from FY 2003 to FY 2008. (City Financial Situation Ex 5, P.3). During this time period, there were steady gains in the value of commercial,

industrial, and residential property. *Id.* Grand Rapids had above average taxable value growth from 2000 to 2008. (Union Ex 21, tab 1, P2). Yearly income tax collections also increased \$7,958,016.00 from FY 2003 to FY 2008. (City Financial Situation Ex 5, PP 12-13). As construction continues on the MSU Medical School and various medical research facilities, Grand Rapids will continue to see increases in taxable value and income tax collections. While house prices are dropping elsewhere in Michigan, the Grand Rapids area is predicted to have the highest 2009 increase of house prices in the Midwest. (Union Ex 3, P9).

The City's general fund balance is higher now than it was in 2004, when the last collective bargaining agreement was settled. Since 2004, the audited total general fund balance is as follows: **FY 2004 - \$15,433,073.00** (Union Ex 12, P15); **FY 2005 - \$19,001,076.00** (Union Ex 11, P15); **FY 2006 - \$25,202,071.00** (Union Ex 10, P15); **FY 2007 - \$23,251,866.00** (City Financial Situation Ex 4, P15). At the time the last collective bargaining agreement was settled, the total general fund balance was approximately \$15,000,000.00. Today, the total general fund balance is approximately \$23,000,000.00. Essentially, the total general fund balance is approximately \$8,000,000.00 higher than it was when the last agreement was settled. This represents more than a 50% increase in the general fund balance in just four years.

## **ECONOMIC ISSUES IN DISPUTE**

### **TOPIC 1, HEALTH CARE PLAN**

#### **A. Health Care Plan for active employees.**

There are four issues in dispute under this category. Three issues involve the amount the bargaining unit employees are to pay of the health insurance premium cost. The remaining issue involves a change in the prescription coverage for proton pump inhibiting drugs. This is an employer generated issue.

#### **Unresolved Issues 3, 4, and 5.**

##### **1. Employee Health Care Premium Sharing.**

- a. Currently: The bargaining unit has not paid premiums for their health insurance plan.

**b. City's last best offer.**

Issue 3. [City Issue] Employee Health Care Premium Sharing Contribution effective 1-1-2009. (Economic Issue)

City Proposal: The City proposes to have employees pay a percentage of the actuarially estimated annual health care cost as applied without regard to the category of coverage every two week pay period in the amount of 10.0%

Issue 4. [City Issue] Employee Health Care Premium Sharing Contribution effective 7-1-2009. (Economic Issue)

City Proposal: The City proposes to have employees pay a percentage of the actuarially estimated annual health care cost as applied without regard to the category of coverage every two week pay period in the amount of 10.0%.

Issue 5. [City Issue] Employee Health Care Premium Sharing Contribution effective 1-1-2010. (Economic Issue)

City Proposal: The City proposes to have employees pay a percentage of the actuarially estimated annual health care cost as applied without regard to the category of coverage every two week pay period in the amount of 10.0%.

**c. Union's last best offer.**

As counterproposals to the City's offers on these issues, the Union has requested the following health care premium sharing amounts:

Issue 3. \$40.00 per pay period, effective as soon as administratively possible after award.

Issue 4. \$45.00 per pay period, effective July 1, 2009.

Issue 5. \$45.00 per pay period, effective January 1, 2010.

**d. City's basis for its position:**

Many of the comparable communities currently have their employees pay 10% of their health insurance premiums. The Federal government requires its employees to pay 25% of their health insurance premium cost. The State of Michigan requires its employees to pay 10% of their health insurance premium cost. The supervisory employee unit has agreed to pay 10% of their health insurance premium cost. Private employers require their employees to pay a portion of their health insurance premium cost. Studies have borne out the fact, most employers require their employees to pay a portion of their health insurance premium cost. The City is a self insurer for all of its employees. The health insurance premium the City uses is a blended cost covering both active and retired employees and includes the cost of single, family of 2 and a family of more than 2. Finally, even the Union recognizes the need for its members to participate in a health insurance cost premium sharing arrangement as evidenced by its last best offer.

**e. Union's basis for its last best offer:**

The Union recognizes the need for its members to participate in sharing of health insurance premium payment. The Union has been frustrated in the City's intransigence in not explaining the options of reducing health insurance costs; the City acknowledges it has not explored other options of reducing health insurance costs; the City acknowledges it had not explored other options than its current self-insurance plan. The Union's proposal recognizes the need of its members to share in the cost of health insurance premiums for its group by proposing its members pay a fixed amount each pay period. The Union maintains its fixed payment cost sharing proposal comes close to the City's 10% proposal, the primary difference being it allows its members to know exactly what their premium sharing arrangement will be for this contract. Also, the City should not be able to rely upon its agreement reached with its supervisory employee unit and its unrepresented employees to set the bar for the Union's members premium sharing. The supervisory unit does not have the benefit of the usage of Act 312, while the police officers Union does, and the supervisory unit felt it did not have any viable option other than accepting the City's proposal.

**OPINION AWARD AND ORDER**  
**ON ISSUES 3, 4 AND 5, HEALTH INSURANCE PREMIUM**  
**COST SHARING COVERING ACTIVE EMPLOYEES**

A majority of the arbitration panel concludes, find and adopt as its award the City's last best offer on Issues 3, 4 and 5, health insurance, health insurance premium sharing for active employees. Thus, beginning January 1, 2009, the active employees are to pay 10% of the health insurance premium and for the balance of this contract the active bargaining unit is to pay 10% of the health insurance premium cost on a bi-weekly basis throughout this contract which would include all changes in the cost of the health insurance premiums increases or decreases. The arbitration panel has considered all applicable Section 9 requirements in arriving at its decision to adopt the City's last best offer on this issue decrease.

The reasons and grounds for accepting the City's last best offer are as follows: Even the Union recognizes the need to address this matter, the only difference is in the approach each side chose to effectively addressing this issue. A majority of the panel finds persuasive that several of the comparables are already at a 10% cost sharing amount, and the comparable that are not, are either currently negotiating their contracts or soon will be in negotiations. The trend is clear, employees will be sharing a portion of their cost of their health insurance premium. Both the State of Michigan and the federal government requires their employees to pay a share of their health insurance premium. The state employees share is 10%, the federal government employees hare is 25%. Similarly, most employees in the private sector in Kent County share in the premium payments cost for their health insurance; often times at a significantly higher percentage cost for their health insurance. Finally, the City's supervisory employees unit recently agreed to, and the unrepresented employees are paying 10% of the cost of their health insurance premium.

Based upon the foregoing and the record as a whole and after considering all applicable Section 9 factors, the award of a majority of the arbitration panel is the City's last best offer on issues 3, 4 and 5 shall read as follows:

Issue 3      Effective 1-1-2009

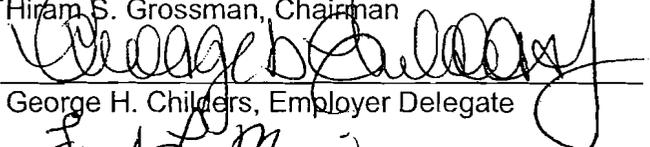
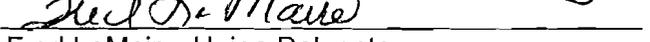
Employees to pay a percentage of the estimated annual actuarially estimated health care cost as applied without regard to the category of coverage every two week period in the amount of 10%.

Issue 4      Effective 7-1-2009

Employees to pay a percentage of the estimated annual actuarially estimated health care cost as applied without regard to the category of coverage every two week period in the amount of 10%.

Issue 5      Effective 1-1-2010

Employees to pay a percentage of the estimated annual actuarially estimated health care cost as applied without regard to the category of coverage every two week period in the amount of 10%.

Dated: <u>12-17</u> , 2008	 Hiram S. Grossman, Chairman
Dated: <u>12/17/</u> , 2008	 George H. Childers, Employer Delegate
Dated: <u>12/17/</u> , 2008	 (dissent> Fred LaMaire, Union Delegate

**2. Proton pump inhibitor drugs, City Issue 8, economic.**

a. Currently: There is no cap on proton pump inhibitor drugs.

**b. City's last best offer:**

City Proposal: The City proposes that there shall be an annual \$600 cap on proton pump inhibitor (PPI) drugs. The over-the-counter program, as agreed to by the parties, shall remain in effect and no employee co-payments shall be required for the OTC proton pump inhibitor drugs dispensed under that program. However, if the annual \$600 cap on proton pump inhibitor drugs dispensed in a manner other than under the OTC program is reached the applicable co-pay shall thereafter be doubled (i.e., the \$20.00 co-pay for brand shall be increased to \$40.00 and the \$10.00 co-pay for generic shall be increased to \$20.00) during the remaining annual period. The City shall continue to pay its portion of the cost for the PPI drug prescription less the increased co-payment by the employee.

**c. Union's last best offer:**

Status quo, with no cap on proton pump inhibitor (PPI) drugs.

**d. City's basis for its last best offer position:**

The City has made a deviation from its last best offer which it submitted on November 13, 2008, last best offer. The City's change in its last best offer is once the \$600.00 cap has been reached on proton pump inhibitor drugs, the employee will be responsible for double the co-pay generic drugs from \$10.00 to \$20.00, brand name from \$20.00 to \$40.00. If the employee uses the over the counter or the less expensive generic, the employee will have no additional cost. With the more expensive of the generics, the employee would not have to pay double its co-pay until the 219<sup>th</sup> day of usage thereafter till the end of the year the employee would pay \$20.00 per prescription. With the more expensive, Proton pump inhibitor drugs, the employee would not have to pay double the co-pay of \$20.00 to \$40.00 until the 115<sup>th</sup> day of the year, till the end of the year. With the least expensive brand name proton pump inhibitor drugs, the employee would not have to pay double the \$20.00 co-pay, \$40.00, until the 177<sup>th</sup> day of usable until the end of the year.

There is virtually no difference between the over the counter proton pump inhibitor drugs and the generic or brand name drugs other than their cost. By

introducing a \$600.00 cap, the City would be providing an incentive to use over the counter proton pump inhibitor drugs or use of the least expensive generic drugs and to avoid having to pay double the employee's co-pay. The City is hopeful that this proposal with the \$600.00 cap would discourage the employee's from wasting City health care funds by purchasing the expensive brand name proton pump inhibitor drugs. The cost of the over the counter proton pump inhibitor drug would be \$237.25 per year. Generic proton pump inhibitor drugs \$438.00 per year and the brand name drug \$1,595.00 with virtually no difference in effectiveness. The supervisory unit has agreed to the \$600.00 and the City's unrepresented employees also have the same cap.

**e. Union's basis for its last best offer position.**

The City's final offer of settlement on this issue is acceptable to the Union.

**OPINION AWARD AND ORDER**  
**ON PROPOSAL PROTON PUMP INHIBITOR DRUGS**  
**ECONOMIC ISSUE 8**

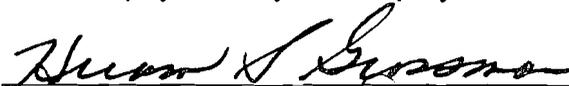
Since the Union has agreed to accept the City's last best offer regarding the proton pump inhibitor drugs with the \$600.00 yearly cap and thereafter a doubling of the employee's co-pay, the arbitration panel comprised of the City and Union delegates and the arbitration chairman conclude, find and adopt as its award the City's last best offer on economic Issue 8, proton pump inhibitor drugs. The arbitration panel has considered all applicable section 9 requirements in arriving at its decision to adopt the City's last best offer on this issue.

Based upon the foregoing and the record as awhole and after consideration all applicable Section 9 factors, the award and order of a majority of the arbitration panel is that the City's last best offer shall read as set forth below:

There shall be an annual \$600 cap on proton pump inhibitor (PPI) drugs. The over-the-counter program, as agreed to by the parties, shall remain in effect and no employee co-payments shall be required for the OTC proton pump inhibitor drugs dispensed under that program. However, if the annual \$600 cap on proton pump

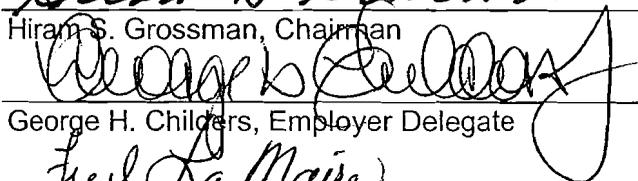
inhibitor drugs dispensed in a manner other than under the OTC program is reached the applicable co-pay shall thereafter be doubled (i.e., the \$20.00 co-pay for brand shall be increased to \$40.00 and the \$10.00 co-pay for generic shall be increased to \$20.00) during the remaining annual period. The City shall continue to pay its portion of the cost for the PPI drug prescription less the increased co-payment by the employee.

Dated: 12-17, 2008



Hiram S. Grossman, Chairman

Dated: 12/17/, 2008



George H. Childers, Employer Delegate

Dated: 12/17/, 2008



Fred LaMaire, Union Delegate

## **B. Health care plan for retirees**

There are 9 unresolved issues under the topic Retiree Health Care Plan. These issues fall into two separate general categories. The first is the creation of a defined contribution form of retiree health insurance program. The second is clarification of the defined benefit retiree health insurance program.

1. Proposals that would create a defined contribution form of health insurance plan for employees not yet vested in the City's Retirement Plan. There are three unresolved issues falling in this category.

**(a) Issue 11 Retiree Health Care for employees hired on or after July 1, 2008, City issue.**

- i. Currently there is no provision for a defined contribution health insurance program for retirees.

**ii. City's last best offer:**

The City proposes that employees hired on or after the date of the Act 312 Award shall be eligible after six months of service only for a defined-contribution retiree health care savings account. To aid employees in making their employee contribution to their Retiree Health Care Savings Account, their employee contribution shall step up on employee's anniversary date coinciding with their step increases to permit them to provide increasing employee contributions in accordance with the following:

(1) After six months of service, new hires shall make contributions at the annual rate of \$375 (\$14.42 gross per bi-weekly payroll) for six months during which time the City shall make contributions at the annual rate of \$750, payable in bi-weekly pay period increments (i.e. \$28.85 gross per payroll).

(2) For the next year of service, the employee shall make contributions at the annual rate of \$750 (\$28.85 gross per bi-weekly payroll) during which time the City shall make contributions at the annual rate of \$1,500, payable in bi-weekly pay period increments (i.e. \$57.69 gross per payroll).

(3) For all years thereafter the employee shall make contributions at the annual rate of \$1,000 (\$38.46 gross per bi-weekly payroll) during which time the City shall make

contributions at the annual rate of \$1,750, payable in bi-weekly pay period increments (i.e. \$67.30 gross per payroll).

**iii. Union's last best offer:**

The Union proposes to maintain the status quo, which would involve continuing the pre-65 defined benefit retiree health plan as modified through TA's and the 312 award for employees hired on or after July 1, 2008.

**iv. City's basis for its position:**

Currently the City is faced with a 160 million unfunded liability for all of its employees active and currently retired employees for retiree health care insurance between retirement and when the employee turns 65 years of age and Medicare becomes their primary health insurance provider. Almost 50 million of that amount is for the police department. By going to a defined contribution plan there will be no additional unfunded liability created for any employee hired after July 1, 2008. Under the City's plan both the employee and the City would be making contributions that would be placed in a trust that would be established which would be administered by MERS. The amount of the employees and City's contribution are stated in the City's proposal as well as the amount employees and the City would be contributing to this trust on a bi-weekly period beginning 6 months after the employee is hired. The City has provided projections on what the combined City and employee contributions would be after 25 and 30 years of service, what the total amount available based upon a 3% and 7.5% returns and the amount that would be available annually for retired health insurance coverage after 25 and 30 years of service with 3% and 7.5% returns, and what the annual amounts available for paying retiree health insurance premiums based upon 25 and 30 years of service at 3% and 7.5% investment rates of return without touching the principal.

This proposed defined contribution health insurance plan for retirees would cover the Union member from the time they retire until age 65 when they become Medicare eligible. Thereafter there is a separate trust that provides a fixed monthly amount to obtain supplemental coverage. The City maintains this proposed plan is superior to many of health insurance plans offered by the comparable communities for its police

officer retirees. Also, those City's currently providing a defined benefit plan for its police officer retirees are moving from a defined benefit plan to a defined contribution plan as soon as their contracts expire. The City's plan is infinitely better than the comparable communities providing a fixed monthly amount. The City's proposed plan is transportable once vested. Once vested the money is the employee's money and can be used to pay retiree health care costs, for other purposes and upon death can be transferred to heirs. The employee's contribution to the defined contribution plan is not taxed. This plan has been agreed to by the supervisory bargaining unit and has been implemented by the City for its unrepresented employees.

**v. The Union's basis for its last best offer:**

The City's proposal will replace a defined benefit with uncertainty in much the same manner that 401K retirement plans did for retiree income plans. The City's proposed defined contribution plan would require of the youngest and lowest paid police officers to contribute up to an additional \$38.46 per pay period in addition to the amount they will be paying for their health insurance as active employees as part of the health insurance premium sharing. The City's proposal eliminates all the risk from the City and places it on the individual bargaining Union member. Only one of the comparable communities requires its active employees to contribute anything toward retiree health care, and none of the comparable communities has a retiree health savings account as its sole means of retiree health care. The City's proposal will result in dividing the Union's membership between those who are still a part of the defined benefit for retiree health care and those who will be under the defined contribution plan. Finally, there is no provisions covering police officers who need to take a disability retirement.

**OPINION AWARD AND ORDER**

**ON ISSUE 11 ESTABLISHMENT OF A DEFINED CONTRIBUTION  
RETIREE HEALTH SAVINGS ACCOUNT**

A majority of the arbitration panel conclude find and adopt the City's last offer a disputed Issue 11 the creation and establishment of defined contribution retiree health savings accounts for all police officers hired after July 1, 2008. The arbitration panel

has considered all applicable Section 9 requirements in arriving at its decision to adopt the City's last best offer on this issue.

The reasons and grounds for acceptance of the City's last best offer on this issue are as follows: The City currently is faced with a \$160 million unfunded liability for retiree health care. Approximately \$50 million is attributed to the police department which would only continue to increase if the City continues to provide and maintain a defined benefit plan for all of this bargaining units employees. While presently there is an even division between the 14 comparables, the legacy cost of maintaining a defined benefit program where employer pays the entire cost will drive all of the comparable communities to ending a defined benefit plan as the only plan to provide health insurance for its retirees. The comparable communities will be providing either a defined contribution program or one that will pay a fixed amount as 7 of the comparable communities currently are providing. The City's proposal gradually increases the employee's contribution taking into account the newly hired employee is least able to initially afford to pay \$1,000 a per year as the employee's contribution. The employee begins making a \$1,000.00 per year contribution beginning with the employees third year of employment. The time the employee would have received step increases as well as general wage increases. Whether the dollars the employee will have after 25 or 30 years of contribution are as large as portrayed by the City, the money will be invested and managed by the Municipal Employees Retirement System. The employee's contribution is not taxed when the employee makes his bi-weekly contribution. Once vested, the amounts are transportable even if the employee no longer works for the City. The employee controls the timing of the usage of the funds . Once vested the funds are the employees, the funds can be used for purposes other than health care as well and can be transferred to heirs upon death. The City's supervisory employee unit voluntarily agreed to this defined contribution plan for health insurance of retirees who are hired after July 1, 2008, and this plan has been implemented for the City's non-represented employees.

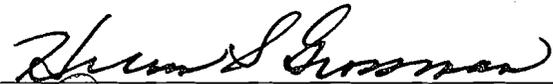
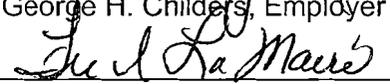
Based upon the foregoing and the record as a <sup>whole</sup> ~~whole~~ and after considering all the applicable Section 9(a) factors, the award and order of a majority of the arbitration panel is the City's last best offer shall read as set forth below:

Employees hired on or after the date of the Act 312 Award shall be eligible after six months of service only for a defined-contribution retiree health care savings account. To aid employees in making their employee contribution to their Retiree Health Care Savings Account, their employee contribution shall step up on employee's anniversary date coinciding with their step increases to permit them to provide increasing employee contributions in accordance with the following:

(1) After six months of service, new hires shall make contributions at the annual rate of \$375 (\$14.42 gross per bi-weekly payroll) for six months during which time the City shall make contributions at the annual rate of \$750, payable in bi-weekly pay period increments (i.e. \$28.85 gross per payroll).

(2) For the next year of service, the employee shall make contributions at the annual rate of \$750 (\$28.85 gross per bi-weekly payroll) during which time the City shall make contributions at the annual rate of \$1,500, payable in bi-weekly pay period increments (i.e. \$57.69 gross per payroll).

(3) For all years thereafter the employee shall make contributions at the annual rate of \$1,000 (\$38.46 gross per bi-weekly payroll) during which time the City shall make contributions at the annual rate of \$1,750, payable in bi-weekly pay period increments (i.e. \$67.30 gross per payroll).

Dated: <u>12-17</u> , 2008	 Hiram S. Grossman, Chairman
Dated: <u>12/17/</u> , 2008	 George H. Childers, Employer Delegate
Dated: <u>12/17/</u> , 2008	 (dissent) Fred LaMaire, Union Delegate

**(b) Issue 12: Vesting of the City's contributions to retiree health care plan for employees hired on or after July 1, 2008, City issue-economic.**

i. Currently: New: There is no provision in the collective bargaining agreement addressing this issue.

**ii. City's last best offer:**

The City proposes that employees hired on or after the date of the Act 312 Award shall vest in the City funded portion of a defined contribution retiree health care system upon achieving ten (10) years of service under the City's defined benefit pension system. If employees hired on or after the date of the Act 312 Award separate from City employment prior to achieving ten (10) years of service in the City's defined benefit pension system, they will only be entitled to receive the employee's contributions and investment earnings on those employee contributions from their defined contribution retiree health care saving account.

**iii. Union's last best offer:**

The Union proposes that if a defined contribution retiree health care plan is implemented for any portion of the bargaining unit, all City contributions made to an employee's account shall be vested after the employee has fulfilled his/her probationary employment period.

**iv. City's basis for its last best offer:**

Under the City's Pension Retirement Program the City and the Union have bargained and agreed no employee is entitled to any benefit under the City's Pension Program until the employee is vested, which occurs once an employee works ten (10) years. This is the length of time the City proposes be used for vesting of the employer's contributions it makes under the Defined Contribution Retiree Health Plan. Additionally, under the current retiree health care plan no employee is entitled to a retiree health care benefit unless they are also eligible for a retirement allowance under the retirement plan. The city's agreement with supervisory unit on this issue and the vesting schedule

adopted for City non-represented employees includes this concept, since the vesting schedule utilizes the date the employee first becomes eligible for a retirement allowance under the City's retirement plan. The City's proposal continues the existing eligibility standards and should be implemented.

**v. Union's basis for its last best offer:**

The Union's position is if the traditional retiree health care plan is replaced with retiree health savings accounts, the City's contributions to an individual's account should become vested at the same time the employee becomes a "just cause" employee. The employee is being saddled with all the risk by this plan while the City is relieved of the risk of retiree health care. There should be some consequence to the City for transferring all the risk to the employee. The City may contend that its proposed 10 year vesting schedule is to help insure that employees stay with the City. However, the employer should not create an unprecedented and untested program for retiree health care and then use the leverage of lack of vesting to retain employees. If the plan is really a good and competitive plan, that City should be able to retain employees without resorting to denying them the City's contribution to the defined contribution retiree health savings account until they have completed ten (10) years of employment to be vested in the City's retirement pension program.

**OPINION AWARD AND ORDER**

**ON ISSUE 12 WHEN CITY'S CONTRIBUTION BECOMES VESTED  
IN THE EMPLOYMENT**

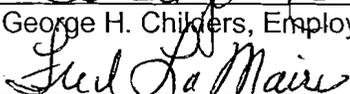
A majority of the arbitration panel conclude, find and adopt as its award the City's last best offer on this issue. The arbitration panel has considered all applicable Section 9 requirements in arriving at its decision to adopt City's last best offer on this issue.

The reasons and basis for accepting the City's last best offer on this issue is as follows: There is a definite nexus and connection between an employee receiving a pension from his employer and receiving retiree health insurance where the employer makes a major contribution to the defined contribution health savings account. Thus, where vesting only occurs and an employee can expect to receive a pension from the

City after ten (10) years when his pension benefit is vested; similarly requiring a ten (10) year period before the City's contribution are vested into the defined contribution retired health savings account is both reasonable and makes sense.

Based upon the foregoing and the record as a whole and after considering all applicable Section 9 factors, the award and order of a majority of the arbitration panel is that the City's last best offer on Issue 12 shall read as set forth below:

Employees hired on or after the date of the Act 312 Award shall vest in the City funded portion of defined contribution retiree health care system upon achieving ten (10) years of service under the City's defined benefit pension system. If employees hired on or after the date of the Act 312 Award separate from City employment prior to achieving ten (10) years of service in the City's defined benefit pension system, they will only be entitled to receive the employee contributions and investment earnings on those employee contributions from their defined contribution retiree health care saving account.

Dated: <u>12-17</u>	, 2008	 Hiram S. Grossman, Chairman
Dated: <u>12/17/</u>	, 2008	 George H. Childers, Employer Delegate
Dated: <u>12/17/</u>	, 2008	 (dissent) Fred LaMaire, Union Delegate

**(c) Issue 14 [City Issue] Retiree Health Care for employees hired before July 1, 2008, who are not vested in a City Pension system as of July 1, 2008. (Economic issue).**

- i. Currently: There is no provision providing for a defined contribution health services account for retirees who are police officers. Thus, police officers who are not vested in the City's pension system currently are covered by a defined benefit retiree health insurance plan.
- ii. **City's last best offer:**

The City proposes that employees hired before the date of the Act 312 Award who did not have ten (10) years of service in the City's defined benefit pension system as of the date of the Act 312 Award shall be eligible only for a defined-contribution retiree health care savings account. These employees shall receive an Initial City Contribution into their Retiree Health Savings Account that shall be actuarially determined based on the present value of their future benefit as of July 1, 2008. This Initial City Contribution will be the greater of:

- (a) The actuarially determined present value of the accrued benefit multiplied by 90%. This result will be multiplied by a percentage determined by reducing 100% by .75% (three quarters of one percent) for each month that the employee is below the age of 50;

Or,

- (b) The actuarially determined present value of the accrued benefit multiplied by 90%. This result will be multiplied by a percentage determined by multiplying the months of service as of July 1, 2008, by one-quarter percent (.25%).

This account will also be funded with ongoing contributions as follows:

- (1) The employee will make contributions at the annual rate of \$1,000 (\$38.46 gross per bi-weekly payroll).
- (2) The City shall make contributions at the annual rate of \$1,750, payable in bi-weekly pay period increments (i.e. \$67.30 gross per payroll).

If these employees separate from City employment, they shall, in accordance with IRS regulations and plan provisions, be entitled to receive the Initial City Contribution to their defined contribution retiree health care savings account, the annual City contributions, their annual employee contributions, and all investment earnings from their defined contribution retiree health care savings account when they leave City Employment.

Phase in of Employee Contributions to their defined contribution retiree health care savings account. There will be no employee contribution during the six (6) month period after the date of the Act 312 Award; and, the employee contribution during the period from six (6) months after the date of the Act 312 Award through 12-31-2009 shall be \$500.

[Voluntary conversion for those employees hired before July 1, 2008, who are vested in the City Pension System as of January 1, 2009, shall only be allowed if the City's mandatory conversion is awarded for those not vested as of that date.]

**iii. Union's last best offer:**

The Union proposes to maintain the status quo, which would involve continuing the pre-65 defined benefit retiree health plan as modified through TA's and the 312 award for employees hired before July 1, 2008, who were not vested in the pension plan as of July 1, 2008.

**iv. City's basis for its last best offer:**

The purpose of this proposal would require all bargaining unit employees, not vested in the City's Pension Retirement Plan prior to January 1, 2009,, to convert to the defined contribution retiree health insurance plan. The basic plans contribution rate for the employee and the City would remain the same; however the City would immediately contribute an amount calculated upon the value of the current retiree health care plan to each employee based upon the years of service as of January 1, 2009. This amount the City immediately contributes as well as all future City contributions immediately vest with the employee irrespective of whether they have a vested pension with the City. There is no constitutional or statutory prohibition to change provisions of an existing

retiree health care plan as there is with the reduction of accrued benefits of a public employee retirement plan. The existing retiree health insurance plan contained in a collective bargaining is subject to renegotiation and modification at any time. The City cannot continue a defined benefit health insurance plan for all of its police officers. The current liability for retiree health care is \$160 million for all the City's active employees and retirees. 50 million dollars of the 160 million dollars represents the City's Police Department's share of the unfunded liability covering active and retired Police Department employees.

The City has decided all of its police officers with less than ten (10) years seniority and not vested in the City's pension as of July 1, 2008, shall be converted to the defined contribution retiree health savings plan. Police officers with more than ten (10) years of employment and were vested in the city's pension plan are entitled to remain in the deferred benefit plan. However on their own they can voluntarily elect to be covered in the defined contribution retiree health savings plan. The City would make an immediate contribution into their defined contribution retirement health savings plan based upon an actuarial determination of the present value of the accrued benefit multiplied by 90% into their health savings plan which will be immediately vested with the employee.

There are 88 police officers in this unit that will not have ten (10) years of service by January 1, 2009, and thus will not be vested in the City's retirement plan; these are the employees who will be placed into the defined contribution retiree health savings plan. If any of those employees were to leave before they have ten (10) years of vested service they would not have a vested pension nor a vested retiree health care benefit. This change will enable the City to reduce the amount required to be pre-funded under GASB and free up City funds or be used to pay for other benefits. The idea of selecting the dividing line at ten (10) years of service to determine which employees will automatically be placed in the defined contribution retiree health savings plan was suggested by the City's supervisory unit. The police officers association has previously endorsed the ten (10) year dividing line in the context of deferred eligibility for retirement benefits.

**v. Union's basis for its last best offer:**

The Union incorporates its discussion under Issue 11 and it has counter proposed maintaining the defined benefit retiree health insurance plan for all police officers who are not vested in the city's pension plan by January 1, 2009.

The City seeks to divest current employees, who have worked less than ten (10) years, of the retiree health care they were expecting and for which they have been providing their labor as consideration. The City's proposal would replace the certainty of employer provided retiree health insurance with a retiree health savings account which has no guarantee of lasting until a retiree reaches the age of Medicare. This proposal is even more unacceptable than that under Issue 11. Many of the bargaining unit members that would be affected by this proposal have been enticed to continue working for the City for numerous years with the expectation of retiree health care. This City proposal would yank the rug out from this expectation and replace it with uncertainty and risk.

**OPINION AWARD AND ORDER**

**ON DISPUTED ISSUE 14 RETIREE HEALTH CARE FOR EMPLOYEES HIRED BEFORE 1—1- 2009, WHO ARE NOT VESTED IN THE CITY'S PENSION PLAN**

A majority of the arbitration panel conclude, find and adopt as its award the City's last best offer on disputed Issue 14 which would transfer all police officers not vested in the City's retirement plan as of January 1, 2009, that is having ten (10) years of service by then into a newly created defined contribution retiree health savings plan. The arbitration panel has considered all applicable Section 9 requirements in arriving at its decision to adopt City's last best offer on this issue.

The reasons and grounds for accepting the City's last best offer on this issue are as follows: There are no constitutional or statutory impediments to doing so. This, like other mandatory issues of bargaining are subject to negotiations between the parties. The same reasons and basis for deciding disputed Issues 11 and 12 on the basis of the City's last best offer come into play on deciding disputed Issue 14. Having agreed to a defined contribution retiree health savings plan generally and in its application to employees hired after July 1, 2008, Issue 14 is an extension to ~~what~~ <sup>what</sup> group of police

CHOT  
what  
GJM

officers will the defined contribution retiree health savings plan be mandatorily required to be included. Issue 14 chose those police officers having less than ten (10) years service prior to January 1, 2009, coincidentally ten (10) years is the amount of service needed to have a vested pension.

It is eminently clear with the state of the State of Michigan and the nation's economy today and the likelihood the State of Michigan economy will be in the doldrums for the foreseeable future, retiree health insurance plans and programs need to change. Examining the comparable communities, several of the communities' obligation toward their employees retiree health insurance is less than the City's current obligation and those comparable communities providing defined benefit health insurance plan for their retirees will need to change to some different type of retiree health insurance plan to maintain their solvency.

Unless something is done soon to address this issue the City's legacy costs will continue to grow and will impede the City's ability to provide necessary services to its residents and to provide living wages and benefits to its employees.

Based upon the foregoing and the record as a whole and after considering all applicable Section 9 factors, the award and order of a majority of the arbitration panel is the City's last best offer of settlement on Issue 14 shall read as set forth below.

Employees hired before the date of the Act 312 Award who did not have ten (10) years of service in the City's defined benefit pension system as of the date of the Act 312 Award shall be eligible only for a defined-contribution retiree health care savings account. These employees shall receive an Initial City Contribution into their Retiree Health Savings Account that shall be actuarially determined based on the present value of their future benefit as of July 1, 2008. This Initial City Contribution will be the greater of:

- (a) The actuarially determined present value of the accrued benefit multiplied by 90%. This result will be multiplied by a percentage determined by reducing 100% by .75% (three quarters of one percent) for each month that the employee is below the age of 50;

Or,

- (b) The actuarially determined present value of the accrued benefit multiplied by 90%. This result will be multiplied by a percentage determined by multiplying the months of service as of July 1, 2008, by one-quarter percent (.25%).

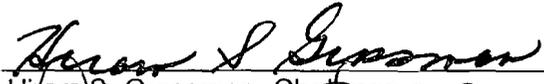
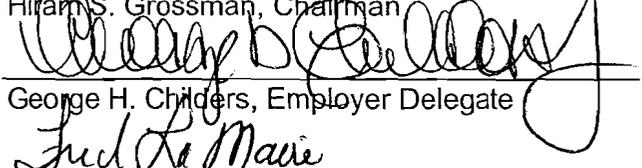
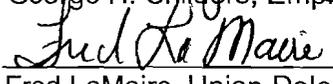
This account will also be funded with ongoing contributions as follows:

- (1) The employee will make contributions at the annual rate of \$1,000 (\$38.46 gross per bi-weekly payroll).
- (2) The City shall make contributions at the annual rate of \$1,750, payable in bi-weekly pay period increments (i.e. \$67.30 gross per payroll).

If these employees separate from City employment, they shall, in accordance with IRS regulations and plan provisions, be entitled to receive the Initial City Contribution to their defined contribution retiree health care savings account, the annual City contributions, their annual employee contributions, and all investment earnings from their defined contribution retiree health care savings account when they leave City Employment.

Phase in of Employee Contributions to their defined contribution retiree health care savings account. There will be no employee contribution during the six (6) month period after the date of the Act 312 Award; and, the employee contribution during the period from six (6) months after the date of the Act 312 Award through 12-31-2009 shall be \$500.

[Voluntary conversion for those employees hired before July 1, 2008, who are vested in the City Pension System as of January 1, 2009, shall only be allowed if the City's mandatory conversion is awarded for those not vested as of that date.]

Dated: <u>12-17</u> , 2008	 Hiram S. Grossman, Chairman
Dated: <u>12/17/</u> , 2008	 George H. Childers, Employer Delegate
Dated: <u>12/17/</u> , 2008 (dissent>	 Fred LaMaire, Union Delegate

**B. Proposals That Would Modify The Existing Defined Benefits For Retiree Health Insurance Plan For Employees Presently Vested In The City's Retirement Plan.**

Additionally the City has proposed modifications and clarification of certain aspects of the defined benefit retiree health insurance plan for those who will remain. Each of the proposals have as its goal the reducing of costs or eliminating unnecessary costs.

**Issue 16. [City Issue] Retiree Direct Contribution to Health Care Premium Sharing for employees hired before July 1, 2008, who are vested in a City Pension System as of July 1, 2008, and subsequently retire. (Economic Issue).**

(a) Currently; There is no current contract language addressing this issue.

Adding following paragraph B(1):

**(b) City's last best offer:**

Retiree Pre-65 Retiree Direct Contribution to Health Care Premium Sharing. The premium sharing contribution (the "retiree direct contribution") to be paid by pre-65 service and disability retirees who retire on or after the date of the Act 312 Award, shall be the same as paid by active employees, as the same may be changed from time to time. The pre-65 retiree health care premium sharing payment would be applied uniformly without regard to the category of coverage (i.e. single pre-65 dependents). Cost would be defined as the blended rate for all active employees and pre-65 retirees.

**(c) Union's last best offer:**

The Union proposes that the premium sharing contribution (the "retiree direct contribution") to be paid by pre-65 service and disability retirees who retire on or after (date of award), shall be the fixed at the dollar amount in effect for active employees on retirees date of retirement.

**(d) City's basis for its last best offer:**

Both proposals recognize that employees should contribute to the cost of their retiree health care coverage, but differ on the amount that should be paid. The City

proposal would have retirees pay the same amount as active employees while the Union proposal would have the retiree contribution fixed as of the time of retirement. The City submits that its proposal is better supported by the evidence and should be adopted. A majority of the comparables fix the amount of their obligation to pay for retiree health care costs at the time of retirement leaving the retiree to bear all the risk of increasing health care costs. The federal government requires its employees to pay 25% of the current cost; the State of Michigan requires its employees to pay 10% of the current cost. Since the Union has already agreed that the cost used to determine the monthly premium is a blending of the cost of insurance for active employees and pre age 65 retirees, the logical next step would be to apply the same percentage cost active employees pay to what pre age 65 retirees would pay for their health insurance premium. The Union's agreement to blend the costs has resulted in active employees paying a little more than required, and pre age 65 retirees paying a little less than required.

The Union's proposal fixing the pre age 65 retirees health insurance cost at what it was when they retired is inconsistent and unnecessary as the pre age 65 retirees will be able to afford to pay the same amount as the active employees. Additionally, retirees will receive an inflationary adjustment which will come into play after four (4) years as a result of a tentative agreement to eliminate the 13 month pension retirement check.

**(e) Union's basis for its last best offer:**

The Union is not opposed to retirees paying a premium contribution. However, retirees, with the exception of a 1% non-compounding COLA adjustment after five years of retirement, are on a fixed income. This fixed income must already cope with a generally increasing cost of living. The Union has already made a significant concession in effectively agreeing to premium sharing and believes the premium sharing amount for retirees should remain stable after retirement since the City is more able to deal with some uncertainty than are individual retirees. This is exactly what the Union's counterproposal on this issue does, fixes the cost of premium sharing to the dollar amount in place at the time of a retiree's date of retirement.

This issue will impact those bargaining unit members who continue to have traditional retiree health care. Under the City's proposal, the retirees' premium sharing contribution amount will float with the active employees. If an individual retires at age 50, that means his/her retiree health insurance premium contribution could, based on collective bargaining agreements of three years or less, float and change five or more times prior to reaching Medicare age. Depending on what active employees agree to, the changes in premium contribution amounts could be quite dramatic.

**OPINION AWARD AND ORDER**  
**ON DISPUTED ISSUE 16 RETIREE DIRECT CONTRIBUTION**  
**TO HEALTH COST SHARING**

A majority of the arbitration panel conclude, find and adopt as its award the City's last best offer on disputed Issue 16, Retiree Direct Contribution to Health Care Cost Sharing. The arbitration panel has considered all applicable Section 9 requirements in arriving at its decision to adopt City's last best offer on this issue.

The reasons and grounds for accepting the City's last best offer on this issue are as follows: The Union has already agreed to allow a blending of costs of health insurance for active employees and age pre-65 retirees. As a result of this decision the premium for active employees are already higher. It is neither consistent nor logical to freeze the cost a pre age 65 retiree would pay to what active employees were paying when the police officer retired and at the same time active employees' health premium sharing is going up by a larger amount due to higher cost of providing health insurance coverage to age pre-65 retirees. There would be little incentive for the pre age 65 retirees to do anything to help contain the rising cost of health care.

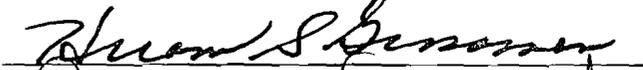
Based upon the foregoing and the record as a whole and after considering all applicable Section 9 factors, the award and order of a majority of the arbitration panel is the City's last best offer of settlement shall read as set forth below:

Add the following Paragraph B (1):

(1) Retiree Pre-65 Retiree Direct Contribution to Health Care Premium Sharing. The premium sharing contribution (the "retiree direct contribution") to be paid by pre-65

service and disability retirees who retire on or after the date of the Act 312 Award, shall be the same as paid by active employees, as the same may be changed from time to time. The pre-65 retiree health care premium sharing payment would be applied uniformly without regard to the category of coverage (i.e. single pre-65 retiree, pre-65 retiree and one dependent, and pre-retiree and two or more dependents). Cost would be defined as the blended rate for all active employees and pre-65 retirees.

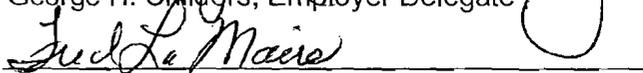
Dated: 12-17, 2008

  
Hiram S. Grossman, Chairman

Dated: 12/17/, 2008

  
George H. Childers, Employer Delegate

Dated: 12/17/, 2008

  
(dissent) Fred LaMaire, Union Delegate

2. **Issue 17. [City Issue] Employer Contribution to Health Care Premium Cost for employees hired before July 1, 2008, who are vested in a City Pension System as of July 1, 2008, and subsequently retire. (Economic Issue).**

(a) Currently: New, there is no contract provision addressing this issue.

**(b) City's last best offer: Add the following Paragraph B(2):**

[Applicable to employees with 10 or more years of service in the City's defined benefit retirement plan as of the date of the Act 312 Award]

(2) Employer contribution to health insurance plan.

The City will make a contribution towards the percentage portion of the cost of the pre-65 service and disability retiree health insurance not covered by the retiree direct contribution (the "City Contribution") based upon the number of complete months of service the retiree had with the City as of their date of retirement. The minimum eligibility for any City Contribution towards retiree health insurance costs is 120 months of City employment, with the amount the City will contribute increasing by each additional complete month of City employment (at .29167% per month) in accordance with the following:

120 months	33.0%
132 months	33.5%
144 months	37.0%
156 months	40.5%
168 months	44.0%
180 months	47.5%
192 months	51.0%
204 months	54.5%
216 months	58.0%
228 months	61.5%
240 months	65.0%
252 months	68.5%
264 months	72.0%

276 months	75.5%
288 months	79.0%
300 months	82.5%
312 months	86.0%
324 months	89.5%
336 months	93.0%
348 months	96.5%
360 months	100.0%

The amount of their actual City service notwithstanding, the City Contribution for disability retirees and for service retirees who retire at or after age 62 will be calculated as if the retiree had worked 30 years. In the event that the retiree does not have sufficient City service to receive a City Contribution equal to 100% of the City's percentage portion of the retiree health insurance cost, the retiree or the eligible surviving spouse of the deceased eligible retiree will be required to pay the remainder of the City's percentage portion of the retiree health insurance cost in addition to the retiree direct contribution amount.

[During the period from the date of the Act 312 Award through 6-30-2010 the City will apply a transition accrual schedule that will provide employees who retire within that period an accrual of 0.33333% per complete month of credited service, with a maximum accrual of 100% at twenty-five (25) years of credited service as set forth below:

120 months	40.0%
132 months	44.0%
144 months	48.0%
156 months	52.0%
168 months	56.0%
180 months	60.0%
192 months	64.0%
204 months	68.0%
216 months	72.0%

228 months	76.0%
240 months	80.0%
252 months	84.0%
264 months	88.0%
276 months	92.0%
288 months	96.0%
300 months	100.0%

**C. Union’s last best offer: as follows:**

The City will make a contribution towards the percentage portion of the cost of the pre-65 service and disability retiree health insurance not covered by the retiree direct contribution (the “City Contribution”) based upon the number of complete years of service the retiree had with the City as of their date of retirement. The minimum eligibility for any City Contribution towards retiree health insurance costs is 10 years of City employment, with the amount the City will contribute increasing by each additional complete year of City employment in accordance with the following:

10 years of service	40.0%
11 years of service	44.0%
12 years of service	48.0%
13 years of service	52.0%
14 years of service	56.0%
15 years of service	60.0%
16 years of service	64.0%
17 years of service	68.0%
18 years of service	72.0%
19 years of service	76.0%
20 years of service	80.0%
21 years of service	84.0%
22 years of service	88.0%
23 years of service	92.0%
24 years of service	96.0%

25 years of service 100.0%

**D. City's basis for last best offer:**

The parties do not dispute the major concept that retiree health care is a benefit over time. The dispute centers on the length of time necessary to accrue before the full share of the employer contribution is earned. The City's position is 30 years; the Union's position is 25 years.

The basis of the Union's request to use a 25 year scale is its belief that most employees will actually retire with 25 years of service. This claim is not supported by the evidence, since during the ten (10) year period between 1-1-1997 and 6-30-2007 the average number of years of service for police retirees was 30.2 years. Of the 92 police retirees during this period, 57 had 30 or more years of service. (City S Ex 9, Exhibit E).

On a statewide basis, this Legislature recently amended the teacher retirement plan to specifically adopt a 30 year requirement for full retiree health care coverage, with each year less that an employee works resulting in a proportionally reduced benefit. The comparables do not provide any definite resolution of this issue since those that have addressed this issue have come to different results. On a local level, the City has agreed with its supervisory employee unit and its non-represented employees to utilize a 30 year scale.

There are, however, some additional differences in the two proposals that favor the City. Its proposal is based upon years and months of service, while the Union's proposal provides benefits based upon completed full years of service. The City's proposal is more generous to employees since all of their service will be counted. The City's proposal also makes special provisions for disability retirees and older service retirees. Under the City proposal, disability retirees and service retirees who retire at or after age 62 will be treated as if they had worked calculated as if the retiree had worked 30 years. The Union's proposal does not address these issues and would not treat those classes of employees as favorably as the City proposal. In view of these factors, the City's proposal is better supported by the evidence and should be adopted by the Act 312 panel.

**E. Union's basis for its last best offer:**

This issue will impact those bargaining unit members who continue to have traditional retiree health care. Under the current contractual terms, a bargaining unit member can retire at age 50 with 10 years of service and receive full retiree health care until age 65.

The City's proposal and the Union's counterproposal both change the current system. In fact, for the term of the contract at issue, both the Union's counterproposal and the City's proposal utilize the same 25 year schedule which one must work prior to earning full retiree health insurance. It must be kept in mind that the portion of health insurance the City will pay, based on the schedule, is still subject to the premium co-sharing amount. As such, even if an individual works long enough to have a 100% benefit, he/she will no longer be able to retire at age 50 with full retiree health care. The Union is attempting to be reasonable in meeting the City in some of its requested cost containment. Many of its bargaining members have worked 10 or more years and believe they have a vested interest in full retiree health care. Obviously, many of these individuals will be upset with this change.

The substantial difference between the Union's counterproposal and the City's proposal is the fact that the City is trying to influence both the contract at issue and the contract which will begin on July 1, 2010. Under the City's proposal, the 25 year schedule will only last the life of this contract and a 30 year schedule will spring into place on the first day of the next contract. This proposal inappropriately tries to resolve this issue for both the instant contract and the next contract as well. The Union urges the Panel to accept its offer on this issue. According to the City's offer, the schedule proposed by the Union is acceptable to the City for the duration of this contract.

The City's 30 year schedule is also an apparent attempt to void the age 50 retirement provision. Years ago, the City desired to diversify its command staff. In order to do so, the City approached the Union and offered the age 50 retirement in exchange for the promotional rule of three. The Union accepted this offer and gave up a valuable promotional tool in exchange for age 50 retirement with full retiree health care until age 65. The City benefited from this deal and now has a diversified command

structure. Now after receiving its benefit from the deal, the City wants to renege on its part of the deal and change the rules through the back door. Since the Michigan Constitution prohibits the City from changing the retirement age for those employees who are vested, the City is now attempting to force them to work longer through another means. *APTE v Detroit*, 154 Mich App 440 (1986). If the City's 30 year schedule is adopted, the only bargaining unit members that will be able to effectively retire at age 50 will be those who began employment at age 20 or younger.

### **OPINION AWARD AND ORDER**

#### **ON DISPUTED ISSUE 17 EMPLOYER CONTRIBUTION TO HEALTH CARE PREMIUM FOR EMPLOYEES VESTED IN CITY PENSION PLAN**

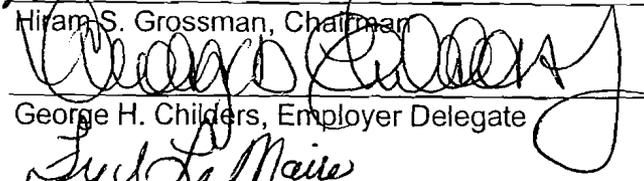
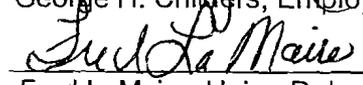
A majority of the arbitration panel conclude, find and adopt as its award the Union's last best offer on disputed Issue 17, Employer Contribution to Health Care Premium for Employees Vested in City Pension Plan. The arbitration panel has considered all applicable Section 9 requirements in arriving at its decision to adopt the Union's last best offer on this issue.

The reasons and grounds for adopting the Union's last best offer on Issue 17 are as follows: It is clear the City has agreed to a 25 year period to trigger the maximum percentage that the City will have to contribute and pay towards pre-65 age retirees for their health insurance until age 65 for the term of this contract. While the City's last best offer is set forth in months of service and the Union's is set forth in years of service, they both provide the maximum benefit after 25 years. Twenty-five years of service at age 50 is when police officers can retire and immediately receive their pension benefits; thus, the police officers should be able to receive after 25 years of service and receive the maximum employer contribution towards the employees pre-age 65 health insurance plan. If the City wants to change its maximum contribution obligation to 30 years, this is an issue it should raise and address in its next negotiation with the Union.

Based upon the foregoing and the record as a whole and after considering all applicable Section 9 factors, the award and order of a majority of the arbitration panel is the Union's last best offer of settlement and disputed Issue 17 shall read as set forth below:

The City will make a contribution towards the percentage portion of the cost of the pre-65 service and disability retiree health insurance not covered by the retiree direct contribution (the "City Contribution") based upon the number of complete years of service the retiree had with the City as of their date of retirement. The minimum eligibility for any City Contribution towards retiree health insurance costs is 10 years of City Employment, with the amount the City will contribute increasing by each additional complete year of City employment in accordance with the following:

10 years of service	40.0%
11 years of service	44.0%
12 years of service	48.0%
13 years of service	52.0%
14 years of service	56.0%
15 years of service	60.0%
16 years of service	64.0%
17 years of service	68.0%
18 years of service	72.0%
19 years of service	76.0%
20 years of service	80.0%
21 years of service	84.0%
22 years of service	88.0%
23 years of service	92.0%
24 years of service	96.0%
25 years of service	100.0%

Dated:	<u>12-17</u>	, 2008	
			Hiram S. Grossman, Chairman
Dated:	<u>12/17/</u>	, 2008	
		(dissent >	George H. Childers, Employer Delegate
Dated:	<u>12/17/</u>	, 2008	
			Fred LaMaire, Union Delegate

**3. Issue 18. [City Issue] Retiree Health Insurance Coverage for employees who leave City employment under circumstances that does not allow them to receive an immediate retirement allowance. (Deferred Retirees). (Economic Issue).**

(a) Currently: New language, there is no contract provision addressing this issue.

Add the following Paragraph B (3):

**(b) City's last best offer:**

Deferred retirees. Individuals who at the time of leaving City employment are not receiving a retirement benefit payment from the defined benefit retirement plan are not eligible to continue to participate in the City health care plan except as provided under COBRA and are not eligible for any City contribution towards retiree health care costs. Deferred retirees may not reenter the City health care plan at a later date.

**(c) Union's last best offer:**

A member with ten (10) or more years of credited service, as of the date of ratification and approval of voluntary successor Agreement, or the date of receipt of the 312 Award (whichever occurs first), who ceases to be a member, except by death or retirement, before attaining the minimum service retirement age of fifty (50) shall be allowed to qualify for pre-65 retiree health care coverage provided he/she upon reaching age fifty (50) applies for retirement, in accordance with Section 1.250, and also applies for City pre-65 retiree health care coverage.

A member with less than ten (10) years of credited service, as of the date of ratification and approval of a voluntary successor Agreement, or the date of receipt of the 312 Award (whichever occurs first), who ceases to be a member, except by death or retirement, before attaining the minimum service retirement age of fifty (50) shall not be eligible for City pre-65 retiree health care coverage upon application for retirement in accordance with Section 1.250. This paragraph shall also apply to all new hires after the date of ratification and approval of a voluntary successor Agreement, or the date of receipt of the 312 Award (whichever occurs first).

**(d) City's basis for its last best offer:**

The reason for the City's proposal is that retiree health care is too expensive a benefit to be provided to employees who leave the City to work for other employers and do not actually retire from the City. This concept is explicitly spelled out in the federal system, where deferred retirees cannot participate in the retiree health insurance program. (City HC Ex 9). This limitation is spelled out in the new Battle Creek contract which limits retiree health care benefits to those who retire "with a pension benefit immediately payable," in the Kent County contract that excludes employees eligible for a deferred retirement, and in the Ottawa County contract that excludes employees eligible for a deferred retirement. In the other contracts, this issue is not directly addressed but the provisions provide for retiree health care coverage for employees who reach normal retirement age. This provision is now part of the supervisory unit contract and is applicable to the City's non-represented employees. The City proposal should be adopted to implement the original intent of the retiree health care provision and to conform to the provisions of the comparable communities.

**(e) Union's basis for its last best offer:**

Under the current contractual terms, a bargaining unit member can leave employment after ten (10) years of service without being of retirement age, subsequently begin drawing a pension when reaching age 50 and also receive health care. The City seeks to change this practice.

The City's proposal would eliminate this practice for all current employees. The Union's counterproposal would maintain this practice for individuals who have already worked ten (10) years with the expectation of this benefit. When this issue is examined, it must be kept in mind that Issue 17 will already reduce the City's cost by limiting the amount of the retiree health insurance a deferred retiree will receive. The Union believes its counterproposal on this issue is more reasonable since it partially maintains the expectation of employees who have worked for ten (10) or more years with the expectation of this benefit.

**OPINION AWARD AND ORDER**  
**ON DISPUTED ISSUE 18 REQUIRING POLICE OFFICERS TO BE  
IMMEDIATELY ENTITLED TO A CITY PENSION IN ORDER TO BE  
ELIGIBLE FOR RETIREE HEALTH INSURANCE**

The arbitration panel conclude, find and adopt as its award the Union's last best offer on disputed Issue 18, requiring police officers in order to be eligible for pre age 65 retirement insurance they must have ten (10) or more years of credited service as of ratification or date of receipt of the 312 Award (whichever occurs first) who ceases to be a member except by death or retirement, before attaining the minimum service retirement age of fifty (50) shall be allowed to qualify for pre-65 retiree health care coverage provided he/she upon reaching age fifty (50) applies for retirement in accordance with Section 1.250 and also applies for City pre-65 retiree health care coverage.

The foregoing paragraph does not apply to a member with less than ten (10) years of credited service as of the date of ratification or the date of receipt of the 312 Award (whichever occurs first) who ceases to be a member, except by death or retirement, before attaining the minimum service retirement age of fifty (50) shall not be eligible for the City pre-65 retiree health care coverage. This paragraph shall apply to all new hires after the date of ratification or the date of receipt of 312 Award (whichever occurs first).

The reasons and grounds for adopting the Union's last best offer as its Award on disputed Issue 18 are as follows: During the Act 312 proceedings the City agreed to the Union's last best offer as long as its application of and eligibility of this section for retiree health care coverage for employees who leave City employment under circumstances that do not allow them to receive an immediate retirement pension is limited as described in the Union's last best offer which is set forth below in the Award and Order portion of this issue.

Based upon the foregoing and the record as a whole and after considering all applicable Section 9 factors, the Award and Order of the arbitration panel is the Union's last best offer, disputed Issue 18 shall read as set forth below:

Add the following Paragraphs B (3):

A member with ten (10) or more years of credited service, as of the date of ratification and approval of a voluntary successor Agreement, or the date of receipt of the 312 Award (whichever occurs first), who ceases to be a member, except by death or retirement, before attaining the minimum service retirement age of fifty (50) shall be allowed to qualify for pre-65 retiree health care coverage provided he/she upon reaching age fifty (50) applies for retirement, in accordance with Section 1.250, and also applies for City pre-65 retiree health care coverage.

A member with less than ten (10) or more years of credited service, as of the date of ratification and approval of a voluntary successor Agreement, or the date of receipt of the 312 Award (whichever occurs first), who ceases to be a member, except by death or retirement, before attaining the minimum service retirement age of fifty (50) shall not be eligible for City pre-65 retiree health care coverage upon application for retirement, in accordance with Section 1.250. This paragraph shall also apply to all new hires after the date of ratification and approval of a voluntary successor Agreement, or the date of receipt of the 312 Award (whichever occurs first).

Dated: 12-17, 2008

Dated: 12/17/, 2008

Dated: 12/17/, 2008

  
Hiram S. Grossman, Chairman

  
George H. Childers, Employer Delegate

  
Fred LaMaire, Union Delegate

**4. Issue 20. [City Issue] Beginning date for retiree health insurance. (Economic Issue).**

(a) Currently: New there is no language in the contract address this issue.

Add the following Paragraph B (5):

**(b) City's last best offer:**

Beginning date for retiree health insurance coverage. Service retirees can begin receiving pre-65 retiree health care benefits at age 50 with 10 years of service at their earned percentage. Disability retirees can begin receiving pre-65 retiree health care benefits when the disability retiree begins to draw a pension.

**(c) Union's last best offer: The UNION proposes as follows:**

Service retirees can begin receiving pre-65 retiree health care benefits at age 50 with ten (10) years of service at their earned percentage. Disability retirees can begin receiving pre-65 retiree health care benefits when they begin to draw a pension as if they had worked the number of years necessary to earn a maximum benefit.

**(d) City's basis for its last best offer:**

The purpose of this provision was to clarify existing contractual language. Both proposals are virtually the same and were the product of discussion by the parties regarding this issue. The Union's proposal adds additional language that seeks to impact the amount of retiree health care to be received by disability retirees. This language does not belong in this section, requiring the Act 312 panel to adopt the City's proposal.

**(e) Union's basis for its last best offer:**

This issue impacts those employees that will continue to have employer paid retiree health care. The only difference between the City's proposal and the Union's counterproposal on this issue is that the Union's maintains a full retiree health care benefit, less premium contribution, for those individuals who are unfortunate enough to have to take a disability retirement. The City should not be opposed to this language since it proposed similar language to protect those who have to take a disability

retirement in its proposal under Issue 17. Therefore, the Panel is urged to adopt the Union's position on this issue.

**OPINION AWARD AND ORDER**

**ON DISPUTED ISSUE 20 WHEN POLICE OFFICERS ARE FIRST  
ELIGIBLE TO RECEIVE PRE AGE 65 HEALTH CARE BENEFITS**

A majority of the arbitration panel conclude, find and adopt as its award the Union's last best offer on disputed Issue 20. The arbitration panel has considered all applicable Section 9 requirements in arriving at its decision to adopt the Union's last best offer on this issue.

The reasons and grounds for adopting the Union's last best offer on Disputed Issue 20 are as follows: The two proposals are the same except for the provision for police officers who have to take a disability retirement; as to those police officers the Union proposed maintaining a full retiree health care benefit, less the employee's premium contribution. The City proposed similar language to those police officers who have to take a disability retirement in its proposal under Issue 17.

Based upon the foregoing and the record as a whole and after considering all applicable Section 9 factors, the award and order of a majority of the arbitration panel is the Union's last best offer, disputed Issue 20 shall read as set forth below:

Service retirees can begin receiving pre-65 retiree health care benefits at age 50 with ten (10) years of service at their earned percentage. Disability retirees can begin receiving pre-65 retiree health care benefits when they begin to draw a pension as if they had worked the number of years necessary to earn a maximum benefit.

Dated: 12-17, 2008

Dated: 12/17/, 2008

Dated: 12/17/, 2008



Hiram S. Grossman, Chairman



George H. Childers, Employer Delegate



Fred LaMaire, Union Delegate

**5. Issue 21. [City Issue] Retiree Health Care Plan Benefits. (Economic Issue).**

(a) Currently: New there is no language in the contract addressing this issue.

Add the following Paragraph B (6):

**(b) City's last best offer:**

Pre-65 Retiree Health Care Plan Benefits. The health care plan for pre-65 retirees will be the same as provided to active employees including deductibles, co-payments, co-insurance, and benefit to design changes, as the same may change from time to time.

**(c) Union's last best offer:**

For employees retiring after (date of award) prescription drug payments and office visit co-payments under the health care plan for pre-65 retirees will be the same as those paid by active employees, as the same may change from time to time.

**(d) City's basis for its last best offer:**

The City's proposal requires retirees to participate in the same health care plan as provided to active employees, while the Union's proposal permits changes to the health care plan only for drug and office visit co-pays. The City's proposal was made to ensure that it only has to maintain one plan for active employees and pre-65 retirees. Prior to the adoption of the Unified Health Care plan on July 1, 1999, the City maintained different health care plans for retirees and for active employees. The parties all agreed in 1999 that retirees and actives should be in the same plan with the same level of benefits. The City's proposal continues that concept.

The Union's proposal would take the parties back to the pre-1999 days when the City was forced to maintain different plans for active and retirees and to maintain different plants for retirees who retired at different times. This concept is inherently inefficient and contrary to the concept acknowledged by the Union's President that the parties wanted the coverage for retirees to float with the actives. If the coverage gets better for actives it also changes identically for retirees. If the active coverage is reduced or modified, it also changes identically for the retirees. This is the only way that

a health care plan can efficiently operate, and the retirees should not be able to avoid the changes that are necessary to maintain the plan.

The Union's proposals would ensure that retirees have better benefits than the actives, since the limited number of changes permitted would avoid virtually all coverage changes or modifications. This would create extreme difficulties in plan administration and is especially inappropriate in a self insured plan where the parties have agreed that a blended rate of the actual costs for pre-65 retiree costs and active employee costs will be utilized for establishing the amounts to be paid by employees.

The Union proposal is not supported by the comparables, since virtually all of these communities require the pre-65 retirees to participate in the same plan as the actives. Walker is an exception, since it requires retirees to participate in a lower cost HMO rather than the more comprehensive plan provided to active employees. Kalamazoo County also has a stipulated plan for retirees, but that is in the process of being changed to float with the actives in the current negotiations. The City has a long standing policy that retiree coverage floats with the active coverage which should not be changed. The Act 312 panel should adopt the City's proposal since it is supported by the evidence.

**(e) Union's basis for its last best offer:**

This issue only applies to individuals who will continue to receive employer paid retiree health care. Currently, retirees' health insurance benefits are fixed at the time of retirement. The City's proposal on this issue would float all aspects of retirees' health care to match that received by active employees. The Union's counterproposal floats only retirees' prescription drug and office visit co-payments to match those of active employees.

The Union believes the City's proposal is too broad and subjects retirees on a fixed income to vast uncertainty. Under the City's proposal, active employees could negotiate a high deductible health plan with the City putting all or a portion of the deductible amount into a health savings account to be used to meet the deductible.

While this might benefit the active employees and the City, retirees would be stuck with a high deductible plan and no health savings account.

It is significant concession to float the co-payments with those of active employees. The Union's proposal will save the City money and also maintain some predictability for retirees. This, alone, could subject retirees to significant cost increases during retirement. The Union urges the Panel to accept the Union's position as the more reasonable.

### **OPINION AWARD AND ORDER**

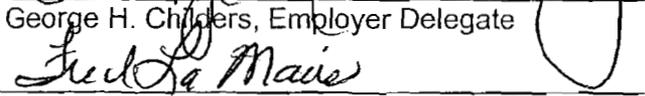
#### **ON DISPUTED ISSUE 21 RETIREE HEALTH CARE PLAN BENEFITS**

A majority of the arbitration panel conclude, find and adopt as its award the City's last best offer on disputed Issue 21, the pre-age 65 Retiree Health Care will be exactly the same for pre-age 65 retirees as provided to the City's active employees.. The arbitration panel has considered all applicable Section 9 requirements in arriving at its decision to adopt the City's last best offer on this issue.

The reasons and grounds for adopting the City's proposal on this issue are as follows: A majority of the panel find significant the City's plan enables and will permit the City to maintain only a single plan for both active and retirees; a majority of the panel finds multiple plans would be inherently inefficient. The retiree's benefits would float with the coverage the active employees receive. Adopting the Union's proposal would likely result in the retirees having better coverage than the active employees. Since the cost of health insurance for the retiree group is higher, but for the fact of blending the cost of retiree health care with active employee health care, retiree health care standing alone would cost more. Another way of looking at this by not having the health care coverage of retirees float with the health care coverage of the active employees it would result in active employees premium rates being even larger. All of the comparable communities have one health insurance plan that covers both its active employees and retirees.

Based upon the foregoing and the record as a whole and after considering all applicable Section 9 factors, the award and order of a majority of the arbitration panel is the City's last best offer, disputed Issue 21 shall read as set forth below:

Pre-65 Retiree Health Care Plan Benefits. The health care plan for pre-65 retirees will be the same as provided to active employees including deductibles, co-payments, co-insurance, and benefit design changes, as the same may changed from time to time.

Dated: <u>12-17</u> , 2008	 Hiram S. Grossman, Chairman
Dated: <u>12/17/</u> , 2008	 George H. Childers, Employer Delegate
Dated: <u>12/17/</u> , 2008 (dissent>	 Fred LaMaire, Union Delegate

6. **Issue 24. [City Issue] Retiree Health Care Dependent Coverage. (Economic Issue).**

(a) Currently: New. There is no language in the contract addressing this issue.

Add the following Paragraph B (9):

**(b) City's last best offer:**

Pre-65 Retiree Health Care Dependent Coverage. Coverage under the City's pre-65 retiree health care plan for the dependents of a retiree is limited to those individuals who are dependents of the retiree and covered by the retiree health care plan at the time the retiree began receiving retirement benefits.

**(c) Union's last best offer:**

Coverage under the City's pre-65 retiree health care plan is limited to those individuals who are the spouse and/or qualified dependents of the retiree at the time he/she begins receiving a pension allowance. In the case of a disability retirement, granted in accordance with the provisions of Section 1.252 of the City of Grand Rapids Police and Fire Retirement System Ordinance, the spouse and qualified dependents of the retiree (at the time the disability retirement is granted by the Board) shall be eligible for retiree health care benefits until the time the retiree reaches or would have reached age sixty five (65). If the retiree and the spouse at the time of retirement should have further children after retirement or legally adopt children after retirement, such children, by birth or legal adoption, shall also be considered to be a qualified dependent for the first two (2) of such births and/or adoptions only. No further qualified dependents may be added due to birth or legal adoption after the retiree reaches age fifty (50).

**(d) City's basis for its last best offer:**

The proposals on this topic are generally the same, since they reflect the concept that no new dependents should be added to the health care plan after retirement. The only difference is the limited situation of disability retirement. The exception proposed by the Union properly addresses this unique issue and should be given serious consideration by the Act 312 Panel.

**(e) Union's basis for its last best offer:**

This issue only impacts those individuals who will continue to have employer paid retiree health care. The City's proposal seeks to limit dependants covered by retiree health care to those existing dependants at the time of retirement. The only difference between the City's proposal and the Union's counterproposal is that the Union seeks to provide an exception for those individuals who receive a disability retirement prior to age 50, allowing them to add up to two (2) children to their retiree health care prior to age 50. Since individuals receiving a disability retirement may become disabled at a relatively young age and prior to having children, it is inherently unfair to deprive them of health care benefits for at least some future children.

**OPINION AWARD AND ORDER**

**ON ISSUE 24 PRE-AGE 65 RETIREE DEPENDENT HEALTH CARE COVERAGE**

A majority of the arbitration panel conclude, find and adopt as its award the Union's last offer on Issue 24, the pre-age 65 Retiree Dependent Health Care Coverage. The arbitration panel has considered all applicable Section 9 requirements in arriving at its decision to adopt the Union's last best offer on this issue.

The reasons and grounds for adopting the City's proposal on this issue are as follows: The City does not oppose the Union's proposal to permit adding of up to two (2) children born to an employee receiving a disability retirement prior to age 50 who were born subsequent to the employee receiving City disability retirement benefits since an employee may become disabled and begin receiving a disability retirement pension at a relatively young age and prior to having children and it would be inherently unfair to deprive them of health care benefits for up to two children born after they began receiving a disability pension.

Based upon the foregoing and the record as a whole and after considering all applicable Section 9 factors, the award and order of a majority of the arbitration panel is the Union's last best offer on issue 24 and it shall read as set forth below:

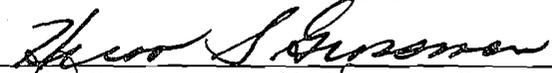
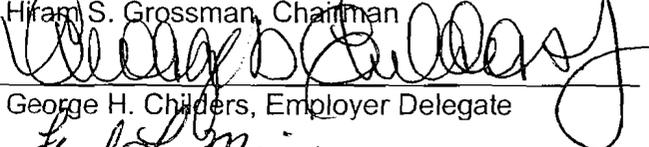
Coverage under the City's pre-65 retiree health care plan is limited to those individuals who are the spouse and/or qualified dependents of the retiree at the time

he/she begins receiving a pension allowance. In the case of a disability retirement, granted in accordance with the provisions of Section 1.252 of the City of Grand Rapids Police and Fire Retirement system Ordinance, the spouse and qualified dependents of the retiree (at the time the disability retirement is granted by the Board) shall be eligible for retiree health care benefits until the time the retiree reaches or would have reached age sixty-five (65). If the retiree and the spouse at the time of retirement should have further children after retirement or legally adopt children after retirement, such children by birth or legal adoption shall also be considered to be a qualified dependent for the first two (2) such births and/or adoptions only. No further qualified dependents may be added due to birth or legal adoption after the retiree reaches age fifty (50).

Dated: 12-17, 2008

Dated: 12/17/, 2008

Dated: 12/17/, 2008

  
Hiram S. Grossman, Chairman  
  
George H. Childers, Employer Delegate  
  
Fred LaMaire, Union Delegate

**B. TOPIC 2, RETIREMENT PLAN**

The City identifies two (2) issues associated with this topic. The first issue involves increasing the multiplier to 2.8 from 2.7. The second issue is if the arbitration panel awards a 2.8 multiplier, the total cost of 1.32 percent should be paid by the police officer, whereas the Union has proposed paying .66 of 1% which represents ½ of the increase going from a 2.7 to 2.8 multiplier.

**Issue 26 [Union's Issue] Pension Multiplier**

(a) Currently: The contract provides a 2.7 multiplier.

**(b) Union's last best offer: The Union has requested the following;**

Effective June 30, 2010:

The pension multiplier shall be increased to: 2.8%

The employee pension contribution shall be increased: 0.66%, provided, however, the following pension funding levels shall result in the following reductions in employee pension contribution

120% to 124.99% funded =0.66% reduction in employee contribution.

125% to 129.99% funded =0.66% additional reduction in employee contribution.

130% to 134.99% funded =0.66% additional reduction in employee contribution.

135% or more funded =0.66% additional reduction in employee contribution.

**(c) City's last best offer:**

The City proposes that the current 2.70% not be increased to 2.80%.

[In the event the Act 312 Panel determines to increase the multiplier, the employee contribution should be increased by 1.32% (the actuarially determined cost using a 15 year amortization at each level of system funding. The City is agreeable to having the Act 312 panel adjust the contribution schedule to provide relief from this additional cost if the level of funding should exceed 115% in the future.]

**(d) Union's basis for its last best offer:**

The Union seeks to increase the pension multiplier from 2.7% to 2.8% and pay for a portion of the cost by increasing the employee pension contribution 0.66%. The current actuarially calculated cost for the increased multiplier with a 15 year amortization period is 1.32%. Both of these changes are to be effective the last day of the collective bargaining agreement. Additionally, the Union seeks some reduction in the pension contribution if the pension becomes significantly over-funded. The most the pension contribution could be reduced under the Union's proposal is 2.64%. Thus, under the Union's proposal, the lowest the employee pension contribution could go is 2.02% (4.66% current minimum contribution with the increased multiplier – 2.64%).

As to the City's counterproposal on this issue, the Panel certainly could accept the first part of the counterproposal which seeks to retain the current 2.7% pension multiplier. However, as Panel may be without jurisdiction to accept the City's contingent offer on this issue. Due to the contingent nature of the second portion of the City's offer, this portion of the offer should be stricken.

The Union believes its offer on this issue is reasonable given the typical over-funded status of the pension plan and the fact that this is the only improvement the Union is seeking, other than some minor wage increases, which, if granted, will not even keep wages at pace with inflation.

**(e) City's basis for its last best offer:**

The City is opposed to any multiplier increase, but if one is awarded, the City proposes that employees pay the entire cost of this pension increase which has actuarially determined to be 1.32%.

The sole reason that has been advanced in support of this proposal is the action of the City to grant non-police officer employees an increase to a 2.70 multiplier from a 2.50% multiplier in the last round of negotiations. The Union believes that they must have a better multiplier since they do not have social security coverage like the rest of the City employees. This argument fails to recognize that Police Officers and Sergeants have the ability to substantially add to their overall retirement funds by investing the 6.2% contribution that they do not have to make to social security. It also fails to reflect

the fact that Police Officers and Sergeants are able to include overtime in their FAC while general employees are limited to base salary.

At the present time the City has a three tiered system of maximum pension benefit, with employees hired before 3-9-1995 having a 100% cap on their maximum pension benefit, employees hired after 3-8-1995 having a 87.5% cap and employees hired after 7-1-2001 having a 80% cap. This cap was instituted beginning in 1995 to limit pension benefits to reasonable amounts and in recognition that virtually all other pension plans capped the maximum benefit at 80% or less. There are currently 113 employees still eligible to earn a pension benefit of up to 100%, 145 employees still eligible to earn a pension benefit of up to 87.5% and only 38 employees are capped at 80%. Some of the planning that was implemented to attempt to hold down the maximum amounts of police pensions will be eliminated by increasing the multiplier, since more employees will be able to exceed the 80% standard adopted by most communities.

A review of the comparable communities with defined benefit programs reveals that the current 2.7% multiplier is already on the high side of the multipliers provided to employees in those communities. At the present time, seven of the comparable communities have a 2.50% multiplier in effect (East Grand Rapids, Grandville, Holland, Kent County, Kentwood, Ottawa County and Walker) and two have a 2.70% multiplier (Kalamazoo and Wyoming).

There are three communities that have a multiplier higher than 2.70%. Battle Creek has a 3.00% multiplier for the first 25 years of service and 1.0% thereafter, but the amount of retirement benefits that plan produces is reduced by a FAC which utilizes the highest five out of ten years and a maximum benefit of 80%. It has no post retirement escalator and like Grand Rapids, has no social security coverage. Ingham County has a 3.20% multiplier, but the amount of retirement benefits that plan produces is reduced by a FAC which utilizes the highest five out of ten years and a maximum benefit of 80%. It has no post retirement escalator and, like Grand Rapids, has no social security coverage. Muskegon has a 3.00% multiplier, but the amount of retirement benefits that plan produces is limited because it has a maximum benefit of

75%. It does, however, have a post retirement escalator and, like Grand Rapids, has no social security coverage.

A review of these statistics shows that the median plan for all of the comparable communities is between a 2.50% multiplier and a 2.70% multiplier. None of the comparable communities in Kent County or adjacent to Grand Rapids provide a benefit higher than 2.70%. Based upon this evidence, there is no legitimate claim that the benefits provided under the City's Pension Plan are insufficient or have even fallen below the average of all of the comparable communities. Accordingly, the Union has not established that a pension multiplier increase is justified, especially with the pending addition of the post retirement escalator.

The Union attempts to avoid this analysis by contending that they would "pay" for the improved benefit by increasing their contribution by .66%. The problem with this analysis is that the increase in the normal cost to provide this increased benefit is .55% if paid by employer contributions and it is unclear how much it will cost if it is paid for by employee contributions. In addition, the proposed changes will add \$1,796,758 in unfunded liability to pay for retroactive application of the increase in the multiplier to past years of service. The Union is asking the City to finance those new unfunded liabilities over a period of 15 years by increasing the City's contribution by .77%.

This method to finance this unfunded liability might have been acceptable when the City pension plan was significantly over funded, but the recent actuarial analysis indicates that plan would be 86% funded as of 12-31-2008. This in turn will increase the City's contribution rate from the present temporary 0.00% contribution rate to 22.25% next year. If the City were to extend the current 2 year smoothing to 5 years, the contribution rate would only increase to 17.98%. If another accounting change to decouple the cost value of assets from the smoothing period is used, the City will achieve temporary relief for one year, but in subsequent years the rate would rise to 11.01%, 19.01%, 25.90% and 32.33%. In view of the current financial status of the pension plan, the only responsible action for the Act 312 panel is to refuse to grant the Union any further pension increases until the funding status of the plan recovers.

The form of the proposed retirement change is especially important in the context of an Act 312 Arbitration. Under Michigan law, the benefits of a retirement plan are accrued contractual rights that cannot be reduced by the City or an arbitrator. The imposition by the arbitration panel of a retirement change that would rewrite the years of service prior to July 1, 2007, (the start of this new Collective Bargaining Agreement) would effectively rewrite the agreement of the parties for past years. While the issue of pensions in general is undoubtedly a mandatory subject of bargaining, MCL 423.240 provides as follows:

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 provisions to the contrary are not withstanding.

The proposal of the Union would require the Act 312 arbitration panel to retroactively change the service credits earned under prior collective bargaining agreements and would be an improper retroactive change. The proposal of the Union that the multiplier be increased to 2.8% for all years of service can not, therefore, be lawfully awarded by the panel, and the City proposal of no change should be awarded because it comports with the evidence and is within the statutory authority of the panel to award.

### **OPINION AWARD AND ORDER**

#### **ON DISPUTED ISSUE 26 INCREASING PENSION MULTIPLIER FROM 2.7% TO 2.8%, EFFECTIVE JUNE 30, 2010**

A majority of the arbitration panel conclude, find and adopt as its award the Union's last best offer to increase its pension multiplier from 2.7 to 2.8, effective June 30, 2010. The arbitration panel has considered all applicable Section 9 requirements in arriving at its decision to adopt the Union's last best offer on this issue with the bargaining unit employees paying .66 of 1% of the actuarially determined 1.32% increase in cost to increase the pension multiplier from 2.7 to 2.8.

The reasons and grounds for adopting the Union's last best offer on this issue are as follows: It is not unusual for municipalities and counties to have its Act 312

eligible bargaining units receive a higher pension multiplier than their general employee units. Also, the City's police officers are not covered by social security; thus, the City is saving 6.2% of their employees W-2 wages on their first \$95,000.00 of salary. Using the average W-2 earnings for the police officers, projecting an average starting age of 25 plus years, and assuming the police officer would have began drawing social security at age 62, a police officer would have been eligible to receive an additional \$16,000.00 to \$20,000 in yearly social security benefits which they will not receive.

Increasing the pension multiplier from 2.7 to 2.8 would require a police officer to work 28.6 years instead of 29.6 years at a 2.7 multiplier. Thus, the city's concerns increasing the pension multiplier to 2.8 will be a driving force in having 190 police officers retire after 25 years would not be the case. Currently, a police officer, retiring with a 2.7 multiplier, would receive 67.5% of their final average compensation; a police officer retiring with a 2.8 multiplier would receive 70% of their final average compensation.

The City is probably correct in stating the primary motivating force in the Union's requesting an increase in its multiplier from 2.7 to 2.8 is the fact the City previously agreed to increase the pension multiplier from 2.5 to 2.7 for all of its employees that are not eligible for Act 312 arbitrations. This acknowledgement on the City's part reveals the following: In the past the City provided its Act 312 eligible employees with a higher multiplier; thus to once again do so would not be a new idea. Secondly, it shows in the past the City has recognized the inherent danger and stress the Act 312 eligible employees face performing their work duties that the non Act 312 eligible employees do not have to encounter. It also recognizes, in the past, the City may have given consideration to the fact it does not have to pay the employer matching social security contribution for police officers that it does for non Act 312 eligible employees.

A majority of the arbitration panel sees two options if it awards and orders the pension multiplier be increased from 2.7 to 2.8 effective 6-30-2010. These options are:

- (a) The 2.7 pension multiplier be increased to 2.8 effective 6-30-2010, with the full 1.32% increase for retroactive application for all employees retiring after June 30, 2010, be paid by the employees.

- (b) The 2.7 pension multiplier be increased to 2.8 effective June 30, 2010, with the 1.32 increase in cost for retroactive application for all employees retiring after June 30, 2010, be divided and equally paid by the employee and the City. Each party's share would be .66 of 1%.

A majority of the panel has deliberated, and weighed these options and has determined the pension multiplier be increased to 2.8 from 2.7, effective June 30, 2010 and thereafter to be applied retroactively for all employees retiring on or after June 30, 2010. The 1.32% increase cost for retroactively applying the increase in pension multiplier from 2.7 to 2.8 to all bargaining unit employees retiring on and after June 30, 2010 shall be divided and equally paid by the employee and the City. Each party being responsible for paying .66 of 1% of the 1.32% cost increase.

The arbitration panel is cognizant of the current state of the stock and investment markets and that it may require an employer contribution. However, the panel is also cognizant of the fact for the past 10 – 15 years the City has made little or not made any contribution to the City's retirement system and all the while its employees were making contributions to the City's retirement system. Since increasing the multiplier to 2.8 is not effective until June 30, 2010, the increase will not have an immediate effect on the City's obligations.

Finally, the panel has considered that several of the comparable communities in Kent and adjacent counties have a lesser multiplier for its police officers; however, Grand Rapids future appears more stable and rosier than most of the State of Michigan. The projected growth in business opportunities is impressive in comparison to the rest of the State. With respect to the issue of pension multiplier, the City will be the leader that other comparable communities will look to regarding this benefit.

Based upon the foregoing and the records as a whole and after considering all applicable Section 9 factors, the award and order of a majority of the arbitration panel is the Union's last best offer and disputed issue 26 shall read as set forth below:

Effective June 30, 2010:

The pension multiplier shall be increased to: 2.8% for all employees retiring on and after June 30, 2010.

The employee pension contribution shall be increased: 0.66% of 1% with the City also paying .66% of 1%. provided, however, the following pension funding levels shall result in the following reductions in employee pension contribution:

120% to 124.99% funded = 0.66% reduction in employee contribution.

125% to 129.99% funded = 0.66% additional reduction in employee contribution.

130% to 134.99% funded = 0.66% additional reduction in employee contribution.

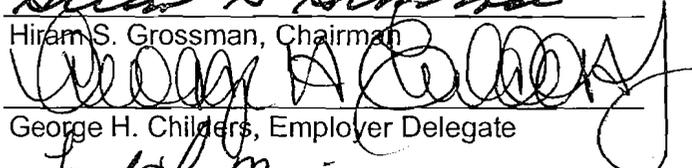
135% or more funded = 0.66% additional reduction in employee contribution.

Increasing the pension multiplier from 2.7 to 2.8 shall be effective on and after June 30, 2010, and shall only be applied retroactively for all employees retiring on and after June 30, 2010.

Dated: 12-17-, 2008

  
Hiram S. Grossman, Chairman

Dated: 12/17/, 2008

  
George H. Childers, Employer Delegate

(dissent)

Dated: 12/17/, 2008

  
Fred LaMaire, Union Delegate

**2. Issue 28. [Union Issue] Pension Early Out Provision.**

The Union has withdrawn this provision from consideration and thus it is no longer an issue.

**3. Issue 29 Employee Pension Contribution if multiplier is increased to 2.8.**

(a) Current: Now there is no contract language addressing this issue.

(b) City's last best offer: In the event the Act 312 Panel determines to increase the multiplier, the employee contribution should be increased 1.32%. The actuarially determined cost using a 15 year amortization.

(c) Union's last best offer: The employees will pay ½ of the 1.32% increased cost determined by the actuaries.

**OPINION AWARD AND ORDER**

This matter has already been addressed by the arbitration panel in issuing their Opinion Award and Order with respect to disputed Issue 26 where the pension multiplier was increased from 2.7 to 2.8 effective June 30, 2010.

**4. Issue 29a, Employee Contribution if a reduction is allowed reducing the service requirements from 25 years of service to 20 years of service.**

In light of the Union's withdrawal of disputed Issue 28, the arbitration panel need not address this issue.

**5. Issue 30, Longevity Payments – Union Proposal.**

The Union has withdrawn this proposal from consideration and thus this is no longer an issue.

### TOPIC 3 DIRECT EMPLOYEE COMPENSATION

There are 6 issues in dispute involving employee direct compensation. Five of the issues address the wage rates from July 1, 2007, through June 30, 2010.

1. Issue 31. [Union issue] FY 2007 – 2008 Wage Increase. (Economic Issue).
  - a. **City's last best offer: The City proposes that there be no additional wage increases during the period from July 1, 2007, through June 30, 2008.**
  - b. Union's last best offer: The Union proposes a 2.0% across the board wage increase effective July 1, 2007.
  - c. **City's basis for its last best offer:**

There are several factors that lead to the conclusion that the City's proposal is best supported by the evidence and should be adopted by the Act 312 panel. Of primary importance is the financial condition of the City, which has convinced the supervisory unit to voluntarily agree to a collective bargaining agreement that did not provide a wage increase during the period of January 1, 2007 through October 24, 2008. All other non-represented employees have also gone this same period of time without a wage increase.

Police Officers and Sergeants were provided with wage increases on July 1, 2007, and as of January 1, 2008, had top wages of \$57,032 for Police Officers and \$65,193 for Sergeants. The wages being paid during the 7-1-2007 through 6-30-2008 time period in the comparable communities are set forth on City S Ex 22 and have been updated by Attachment A to reflect subsequent settlements and reasonable projections of future settlements. These figures and projections establish that the average wage paid to a Police Officer in comparable communities as of January 1, 2008, was \$56,540. City Police Officers were paid \$492 above the average and received wages greater than 8 of the comparable communities. There were 6 communities that had higher wages than City Police Officers. The average wages paid to a Sergeant in the comparable communities as of January 1, 2008, was \$64,268. City Sergeants were paid \$925

above the average and received wages greater than 7 of the comparable communities. There were 7 communities that had higher wages than City Sergeants.

This picture changes with the 1.25% wage increase provided to Police Officers and the 1.75% wage increase provided to Sergeants through the Civil Service Commission "reclassification" process in May of 2008. This increased the City Police Officer pay to \$57,745, increased the pay differential to \$1,205 above the average and placed their wages ahead of that paid in 9 of the comparable communities. There were now only 5 communities that had higher wages than City Police Officers, and two of them were higher by only \$115 and \$204. This increased the City Sergeant pay to \$66,334 and increased the pay differential to \$2,066 above the average and placed their wages ahead of that paid in 10 of the comparable communities. There were now only 4 communities that had higher wages than City Sergeants, one of which was only \$517 higher and one of which is Kent County where the Sergeants are supervisory employees.

The Union proposal of an additional 2.0% would increase wages for Police Officers to \$58,899 and for Sergeants to \$67,657. This would place City Police Officers and Sergeants above all comparable communities except Kalamazoo, Kalamazoo County and Kent County. In view of the financial situation of the City and the fact that other City employees have been required to go almost two years without raises, it would be improper for the Act 312 Panel to grant the Union proposed raises just to place them at the "top" of the comparable pay scales. The City proposal should be adopted by the Act 312 panel, since it places Police Officers and Sergeants firmly above the average and very near the top in each classification without breaking the wage pattern provided to other City employees.

**d. Union's basis for its last best offer:**

The Union points out its proposed wage increase of 2.0% falls below the respective 12 month rate of inflation. The United States Government data shows the inflation rate increased by more than 2.5% between May of 2006 to June, 2007. Thus even with granting the Union's wage request, the actual increase in terms of buying

power of the bargaining unit will result in a decrease in buying power due to the rate of inflation being larger than the proposed 2.0% wage increase.

When the data from the comparable communities is examined, it becomes obvious that this bargaining unit has been losing ground in terms of wages. From 1996 to 2006, the comparable communities' wages increased by an average of 3.62%, more than did the wages of this bargaining unit. (Union Ex. 21, tab 2, p. 3). In fact, 12 of the 14 communities saw a greater percentage wage increase during that period than did this bargaining unit. *Id.* From 2000, to 2006, this bargaining unit lagged behind the wage increases of the comparable communities by 4.14% and the CPI by 2.45%. (Union Ex. 21, tab 2, p. 4). Again, 12 of the 14 comparable communities saw a greater percentage wage increase over this period. *Id.* Some of the disparity between this bargaining unit and the comparable communities can be explained by the fact that the Union agreed to the City's request that it take a 0% wage increase in 2003, when the average wage increase received by the comparable communities was 3.68%. (Union Ex. 21, tab 2, p. 12).

The Union is only requesting a wage increase of 2.0% for 2007 when the average wage increase among the comparable communities was 2.54%. *Id.* With adoption of the Union's 2007 wage increase, this bargaining unit will continue to lag over 3.5% behind the cumulative wage increases received by the comparable communities since 2003. *Id.* Eleven of the comparable communities received a higher percentage increase than the Union is requesting for 2007. *Id.*

While the Union does not wish to be compared to dispatchers, there are many bargaining unit members that feel insulted when dispatcher pay is examined. Obviously dispatchers do not face the dangers or physical and psychological stresses of Police Officers. As such they are typically paid significantly less than are Police Officers. Among the comparable communities, top paid dispatchers are paid an average of almost 30% less than top paid patrol officers. (Union Ex. 21, tab 2, p. 25). However, in Grand Rapids, top paid patrol officers are paid 3% less than top paid dispatchers. *Id.* Obviously this situation is rife for poor morale among patrol officers. Unfortunately, even if the Union's wage requests are adopted, this situation is unlikely to be remedied.

However, if the City's wage offers are adopted by the Panel, morale is likely to further deteriorate.

### **OPINION AWARD AND ORDER**

#### **ON ISSUE 31 JULY, 2007 – JUNE 30, 2008 WAGE INCREASE**

A majority of the arbitration panel conclude, find and adopt the Union's last best offer regarding a 2.0% wage increase for the bargaining to be applied to all steps in the contract, however, there shall be no retroactive application for this 2.0% increase, the 2.0% increase shall be made effective December 31, 2008, and should be computed prior to putting into place the wage 2008 – 2009 wage increase which will be implemented and become effective 1-1-2009. The arbitration panel has considered all applicable Section 9 requirements in arriving at its decision to adopt the Union's last best offer, but without any retroactive application.

The reasons and grounds for adopting the Union's last best offer on this issue are as follows: The comparable communities wage increases over the 10 year period between 1996 – 2006 reveals by an average of 3.62% and in fact 12 of the 14 comparable communities saw greater increases than did the Police Officers bargaining unit. A majority of the panel takes notice the cost of living has increased by more than 2.5% between May of 2006 and June of 2007 and over 5% between May of 2007 and June of 2008. Additionally, it is hard to explain less to be able to justify why the City has its dispatchers at the top of their wage scale that are paid a higher salary than the top of the Police Officer's wage scale. Granting the Union's 2.0% wage increase for 2007, this bargaining unit will still be over 3.5% behind the cumulative wage increase received by the comparable communities since 2003. Of the comparable communities, 11 of them received a higher percentage increase then the Union is requesting.

However, a majority of the arbitration panel conclude, find and award that this 2.0% wage increase for the July 1, 2007 to June 30, 2008, shall not be made or paid retroactively. In fact, the 2.0% wage increase shall be implemented on December 31, 2008, and be built into all steps of the wage scale prior to implementation of the fiscal year 2008, wage increase which will be awarded and ordered below, which will be effective January 1, 2009.

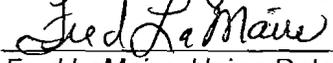
Based upon the foregoing and the records as a whole and after considering all applicable Section 9 factors, the award and order of a majority of the arbitration panel is the Union's last best offer on disputed issue 31 shall read as set forth below:

Fiscal year 2007, wage increase: A 2.0% increase across the board. The wage increase is not to be retroactively applied and shall be implemented and placed into effect December 31, 2008, and shall be built into all steps of the wage scale prior to implementation of the fiscal year 2008, increase which will be awarded and ordered below which will be implemented and effective January 1, 2009.

Dated: 12-17, 2008

Dated: 12/17/, 2008

Dated: 12/17/, 2008

  
Hiram S. Grossman, Chairman  
  
George H. Childers, Employer Delegate  
  
Fred LaMaire, Union Delegate

2. Issue 32. [Union issue] Retroactivity of FY 2007-2008 Wage Increase. (Economic Issue).

- (a) City's last best offer: The City proposes that any wage increase in FY 2007-2008 should not be paid retroactively; due to the financial situation of the City, the fact that no other City employee received raises during this period, and the inability of the City to retroactively apply premium sharing and health care changes during the period of FY 2007-2008.
- (b) Union's last best offer: The Union proposes full retroactive payment of the July 1, 2007, wage increase.
- (c) City's basis for its last best offer: The City's position was previously stated in its position on disputed Issue 31.
- (d) Union's basis for its last best offer: The Union's position was previously stated in its position on disputed Issue 31.

OPINION, AWARD AND ORDER

**ON ISSUE 32, RETROACTIVITY ON FISCAL YEAR 2007, WAGE INCREASE**

This issue was addressed in the Opinion, Award and Order of disputed Issue 32 <sup>6/17/09</sup> which was adopted by a majority of the arbitration panel after considering all applicable Section 9 requirements in arriving at its decision to adopt the Union's last best offer.

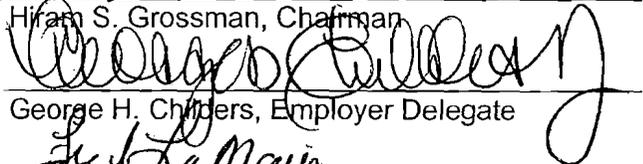
The Fiscal year 2007, 2.0% wage increase is not to be made or paid retroactively. It is to be implemented and put into effect December 31, 2008, prior to the implementation of the fiscal year 2008 wage increase which is to be effective and implemented on January 1, 2009.

Dated: 12-17, 2008



Hiram S. Grossman, Chairman

Dated: 12/17/, 2008



George H. Childers, Employer Delegate

Dated: 12/17/, 2008



(dissent) Fred LaMaire, Union Delegate

**3. Issue 33. [Joint Issue] FY 2008-2009 Wage Increase. (Economic Issue).**

**(a) City's last best offer: The City proposes to increase wages 2.50% effective upon 1-1-2009.**

**(b) Union's last best offer: The Union proposes a 2.5% across the board wage increase effective 7-1-2008.**

**(c) City's basis for its last best offer:**

The only difference between the City's and the Union's wage proposal for fiscal year 2008, is when the increase will be implemented and made effective. The City proposes a 1-1-2009 date when the Police Officers 10% contribution towards its health insurance premium is implemented. The City has pointed out it would be extremely difficult to retroactively collect the employees 10% contribution toward its health insurance premium retroactively to 7-1-2008. If the 2.5% wage increase were made retroactive to 7-1-2008, as the Union's last best offer seeks, the inability of the City to collect the 10% employee contribution towards their health insurance would result in not being able to collect in excess of \$215,000.00 in lost bargaining unit health insurance premiums. This would result in a compounding loss if the Union's 2.5% wage increase for fiscal year 2008, where made retroactive to 7-1-2008.

**(d) Union's basis for its last best offer:**

The arbitration panel should not take into consideration the results of the reclassification made by the City's Civil Service Commission that awarded the Police Officers a 1.25% wage increase and a 1.75% increase to the Sergeants in the Spring of 2008. The City's director of Human Resources testified that reclassification increase should have no bearing or impact on this bargaining unit's contractual wage increase. The Human Resource Director stated "it is very important that the bifurcation of the 2 processes remain disentangled."

The Union's position and discussion for its last best offer regarding disputed Issue 31, the 2.0 wage increase for fiscal year 2007, is restated and incorporated by reliance as if fully and completely repeated herein.

**OPINION, AWARD AND ORDER**  
**ON DISPUTED ISSUE 33, THE WAGE INCREASE FOR FISCAL YEAR 2008 AND  
WHEN IT IS TO BE IMPLEMENTED**

A majority of the arbitration panel conclude, find and adopt as its award the City's last best offer on disputed Issue 33, the wage increase for fiscal year 2008 of 2.5% wage increase across the board is to be effective 1-1-2009. The arbitration panel has considered all applicable Section 9 requirements in arriving at its decision to adopt the City's last best offer on this issue.

The reasons and grounds for accepting the City's last best offer on this proposal are as follows: Initially the arbitration panel points out there is no dispute on the amount of the increase. The only dispute is when the increase is to be effective and implemented. The City's proposal that the 2.5% increase be made effective and implemented affective 1-1-2009, is the one adopted by a majority of the arbitration panel. The Union's last best offer would have had the arbitration panel implement the 2.5% wage increase effective 7-1-2008. The reasons why a majority of the arbitration panel adopts the City's last best offer is the City's fiscal year 2008 wage increase is to become effective on 1-1-2009, which coincides with the bargaining units obligation to pay 10% toward their health insurance also becomes effective. Having the 2.5% wage increases effective on 1-1-2009, the award and order avoid and eliminates any retroactivity on the fiscal year 2008, 2.5% wage increase. Also, previously, the arbitration panel made the bargaining units 10% contribution towards their health insurance cost effective 1-1-2009. Due to the difficulty of recapturing the employees 10% contribution toward their health insurance retroactively to 7-1-2008, there would be little justification to making the fiscal year 2008 wage increase retroactive to 7-1-2008. This is especially true in light of the way a majority of the arbitration panel's handled the fiscal year 2007 wage increase when and how it was to be effective and be implemented.

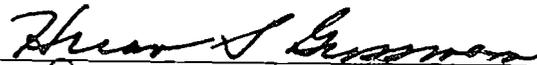
Based upon the foregoing and the record as a whole and after considering all applicable Section 9 factors, the award and order of the arbitration panel is the City's last best offer and Issue 33 shall read as set forth below:

A wage increase of 2.5% across the board on all steps effective 1-1-2009.

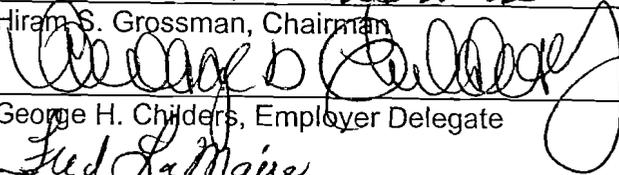
Dated: 12-17, 2008

Dated: 12/17/, 2008

Dated: 12/17/, 2008



Hiram S. Grossman, Chairman

  
George H. Childers, Employer Delegate



Fred LaMaire, Union Delegate

4. Issue 34. [Union Issue] Retroactivity of FY 2008-2009 Wage Increase. (Economic Issue).

(a) City's last best offer: The City proposes that any wage increase in FY 2008-2009 should not be paid retroactively, since the employees received an interim wage increase through the classification review and the inability of the City to retroactively apply premium sharing and health care changes during the period of FY 2008-2009 from 7-1-2008 through the date of the Act 312 Award.

(b) Union's last best offer: The Union proposes full retroactive payment of the 7-1-2008 wage increase.

(c) City's basis for its last best offer:

The City's position was previously stated in its position on disputed Issue 31.

(d) Union's basis for its last best offer:

The Union's position was previously stated in its position on disputed Issue 31.

OPINION, AWARD AND ORDER

**ON ISSUE 34, RETROACTIVITY ON FISCAL YEAR 2008 WAGE INCREASE**

This issue was addressed in the Opinion, Award and Order of disputed Issue 34 <sup>38</sup> *Bus* which was adopted by a majority of the arbitration panel after considering all applicable Section 9 requirements in arriving at its decision to adopt the City's last best offer.

The fiscal year 2008, 2.5% wage increase is not to be made retroactive but is to be effective and implemented on 1-1-2009 across the board to all steps of the wage schedule.

Dated: 12-17, 2008

Dated: 12/17/, 2008

Dated: 12/17/, 2008

*Hiram S. Grossman*  
\_\_\_\_\_  
Hiram S. Grossman, Chairman

*George H. Childers*  
\_\_\_\_\_  
George H. Childers, Employer Delegate

*Fred LaMaire*  
\_\_\_\_\_  
(dissent) Fred LaMaire, Union Delegate

5. **Issue 35. [Joint Issue] FY 2008-2009 Wage Increase. (Economic Issue).**

**(a) City's last best offer:** The City proposes to increase wages 2.00% effective upon 7-1-2009; provided that if its proposal not to authorize a wage increase in FY 2007-2008 and its proposal to authorize a 2.50% wage increase in FY 2008-2009 is awarded; the City also proposes to increase wages 2.50% effective 6-30-2010.

**(b) Union's last best offer:** The Union proposes a 3.0% across the board wage increase effective 7-1-2009.

**(c) City's basis for its last best offer:**

The City's proposal of a 2.00% wage increase on 7-1-2009, and an additional 2.5% wage increase on 6-30-2010, should be adopted by the arbitration panel. This proposal is consistent with the wage increase given to other City employees. Adopting the City's proposal would increase a Police Officer at the top of the scale to \$61,888 and a Sergeant at the top of the scale to \$71,084. This will allow the City to continue to pay those employees above the market rate and will keep them at or near the top of comparable communities. The City's wage proposal, taking into account the Civil Services' reclassification will result in overall 8.25% increase for Police Officers and 8.75% increase for Sergeants. The Union's proposal will result in overall 8.75% increase for Police Officers and 9.25% increase for Sergeants. The increases proposed by the City and the Union are relatively close, .50% of 1% separate them; the difference is in the timing when the increases are to become effective.

**(d) Union's basis for its last best offer:**

The Union's proposals for all three years of wage increases have been made to stem and reverse the tide of the bargaining units position from worsening vis a vis the comparable communities which over the past decade has seen the comparable communities increase by 3.62% more than the Police Officers Unit. 12 of the 14 comparable communities experienced greater wage increases during this 10 year period. Additionally, the City's dispatchers at the top of the scale are paid 3% more than Police officers at the top of their scale; the Union contends this is difficult to explain

to its members, why dispatchers at the top of their scale are paid more than them. The Union points out there is only a ½ of 1% difference between the City's wage proposal and the Union's own wage proposal. The difference is in the timing of when the increases are to be effective. The Union maintains all differences are in the timing when the increases are to be implemented and be effective, must be resolved in its favor.

### **OPINION, AWARD AND ORDER**

#### **ON DISPUTED ISSUE 35, THE WAGE INCREASE FOR FISCAL YEAR 2009 AND WHEN IT IS TO BE IMPLEMENTED**

A majority of the arbitration panel conclude, find and adopt as its award the Union's last best offer that the wage increase for fiscal year 2009 of 3.0% be effective 7-1-2009, across the board to all steps on the wage scale. The arbitration panel has considered all applicable Section 9 requirements in arriving at its decision to adopt the Union's last best offer on this issue.

The reasons and grounds for adopting the Union's last best offer on this issue are as follows: A majority of the panel find significant the overall difference between the City and the Union's proposal ½ of 1%. The difference is in the timing of when these wage increases are to be implemented. However, the Union's last best offer has been tempered by the Opinion, Award and Order as a result of when the fiscal years 2007 and 2008 increases are to be effective and implemented. The Police Officer bargaining unit found its position worsening amongst its 14 comparable communities over the past decade; between 1996-2006. The comparable community's wages increased by an average of 3.62% more than the Union's members. Between 2000-2006 the comparable community's wage percentage increased average 4.14% greater than the Union's members wage increase. During this same 2000-2006 year period the union's members' wage increases lagged behind consumer price index by 2.45%. During the 10 year period between 1996-2006, 12 of the 14 comparable communities saw greater percentage wage increase the Union's members received. Also, the City's dispatchers top wage rate is 3% higher than the top wage rate of the Police Officers.

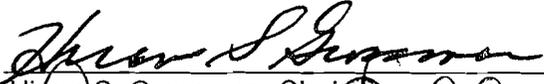
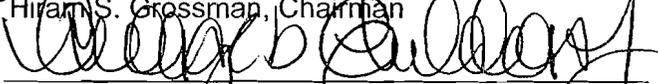
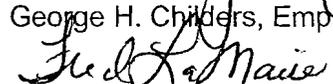
Based upon the foregoing and the record as a whole and after considering all applicable Section 9 factors, the award and order of the arbitration panel is the Union's last best offer governing disputed Issue 35 the wage increase for fiscal year 2009 shall read as set forth below:

The wage increase for fiscal year 2009 shall be increased 3.0% across the board for all steps on the wage scale effective 7-1-2009.

Dated: 12-17, 2008

Dated: 12/17/, 2008

Dated: 12/17/, 2008

  
Hiram S. Grossman, Chairman  
  
George H. Childers, Employer Delegate  
  
Fred Lemaire, Union Delegate

**6. Issue 38. [Union Issue] Method of Paying of Education Bonus. (Economic Issue).**

- (a) City's last best offer: The City proposes to add the following to Article 16, Wages, Section 3:**

IT IS THE CITY'S INTENT TO MAKE PAYMENT FOR COLLEGE CREDITS AND COURSES APPROVED BY MANAGEMENT, OR COLLEGE DEGREES AS PROVIDED IN ARTICLE 16, SECTION 3 IN THE SPECIFIED ANNUAL AMOUNTS. THE CITY SHALL NO LONGER ROLL THE ANNUAL PAYMENTS INTO THE BASE WAGE USING AN HOURLY PAY EQUIVALENT BASED UPON 2080 HOURS IN THE SUBSEQUENT CONTRACT IF THE ABOVE LANGUAGE REMAINS UNCHANGED. THE PARTIES UNDERSTAND THE CURRENT PAYROLL SYSTEM NOW PROVIDES THE ABILITY TO MAKE THE ANNUAL PAYMENT AS ORIGINALLY NEGOTIATED AND THE CITY IS BREAKING ANY PAST PRACTICE ON WHICH THE UNION MAY HAVE RELIED.

- (b) Union's last best offer: The Union proposal requests that the following sentence be added to the end of Article 16, Section 3:**

IN KEEPING WITH THE LONGSTANDING PAST PRACTICE, THE DOLLAR AMOUNTS DESCRIBED ABOVE SHALL BE ROLLED INTO BASE PAY.

- (c) City's basis for its last best offer:**

The issue involved in this matter is very straight forward. When this provision was originally adopted, the parties specifically agreed that this amount would be paid in a lump sum and not rolled into the base wage. The City payroll system was unable to accommodate this pay practice, and on a temporary basis the City was forced to include this amount into the base wage. The City now has a payroll system that will allow this amount to be paid as a lump sum amount. The City's proposal will implement the original intent of the parties by eliminating any potential past practice which arguably may have arisen during the period in which the City was unable to carry out the specific language of this provision. The Act 312 panel should adopt the City's proposal on this issue.

- (d) Union's basis for its last best offer:**

Article 16, Section 3 of the collective bargaining agreement provides increased economic compensation for officers with certain levels of education. The maximum additional yearly compensation an officer can receive for his/her education level is \$1,000. It appears significant that Article 16 deals with wages and Section 3 does not describe the amount to be paid as a bonus but, rather, an "addition to - - - regular annual salary.

From the time this section of the contract was added, the additional compensation for education level has been rolled into base pay. Now, after many years of this practice, the employer has informed the Union that it intends to pay this compensation via separate check. This is not a simple change in the manner the compensation for education is paid. Since this compensation is currently rolled into base pay, it impacts overtime pay, court pay, call-back pay, etc. This is essentially a way for the employer to reduce wages through the back door. Significantly, this change will disparately impact the most educated and, arguably, most qualified officers. Such a change will certainly be a disincentive for highly qualified individuals to apply or remain as Grand Rapids Police Officers.

In order to preserve the status quo, the Union has proposed the addition of language to Article 16, Section 3, which specifically states that this compensation will continue to be rolled into base pay.

### **OPINION, AWARD AND ORDER**

#### **ON DISPUTED ISSUE 38, METHOD OF PAYING EDUCATION BONUS**

A majority of the arbitration panel conclude, find and adopt as its award the City's last best offer on disputed Issue 38. The educational bonus set forth in Article 16, Section 3 shall be paid annually in a lump sum as stated in Article 16, Section 3. The arbitration panel has considered all applicable Section 9 requirements in arriving at its decision to adopt the City's last best offer on this issue.

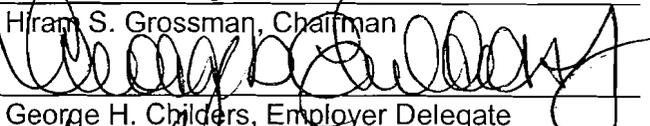
The reasons and grounds for accepting the City's last best offer on this issue are as follows: A reading of Article 16, Section 3 makes readily apparent the benefit was intended to be paid in a lump sum annually rather than to be rolled into the base wage.

The City's explanation why it rolled the educational bonus into the base wage was because at the time the City's payroll system was unable to accommodate this past practice. However, presently the City's payroll system is able to accommodate paying the educational bonus annually as a lump sum.

The fact that the City's past practice of paying the educational bonus by rolling it into the base wage for those eligible employees does not vitiate nor invalidate the contracts language and its meaning requiring the City to pay the educational bonus annually in a lump sum. Labor relations law is clear what an Employer has to do to eliminate a past practice governing the employer employee relationship; all the employer need do is advise the Union it is ending the past practice and meet with the Union to discuss the ending of the past practice. When this is done, as the City has and coupled with the contract language of Article 16, Section 3, which a majority of the arbitration panel has read and construes as providing the educational bonus is to be annually paid as a lump sum, the panel concludes and finds the City's last best offer is to be adopted as the award and order of this arbitration panel.

Based upon the foregoing and the record as a whole and after considering all applicable Section 9 factors, the award and order of the arbitration panel is the City's last best offer on disputed Issue 38 shall read as set forth below:

The City is to make payments for college credits and courses approved by management or college degrees as provided in Article 16 Section 3 annually in a lump sum in the amounts provided in Article 16 Section 3. Further, the City will no longer roll the annual payments into the base wage using an hourly pay equivalent based upon 2080 hours.

Dated: <u>12-17</u> , 2008	 Hiram S. Grossman, Chairman
Dated: <u>12/17/</u> , 2008	 George H. Childers, Employer Delegate
Dated: <u>12/17 /</u> , 2008	 (dissent) Fred LaMaire, Union Delegate

## SUMMARY

To summarize the awards and orders of the arbitration panel a majority of the arbitration panel has concluded as follows:

- |     |                      |   |
|-----|----------------------|---|
| 1.  | Disputed Issue 3     | City's last best offer                            |
| 2.  | Disputed Issue 4     | City's last best offer                            |
| 3.  | Disputed Issue 5     | City's last best offer                            |
| 4.  | Disputed Issue 8     | City's last best offer                            |
| 5.  | Disputed Issue 11    | City's last best offer                            |
| 6.  | Disputed Issue 12    | City's last best offer                            |
| 7.  | Disputed Issue 14    | City's last best offer                            |
| 8.  | Disputed Issue 16    | City's last best offer                            |
| 9.  | Disputed Issue 17    | Union's last best offer                           |
| 10. | Disputed Issue 18    | Union's last best offer                           |
| 11. | Disputed Issue 20    | Union's last best offer                           |
| 12. | Disputed Issue 21    | City's last best offer                            |
| 13. | Disputed Issue 24    | Union's last best offer                           |
| 14. | Disputed Issue 26    | Union's last best offer                           |
| 15. | Disputed Issue 28    | Union's withdrew                                  |
| 16. | Disputed Issue 29    | Union's last best offer                           |
| 17. | Disputed Issue 29(a) | Not applicable – Union withdrew disputed Issue 28 |
| 18. | Disputed Issue 30    | Union withdrew                                    |
| 19. | Disputed Issue 31    | Union's last best offer                           |
| 20. | Disputed Issue 32    | City's last best offer                            |
| 21. | Disputed Issue 33    | Union's last best offer                           |

22. Disputed Issue 34

City's last best offer

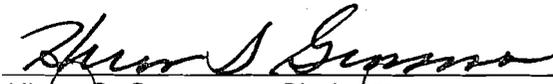
23. Disputed Issue 35

Union's last best offer

24. Disputed Issue 38

City's last best offer

Dated: 12-17, 2008



Hiram S. Grossman, Chairman

Dated: 12/17/, 2008



George H. Childers, Employer Delegate

Dated: 12/17/, 2008



Fred LaMaire, Union Delegate

12/21/06  
Cott

J.R.  
12-21-06

**PROPOSED GROUND RULES FOR COLLECTIVE BARGAINING  
CITY OF GRAND RAPIDS AND GRPOLC / OFFICER & SERGEANT UNIT  
INTEREST BASED BARGAINING 2006-07**

1. Each bargaining team shall designate a Chief Spokesperson who shall have the authority to enter into tentative agreements on behalf of the Union or for the City.
2. Use the Interest Based Bargaining approach to collective bargaining unless one of the parties wishes to revert to traditional bargaining for a specific economic or non-economic issue. Problem solving discussions can involve ideas and discussions involving the entire bargaining team. The Chief Spokesperson may request a caucus at any time.
3. When an agreement is reached on a mutual interest issue or a proposal from traditional style bargaining the agreement shall be reduced to writing, in the form of contract language (if possible), and initialed by the identified Chief Spokesperson.
4. All tentative agreements are subject to agreement being reached on the entire contract. Settlement on the entire contract, once reached, shall be subject to ratification by the Union membership and approval by the City Commission prior to any of the tentative agreements, or the entire settlement for a subsequent Agreement becoming effective.
5. If there is an out-of-pocket cost for obtaining information necessary for evaluating or costing out a potential solution, or for costing out a proposal from traditional style bargaining, the parties agree to split the cost equally.
6. The parties agree that Interest Based Bargaining should be carried out with discussions at the table being held in confidence. Subject matter experts may be asked to join the teams at a particular bargaining session for informational purposes. Sub-committees may be appointed to research items and report back to the full bargaining teams.
7. No negotiations in the media. If either party is going to make a statement to the media it shall provide forty-eight (48) hours notice to the other side prior to releasing such statement.

BARGAINING PROPOSAL  
October 18, 2007

TA  
10/18/07  
GHP  
JGR

From Union's List of Revised Contract Proposals from 10/14/07 (item #6)

**ARTICLE 10**  
**DISCHARGE AND DISCIPLINE**

Section 8. Investigatory Complaints

- C. An employee shall be required to answer questions relating to his/her performance as an employee of the Police Department as it relates to the complaint. Refusal to answer such questions ~~may~~ SHALL result in disciplinary action UP TO AND including discharge.

Article 10 §8C

BARGAINING PROPOSAL  
October 18, 2007

TA  
10/18/07  
Gite

From Union's List of Revised Contract Proposals from 10/14/07 (item #2)

J.R.

**ARTICLE 7**  
**UNION REPRESENTATION**

Section 7. ~~During negotiations the Grand Rapids Police Officers Labor Council proposed that Management provide office space for Union officers at Police Headquarters. Management reported there was not sufficient space available for this, however, agreed that Management will designate areas for conferences as needed~~ MANAGEMENT WILL CONTINUE ALL CURRENT PRACTICES REGARDING UNION ACTIVITIES AT POLICE HEADQUARTERS throughout the life of this Agreement. ~~The Union agreed that it would communicate its request to the Deputy Chief and the Deputy Chief would see that a conference area is available~~

Article 7 ¶7

BARGAINING PROPOSAL  
October 18, 2007

T.A.  
10-18-07  
JRF  
6110

From Union's List for Tentative Agreement of 10/14/07 (item #5 and Part of #6)

**ARTICLE 8**  
**GRIEVANCE PROCEDURE**

Section 4.

Step 2

- D. The fee and expenses of the arbitrator shall be paid by the Union if the grievance is denied, or by the Employer if the grievance is granted, or as the arbitrator directs otherwise. Management shall, upon request, make employees who are on duty available as witnesses. Each party shall make arrangements and pay for the expenses of witnesses called by them. Each party shall fully bear its costs regarding witnesses and any other persons it requires or requests to attend the arbitration.

The Union President or his/her designee shall attend all arbitration proceedings without loss of compensation in any manner. IF ARBITRATION PROCEEDINGS ARE HELD ON THE UNION PRESIDENT'S OR HIS/HER DESIGNEE'S REGULAR WORKDAY, PREPARATION FOR AND ATTENDANCE AT THE ARBITRATION SHALL CONSTITUTE HIS/HER FULL WORKDAY, REGARDLESS OF WHETHER PREPARATION FOR AND ATTENDANCE AT ARBITRATION AMOUNTS TO MORE OR FEWER HOURS THAN A REGULAR FULL WORKDAY.

BARGAINING PROPOSAL  
October 18, 2007

TA  
10/18/07  
GHP  
JRL

From Union's List for Tentative Agreement of 10/14/07 (item #4)

**ARTICLE 7**  
**UNION REPRESENTATION**

Section 6. The Union President and ~~Chief Steward~~ shall be assigned to a position on the day shift.

Article 7 ¶6

BARGAINING PROPOSAL  
October 18, 2007

TA  
10/18/07  
GNE  
JDL

From Union's List for Tentative Agreement of 10/14/07 (item #3)

**ARTICLE 7**  
**UNION REPRESENTATION**

Section 3. When an employee, WITHOUT INTERVENTION OF THE UNION, presents ~~his/her own grievance without intervention of the Union~~ A COMPLAINT TO MANAGEMENT WHICH ALLEGES A VIOLATION OF THIS AGREEMENT, the Union representative shall be given an opportunity to be present and shall be allowed the time therefore, paid at his/her regular wage, upon notification and approval of his/her immediate supervisor outside the bargaining unit. Management may ~~adjust the individual employee's grievance if the adjustment~~ REMEDY THE EMPLOYEE'S COMPLAINT IF SUCH REMEDY is not inconsistent with the terms of this Collective Bargaining Agreement.

BARGAINING PROPOSAL  
October 18, 2007

TA  
10/18/07  
GRC  
JDL

From Union's List for Tentative Agreement of 10/14/07 (item #2)

**ARTICLE 3**  
**MANAGEMENT SECURITY**

The Union and employees agree that during the life of this Agreement they will not cause, encourage, participate in, or support any strike or picketing against Management or any slowdown or other interruption of or interference with the normal functions of Management concerning any matter which is subject to the grievance procedure or to the jurisdiction of the Civil Service Board. Violation of this paragraph shall be grounds for disciplinary action up to and including discharge without recourse to the grievance procedure. However, any employee who is accused of violating this provision and denies such alleged violation may appeal THROUGH THE GRIEVANCE PROCEDURE. Upon a finding of fact that the employee did violate the provision(s) of this Article, the disciplinary action imposed by the Employer shall not be disturbed.

BARGAINING PROPOSAL  
October 18, 2007

TA  
10/18/07  
GPO  
JRL

From Union's List for Tentative Agreement of 10/14/07 (item #1)

The parties agree to change all references to the Union on and throughout the collective bargaining Agreement from Grand Rapids Police Officers Labor Council (or GRPOLC) to Grand Rapids Police Officers Association (or GRPOA) for the contract to begin as of July 1, 2007.

GRPOLC to GRPOA

BARGAINING PROPOSAL  
October 18, 2007

T.A.  
10-18-07  
J.R.  
G.M.P.

From Union's List for Tentative Agreement of 10/14/07 (item #1)

**ARTICLE 7**  
**UNION REPRESENTATION**

New Section.

~~THE UNION PRESIDENT HAS HISTORICALLY BEEN ALLOWED REASONABLE ACCOMODATION TO ATTEND TO LABOR RELATIONS ISSUES DURING WORKING HOURS. MANAGEMENT CONTINUES TO RECOGNIZE THAT THE UNION PRESIDENT WILL NEED TO ATTEND TO LABOR RELATIONS ISSUES DURING WORKING HOURS. THEREFORE, MANAGEMENT WILL CONTINUE TO MAKE REASONABLE ACCOMODATIONS WHICH WILL ALLOW THE UNION PRESIDENT TO ATTEND TO LABOR RELATIONS ISSUES RELATING TO THE GRPOA DURING WORKING HOURS DURING THE LIFE OF THIS AGREEMENT.~~

AT THE UNION'S REQUEST, A JOINT LABOR/MANAGEMENT COMMITTEE SHALL BE FORMED TO EXPLORE THE FEASIBILITY OF THE POSITION OF UNION PRESIDENT BECOMING A FULL TIME LABOR RELATIONS PAID AND RELEASED POSITION TO ATTEND TO LABOR RELATIONS ISSUES.



October 24, 2007

Mr. Dave Leonard, President  
Grand Rapids Police Officers Association  
4272 Bass Creek Drive  
Hudsonville, MI 49426

Dear Dave:

This letter is being sent to meet the Union's request during our current negotiations to provide the Union with a letter addressing the parties understanding of the provisions of Article 8-Grievance Procedure, Section 4(Step 2, C). The provisions in our collective bargaining Agreement mirror those in other contracts in regard to limitations on the authority of the Arbitrator in the interpretation and application of the terms of the Agreement. Those provisions state in part:

**... The power of the arbitrator shall be limited to the interpretation and application of the express terms of this Agreement, and the arbitrator shall have no power to alter, add to, subtract from, or otherwise modify the terms of this Agreement as written. ...**

The parties have never interpreted those provisions to negate the provisions of Article 30-Maintenance of Standards because of the use of the phrase "*express terms*". Contrary to the concerns expressed by the Union attorney in our current negotiations, the City will continue to acknowledge that Article 30 has application in "past practice" cases, as may be asserted and proven by the Union. The City will not take the position that the above cited provisions render Article 30 meaningless in future arbitration hearings if the provisions remain unchanged in our subsequent contracts.

Sincerely,



George H. Childers, Jr.  
Labor Relations Manager

GHC/

DL102407

BARGAINING PROPOSAL  
October 25, 2007

TA  
10/25/07  
GHP  
JGL

From City's List of Interests of 4/12/07 (item #18)

APPENDIX B  
SALARY PROGRESSION

- A. Persons employed as a Police Recruit shall progress from Step R-I to Step R upon successful completion of probation and promotion to the position of Police Officer. Upon successful completion of probation as a Police Officer, a person shall progress from Step R to Step A. Thereafter, an employee shall progress to Step B and C on six-month intervals. Progression to Steps D, E and F shall occur on one-year intervals. Such progression shall be subject to satisfactory job performance in accordance with the provisions of Article 17, Pay Changes.
- B. Persons initially employed as a Police Officer shall progress from Step R to Step A upon completion of six (6) months service and from Step A to Step B upon successful completion of probation. Progression to Steps C, D, E and F shall occur on one-year intervals. Such progression shall be subject to satisfactory job performance in accordance with the provisions of Article 17.
- C. CANDIDATES HIRED AT THE C STEP (AS PROVIDED IN ARTICLE 17, SECTION 4A) SHALL BE SUBJECT TO A TWELVE (12) MONTH PROBATIONARY PERIOD UPON ORIGINAL APPOINTMENT. PROGRESSION TO STEP D SHALL OCCUR UPON COMPLETION OF SIX (6) MONTHS SERVICE, AND FROM STEP D TO STEP E UPON SUCCESSFUL COMPLETION OF PROBATION. PROGRESSION TO STEP F SHALL OCCUR ON A ONE-YEAR INTERVAL. SUCH PROGRESSION SHALL BE SUBJECT TO SATISFACTORY JOB PERFORMANCE IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 17.

APPENDIX B

BARGAINING PROPOSAL  
October 25, 2007

TKA  
10/25/07  
604  
702

From City's List of Interests of 4/12/07 (item #5)

**ARTICLE 17**  
**PAY CHANGES**

Section 4. Compensation Determinations

A. Original Employment and Re-Employment

Employees shall be employed at the lowest step for their position class.

WHEN AN EXPERIENCED CANDIDATE IS HIRED AS A POLICE OFFICER, THE CITY MAY, IF THE CANDIDATE HAS A MINIMUM OF THREE (3) YEARS EXPERIENCE AS A FULL TIME POLICE OFFICER, OFFER INITIAL EMPLOYMENT AT THE C STEP VERSUS THE R STEP. THIS SHALL BE CONSIDERED AS AN EXCEPTION TO THE ABOVE REQUIREMENT WHICH WOULD OTHERWISE REQUIRE THAT ALL ORIGINAL EMPLOYMENT COMPENSATION BEGIN AT THE LOWEST STEP FOR AN EMPLOYEE'S POSITION CLASS.

BARGAINING PROPOSAL  
October 25, 2007

From City's List of Interests of 4/12/07 (item #10)

TA  
10/25/07  
6/11/07  
JDL 10-25-07

**ARTICLE 12**  
**LAYOFF AND RECALL**

Section 2. Order of Layoff

- A. No permanent or probationary employee shall be laid off from his/her position in the Police Department while seasonal, temporary, ~~Community Service Worker (CSW)~~ POLICE INTERN, or provisional employees are serving in the same position class in that Department.

Article 12 §2A

BARGAINING PROPOSAL  
October 25, 2007

From City's List of Interests of 4/12/07 (item #2)

TA  
10/25/07  
GHP  
J.S.

**ARTICLE 11**  
**SENIORITY**

Section 6. Promotions

- A. Only those employees who have passed their latest performance evaluation may express their interest in being qualified for promotion by filing application with the Human Resources Department.
- B. A validated examination shall be administered under the supervision of the Civil Service Board. Participants who successfully complete the procedure on a pass/fail scoring basis shall constitute the eligible qualified candidate pool.
- C. Regardless of any rule, regulation or requirement to the contrary, the City Manager shall have the authority to promote any employee who is determined to be qualified.
- D. Except as otherwise specified above IN THIS AGREEMENT, the provisions of the Civil Service Board rules and regulations shall apply to the APPOINTMENT AND promotional procedure. Provided, however, that it is expressly understood and agreed that the prior "rule of three (3)" certification restriction required by the City Charter shall be considered void and have no application to promotions occurring after the effective date of this Agreement.

BARGAINING PROPOSAL  
October 25, 2007

TH  
10/25/07  
GHP  
DSS

From Union's List of Revised Contract Proposals from 10/14/07 (item #5)

**ARTICLE 10**  
**DISCHARGE AND DISCIPLINE**

Section 8. Investigatory Complaints

- B. Upon the request of the employee for Union representation, such request shall be granted and the Union shall immediately, OR WITHIN A REASONABLE TIME DEPENDING ON THE CIRCUMSTANCES, provide such representation. When such representation has been requested, no questioning shall commence until the Union representative is present.

Article 10 §8B

BARGAINING PROPOSAL  
October 25, 2007

TA  
10/25/07  
GHP  
JDL

From Union's List of Revised Contract Proposals from 10/14/07 (item #3)

**ARTICLE 7**  
**UNION REPRESENTATION**

New Section.

FOR THE PURPOSES OF THE ~~"GRIEVANCE PROCEDURE ARTICLE"~~ *ARTICLE 8-GRIEVANCE PROCEDURE* AND THE ~~"DISCHARGE AND DISCIPLINE ARTICLE"~~ *ARTICLE 10-DISCHARGE AND DISCIPLINE*, UNION REPRESENTATIVE ~~MAY ALTERNATIVELY~~ SHALL MEAN, IN ADDITION TO ~~EMPLOYEE UNION REPRESENTATIVES~~, A LABOR CONSULTANT AND/OR ATTORNEY EMPLOYED OR RETAINED BY THE UNION. WHEN FUNCTIONING AS A UNION REPRESENTATIVE SUCH INDIVIDUAL SHALL HAVE NO GREATER AUTHORITY OR PRIVILEGES THAN ANY OTHER *EMPLOYEE UNION REPRESENTATIVE*.

BARGAINING PROPOSAL  
November 8, 2007

1.17.  
11-8-07  
DGR.  
GMP

From City's List of Interests of 4/12/07 (item #19)

APPENDIX G  
LETTERS OF UNDERSTANDING

~~6. Twelve Hour Work Shift Trial Period~~

~~During interest based collective bargaining on January 9, 2004, the parties discussed the projected budget shortfalls of the Grand Rapids Police Department for the current fiscal year (2003-04) and the upcoming fiscal year (2004-05). It was agreed to explore through committees the concept of implementing twelve (12) hour shifts on a trial basis for Police Officers and Sergeants working in Neighborhood Service Areas (NSA's) which would be consolidated from the current organizational structure. The committee assigned to deal with language within a supplemental agreement and a projected calendar met and formulated implementation language and wished to make certain recommendations (see attached sheet).~~

~~After input from the various committees the parties stipulate and mutually agree to the following terms and conditions of employment pertaining to the implementation of a trial period for twelve (12) hour shifts:~~

~~A. A trial period for utilizing twelve (12) hour shifts for Police Officers and Sergeants assigned to the NSA's (excluding Community Police Officers) shall be implemented with the next shift preference bidding and continue through September 2005 under the provisions of Article 32 Supplemental Agreements. Such trial period may be extended with mutual agreement.~~

~~B. Under the provisions of Article 14 Overtime, Section 2, the payment of overtime shall be for time worked in excess of thirty six (36) hours or forty eight (48) hours per week (dependent on the regularly scheduled hours for that work week), or twelve (12) hours per day. Work schedules shall alternate between a three (3) day work schedule for one (1) week (for a total of thirty six [36] hours) and a four (4) day work schedule for one (1) week (for a total of forty eight [48] hours). This will result in a total of eighty four (84) hours of scheduled work in each two (2) week pay period. The work schedule shall be as outlined on the attached scheduling sheets and consist of two (2) shift rotations (A & B) whereby when one shift is working the other shift is scheduled to be off. There shall be two (2) first shifts scheduled the first with a starting time of 06:00 and an ending time of 18:00, and the second with a starting time of 06:30 and an ending time of 18:30; a second shift scheduled with a starting time of 15:30 and an ending time of 03:30; and, two (2) third shifts scheduled the first with a starting time of 18:00 and an ending time of 06:00, and the second with a starting time of 18:30 and an ending time of 06:30.~~

- ~~C. In each four (4) week period, beginning with the implementation of this supplemental agreement, each Police Officer and Sergeant shall be provided an Earned Day Off (EDO). The EDO is the time and one-half equivalent of the four (4) additional work hours scheduled in a two week pay period accumulated after two (2) pay periods. A scheduled EDO day shall be considered a regular day off for holiday purposes. The fourteen (14) scheduled work days in a pay period shall be numbered one (1) through fourteen (14). Selection of an EDO shall be by seniority within classification by shift rotation (i.e., First shift rotation A by seniority within classification; First shift rotation B by seniority within classification; etc.). It is understood that the selection of an EDO will be done after shifts are bid upon by seniority, the Department assigns the Officers and Sergeants to an NSA based upon needs of service and shift assignment, and a shift rotation (A or B) is selected by seniority amongst Officers and Sergeants assigned to the same shift and NSA.~~
- ~~D. Under the provisions of Article 20 Holidays, Section 2(F), the normal work shift on a holiday is understood to be twelve (12) hours. The employee's birthday holiday shall be twelve (12) hours; however, when credited to the employee's vacation bank if not used during the calendar year, or on the occurrence or thirty (30) days following the occurrence of the employee's birthday, it is understood that the birthday holiday will be converted at the rate of eight (8) hours of vacation.~~
- ~~E. The term "person day", when used under Article 22 Leave for Union Business, is understood to apply to the shift the employee is working on the day of such leave. If the employee is scheduled to work an eight (8) hour shift the term "person day" equates to eight (8) hours. If the employee is scheduled to work a ten (10) hour shift, the term "person day" equates to ten (10) hours. If the employee is scheduled to work a twelve (12) hour shift, the term "person day" equates to twelve (12) hours.~~
- ~~F. The term "work day" and "day of vacation", as used in Article 19 Vacations, Section 2, shall be understood to be accrued at eight (8) hours per day. Employees who are on a twelve (12) hour shift shall be required to use twelve (12) hours for each full shift of approved vacation.~~
- ~~G. The term "one (1) day of sick leave", as used in Article 21 Sick Leave, Section 2, shall be understood to be accrued at eight (8) hours per day. Employees who are on a twelve (12) hour shift shall be required to use twelve (12) hours for each full shift of approved sick leave.~~
- ~~H. It is understood that the City retains the right to assign employees working twelve (12) hour shifts under this supplemental agreement to training on a five (5) day, eight (8) hour shift basis. Such shift adjustments shall be made in accordance with Article 13 Shift Preference, Section 5. If an employee's scheduled EDO day occurs during such period of assignment for training the EDO day shall be rescheduled on a work day outside of the scheduled training which is agreeable to the employee and management.~~

- ~~I. The parties acknowledge that, during this trial period, the City will be utilizing the option under the Fair Labor Standards Act (FLSA) to establish a work period of twenty-eight (28) consecutive days for law enforcement personnel under Section 7(k) of the Act. Therefore, under the Act, overtime compensation will not be required until the employee works more than one hundred and seventy-one (171) hours in that twenty-eight (28) day (4 work week) period, or the ratio of 171 hours to 28 days in two (2) consecutive work weeks as a pay period. This provision, however, shall not preclude or override the obligation to pay overtime as outlined in this supplemental agreement.~~
- ~~J. Meetings shall be scheduled on a quarterly basis during the trial period to discuss issues or problems that may arise unless otherwise agreed by the parties. If such issues or problems are not addressed to the satisfaction of either party, the trial period may be ended with written notice sixty (60) days prior to the end of the trial period (Saturday, October 1, 2005). In such case the terms of this supplemental agreement shall be considered null and void on Sunday, October 2, 2005. The parties understand that the shift and schedule assignments (four ten-hour days), as provided in Article 37 Four Day Work Week, shall be resumed after the end of the trial period following the necessary shift preference bidding~~
- ~~K. Except as expressly provided above, the terms and conditions as provided in the collective bargaining Agreement shall remain in full force and effect.~~

T.A. 11-8-07  
DOR.  
GTH

BARGAINING PROPOSAL  
November 7, 2007

From City's List of Interests of 4/12/07 (item #13)

**ARTICLE 24**  
**INSURANCE**

Section 1.

...

- B. It is agreed that Management will pay the hospitalization insurance premium for the retiree, spouse, and eligible dependents between those years of age of the retiree between 50 and 64 inclusive. In the event the retiree dies after retirement between the ages of 50 and 64 inclusive, the spouse, if any, will continue to have the hospitalization insurance premium paid by Management until such time as the retiree would have reached age 65. Spouse is understood to be that person to whom the retiree is married at time of retirement. The parties agree that the hospitalization insurance premium of retirees provides the benefit improvement of student dependent coverage to age 23. *Employees who vest their retirement and leave prior to attaining age fifty (50) shall be eligible for hospitalization benefits, at City expense, provided for in this Agreement, upon reaching age fifty (50).*

The City will pay the medical and hospitalization insurance premium for an employee who is disabled pursuant to the provisions of the Pension Ordinance until such time as the employee is eligible for Medicare, or reaches age 65, whichever occurs first. Beginning September 1, 1989, the City will also pay the premiums for the disabled employee's spouse and ELIGIBLE dependents. SPOUSE IS UNDERSTOOD TO BE THAT PERSON TO WHOM THE RETIREE IS MARRIED AT TIME OF RETIREMENT.

C. Spouse Insurance

In the event a person covered by this Agreement dies prior to retirement, Management will pay the hospitalization insurance premium for the person's spouse and ELIGIBLE dependents until such time as the covered person would have reached age 65. If, however, the spouse remarries or the spouse is covered by another health insurance policy, this provision shall not apply.

CITY BARGAINING PROPOSAL  
December 11, 2007

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DJP  
12/11/07  
GHP

**ARTICLE 8**  
**GRIEVANCE PROCEDURE**

Section 3. Election of Remedies

- A. Appeals involving discharge, demotion, reduction in rank or compensation, or suspension may be filed with the Civil Service Board in accordance with Civil Service Board rules. It is expressly agreed that such appeals shall be an election of remedies and a waiver of any right possessed by both the employee and the Union to contest such matter in the arbitration forum provided herein.
  
- B. It is further expressly agreed that if any proceedings involving any matter which is or might be alleged as a grievance are instituted in any administrative action before a government board or agency, or in any court, whether by an employee or by the Union, then such administrative or judicial proceedings shall be the sole remedy, and grounds for a grievance under this Agreement shall no longer exist. Injunctions, temporary restraining orders or actions under Veteran's Preference shall not be considered part of the grievance procedure.

THE PARTIES AGREE THAT THE PHRASE "ANY MATTER" AS USED IN THE PARAGRAPH ABOVE SHALL MEAN THE ACTION TAKEN OR NOT TAKEN, OR DISCIPLINE IMPOSED BY THE EMPLOYER. IT IS FURTHER UNDERSTOOD BY THE PARTIES THAT ANY PROCEEDING INSTITUTED IN ANOTHER FORUM CHALLENGING THE ACTION TAKEN OR NOT TAKEN, OR DISCIPLINE IMPOSED BY THE EMPLOYER SHALL AUTOMATICALLY RESULT IN THE WITHDRAWAL OF ANY PENDING GRIEVANCE RELATED TO THE ACTION TAKEN OR NOT TAKEN, OR DISCIPLINE IMPOSED BY THE EMPLOYER. IN SUCH CASE THE CANCELLATION FEE FOR THE SCHEDULED ARBITRATION DATE(S), IF ANY, SHALL BE EQUALLY SPLIT BETWEEN THE PARTIES.

- C. Grievances involving classification disputes may only be presented to the Civil Service Board.
  
- D. No other disputes subject to the grievance procedure may be submitted to the Civil Service Board.

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12-11-07  
JRP.  
12/11/07  
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CITY BARGAINING PROPOSAL  
December 11, 2007

**ARTICLE 15**  
**NEW OR CHANGED JOBS**

...

Section 2. ~~A joint labor/management committee shall be formed to create updated job descriptions for the police officer and sergeant classifications and to establish performance evaluation instruments to be utilized for said classifications. The committee shall make a good faith effort to complete the job descriptions by September 1, 2001. Within twelve (12) months after Civil Service Board approval of the job descriptions, the committee shall make a good faith effort to reach mutual agreement on the performance evaluation instruments and their uses.~~ THE PARTIES AGREED UNDER A MEMORANDUM OF UNDERSTANDING DATED OCTOBER 10, 2007 TO IMPLEMENT A TRIAL PERIOD OF TWO (2) YEARS FOR A PERFORMANCE EVALUATION INSTRUMENT. THE USE OF THAT PERFORMANCE EVALUATION SYSTEM BEGAN ON NOVEMBER 1, 2007. IT IS ACKNOWLEDGED THAT FURTHER MODIFICATION OF THAT PERFORMANCE EVALUATION INSTRUMENT FROM THE TERMS AND CONDITIONS PROVIDED UNDER THE SIGNED MEMORANDUM OF UNDERSTANDING SHALL REQUIRE MUTUAL AGREEMENT BY THE PARTIES.

CITY BARGAINING PROPOSAL  
December 11, 2007

12-11-07  
JAL  
12/11/07  
GHP

ARTICLE 8  
GRIEVANCE PROCEDURE

Section 4.

Step 2

C. The parties agree to utilize the following persons as arbitrators:

Mario Chiesa  
Ruth Kahn  
Donald Sugerman  
Paul Glendon  
Patrick McDonald

\* This is revision of proposal given to GRPOA on October 25, 2007  
Article 8 ¶4Step2C Revised

BARGAINING PROPOSAL  
November 8, 2007

From City's List of Interests of 4/12/07 (item #16)

TRAD  
4/28/08  
6  
JAL

**ARTICLE 45**  
**COLLEGE ACCREDITATION**

Section 1. The Associate Degree in Police Administration, the Bachelor Level Degree and the Bachelor and Master Degree in Police Administration shall be approved for payment as provided in the labor contract if the college or university is accredited by the Commission on Colleges and Universities of the North Central Association of Colleges and Secondary Schools, a member of the Federation of Regional Accrediting Commission of Higher Education, or by a similar Commission representing any other regional or geographical section of the United States.

Section 2. It is agreed that ~~all future employees with a Criminal Justice major from Calvin College shall not be eligible for payment for a Bachelor Degree in Police Administration as provided for in Article 16, Section 2~~ DETERMINATION OF WHETHER A DEGREE PRESENTED BY AN EMPLOYEE MEETS THE ABOVE CRITERIA IS THE PREROGATIVE OF THE DIRECTOR OF HUMAN RESOURCES.

BARGAINING PROPOSAL  
November 7, 2007

From City's List of Interests of 4/12/07 (item #12)

**ARTICLE 13**  
**SHIFT PREFERENCE**

TAIA  
4/28/08  
C  
JL

Section 2.

- A. When the needs of the service permit, seniority shall be recognized as the basis of shift assignment.
- B. Shifts shall be posted in the Uniform Patrol Teams, and such other divisions providing 24-hour service utilizing more than one shift, semi-annually for a period of seven (7) calendar days. Employees (EXCLUDING COMMUNITY POLICE OFFICERS) assigned to such teams or divisions shall indicate their shift preference by bidding in February and August of each year.
- C. Upon completion of the bidding period, management shall provide at least twenty-one (21) calendar days notice of the employees' shift and schedule assignments prior to the effective date of the new schedule.
- D. An employee reassigned or transferred between shift bid periods shall be allowed to select their shift on a seniority basis, subject to the "needs of service."
- E. If a vacancy occurs on a shift with at least two (2) months remaining in the shift bid period and the vacancy is to be filled by the Employer, the most senior unsuccessful bidder for that shift during the last shift bid shall have preference for the shift assignment subject to the needs of the service.
- F. IF IN THE FUTURE WORK SHIFTS FOR COMMUNITY POLICE OFFICERS ARE EXPANDED TO MORE THAN ONE SHIFT, THE PARTIES AGREE THAT SHIFT BIDDING AMONGST COMMUNITY POLICE OFFICERS AS PROVIDED IN THIS SECTION SHALL BE PROVIDED.

BARGAINING PROPOSAL  
April 28, 2008

Counter Proposal to Union's Proposal of 10/25/07

ARTICLE 7  
UNION REPRESENTATION

NEW SECTION

UNION STEWARDS SHALL BE ALLOWED REASONABLE TIME TO ATTEND UNION MEETINGS DURING THEIR REGULAR WORKING HOURS WITHOUT LOSS OF PAY. SUCH RELEASE TIME WITH PAY SHALL NOT EXCEED THREE (3) STEWARDS PER MEETING, OR SIX (6) MEETINGS PER CALENDAR YEAR.

Article 7 ¶ New3

TRIA  
4/28/08  
G  
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BARGAINING PROPOSAL  
November 8, 2007

From City's List of Interests of 4/12/07 (item #20)

TAL  
4/28/08  
G  
JL

APPENDIX G  
LETTERS OF UNDERSTANDING

~~7. Voluntary Retirement Incentive Plan (Effective March 16, 2004)~~

~~A. Purpose of Plan~~

~~The purpose of the Plan is to assist eligible employees of the City to retire. Participation in the Plan is totally voluntary on the part of each eligible employee. If an eligible employee elects not to retire under the Plan, the employee's election shall not have any impact on the employee's current or future employment with the City.~~

~~B. Eligibility~~

~~(1) Plan eligibility: All employees not excluded under subparagraph (2) below who are Police Officer members of the Police and Fire Retirement System of the City of Grand Rapids (the "Retirement Plan") and who are actively employed by the City on March 16, 2004, and who satisfy all of the following requirements are eligible to receive the retirement incentives available under the Plan:~~

~~(a) Eligibility Requirements~~

- ~~• The Police Officer member must be at least fifty (50) years of age by his/her selected date of retirement and eligible for a normal age and service retirement utilizing his/her years of credited service and up to two (2) years of additional credited service granted to individuals who elect to retire under this Plan. Credited service purchased by a member pursuant to Section 1.243(4) and credited service purchased with unused sick leave pursuant to Section 1.243(7) of the City Code shall not be considered when determining eligibility for retirement under this Plan.~~
- ~~• The employee must be employed and actively working for the City or on an approved leave of absence. This does not include persons who retired from employment on or before March 16, 2004.~~

~~(2) Ineligible employees: The retirement incentive established by this Plan is not available to individuals who are not Police Officer members of the Police and Fire Retirement System, to employees who have opted to participate in the Officers Option Plan, or to individuals who retired prior to the adoption of this Plan. In addition, the retirement incentive established by this Plan is not available to individuals covered by the terms of any collective bargaining agreement unless an authorized representative of~~

~~the union representing that collective bargaining unit advises the city in writing on or before 4:00 PM on March 23, 2004, that the provisions of the Plan are acceptable to that union, that the union waives any bargaining obligation that may exist regarding the terms of the Plan or the impact of the Plan on its members, and that the union will not file or process any grievance or lawsuit contending that the Plan violates its collective bargaining agreement.~~

~~C. Election by the Employee~~

~~— An eligible employee who elects this retirement incentive must sign the Retirement Election and Release Agreement and deliver it to the City's Human Resources Department in City Hall no later than 4:00 PM on April 30, 2004. Each employee is advised to consult with an attorney before signing the Retirement Election and Release Agreement. An employee's decision to participate in the Plan may be revoked at anytime within seven (7) calendar days after the signed Retirement Election and Release Agreement is delivered to the City's Human Resources Department. The revocation shall be valid only if it is in writing. After the seven (7) calendar day period, the Retirement Election and Release Agreement may not be revoked and is legally enforceable.~~

~~D. Retirement Date~~

~~— An employee who elects retirement under the Plan shall terminate employment with the city on or before June 30, 2004. The retirement date for such employees shall be the first day of the month following termination. This is provided, however, that any employee who because of age becomes eligible for this Plan after July 1, 2004, must indicate his/her election to retire under this Plan and must sign the Retirement Election and Release Agreement and deliver it to the City's Human Resources Department in City Hall no later than 4:00 PM on April 30, 2004. Such retirement becomes effective the first day of the month after becoming eligible and prior to December 31, 2004.~~

~~E. Incentive Benefit~~

~~— Each eligible employee who elects retirement under the Plan will receive two (2) years of additional credited service to be added to the employee's credited service (determined without regard to the Voluntary Retirement Incentive Plan) to determine credited service for pension calculation under Section 1.246 of the Retirement Plan. This is provided, however, that no employee shall be eligible to receive a Life Allowance payable under Section 1.246 that exceeds the allowance cap for that member's covered group at the time of retirement.~~

~~F. Termination of Incentive Benefit~~

~~— The incentive benefit shall not be paid to an eligible employee who quits, becomes eligible for disability retirement under either Retirement System, dies or otherwise is unwilling or unable to remain in the active employment of the City until the retirement date selected, or to an employee retiring under the Plan who files for and receives unemployment compensation chargeable to the City's account. For purposes of this Plan, "active employment" means that an employee is physically at work performing duties or is on an approved leave of absence (e.g. workers' compensation or an FMLA leave).~~

~~G. Other Employment~~

~~— An employee who elects to participate in the Plan may accept other employment without affecting his/her eligibility to receive benefits under the Plan.~~

~~H. Funding of Benefits~~

~~— Pension benefits shall be funded in accordance with Section 1.263(1), (2), (3), (4), and (5) of the Retirement Plan.~~

~~I. Plan Administration~~

~~— The City's Director of Human Resources or his/her designee shall be the Plan administrator. The Plan administrator shall have the discretionary power and authority to administer the Plan in accordance with its terms and applicable laws and regulations. The Plan administrator shall exercise his/her authority in a non-discriminatory manner.~~

~~J. Appeal Procedure~~

~~— An eligible employee may file an appeal in writing if the participant believes that he/she has been treated unfairly with respect to this Plan. A written appeal must be filed with the Plan administrator within ten (10) days of the alleged unfair treatment/action. The Plan administrator will make a full and fair review of the appeal within thirty (30) days and provide written notice as to the decision regarding the participant's appeal. If the appeal has been denied in whole or in part, the written notice shall set forth the specific reasons for the denial. The decision shall be final.~~

~~K. Term of Plan~~

~~— The Plan shall be effective beginning on the date it is adopted (March 16, 2004) and shall terminate on April 30, 2004. This Plan is not precedent setting and shall not be offered on an annual basis. The City reserves the right to determine if the Plan shall ever be effective in future years.~~

~~L. Amendment to Plan~~

~~— The Plan shall comply with all state and federal laws and shall be amended, if necessary, in order to satisfy any such requirements.~~

~~M. Spendthrift Provision~~

~~— No benefits under the Plan may be sold, transferred, assigned, or encumbered. Any attempt to sell, transfer, assign, or encumber benefits shall be void.~~

~~N. Governing Law~~

~~— To the extent it is not pre-empted by federal law, the Plan shall be governed in all respects by the state of Michigan.~~

BARGAINING PROPOSAL  
November 8, 2007

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4/28/08  
C  
JSS

From City's and Unions List of Interests of 4/12/07 (City - item #15; Union item 2)

**ARTICLE 38**  
**FOUR DAY WORK WEEK TEN HOUR AND TWELVE HOUR WORK SHIFTS**

Section 1. TEN HOUR WORK SHIFT ~~The four (4) day/forty (40) hour week (four [4] days of ten [10] hours each) now in effect for the Uniform Patrol Teams will be continued.~~

After permanent adoption of twelve (12) hour shifts for Uniformed Patrol Teams the parties discussed the utilization of ten (10) hour shifts for various other units containing bargaining unit members. In order to implement a twelve (12) month trial period of Ten (10) hour shifts for certain officers and/or sergeants assigned to units other than Uniformed Patrol Teams, the parties stipulate and mutually agree to the following terms and conditions POLICE OFFICERS AND SERGEANTS ASSIGNED TO THE DETECTIVE BUREAU, SUPPORT SERVICES, SPECIAL RESPONSE TEAM, COMMUNITY OFFICERS, AND THE INTERNAL AFFAIRS UNIT SHALL BE AS FOLLOWS:

- A. ~~A trial period for utilizing ten (10) hour shifts for Police Officers and Police Sergeants assigned to the Detective Bureau, Support Services, and the Internal Affairs Unit shall be implemented between the months of January and December 2006. Such trial period, as it relates to overtime entitlement, vacations, holidays, sick leave, and scheduling of the hours of work by management, shall not be interpreted to violate any other express provisions of the collective bargaining Agreement, and shall be governed by the terms contained herein during the trial period~~ TEN (10) HOUR SHIFTS SHALL BE SCHEDULED ON CONSECUTIVE WORK DAYS WITHIN THE SCHEDULED WORK WEEK FOR A TOTAL FORTY (40) REGUALR HOURS OF WORK.
- B. Under the provisions of Article 20-Holidays, Section 2(F), the normal work shift on a holiday is understood to be ten (10) hours. The employee's birthday holiday shall be ten (10) hours; however, when credited to the employee's vacation bank if not used during the calendar year, or on the occurrence or thirty (30) days following the occurrence of the employee's birthday, it is understood that the birthday holiday will be converted at the rate of eight (8) hours of vacation.
- C. The term "person days", when used under Article 22-Leave For Union Business, is understood to apply to the shift the employee is working on the day of such leave. If the employee is scheduled to work an eight (8) hour shift the term "person days" equates to eight (8) hours. If the employee is scheduled to work a ten (10) hour shift, the term "person days" equates to ten (10) hours.
- D. The term "work day" and "day of vacation", as used in Article 19-Vacations, Section 2, shall be understood to be accrued at eight (8) hours per day. Employees who are

on a ten (10) hour shift on the date of use of such vacation hours shall be required to use ten (10) hours for each full shift of approved vacation.

- E. The term "one (1) day of sick leave", as used in Article 21-Sick Leave, Section 2, shall be understood to be accrued at eight (8) hours per day. Employees who are on a ten (10) hour shift on the date of use of such sick leave hours shall be required to use ten (10) hours for each full shift of approved sick leave.
- F. It is understood that the City retains the right to assign employees working ten (10) hour shifts under this supplemental agreement to training on an eight (8) hour shift basis. Nothing contained herein shall be interpreted to limit management's discretion to schedule a work week or pay period utilizing both eight (8) hour shifts and ten (10) hour shifts to achieve an eighty (80) hour pay period when necessary to complete departmental training.
- G. Overtime shall consist of authorized time worked in excess of the hours scheduled for any scheduled work day, or in excess of the hours scheduled in the work week, not including unpaid meal periods.
- H. The parties acknowledge that, ~~during this trial period~~, the City will be IS utilizing the option under the Fair Labor Standards Act (FLSA) to establish a work period of twenty-eight (28) consecutive days for law enforcement personnel under Section 7(k) of the Act. Therefore, under the Act, overtime compensation will not be required until the employee works more than one hundred and seventy-one (171) hours in that twenty-eight (28) day (4 work week) period, or the ratio of 171 hours to 28 days in two (2) consecutive work weeks as a pay period. This provision, however, shall not preclude or override the obligation to pay overtime as outlined ~~PROVIDED ELSEWHERE~~ in this supplemental ~~a~~ Agreement.

~~Section 2. TWELVE HOUR WORK SHIFT Management shall prepare work schedules necessary to administer the four (4) day/forty (40) hour week and may change such schedules from time to time in order to make the most efficient use of its police forces. Assignment of officers to various days and shifts shall be made by Management in accordance with other applicable provisions of this Agreement.~~

~~During 2004 and 2005, the parties implemented twelve (12) hour shifts on a trial basis for Police Officers and Sergeants working in Neighborhood Service Areas (NSA's) through a supplemental agreement. In June 2005 the parties met and agreed to adopt the twelve (12) hour shifts on a permanent basis FOR POLICE OFFICERS AND SERGEANTS WORKING IN NEIGHBORHOOD SERVICE AREAS (NSA'S) ON UNIFORM PATROL TEAMS AS FOLLOWS. The parties hereby stipulate and mutually agree to the following terms and conditions of employment in order to implement permanent use of twelve (12) hour shifts for Police Officers and Sergeants working in the NSA's after the trial period:~~

H. The twenty-eight (28) day cycle shift rotation shall be as follows:

<u>Week</u>	<u>Rotation</u>	<u>Sun</u>	<u>Mon</u>	<u>Tues</u>	<u>Wed</u>	<u>Thurs</u>	<u>Fri</u>	<u>Sat</u>
1	A	off	W	W	off	off	W	W
1	B	W	off	off	W	W	off	off

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2	A	W	off	off	W	W	off	off
2	B	off	W	W	off	off	W	W
3	A	off	W	W	off	off	W	W
3	B	W	off	off	W	W	off	off
4	A	W	off	off	W	W	off	off
4	B	off	W	W	off	off	W	W

- I. Under the provisions of Article 14-Overtime, Section 2, the payment of overtime shall be for time worked in excess of thirty-six (36) hours or forty-eight (48) hours per week (dependent on the regularly scheduled hours for that work week), or twelve (12) hours per day. Work schedules shall alternate between a three (3) day work schedule for one (1) week (for a total of thirty-six [36] hours) and a four (4) day work schedule for one (1) week (for a total of forty-eight [48] hours). This will result in a total of eighty-four (84) hours of scheduled work in each two (2) week pay period. There shall be two (2) first shifts scheduled the first with a starting time of 06:00 and an ending time of 18:00, and the second with a starting time of 06:30 and an ending time of 18:30; a second shift scheduled with a starting time of 15:30 and an ending time of 03:30; and, two (2) third shifts scheduled the first with a starting time of 18:00 and an ending time of 06:00, and the second with a starting time of 18:30 and an ending time of 06:30.
- J. In each four (4) week period each Police Officer and Sergeant shall be provided an Earned Day Off (EDO). The EDO is the time and one-half equivalent of the four (4) additional work hours scheduled in a two-week pay period accumulated after two (2) pay periods. A scheduled EDO day shall be considered a regular day off for holiday purposes. The fourteen (14) scheduled work days in a pay period shall be numbered one (1) through fourteen (14). Selection of an EDO shall be by seniority within classification by shift rotation (i.e., First shift rotation A by seniority within classification; First shift rotation B by seniority within classification; etc.). It is understood that the selection of an EDO will be done after shifts are bid upon by seniority, the Department assigns the Officers and Sergeants to an NSA based upon needs of service and shift assignment, and a shift rotation preference (A or B) is indicated by seniority amongst Officers and Sergeants assigned to the same shift and NSA. Shift bids shall continue to be carried out at six (6) month intervals.
- K. The Police Chief shall retain the right to make changes to any Officer and/or Sergeant's selection of shift rotation by seniority based upon needs of service. Any Officer or Sergeant who does not receive the shift rotation that his/her seniority would otherwise have provided under item #3 above may request a meeting with the Police Chief to discuss assignment to the opposite shift rotation.
- L. Under the provisions of Article 20-Holidays, Section 2(F), the normal work shift on a holiday is understood to be twelve (12) hours. The employee's birthday holiday shall be twelve (12) hours; however, when credited to the employee's vacation bank if not used during the calendar year, or on the occurrence or thirty (30) days following the occurrence of the employee's birthday, it is understood that the birthday holiday will be converted at the rate of eight (8) hours of vacation.

- M. The term "person day", when used under Article 22-Leave For Union Business, is understood to apply to the shift the employee is working on the day of such leave. If the employee is scheduled to work an eight (8) hour shift the term "person day" equates to eight (8) hours. If the employee is scheduled to work a ten (10) hour shift, the term "person day" equates to ten (10) hours. If the employee is scheduled to work a twelve (12) hour shift, the term "person day" equates to twelve (12) hours.
- N. The term "work day" and "day of vacation", as used in Article 19-Vacations, Section 2, shall be understood to be accrued at eight (8) hours per day. Employees who are on a twelve (12) hour shift shall be required to use twelve (12) hours for each full shift of approved vacation.
- O. The term "one (1) day of sick leave", as used in Article 21-Sick Leave, Section 2, shall be understood to be accrued at eight (8) hours per day. Employees who are on a twelve (12) hour shift shall be required to use twelve (12) hours for each full shift of approved sick leave.
- P. It is understood that the City retains the right to assign employees working twelve (12) hour shifts under this supplemental agreement to training on a five (5) day, eight (8) hour shift basis. Such shift adjustments shall be made in accordance with Article 13-Shift Preference, Section 5. If an employee's scheduled EDO day occurs during such period of assignment for training the EDO day shall be rescheduled on a work day outside of the scheduled training which is agreeable to the employee and management. When necessary for departmental training, an employee may be assigned to training for part of the shift and to patrol in an NSA for part of that same shift. The parties agree to meet and to develop a separate letter of understanding on department-wide training when eight (8) and twelve (12) hour shifts may become necessary in the same work week or pay period.
- Q. The parties acknowledge that the City is utilizing the option under the Fair Labor Standards Act (FLSA) to establish a work period of twenty-eight (28) consecutive days for law enforcement personnel under Section 7(k) of the Act. Therefore, under the Act, overtime compensation will not be required until the employee works more than one hundred and seventy-one (171) hours in that twenty-eight (28) day (4 work week) period, or the ratio of 171 hours to 28 days in two (2) consecutive work weeks as a pay period. This provision, however, shall not preclude or override the obligation to pay overtime as outlined PROVIDED ELSEWHERE in this supplemental a Agreement.

~~Section 3. It is agreed that, notwithstanding any other Articles of this Agreement, implementation, continuation, or extension of the four (4) day/forty (40) hour week is not intended to increase the City's salary or labor costs for those officers assigned to a four (4) day/forty (40) hour week. Consequently, the following applies:~~

~~A. Overtime or compensatory time shall not be paid or provided until such employee works more than ten (10) hours per day or forty (40) hours per week.~~

~~B. An employee's previously accumulated sick leave days shall be converted from days into hours, one (1) day equaling eight (8) hours. Hereafter sick leave shall be accrued on the basis of eight (8) hours sick leave for each month in which the officer~~

~~works ten (10) or more complete days, and shall be charged on the basis of a ten (10) hour day.~~

~~C. — Wherever in other Articles of this Agreement reference is made to "days", "weeks", "work days", "work weeks" or the like, such terms shall, for those employees assigned to a four (4) day/forty (40) hour week, be interpreted and applied in a manner consistent with a four (4) day/forty (40) hour schedule so as to conform to the parties' basic understanding and agreement that such four (4) day/forty (40) hour arrangement will not increase the City's labor costs. MANAGEMENT RESERVES THE RIGHT TO ESTABLISH SHIFTS AND WORK WEEK SCHEDULES, INCLUDING STARTING AND ENDING TIMES FOR SHIFTS, EXCEPT AS EXPRESSLY PROVIDED IN THIS ARTICLE.~~

Article 38

BARGAINING PROPOSAL  
November 8, 2007

From City's List of Interests of 4/12/07 (item #17)

TA 1d  
4/28/08  
E 702

**ARTICLE 49**  
**TERMINATION AND MODIFICATION**

Section 1. This Agreement shall continue in full force and effect until 11:59 PM, on *June 30, 2007*.

Section 2. If either party desires to terminate this Agreement, it shall, NOT LESS THAN sixty (60) days, AND NOT MORE THAN ONE HUNDRED EIGHTY (180) DAYS prior to the termination date, give written notice of termination. If neither party shall give notice of amendment as hereinafter provided, or if each party giving notice of termination withdraws the same prior to termination date, this Agreement shall continue in effect from year to year thereafter subject to notice of termination by either party on sixty (60) days' written notice prior to the current year's termination date.

Section 3. If either party desires to modify or change this Agreement, it shall, NOT LESS THAN sixty (60) days, AND NOT MORE THAN ONE HUNDRED EIGHTY (180) DAYS prior to the termination date or any subsequent termination date, give written notice of amendment, in which event the notice of amendment shall set forth the nature of the amendment or amendments desired. If notice of amendment of this Agreement has been given in accordance with this paragraph, this Agreement may be terminated by either party on its termination date or any time thereafter on ten (10) days' written notice of termination. Any amendments that may be agreed upon shall become and be a part of this Agreement without modifying or changing any of the other terms of this Agreement.

Section 4. Notice of Termination and Modification

Notice shall be in writing and shall be sufficient if sent by certified mail addressed, if to the Union, to 1 Monroe Center NW, Grand Rapids, Michigan; and if to Management, to City of Grand Rapids, City Hall, Grand Rapids, Michigan or to any such address as the Union or Management may make available to each other.

STATE OF MICHIGAN  
DEPARTMENT OF CONSUMER & INDUSTRY SERVICES  
Employment Relations Commission  
Labor Relations Division

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SIGNED  
8/19/08  
@ PRB ARB  
CONF

CITY OF GRAND RAPIDS

Respondent/Employer,

Case No. L06 J-7015  
Hiram S. Grossman  
Act 312 Chairperson

and

GRAND RAPIDS POLICE  
OFFICERS ASSOCIATION

Petitioner/Labor Organization.

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**STIPULATION REGARDING COMPARABLE COMMUNITIES**

The City of Grand Rapids and the Grand Rapids Police Officers Association agree that the following communities will be considered to be comparable communities under MCL 423.239(d) for purposes of this proceeding:

Kentwood	Holland	Kent County
Walker	Muskegon	Ottawa County
Wyoming	Kalamazoo	Kalamazoo County
Grandville	Lansing	Ingham County
East Grand Rapids	Battle Creek	

Dated: August 19, 2008

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John H. Gretzinger (P28979)  
Attorney for the City of Grand Rapids

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Mark P. Douma (P52442)  
Attorney for the Grand Rapids Police  
Officers Association

STIPULATED AWARD AGREEMENT REACHED DURING 312 HEARINGS  
October 28, 2008

**ARTICLE 24**  
**Insurance**

Issue #18 in the City's statement of positions on issues in dispute (dated September 19, 2008) involves the proposed implementation of excluding employees from pre-65 retiree health care coverage if he/she separates from employment and enters deferred retirement status under Section 1.250 of the City of Grand Rapids Police and Fire Retirement System Ordinance. During the 312 hearings the parties discussed a mutually agreeable resolution to this issue in dispute. It is mutually agreed that the panel's ruling in the 312 Award shall be written on this issue as follows:

A member with ten (10) or more years of credited service, as of the date of ratification and approval of a voluntary successor Agreement, or the date of receipt of the 312 Award (whichever occurs first), who ceases to be a member, except by death or retirement, before attaining the minimum service retirement age of fifty (50) shall be allowed to qualify for pre-65 retiree health care coverage provided he/she upon reaching age fifty (50) applies for retirement, in accordance with Section 1.250, and also applies for City pre-65 retiree health care coverage.

A member with less ten (10) years of credited service, as of the date of ratification and approval of a voluntary successor Agreement, or the date of receipt of the 312 Award (whichever occurs first), who ceases to be a member, except by death or retirement, before attaining the minimum service retirement age of fifty (50) shall not be eligible for City pre-65 retiree health care coverage upon application for retirement in accordance with Section 1.250. This paragraph shall also apply to all new hires after the date of ratification and approval of a voluntary successor Agreement, or the date of receipt of the 312 Award (whichever occurs first).

Stip Award Article 24 Deferred 2

10/27/08  
George B. [Signature]  
Paul [Signature]

STIPULATED AWARD AGREEMENT REACHED DURING 312 HEARINGS  
October 28, 2008

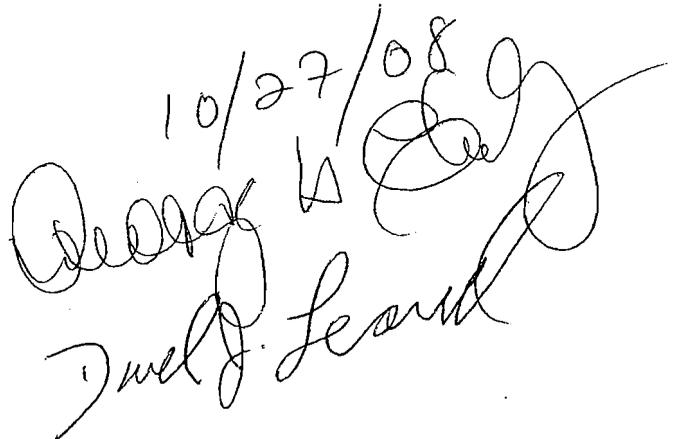
**ARTICLE 24**  
**Insurance**

Issue #24 in the City's statement of positions on issues in dispute (dated September 19, 2008) involves the proposed clarification of which spouse and dependents are eligible for pre-65 retiree health care under Article 24, Section 1(B). During the 312 hearings the parties discussed a mutually agreeable resolution to this issue in dispute. It is mutually agreed that the panel's ruling in the 312 Award shall be written on this issue as follows:

Coverage under the City's pre-65 retiree health care plan is limited to those individuals who are the spouse and/or qualified dependents of the retiree at the time he/she begins receiving a pension allowance. In the case of a disability retirement, granted in accordance with the provisions of Section 1.252 of the City of Grand Rapids Police and Fire Retirement System Ordinance, the spouse and qualified dependents of the retiree (at the time the disability retirement is granted by the Board) shall be eligible for retiree health care benefits until the time the retiree reaches or would have reached age sixty-five (65). If the retiree and the spouse at the time of retirement should have further children after retirement or legally adopt children after retirement, such children by birth or legal adoption shall also be considered to be a qualified dependent for the first two (2) of such births and/or adoptions only. No further qualified dependents may be added due to birth or legal adoption after the retiree reaches age fifty (50).

The first and second paragraph of Article 24, Section 1(B) shall be amended to reflect the above agreed to stipulated award provisions.

Stip Award Article 24 Disability Ret Dependents 2

10/27/08  
  
Duane J. Leard

TENTATIVE AGREEMENT REACHED DURING 312 HEARINGS  
October 28, 2008

TA  
10/29/08  
E  
JLL

**ARTICLE 39**  
**Pensions**

Section 7. One (1%) Percent Non-Compounding Escalator.

A one percent (1%) non-compounding pension escalator after five (5) years of retirement shall be applied to all employees who retire after the date of ratification and approval of the Agreement, or the date of receipt of the 312 Award, which ever occurs first. The 13th check, as provided under Chapter 7- Pension and Retirement Benefits, Article 5 of Code City of Grand Rapids, shall be eliminated for all employees who retire after the date of ratification and approval of the Agreement, or the date of receipt of the 312 Award, which ever occurs first, but those retirees shall be considered as eligible retirees for purposes of determining how the 13<sup>th</sup> check is calculated and distributed.

The contribution chart designating the employee contribution level to the retirement plan, as contained in Article 39, Section 6(B) and Section 1.258(4, a) of the City of Grand Rapids Police and Fire Retirement System Ordinance, shall be modified, effective the date of ratification and approval of the Agreement, or the date of receipt of the 312 Award, which ever occurs first, as follows:

<u>System Funding (% of Accrued Assets to Liabilities)</u>	<u>Member Contribution</u>
Below 100%	8.77% 8.00%*
100% - 104.999%	7.77% 7.00%*
105.0% - 109.999%	6.77% 6.00%*
110.0% - 114.999%	5.77% 5.00%*
115.0% or more	4.77% 4.00%*

\* These changes to the member contribution rates are the result of applying the .75% credit which the actuary has estimated exists if the one percent (1%) non-compounding pension escalator after five (5) years of retirement is substituted in exchange for the 13<sup>th</sup> check payment.

JAL  
GTC

TENTATIVE AGREEMENT REACHED DURING 312 HEARINGS  
October 28, 2008

**ARTICLE 24**  
**Insurance**

Issues #13 and #15 in the City's statement of positions on issues in dispute (dated September 19, 2008) involves the proposed clarification of City and employee contributions to a defined contribution retiree health care plan (the RHSA). During the 312 hearings the parties discussed a mutually agreeable resolution to this issue in dispute. It is mutually agreed to resolve these issues (provided a defined contribution retiree health care plan is implemented through these proceedings or voluntarily agreed to) as follows:

The City and employee contributions to the defined contribution retiree health care plan (the RHSA) shall be effective the date of ratification and approval of a voluntary successor Agreement, or the date of receipt of a 312 Award (whichever occurs first). The amount of the City and the employee annual contributions shall be reduced on a pro-rata basis to reflect the number of bi-weekly pay periods which have passed between July 1, 2008 and the date ratification and approval of a voluntary successor Agreement, or the date of receipt of a 312 Award (whichever occurs first).

STIPULATED AWARD AGREEMENT REACHED DURING 312 HEARINGS  
October 28, 2008

**ARTICLE 24**  
**Insurance**

Issue #8 in the City's statement of positions on issues in dispute (dated September 19, 2008) involves the proposed implementation of a \$600 cap on Proton Pump Inhibitor (PPI) drugs. During the 312 hearings the parties discussed a mutually agreeable resolution to this issue in dispute. It is mutually agreed that the panel's ruling in the 312 Award shall be written on this issue as follows:

There shall be an annual \$600 cap on proton pump inhibitor (PPI) drugs. The over-the-counter program, as agreed to by the parties, shall remain in effect and no employee co-payments shall be required for the OTC proton pump inhibitor drugs dispensed under that program. However, if the annual \$600 cap on proton pump inhibitor drugs dispensed in a manner other than under the OTC program is reached the applicable co-pay shall thereafter be doubled (i.e., the \$20.00 co-pay for brand shall be increased to \$40.00 and the \$10.00 co-pay for generic shall be increased to \$20.00) during the remaining annual period. The City shall continue to pay its portion of the cost for the PPI drug prescription less the increased co-payment by the employee.

Stip Award Article 24

10/28/08  
George Sullivan  
Paul J. Leach

T.A. 10-29-08

*[Handwritten signature]*

*[Handwritten signature]*

TENTATIVE AGREEMENT REACHED DURING 312 HEARINGS  
October 29, 2008

**ARTICLE 24**  
**Insurance**

Issue #19 in the City's statement of positions on issues in dispute (dated September 19, 2008) involves proposed limitations on retirees who decline pre-65 health care plan benefits from re-entering the plan prior to reaching age 65. During the 312 hearings the parties discussed a mutually agreeable resolution to this issue in dispute. It is mutually agreed to resolve these issues as follows:

Add the following provisions to Article 24, Section 1(B) –

**Service and Disability Retirees.** Employees who retire as service retirees or disability retirees are eligible to continue to participate in the City of Grand Rapids pre-65 retiree health care plan, as the same may be changed from time to time. A service retiree is an individual who immediately upon leaving active City employment is eligible for and begins receiving a retirement allowance under Section 1.244 of the Police and Fire Retirement System Ordinance, but does not include an individual receiving a retirement allowance under Section 1.250. A disability retiree is an individual who immediately upon leaving active City employment is eligible for and begins receiving a retirement allowance under Section 1.252(1) or Section 1.252(3).

Eligible service or disability retirees between the age of fifty (50) and sixty-four (64) inclusive who elect to suspend their coverage because they have other available coverage shall be permitted to re-enter the City of Grand Rapids pre-65 retiree health care plan at a later date; provided, however that a spouse and/or dependants who were not eligible at the time of suspension cannot be added to the coverage at the time of re-entry.

TA Re-Entering Service & Disability Retirees