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STATE OF MICHIGAN  
DEPARTMENT OF ENERGY, LABOR AND ECONOMIC GROWTH  
EMPLOYMENT RELATIONS COMMISSION

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In the Matter of the Arbitration Arising  
Pursuant to Act 312, Public Acts of 1969  
As Amended, Between:

MERC Case No. D09-J-1077

Village of Beverly Hills,  
Public Employer

-and-

Beverly Hills Public Safety  
Officers Association, Michigan  
Association of Police  
Labor Organization.

PANEL:

Don R. Berschback, Panel Chairman  
Dennis B. DuBay, Employer Delegate  
Ronald Palmquist, Union Delegate

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FOR THE EMPLOYER:

KELLER THOMA, P.C.  
By: DENNIS B. DuBAY (P 12976)  
440 East Congress, 5<sup>th</sup> Floor  
Detroit, MI 48226

FOR THE LABOR ORGANIZATION:

Michigan Association of Police  
By: FRED TIMPNER, Advocate  
Brief By: RONALD PALMQUIST  
Labor Relations Specialist  
27704 Franklin Road  
Southfield, MI 48034

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PROCEEDINGS

OPINION/AWARD

Dated: June 1, 2012

This compulsory arbitration case was initially brought forth by the Village of Beverly Hills (hereinafter "Village") on April 29, 2010 and the filing of an Amended Petition by the Village on June 22, 2010. The Petition was filed under Act 312, PA of 1969, as amended, being MCL 423.231, *et seq.* It is noted that this Petition and Amended Petition are governed by the "old Act 312" law and not under the new Act for petitions filed on or after October 1, 2011.

The Chairman was appointed by MERC on July 27, 2010 (not a misprint). The Village's Panel delegate was Dennis DuBay and the Union's delegate was Mr. Fred Timpner. Based on the parties' agreement, the active involvement of the 312 Panel was substantially delayed. This delay was, in large part, precipitated by an extensive Act 312 hearing for the Village and the Public Safety Officers represented by the Michigan Association of Police (hereinafter "MAP" or "Union"). The Panel chair of that 312 arbitration hearing was C. Barry Ott and his panel's final Opinion was issued in the Public Safety Officers Act 312 hearings on March 28, 2011.

Initial prehearing acts in this case included a telephone conference on August 3, 2011 and a prehearing meeting at the Village offices on August 8, 2011. By agreement, hearings were conducted before the Panel on December 12<sup>th</sup>, 19<sup>th</sup>, and 20<sup>th</sup> of 2011. The parties stipulated that the only issues remaining were those identified in their respective proposals and no new issues were presented at the commencement of the hearings.

All statutory time limits were expressly waived and all issues were deemed to be economic, thus placing them under the jurisdiction of the Panel.

At the outset of the hearings a letter from the Chairman of the Panel to both delegates (Village Exhibit 4) dated August 10, 2010 was introduced and discussed. The letter indicated that the appointed Chairman, Don R. Berschback, was the City Attorney for the City of Grosse Pointe Woods but was not involved in any labor negotiations for Grosse Pointe Woods, that task

being performed by Dennis DuBay. (TT Volume 1, pp 6, 7). No objections were made based on the representations contained in the Chairman's letter and the hearings proceeded.

Final offers of settlement by both parties were submitted on January 17, 2012. In accordance with several stipulated agreements between the parties, final briefs were extended and briefs in support of their last best offers were submitted by the parties and received by the Chairman on March 23, 2012.

### UNIQUE CIRCUMSTANCES

The Chairman of the Panel makes special note of prior proceedings between the Village represented by delegate Dennis DuBay and the Village's Public Safety Officer Association represented by MAP (delegate Ronald Palmquist). Those proceedings took place during September of 2010. The Chairman of those proceedings was C. Barry Ott and that panel issued its final Opinion on March 28, 2011. Almost all of the issues in this Act 312 proceedings were litigated in the earlier MERC 312 proceedings (MERC Case No. D10 A-0090). In point of fact, both parties referenced and referred to the Opinion of that Panel throughout our proceedings and in their Briefs in support of their last best offers. Many exhibits, portions of the testimony of witnesses, and factual data elicited in these proceedings were either identical to those from the Ott Panel or were supplemented with updated facts and figures. To the extent that the Ott Panel's conclusions on each issue were not different or substantially different from these proceedings, they were, in large part, adopted in this Panel's final conclusions.

The Chairman noted that prior to finalizing this Opinion, he requested arbitrator Ott's permission to utilize language of his Opinion contained in the D10 A-0090 case. That permission was granted. To the extent that "new" facts, testimony or exhibits were produced during these proceedings, they became part and parcel of the final conclusions reached.

## DECISION MAKING CRITERIA

The basis for an Arbitration Panel's Findings, Opinion, and orders are factors, as applicable, contained in Section 9 of Act 312, which provides:

Sec. 9. Where there is no agreement between the parties, or where there is an agreement but the parties have begun negotiations or discussions looking to a new agreement or amendment of the existing agreement, and wage rates or other conditions of employment under the proposed new or amended agreement are in dispute, the arbitration panel shall base its findings, opinions and order upon the following factors, as applicable:

- a) The lawful authority of the employer.
- b) Stipulations of the parties.
- c) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.
- d) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
  - i. In public employment in comparable communities.
  - ii. In private employment in comparable communities.
- e) The average consumer prices for goods and services, commonly known as the cost of living.
- f) The overall compensation presently received by the employees including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
- g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- h) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding or otherwise between the parties, in the public service or in private employment.

Nothing in the statute provides any guidance to the Panel as to the relative weight to be given to the Section 9 factors. The Union in its brief addressed the evidence of the Employer's ability to pay and acknowledged that while it was one of the criteria to be considered, it was not the only one, and that it must not be given more weight than the rest of the criteria, implying that the Section 9 factors must be given equal weight. A majority of the Panel disagrees with the Union's assertion. As noted in the Employer's brief, citing the Michigan Supreme Court in *City of Detroit v Detroit Police Officers Association*, 498 Mich 410, 294 NW2d 68 (1980). Justice Williams found that:

Any finding, opinion or order of the panel on any issue must emanate from a consideration of the eight listed Section 9 factors, as applicable.

294NW2d at 96.

The Court did not hold that the Arbitration Panel must give all of the Section 9 factors equal weight. It is for the Arbitration Panel to decide the relative importance "under the singular facts of a case although, of course, all 'applicable' factors must be considered."

294NW2d at 97.

Additionally, the Village cited the case of *Royal Oak and Royal Oak Police Officers Association*, MERC Case No. D06 E-1674 (Paul E. Glendon, March 27, 2009) wherein Arbitrator Glendon ruled that the most important consideration with respect to the economic issues is the Employer's ability to pay. The majority of this panel concurs with that ruling.

The disputed issues in this case must be decided on the basis of the Section 9 factors, as well as other requirements provided in Section 8 and 10 of the Act. A majority decision of the Panel is binding if it is supported by competent, material and substantial evidence of the entire record. In the final analysis of the record evidence concerning each of the economic issues, that

evidence must be weighed against the interest and welfare of the public and the financial resources available to meet the cost associated with those issues.

The Panel is mindful of its duty to consider each of the Section 9 factors as applicable in reaching its conclusions and decisions and has attempted to meet that obligation to the best of its ability. (The majority of this language "quoted from the OTT Opinion").

### **BACKGROUND FACTS**

The Department of Public Safety (the "Department") consolidates police and fire services. All sworn members are duly trained as police officers and firefighters. The Department consists of one Captain, four Lieutenants, four Sergeants and 13 full-time Public Safety Officers. (Village Ex. 11) This unit consists of the four Sergeants and the four Lieutenants. Testimony was elicited relating to the general operations of the Department, the assigned tasks of each member, and the like.

The Public Safety Lieutenants and Sergeants' Association is represented by the Michigan Association of Police (MAP). Additionally, MAP also represents the Public Safety Officers and the Dispatchers. Two clerical employees are in a bargaining unit represented by AFSCME. There are nine non-union Village employees (Village Ex. 13).

At the time of these proceedings, the collective bargaining agreement between the full-time dispatchers represented by MAP and the two clerical employees represented by AFSCME expired on December 31, 2009 and were, in effect, held in abeyance pending the outcome of this Act 312 Arbitration (T2.200). As previously mentioned, the collective bargaining agreement between the Village and the Public Safety Officers was resolved based on the Ott Arbitration Panel of March 28, 2011.

### **COMPARABLE COMMUNITIES**

The parties were able to agree on the following nine communities as comparables.

1. City of Farmington.
2. City of Fraser.
3. Grosse Pointe Farms.
4. Grosse Pointe Park.
5. Grosse Pointe Woods.
6. Huntington Woods.
7. City of Berkley.
8. City of Grosse Pointe.
9. City of Center Line.

The Union proffered the Community of Bloomfield Hills as a comparable and the Village objected. The Panel then had to decide whether Bloomfield Hills would be added as a comparable.

It is noted here that in the Public Safety Officer Act 312, the Union had offered Bloomfield Hills and the City of Oak Park. That Panel determined that Oak Park was to be excluded as a comparable but Bloomfield Hills was to be included.

Comparables in all the classifications were presented for comparison of wages, hours, and conditions of employment, geographic area, per capita income, per capital taxable value, and other factors. The Panel had to determine what weight is to be afforded to those factors when finally determining the relevance of comparable communities when compared to the Village.

Bloomfield Hills is in close proximity to the Village – in fact, much closer than other agreed upon comparable cities. It has combined public safety operations. Bloomfield Hills has 1.47 square miles – just one-quarter mile smaller than the Village. While the exhibits and testimony of the parties regarding taxable values and other economic factors differ, these same criteria were discussed in the Ott Opinion.

### **Discussion and Conclusion**

The Union (referencing language in the Ott Opinion) indicated that there “probably has never been a perfect list of external comparables in all of the history of Act 312 proceedings.” However, the factors germane to these proceedings were considered as well as the ultimate conclusion rendered in the Ott Opinion and were utilized for an ultimate decision.

While the Village does not agree with the decision to add Bloomfield Hills as an external comparable, the Chairman is of the opinion that it should be included. The majority of the Panel thus includes the ten comparables – the nine agreed upon and Bloomfield Hills.

### **INTERNAL COMPARABLES**

Section 9 of Act 312 calls for a comparison of the employees involved in the arbitration proceedings with employees performing similar services with other employees generally. The comparisons include public employment in comparables communities and private employment in comparable communities as well as other existing units in the municipality in question.

There are three other bargaining units in the Village – the public safety officers, the dispatchers, and two employees in the clerical unit. As indicated, non-union employees are also employed by the Village. The Chairman notes that the bargaining unit most closely aligned with this unit (the Command Officer unit) is the Public Safety Officers unit. Both sides are represented by the same Union. It does not take much imagination to understand that a prior Act 312 hearing for the Public Safety unit which involves substantially identical issues and facts would not be considered a major factor in this Panel’s ultimate decisions on the issues at hand. To the extent that testimony, facts and exhibits either differed or were supplemented information (later chronologically), the Panel considered them in its ultimate decision.

The Panel’s ultimate conclusions on all of the nine factors under Act 312 hearings was also predicated on the relative importance of each of them and the issues at hand. In that respect,

the nine factors were not given equal weight but were considered in light of their relative importance in reaching the Panel's final conclusions. One of the most salient factors was the earlier extensive Act 312 hearings for the Public Safety unit and the Village and the ultimate conclusions of the Panel chaired by C. Barry Ott.

#### ABILITY TO PAY

Under Section 9(c) of the statute, the Panel is to consider the financial ability of the municipality. The Village cites a recent Act 312 Award during "today's turbulent economic times". The record evidence and testimony in this case reveals that the Village, like many Michigan municipalities, has experienced a decline in revenue generated by the primary sources of income. The Village derives most of its revenue from property taxes, state revenue sharing, and charges for services and/or interest on investment. All of these, to a greater or lesser extent, have significantly decreased.

The Village which is required by law to have a balanced budget and to meet that requirement it has been necessary to transfer funds from the general fund balance. While there was considerable testimony wherein the Union argued that the Village did not take previously appropriate measures to deal with downturning economic rallies, the Chairman of this panel agrees with the citation of Arbitrator Paul E. Glendon in a prior case that the Union's argument did not alter the financial realities confronting the City and "is not a statutorily permissible basis for an Act 312 award". (Glendon Opinion in MERC Case D06 E-1674 pp 3-4.)

The testimony indicated that 25% of the general fund balance needed to be used to close the deficit for the year ending June 30, 2011. Additionally, if the Village continued to run at a deficit, the entire general fund balance would likely disappear. Even under the new structure created by the millage, the Village's plan to build the fund balance up would be extremely slow

and would not be sufficient to stabilize the current fiscal situation. In effect, the Village will be simply taking money from its "savings account" in order to pay current operating expenses.

In meeting its statutory duty to have a balanced budget, the Village used \$178,605 of its fund balance for fiscal year 2009-2010 and \$396,557 in 2010-2011 to balance the budget. Testimony and exhibits indicated that continued substantial withdrawals from the general fund balance would leave the Village in an unacceptable and untenable situation – one potentially leading to bankruptcy.

With respect to expenses, Village Ex. 19 shows that the single largest expense for the Village is the Public Safety Department, with expenses of \$5.18 million for the year ending June 30, 2011. This compares with the total expenses in the general fund of \$8,597,920. Obviously, labor costs make up a very large portion of the expenses. This situation is exacerbated when not only wages are considered but benefits, pension fund, retirement costs, etc. are considered. Legacy costs for the Village, and in many, many other Michigan communities, are depleting the reserves of many communities even to the point of complete exhaustion. Fortunately, this is not the case with the Village at this time.

Pension contributions to the Public Safety Pension Fund (which includes both this Command unit and Public Safety Officers) are significant. The 2010 required contribution of the Village to that entity was 27.92% of payroll. The Village does make required contributions annually as testified to by Mr. Wiszowaky (T1.68). For the fiscal year ending 2011 the Village contribution was \$489,844 and for 2012, the Village contribution was expected to be \$497,801.

According to the most recent Public Safety Fund evaluation report, the fund is 86% funded and is under funded by \$2.3 million. This compares to a 147% funding level just 11

years ago. Clearly, the obligations of the Village have substantially increased and have presented quasi perilous conditions.

The Arbitrator specifically highlighted in V. Ex. 47 that indicated the relative ranking of the Command Officers of the Village versus Command Officers in comparable municipalities. Even with the inclusion of Bloomfield Hills (admittedly a "much richer" community) the employees in this unit are, for the most part, vastly superior in wages and fringe benefits than Command Officers in the other communities. To this Chairman, the most salient exhibits (V. Exs. 49, 50, 51, 52, 55, and 56) clearly indicated that Command Officers in the Village rank first among comparators with total net cash of \$94,370, well above the comparator average of \$80,295 (V. Ex. 56).

The record in this case included evidence and testimony regarding wages and benefits provided by the Village compared to that provided by the comparable communities. All of the data has been evaluated in light of the financial condition of the Village.

Arbitrator Ott's Opinion on the issue of ability to pay contained on pages 9 through 13 were carefully reviewed prior to this Panel's reaching its ultimate conclusion. That Opinion was dated in March of 2010. Relevant testimony and exhibits introduced during these proceedings, held in December of 2011, were analyzed by the Panel based on newer and current financial information.

Both parties recognize the fact that the property tax base of the Village (and other Michigan communities) have taken a substantial "hit" and have resulted in far fewer revenues than in the past. This reduction will, in all probability, continue in the future although not to the degree as it was in the past few years. Property tax revenues are the most significant source of revenue for the Village and other Michigan communities.

The Union posits that the governing body of the Village subsidized the water and sewer rates with a large transfer from the general fund. The Village also cites subsidies from the general fund for waste management disposal as being relative to the financial stability (or instability) of the general fund – thus allowing more money for payment of wages, etc. for this unit. This Chairman agrees with Arbitrator Ott that even if additional funding could be realized for the general fund by raising water and sewer rates (or any other non-subsidizing of other Village services) it goes beyond the authority of this Panel and is not a Section 9 factor. “These decisions are best left to the political body of the Village”. (Ott Opinion p 13.)

#### **DISPUTED ISSUES**

There are some 17 economic issues in dispute by title with a number containing sub-issues. This Panel will identify each issue and the respective proposal of the parties. Wage proposals, as indicated during the hearing, will be reviewed under a general heading and each year decided as a separate issue.

#### **ARTICLE XI – LONGEVITY, FIRST PARAGRAPH**

The Village’s final offer proposes to delete the present percentage longevity schedule of 2% after five years, 4% after ten years, 6% after 15 years, 8% after 20 years and 10% after 25 years (effective 01/01/03) and to replace it with the following provision.

Longevity payments shall be paid in accordance with the following schedule, payable in semi-annual installments in June and December. Eligibility for longevity compensation shall commence with the first payroll period following the employee’s appropriate anniversary date. The longevity payments shall be as follows:

5 years	\$500
10 years	\$1,500
15 years	\$2,000
20 years	\$2,500

Effective date: Date of the Award.

The Union proposes the following language: Longevity payments shall be paid in accordance with the following schedule, payable in semi-annual installments in June and December. The longevity payments shall be as follows:

<u>Sergeant</u>	<u>Lieutenant</u>
\$600 after 5 years	\$700 after 5 years
\$1,750 after 10 years	\$1,950 after 10 years
\$2,400 after 15 years	\$2,700 after 15 years
\$3,050 after 20 years	\$3,450 after 20 years
\$5,000 after 25 years	\$5,500 after 25 years

Effective the date of the Award.

The Village asserts that their proposal is designed as a cost saving measure as longevity payments are included in the final average compensation factor for pension purposes and as such the cost of longevity is greater than the payouts to individual employees.

The Union apparently did recognize the need for stability and also proposed flat rates for longevity payments. However, the proposal was for much higher payments for this unit. The Village countered that since the average seniority in this unit is over 21 years, the Union's proposal is simply way too costly. Additionally, the Village's final offer \$2,500 at 20 years, would rank as the third highest among the comparables discussed and above the average of the comparables (\$2,111). In addition to the external comparables, the Village's proposal is the same language adopted by Arbitrator Ott for the PSO Unit (V. Ex. 72)

### Discussion

The Village proposal would bring the Command Unit into line with the majority of comparable communities. The majority of the Panel is of the opinion that the record, evidence and testimony on this issue supports the Village proposal and is identical to the conclusion of the Ott Panel. The Section 9 factors support the adoption of the proposal of the Village.

The Panel hereby adopts the Village's last offer of settlement as follows:

Longevity payments shall be paid in accordance with the following schedule, payable in semi-annual installments in June and December. Eligibility for longevity compensation shall commence with the first payroll period following the employee's appropriate anniversary date.

The longevity payments shall be as follows:

5 years	\$500
10 years	\$1,500
15 years	\$2,000
20 years	\$2,500

Effective date: Date of the Award.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE



RONALD PALMQUIST, UNION DELEGATE

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**ARTICLE XI - LONGEVITY, NEW HIRES**

The Village proposes to revise Article XI to include the following provision:

Revise Article XII - Longevity by adding the following new provision:

Effective January 1, 2012, new hires are not eligible for longevity pay.

The Union proposes a status quo, same longevity benefit for new hires as for current employees as follows:

Longevity payments shall be paid in accordance with the following schedule, payable in semi-annual installments in June and December. The longevity payments shall be as follows:

The Panel hereby adopts the Village's last offer of settlement as follows:

Longevity payments shall be paid in accordance with the following schedule, payable in semi-annual installments in June and December. Eligibility for longevity compensation shall commence with the first payroll period following the employee's appropriate anniversary date.

The longevity payments shall be as follows:

5 years	\$500
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15 years	\$2,000
20 years	\$2,500

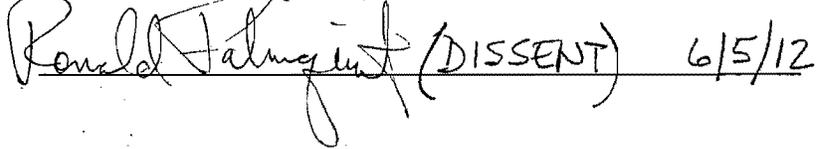
Effective date: Date of the Award.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE

RONALD PALMQUIST, UNION DELEGATE



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Sergeant

\$600 after 5 years  
\$1,750 after 10 years  
\$2,400 after 15 years  
\$3,050 after 20 years  
\$5,000 after 25 years

Lieutenant

\$700 after 5 years  
\$1,950 after 10 years  
\$2,700 after 15 years  
\$3,450 after 20 years  
\$5,500 after 25 years

Effective the date of the Award.

Discussion

The Village is seeking to eliminate longevity as a benefit for new hires. It is noted that, strictly speaking, the evidence on the record does not wholly support the Village's position. V. Ex. 71 is a list of the external comparables for those proceedings that shows they have a longevity provision in their agreement. All of those comparables, except Center Line, has a longevity benefit paid to their Public Safety Command Officers. None of the external comparables have a two-tiered longevity system where a portion of the membership does not receive the benefits as cited in the PSO and the Ott Arbitration Award (V. Ex. 14). Similarly, none of the other employee groups, including the non-union have a similar provision that would eliminate this benefit for new hires. The Chairman agrees that while the testimony of Mr. Wilson indicated that it is the Village's intent to propose elimination of longevity in future negotiations (T1. 229) that is for future discussions.

The Chairman notes that there is an anomaly in the last best offers proposed by both parties. There is inconsistency no matter which way this Panel rules as it relates to this issue for new hires. In effect, the Chairman agrees with the Union's position that there should not be a two-tiered longevity system since it would create, over time, two groups of employee benefits, one with longevity and one without. The Chairman agrees that this would create animosity and have a divisive effect on the employees.

In the event that the Panel adopted the last best offer of the Union, this would create a two-tiered system – a lesser flat amount for existing employees and a greater flat amount for “new hires”. On the other hand, if the Panel adopted the last best offer of the Village, there would be no longevity for new hires effective January 1, 2012 and/or the date of the award (which will be later than January 1, 2012).

The Union quoted Arbitrator Ott and indicated that Arbitrator Ott “got it right when he ruled that converting the percentage longevity plan to fixed rate would produce a uniform plan for all unit employees and result in a long-term savings to the Village.”

This Arbitrator has already ruled that the current contract which expired on December 31, 2009 would extend until December 31, 2013. It is believed by the Chairman and both delegates that there will be no new hires into this unit from the date of this Award until the expiration of this collective bargaining agreement on December 31, 2013.

Since adopting the Union’s last best offer would result in a two-tiered longevity system and would, in effect, provide substantial additional longevity payments to new hires over the existing Command Officers, the Panel hereby adopts the Village’s last best offer of settlement as follows:

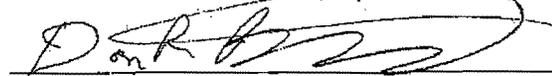
Effective January 1, 2012, new hires are not eligible for longevity pay.

However, it is assumed that longevity pay and/or longevity pay for new hires will be the subject of additional bargaining between the parties especially when common sense in reviewing the Ott Opinion would favor this Panel’s adoption of the Ott Opinion as it related to longevity payments for new hires but not the increased amount as included in the Union’s last best offer for this issue. If the Chairman was able to go outside the acceptance of a last best offer from

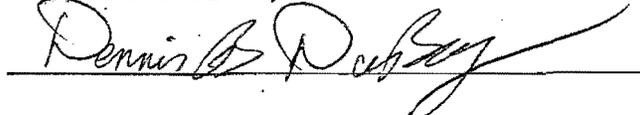
either party, he notes that he would retain longevity pay for new hires but would adopt the amounts included in the Ott Opinion.

In sum, the Panel adopts the Village's last best offer of settlement that effective January 1, 2012, new hires are not eligible for longevity pay.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE



RONALD PALMQUIST, UNION DELEGATE

**MEMORANDUM OF UNDERSTANDING**  
**12 HOUR SHIFT SCHEDULING**

The Village's final offer of settlement was:

Revise the Memorandum of Understanding with respect to 12-hour shifts by replacing HOURS OF WORK, Section II. July Payment with the following:

Section II. Scheduled Time Off. Operations and Staff employees shall work an average of forty hours each week resulting in 2,080 hours per year. To compensate employees for the additional two hours worked each week under the 12-hour shift schedule, the Department will schedule Operation and Staff employees off work an equivalent amount of time up to 104 hours each year. The scheduled time off will be at a time the employee would otherwise have been scheduled to work under the 12-hour shift schedule.

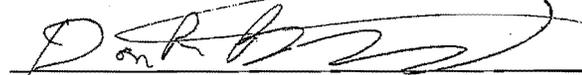
Effective Date: July 1, 2012

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either party, he notes that he would retain longevity pay for new hires but would adopt the amounts included in the Ott Opinion.

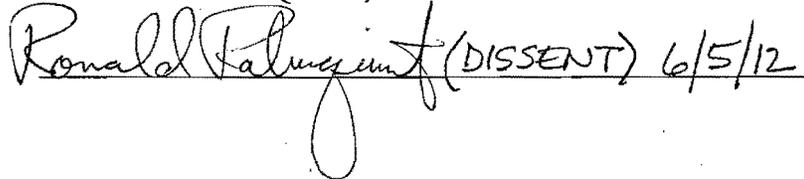
In sum, the Panel adopts the Village's last best offer of settlement that effective January 1, 2012, new hires are not eligible for longevity pay.

DON R. BERSCHBACK, PANEL CHAIR



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Effective Date: July 1, 2012

The Union's final offer of settlement was:

Revise current language in Section X. Wages and delete the last paragraph in AGREEMENT as follows:

Section X. Wages. The hourly rate of payment for an employee shall be determined by dividing the employee's annual salary by 2,080 hours, or as adjusted by the Finance Department.

Compensation for the additional one hundred four (104) hours worked as a result of the average 42 hour workweek schedule will be considered as not included in "Compensation" as defined in the Department of Public Safety Pension Ordinance.

Agreement

The 12-hours shift schedule as represented in this Memorandum of Understanding shall be considered the Department's operational shift schedule, and this agreement will be considered part of the collective bargaining agreement, subject to all of its terms and conditions.

It is noted that since this Award is being finalized prior to July 1, 2012, the effective date of this Award should be July 1, 2012.

Currently, the negotiated work schedule is a 12-hour day work schedule. That 12-hours shift results in 2,184 hours worked each year. Typically in a two week period, officers work three days in one week and four in the other, resulting in 7 days – 84 hours – worked in that two week pay period (T1.240). The schedule allows for officers to have three days off in a row every other weekend. There was considerable testimony regarding the scheduling of the hours of work, the payment for the "excess 104 hours", and the like. These same issues were thoroughly discussed in the Ott Opinion (pp 19-21). The Union did claim that the use of "Kelly days" would cause two problems – the unavailability of certain days off for officers and increased overtime. The Chairman believes that both of these concerns were adequately addressed by Director Woodward

and the adoption of the Union's last best offer is not in keeping with the financial condition of the Village and its attempts to reduce unnecessary or unwanted overtime.

V. Ex. 8 indicated the external comparables with a schedule of 8 or 12 hours shifts. V. Ex. 79 shows the shift schedule for internal units. The language proposed by the Village was adopted by Arbitrator Ott for the Public Safety Officers (T1,237).

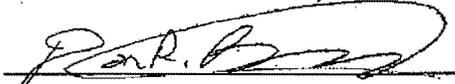
**AWARD – UNDERSTANDING OF MEMORANDUM**  
**12 HOUR SHIFT SCHEDULING**

The Panel hereby adopts the last best offer of the Village to revise the Memorandum of Understanding with respect to 12 hours shift scheduling by replacing HOURS OF WORK. Section II. July/January payment with the following:

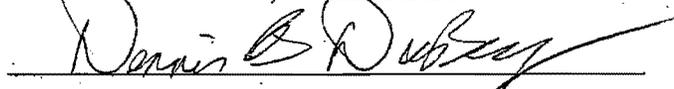
Section II. Scheduled Time Off. Operations and Staff employees shall work an average of forty hours each week resulting in 2,080 hours per year. To compensate employees for the additional two hours worked each week under the 12-hour shift schedule, the Department will schedule Operation and Staff employees off work an equivalent amount of time up to 104 hours each year. The scheduled time off will be at a time the employee would otherwise have been scheduled to work under the 12-hour shift schedule.

Effective Date: Date of the Award.

DON R. BERSCHBACK, PANEL CHAIR

  
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DENNIS B. DUBAY, VILLAGE DELEGATE

  
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RONALD PALMQUIST, UNION DELEGATE

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and the adoption of the Union's last best offer is not in keeping with the financial condition of the Village and its attempts to reduce unnecessary or unwanted overtime.

V. Ex. 8 indicated the external comparables with a schedule of 8 or 12 hours shifts. V. Ex. 79 shows the shift schedule for internal units. The language proposed by the Village was adopted by Arbitrator Ott for the Public Safety Officers (T1.237).

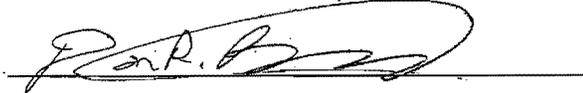
**AWARD – UNDERSTANDING OF MEMORANDUM**  
**12 HOUR SHIFT SCHEDULING**

The Panel hereby adopts the last best offer of the Village to revise the Memorandum of Understanding with respect to 12 hours shift scheduling by replacing HOURS OF WORK, Section II. July/January payment with the following:

Section II. Scheduled Time Off. Operations and Staff employees shall work an average of forty hours each week resulting in 2,080 hours per year. To compensate employees for the additional two hours worked each week under the 12-hour shift schedule, the Department will schedule Operation and Staff employees off work an equivalent amount of time up to 104 hours each year. The scheduled time off will be at a time the employee would otherwise have been scheduled to work under the 12-hour shift schedule.

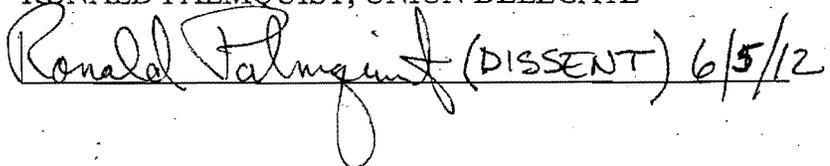
Effective Date: Date of the Award.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE

RONALD PALMQUIST, UNION DELEGATE



## ISSUE – ARTICLE IX, COST OF LIVING ALLOWANCE

The Village's final offer of settlement:

Article IX – Cost of Living Allowance shall be deleted from the contract.

Effective Date: Date of the Award.

The Union's Final offer of settlement:

Delete from Contract Article XI – Cost of Living Allowance with roll-in of \$500 into base wage.

Effective Date: Date of the Award.

The employer is attempting to eliminate the cost of living allowance. The Union contends that the Village's own documents (V. Ex. 84) shows that all of the internal comparables receive a cost of living allowance except for the Public Safety Officers who had \$500 rolled into their base pay based on the Ott Award. Again, this discussion was extensively reviewed by the Panel in the Ott hearings and nothing presented either by exhibit or testimony was sufficient enough to change the conclusion of the Ott Award for the employees of this unit.

### Discussion

Both parties have made proposals that would eliminate COLA from the contract. However, the Union proposal includes a trade off in the form of a \$500 annual increase into the base wage. This Panel has taken into account the financial condition of the Village and the existing favorable overall compensation of the employees in its deliberations and recognize that reductions are necessary if the Village is to remain financially solvent in the future. However, we believe that it is simply unrealistic for the Village to expect to achieve all of the reductions in wages and benefits in one successor agreement especially given the fact that the Ott Opinion adopted the language for the Union.

Therefore, a majority of the Panel is of the opinion that the Section 9 factors more nearly support the adoption of the Union's proposal.

**AWARD – ARTICLE IX – COST OF LIVING ALLOWANCE**

The Panel hereby adopts the last best offer of the Union as follows:

Delete from Contract Article XI – Cost of Living Allowance with roll-in of \$500 into base wage.

Effective Date: Date of the Award.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE



RONALD PALMQUIST, UNION DELEGATE

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**ARTICLE XXIII – RETIREMENT, NEW HIRES**

The Village's final offer of settlement:

Article XXIII – Retirement shall be revised by adding a new section as follows:

Section \_\_\_. Effective the date of the Award, new hires will, in lieu of the current retirement plan, participate in a defined contribution plan. The Village shall contribute 10% of the Employee's base wage and the Employee will contribute 5% of his/her base wage into the defined contribution plan. Vesting will be as follows:

After two years	25% vested
After four years	50% vested
After six years	75% vested
After eight years	100% vested

Effective date: Date of the Award.

Therefore, a majority of the Panel is of the opinion that the Section 9 factors more nearly support the adoption of the Union's proposal.

**AWARD – ARTICLE IX – COST OF LIVING ALLOWANCE**

The Panel hereby adopts the last best offer of the Union as follows:

Delete from Contract Article XI – Cost of Living Allowance with roll-in of \$500 into base wage.

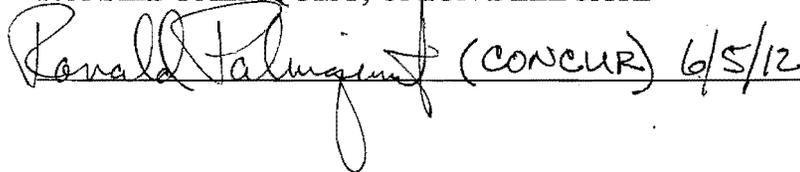
Effective Date: Date of the Award.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE

RONALD PALMQUIST, UNION DELEGATE



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After two years	25% vested
After four years	50% vested
After six years	75% vested
After eight years	100% vested

Effective date: Date of the Award.

The Union's final offer proposes the status quo with all employees in the Village's Public Safety Defined Benefit Retirement Plan.

Both positions of the parties were identical or substantially identical to their last best offers in the Ott proceedings. The Union believes that the record supports its position of maintaining the status quo over the Employer's last best offer of settlement. All of the external comparable communities provide a defined benefit retirement plan for their employees (V. Ex. 86). The internal comparables also provided a defined benefit retirement plan by this Employer, including the Public Safety Officers through the Ott Award.

The Employer has identified the legacy costs associated with the defined benefit retirement plan and retirement healthcare (a later issue) as the greatest threat to the Village's ability to remain financially stable. It is true that the Village's required contribution rate for these legacy costs continue to substantially increase. The Employer's proposal is, of course, designed to fix the cost of pension and retiree health insurance costs for new hires. The Village contends that no employer – public or private, can be assured of its ability to financially sustain its operations. The ongoing, tremendous costs of providing these programs to current employees are a matter of record and cannot be disputed. The Village notes that it is prepared to shoulder the cost of prior commitments made to current employees but needs to gain control over the cost of new hires so that overtime, cost increases and total costs will start to moderate. The defined contribution plan for new hires in lieu of a defined benefit plan would lower operating costs for the year and would also help offset unfunded liabilities (T2.36). The Panel reviewed V. Ex. 86 and 87 for both external and internal comparables. In the future, there will be increased pressure on the part of the Village to change its structure from a defined benefit plan to a defined

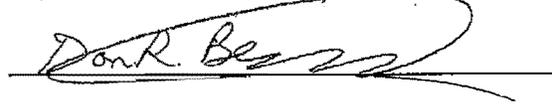
contribution plan for employees. This employer (and many other employers – both public and private) will need to reduce their tremendous legacy costs in the future or face bankruptcy.

However, it is for the same reason that the Ott Panel adopted the Union's proposal to maintain the status quo that this Panel will follow that conclusion.

**AWARD – ARTICLE XXIII RETIREMENT, NEW HIRES**

The Panel hereby adopts the last best offer of the Union to maintain the status quo.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE



RONALD PALMQUIST, UNION DELEGATE

**ARTICLE XX – HOSPITALIZATION AND DENTAL INSURANCE**  
**RETIREE HEALTHCARE – NEW HIRES**

The Village's final offer of settlement was as follows:

Article XX – Hospitalization and dental insurance shall be revised by adding the following new section:

Section \_\_. For employees hired on or after (date of Award), in lieu of retiree health care, the village will contribute \$100 per month into a retiree health fund. The employee shall contribute 2% of base pay.

Effective Date: Date of the Award.

Union's final offer:

New hires after January 1, 2010 would have the same retiree health care and funding as current employees as described in the next issue in Article XX, Section II, (Retiree Health Care).

contribution plan for employees. This employer (and many other employers – both public and private) will need to reduce their tremendous legacy costs in the future or face bankruptcy.

However, it is for the same reason that the Ott Panel adopted the Union's proposal to maintain the status quo that this Panel will follow that conclusion.

**AWARD – ARTICLE XXIII RETIREMENT, NEW HIRES**

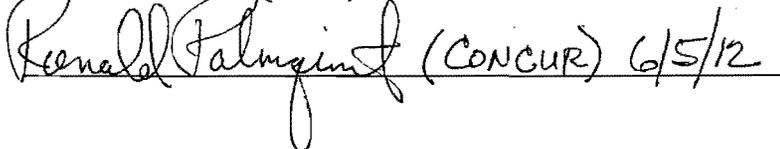
The Panel hereby adopts the last best offer of the Union to maintain the status quo.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE

RONALD PALMQUIST, UNION DELEGATE



**ARTICLE XX – HOSPITALIZATION AND DENTAL INSURANCE**  
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Article XX – Hospitalization and dental insurance shall be revised by adding the following new section:

Section \_\_. For employees hired on or after (date of Award), in lieu of retiree health care, the village will contribute \$100 per month into a retiree health fund. The employee shall contribute 2% of base pay.

Effective Date: Date of the Award.

Union's final offer:

New hires after January 1, 2010 would have the same retiree health care and funding as current employees as described in the next issue in Article XX, Section II, (Retiree Health Care).

One reason cited by the Village is that retiree health care costs continue to escalate because, when an employee retires, he receives the health insurance then in effect. Additionally, this insurance then continues, unchanged, for decades. Active employees may receive benefit changes that reflect the market, but retiree benefits remain unchanged. The discussion by the Village was designed to address this specific issue.

Only three of the ten external comparables (V. Ex. 89) have a form of health savings accounts. The Union correctly notes that if the Panel adopted the Village's position with respect to this issue, the Public Safety Sergeants and Lieutenants hired after the date of this Award would be the only Village employees, other than some higher paid non-union employees who are not provided health insurance as a retiree by the Village. Employer cited three comparable communities that offer some form of a HAS (Health Savings Account). While this has become a growing trend it is still not anywhere near the majority of the external comparables cited in this case.

This Panel reviewed the record evidence of the internal and external comparables and the ultimate conclusion of the Ott Panel concerning this issue. Individual health savings accounts represent just one method of addressing health insurance costs. This Panel also cites its consideration of our decision regarding employer participation in the payment of health insurance premiums. The majority of the Panel is of the opinion that the Union's proposal is supported by Section 9 factors.

**AWARD ARTICLE XX – HOSPITALIZATION AND DENTAL INSURANCE**  
**RETIREE HEALTH CARE – NEW HIRES**

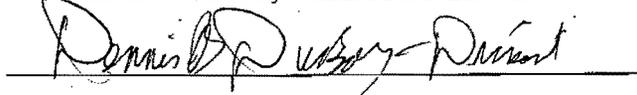
The Panel hereby adopts the last best offer of the Union that "new hires after January 1, 2010 would have the same retiree health care and funding as current employees.

NOTE: See next issue regarding payment of health insurance premiums.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE



RONALD PALMQUIST, UNION DELEGATE

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**ARTICLE XXIII – RETIREMENT, SECTION II**  
**(RETIREE HEALTH FUND CONTRIBUTION – ACTIVE EMPLOYEES)**

The Village's final offer of settlement was:

Article XXIII – Retirement Section II shall be revised to provide the following:

Section II. A sum equal to three percent (3%) of each employee's base wage before taxes will be deducted at regular payroll intervals for deposit into an account for the Retiree Health Insurance Fund contingent upon at least a one percent (1%) contribution by the VILLAGE.

Effective Date: Date of the Award.

The Union would modify Section II as follows:

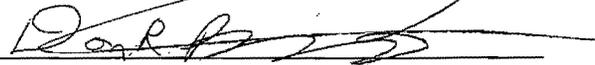
Section II. An amount equal to two percent (2%) of each employee's base wage before taxes will be deducted at regular payroll intervals for deposit to the Retiree Health Insurance Fund contingent upon at least a 1% contribution by the Village. Should an employee cease to be employed by the Village and not be entitled to a pension they shall be reimbursed any monies they have contributed into the Retiree Health Insurance Fund.

Effective Date: Date of the Award.

**Discussion.**

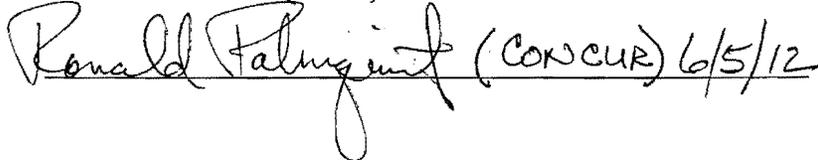
Unlike the Ott Opinion where both parties were in agreement to set the contribution for employees of the Village at two percent (2%) it now appears that the Village would suggest a

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE

RONALD PALMQUIST, UNION DELEGATE



**ARTICLE XXIII – RETIREMENT, SECTION II**  
**(RETIREE HEALTH FUND CONTRIBUTION – ACTIVE EMPLOYEES)**

The Village's final offer of settlement was:

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Section II. A sum equal to three percent (3%) of each employee's base wage before taxes will be deducted at regular payroll intervals for deposit into an account for the Retiree Health Insurance Fund contingent upon at least a one percent (1%) contribution by the VILLAGE.

Effective Date: Date of the Award.

The Union would modify Section II as follows:

Section II. An amount equal to two percent (2%) of each employee's base wage before taxes will be deducted at regular payroll intervals for deposit to the Retiree Health Insurance Fund contingent upon at least a 1% contribution by the Village. Should an employee cease to be employed by the Village and not be entitled to a pension they shall be reimbursed any monies they have contributed into the Retiree Health Insurance Fund.

Effective Date: Date of the Award.

**Discussion.**

Unlike the Ott Opinion where both parties were in agreement to set the contribution for employees of the Village at two percent (2%) it now appears that the Village would suggest a

sum equal to three percent (3%) of an employee's base wage contingent upon a one percent (1%) contribution by the Village. The Union's proposal is exactly identical to the language adopted by the Ott Panel for this issue. Currently, the Village and the employees are each contributing one percent (1%) into the Retiree Health Insurance Fund (also known as the VEBA fund) (T2.50). Mr. Wilson testified that the Village's proposal to increase contributions by employees to three percent (3%) (as opposed to the two percent (2%) in the PSO agreement) is intended to address a severe underfunded status of the fund. V. Ex. 93 set forth the contributions for active employees of the other Village units. However, there was, in effect, no evidence on the record to show that the Village needs this additional amount solely from the Sergeants and Lieutenants. In large part, based on the Ott Opinion, a majority of the Panel is of the opinion that the Section 9 factors support the adoption of the Union's last best offer.

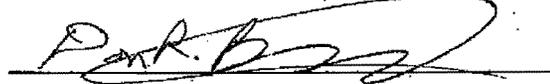
**AWARD - ARTICLE XXIII - RETIREMENT, SECTION II**  
**(RETIREE HEALTH FUND CONTRIBUTION - ACTIVE EMPLOYEES)**

The Panel hereby adopts the last best offer of the Union as follows:

Section II. An amount equal to two percent (2%) of each employee's base wage before taxes will be deducted at regular payroll intervals for deposit to the Retiree Health Insurance Fund contingent upon at least a 1% contribution by the Village. Should an employee cease to be employed by the Village and not be entitled to a pension they shall be reimbursed any monies they have contributed into the Retiree Health Insurance Fund.

Effective Date: Date of the Award.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE



RONALD PALMQUIST, UNION DELEGATE

**ARTICLE III – MANAGEMENT RIGHTS AND RESPONSIBILITIES**  
**SECTION I**

Section I. It is recognized that the government and management of the Village, control and management of its properties, and the maintenance of municipal functions and operations are reserved to the Village and that all lawful and reasonable prerogatives of the Village shall remain and be solely to The Village's right and responsibility, except as limited by applicable law. Such rights and responsibilities belonging solely to the Village and hereby recognized, prominent among which but by no means wholly inclusive are: All rights involving public policy, the rights to decide the number of employees, work normally performed within the unit, the right to hire employees, determine their qualifications, conditions of employment, the right to promote which is not inconsistent with this Agreement, discharge or discipline for just cause, and to maintain fair and reasonable discipline and effectiveness of employees, to make fair and reasonable rules and regulations and orders which are not inconsistent with the terms and provisions of this Agreement, the scheduling of work, methods of departmental operations, the selection, procurement, designing, engineering, purchasing and the control of equipment, supplies, and materials, the right to determine the number and location or relocation of its facilities, to determine the size of the management organization, its functions, authority, amount of supervision and table of organization, and the right to contract services.

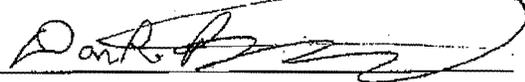
Effective Date: Date of the Award.

The parties' final offers are the same.

All members of the Panel agree that the words "by others provided the contract services shall not be for police and fire services normally performed by Public Safety Lieutenants and Sergeants" shall be deleted from the existing language in Article III, Section I.

Effective Date: Date of Award.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE

RONALD PALMQUIST, UNION DELEGATE

*Ronald Palmquist (CONCUR) 6/5/12*

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Effective Date: Date of the Award.

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Effective Date: Date of Award.

DON R. BERSCHBACK, PANEL CHAIR

*Don R. Berschback*

DENNIS B. DUBAY, VILLAGE DELEGATE

  
RONALD PALMQUIST, UNION DELEGATE

**ARTICLE XXIII – CLOSURE OF DROP**

The Village's final offer of settlement was as follows:

Article XXIII – Retirement, Section IV and Appendix A referenced therein referencing the DROP Plan shall both be amended by adding the following new provision:

Effective on the date of Award, the DROP Plan shall be closed and no new participants shall be added. The then current participants shall continue to be covered by the provisions of the current DROP Plan.

Effective Date: Date of the Award.

Union's final offer.

Modify Appendix A Deferred Retirement Option Plan: DROP

B. Eligibility. Any member of the Beverly Hills Public Safety Lieutenant's and Sergeants Association ("BHPSLSA") on or before the date of the award may voluntarily elect to participate in the DROP at any time after attaining the minimum requirements for a normal service retirement/pension. Any new members to the bargaining unit after the above date would not be eligible for the DROP Plan.

Effective Date: Date of the Award.

**Discussion.**

The testimony of the Village representative indicated that it was their intention to eliminate the DROP Plan for new participants (T2.62). The DROP Plan is a Deferred Retirement Option Plan which allows employees to retire for pension purposes but allows those employees to continue to work for the Village. The Union noted that the Public Safety Officers were asking to start a DROP Plan in their 312 proceedings and Arbitrator Ott ruled in favor of the Village's position and the PSOs do not have a DROP Plan. The Union indicates that the

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RONALD PALMQUIST, UNION DELEGATE

*Ronald Palmquist* (CONCUR) 6/5/12

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Union's final offer.

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Effective Date: Date of the Award.

**Discussion.**

The testimony of the Village representative indicated that it was their intention to eliminate the DROP Plan for new participants (T2.62). The DROP Plan is a Deferred Retirement Option Plan which allows employees to retire for pension purposes but allows those employees to continue to work for the Village. The Union noted that the Public Safety Officers were asking to start a DROP Plan in their 312 proceedings and Arbitrator Ott ruled in favor of the Village's position and the PSOs do not have a DROP Plan. The Union indicates that the

record shows that this bargaining unit just received the DROP Plan in the last contract and that was effectuated through collective bargaining between the Village and the Union. The Union's position is that to now remove the DROP Plan would weaken the whole concept of collective bargaining and give the Village an advantage in the process.

Mr. Wilson testified that the DROP Plan costs the Village money because it incentivizes employees who are eligible to retire to stay employed with the Village and that these employees tend to be more costly since they have longer seniority with the Village. (T2.65) One of the additional results is that there are fewer opportunities for promotion, both within the unit and for the PSOs.

The Village contends that the public tends to react poorly to employees being able to receive both their pension and a salary from the Village at the same time and that this issue became a particular concern during the recent millage vote (T2.66).

The V. Ex. 98 shows that none of the external comparable communities offers a DROP program. The Union admits that these comparables do not support the Union's position on the DROP Plan but avers that there is un-rebutted evidence on the record that the DROP Plan does not cost the Village. Additionally, the Union states that by its last best offer they have given the Village some of the relief that they sought on this issue by eliminating the DROP Plan to only those members currently in the bargaining unit and provides a sunset on whatever the Village believes is their liability on this issue.

The monetary evidence is not exactly clear on this issue and there are countervailing arguments on both sides of the issue. However, based on the DROP Plan being negotiated during the currently expired collective bargaining agreement and involving very few individuals

in the bargaining unit, the majority of the Panel believes that the Union's proposal should be adopted.

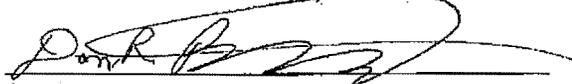
**AWARD - ARTICLE XXIII - CLOSURE OF DROP**

The majority of the Panel is of the opinion that the proposal of the Union be adopted.

B. Eligibility. Any member of the Beverly Hills Public Safety Lieutenant's and Sergeants Association ("BHPSLSA") on or before the date of the award may voluntarily elect to participate in the DROP at any time after attaining the minimum requirements for a normal service retirement/pension. Any new members to the bargaining unit after the above ate would not be eligible for the DROP Plan.

Effective Date: Date of the Award.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE



RONALD PALMQUIST, UNION DELEGATE

**RETIREMENT - EMPLOYEE PENSION CONTRIBUTION**

The Village's final offer of settlement:

Article XXIII - Retirement, a new Section shall be added to provide as follows:

Section \_\_\_\_, Active employees shall contribute 5% of their base wages to the pension system.

Effective Date: Date of the Award.

The Union's last best final offer was the following:

in the bargaining unit, the majority of the Panel believes that the Union's proposal should be adopted.

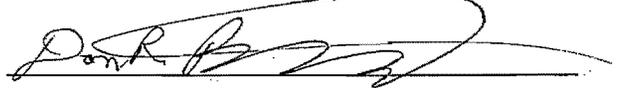
**AWARD - ARTICLE XXIII - CLOSURE OF DROP**

The majority of the Panel is of the opinion that the proposal of the Union be adopted.

B. Eligibility. Any member of the Beverly Hills Public Safety Lieutenant's and Sergeants Association ("BHPSLSA") on or before the date of the award may voluntarily elect to participate in the DROP at any time after attaining the minimum requirements for a normal service retirement/pension. Any new members to the bargaining unit after the above ate would not be eligible for the DROP Plan.

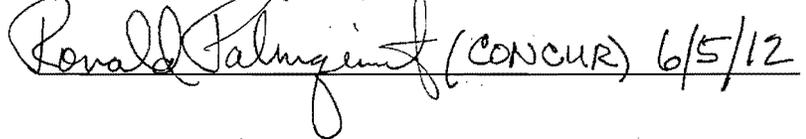
Effective Date: Date of the Award.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE

RONALD PALMQUIST, UNION DELEGATE



**RETIREMENT - EMPLOYEE PENSION CONTRIBUTION**

The Village's final offer of settlement:

Article XXIII - Retirement, a new Section shall be added to provide as follows:

Section \_\_\_\_ . Active employees shall contribute 5% of their base wages to the pension system.

Effective Date: Date of the Award.

The Union's last best final offer was the following:

Section \_\_\_\_\_. A sum equal to two and one-half percent (2 ½%) of each employee's base wage only, before taxes, will be deducted at regular payroll intervals to fund their pension.

All other language in this Article shall remain status quo and brought forward in the new agreement.

Effective Date: Date of the Award.

**Discussion.**

During the Ott hearings, the Union argued that while the data for the external comparables does support some contribution toward the pension plan, none of the internal comparables (in the Village) were required to contribute. During those proceedings, the Union proposed similar language requiring a 2.5% contribution and that a 5% contribution would represent a drastic reduction in usable income for employees. It is pointed out, however, that after all of the considerations provided in the Ott proceedings, the majority of that Panel adopted the proposal of the Village and indicated it was supported by the Section 9 factors. That language is identical to the language proposed by the Village in these proceedings.

The pension fund has gone from 140% funded in 2000 to a current funding level of 86% (V. Ex. 20, p A-8). In fact in 2009, the fund lost \$2 million in value. The Union faced with the overwhelming evidence regarding the status of the pension plan did agree that some level of employee contribution is appropriate although the parties are 2.5% apart.

The rate range with comparable communities is between 3% and 6%. With respect to internal comparables, Arbitrator Ott agreed that the 5% proposed by the Village was appropriate. Accordingly, the Village indicates that the 5% contribution should be adopted by the Panel.

For the reasons cited above, a majority of the Panel is of the opinion that the proposal of the Employer is supported by the Section 9 factors.

**AWARD – ARTICLE XXIII – NEW SECTION**  
**ACTIVE EMPLOYEES' PENSION CONTRIBUTION**

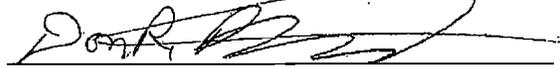
The Panel hereby adopts the Employer's proposal to add a new Section to Article XXIII

– Retirement as follows:

Section \_\_\_\_ Active employees shall contribute 5% of their base wages to the pension system.

Effective Date: Date of the Award.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE



RONALD PALMQUIST, UNION DELEGATE

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**PENSION MULTIPLIER CAP 10**

The Village's final offer of settlement was:

Article XXIII – Retirement shall be revised by adding a new section to provide as follows:

Section \_\_\_\_ The pension multiplier will be capped at 80%.

Effective Date: Date of the Award.

The Union's final offer was exactly the same.

Based on the fact that the parties final offers are the same this issue is resolved on the basis of the receipt of identical last best offers from both parties.

**AWARD ARTICLE XXIII – RETIREMENT**  
**PENSION MULTIPLIER CAP 10**

**AWARD – ARTICLE XXIII – NEW SECTION**  
**ACTIVE EMPLOYEES' PENSION CONTRIBUTION**

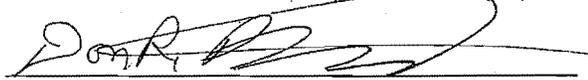
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Section \_\_\_\_ . Active employees shall contribute 5% of their base wages to the pension system.

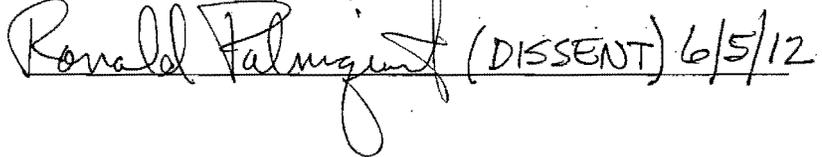
Effective Date: Date of the Award.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE

RONALD PALMQUIST, UNION DELEGATE



**PENSION MULTIPLIER CAP 10**

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Article XXIII – Retirement shall be revised by adding a new section to provide as follows:

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Effective Date: Date of the Award.

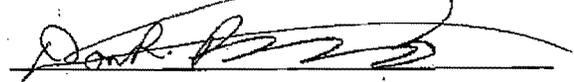
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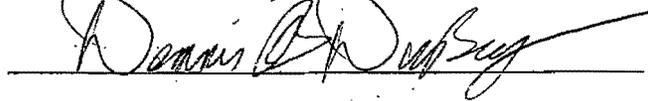
**AWARD ARTICLE XXIII – RETIREMENT**  
**PENSION MULTIPLIER CAP 10**

The pension multiplier will be capped at 80%.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE



RONALD PALMQUIST, UNION DELEGATE

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### HOSPITALIZATION INSURANCE

Village's final offer is as follows:

Article XX – Hospitalization, Section I, shall be revised to provide as follows:

Section I. The Village shall provide the Blue Care Network 10 HRA Plan \$2,000 Deductible (Option 1); \$2,000 deductible; (\$15 office visit co-pay; \$75 emergency room co-pay, with \$10/\$40 Rx (generic/brand name) prescription drug card for the employee, the employee's spouse and the employee's dependent children.

The Village shall have the right to select the insurance carriers, to select the insurance policy or policies, to change carriers and to become self-insured provided there is no reduction in the benefits currently provided.

Effective Date: Date of Award.

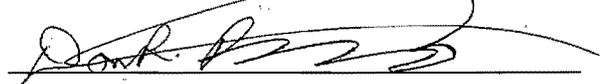
Union's final offer is as follows:

Section I. Eligible employees may choose annually one of the following health insurance packages:

- A. The Village shall provide the Blue Care Network 10 HRA Plan \$2,000 Deductible (Option 1); \$2,000 deductible; (\$15 office visit co-pay; \$75 emergency room co-pay, with \$10/\$40 Rx (generic/brand name) prescription drug card for the employee, the employee's spouse and the employee's dependent children. The Village shall self-insure and reimburse the employee for the Blue Care Network co-insurance and deductible payments if any

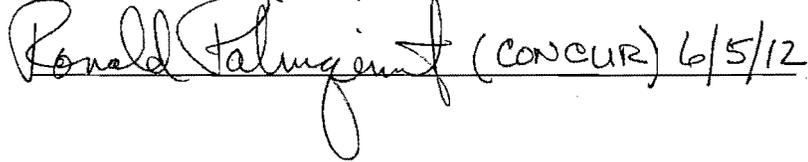
The pension multiplier will be capped at 80%.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE

RONALD PALMQUIST, UNION DELEGATE



**HOSPITALIZATION INSURANCE**

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The Village shall have the right to select the insurance carriers, to select the insurance policy or policies, to change carriers and to become self-insured provided there is no reduction in the benefits currently provided.

Effective Date: Date of Award.

Union's final offer is as follows:

Section I. Eligible employees may choose annually one of the following health insurance packages:

- A. The Village shall provide the Blue Care Network 10 HRA Plan \$2,000 Deductible (Option 1); \$2,000 deductible; (\$15 office visit co-pay; \$75 emergency room co-pay, with \$10/\$40 Rx (generic/brand name) prescription drug card for the employee, the employee's spouse and the employee's dependent children. The Village shall self-insure and reimburse the employee for the Blue Care Network co-insurance and deductible payments if any

(excluding office co-pay and emergency room co-pay) on a monthly basis. The Village shall not pre-fund the co-insurance and deductible reimbursement amounts for employees.

Upon presentation of a statement for coinsurance or deductible payments on a monthly basis, the Village shall issue a check to the employee for such payment within five (5) working days after presentation.

- B. Coalition of Public Safety Employees Health Trust (COPS) Trust – Hard Cap PPO Plan 2 (HDHP) with an HAS, \$5/40/70 Drug Co-pay, \$1300/2600 Deductible, \$1000/2000 Coinsurance, to include dental and optical riders.

The Village shall have the right to select the insurance carriers, to select the insurance policy or policies, to change carriers and to become self-insured provided there is no reduction in the benefits currently provided and any change is negotiated with the Association.

Effective Date: Date of Award.

#### Discussion.

There was considerable discussion and testimony from various expert witnesses regarding this issue. Currently, the Agreement provides three health care plan options. All of the plans have a \$10/40 drug card. The fourth option that was available is through the COPS Trust. (T3.4) The ultimate effect of this was that the Village currently offers four different plan options for eight employees (the employees in this particular unit). It is a recognized fact and the testimony of Mr. Souphis corroborated this that when groups are very small, it makes the most sense to cover them under a single health plan. (T3.28-29) This tends to stabilize rate over the long term by spreading the cost among all employees.

It is the intent of the Village to provide a single health care plan: The Blue Care Network ("BCN") Plan 10 HRA, with a \$2,000 deductible, \$15 office visit co-pay, \$75 emergency room co-pay and a \$10/40 drug card. (T3.3-4) Additionally, the Village would pay the \$2,000 deductible (\$4,000 for families) if used by the employee so that that money will not come directly from employees. This was (and is) a valuable benefit to the employees.

This issue was thoroughly discussed in the Ott proceedings. (Ott Opinion pp 41-44.) The testimony in these proceedings indicated that the current family rate for the COPS Trust is \$21,450.96 and that is well above the \$15,000 cap imposed by Public Act 152 (T3.10). There have been many changes outside the negotiating venue of the parties through the Michigan State Legislature and the laws enacted regarding hospitalization, health care benefit premiums, etc.

The landscape is constantly changing in this issue.

As it relates to external comparators, while there is a variety of different health care coverages, only the City of Fraser offers COPS Trust as an option. Additionally, it is viewed that there should be no dispute that the Village provides excellent health insurance to its employees at little or no cost to them. Benefits received by the employees in the Village far exceed the average of external comparables and well above those afforded in the private sector.

The Panel is aware that health care costs represent a major component of the retiree unfunded liability and general fund expenditures. Solutions to the financial burden of health care must be developed or the future of employer sponsored insurance plans could very well be placed in jeopardy. High deductible plans and employees cost sharing of insurance premiums are two common methods of combating rising employer costs. (Ott Opinion p 43)

In view of all of the exhibits and testimony and the presentations and eventual result in the Ott Opinion, the majority of the Panel is convinced that the Section 9 factors support the adoption of the proposal of the Employer.

#### **AWARD – ARTICLE XXIII – HOSPITALIZATION**

Article XX – Hospitalization, Section I, shall be revised to provide as follows:

Section I. The Village shall provide the Blue Care Network 10 HRA Plan \$2,000 Deductible (Option 1); \$2,000 deductible; (\$15 office visit co-pay; \$75 emergency room co-pay,

with \$10/\$40 Rx (generic/brand name) prescription drug card for the employee, the employee's spouse and the employee's dependent children.

The Village shall have the right to select the insurance carriers, to select the insurance policy or policies, to change carriers and to become self-insured provided there is no reduction in the benefits currently provided.

Effective Date: Date of Award.

NOTE: The Chairman of the Panel is extremely mindful of the length of time that the current collective bargaining agreement expired (2009) and the fact that the Village was not able to reap any monetary benefits through insurance based on lack of retroactivity.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE



RONALD PALMQUIST, UNION DELEGATE

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**ARTICLE XX – HOSPITALIZATION AND DENTAL INSURANCE CONTRIBUTIONS**

The Village withdrew this issue.

**HOSPITALIZATION AND DENTAL INSURANCE FOR RETIREES**

The Village's last offer of settlement:

Article XX – Hospitalization and Dental Insurance, Section II, paragraph two, shall be revised as follows:

with \$10/\$40 Rx (generic/brand name) prescription drug card for the employee, the employee's spouse and the employee's dependent children.

The Village shall have the right to select the insurance carriers, to select the insurance policy or policies, to change carriers and to become self-insured provided there is no reduction in the benefits currently provided.

Effective Date: Date of Award.

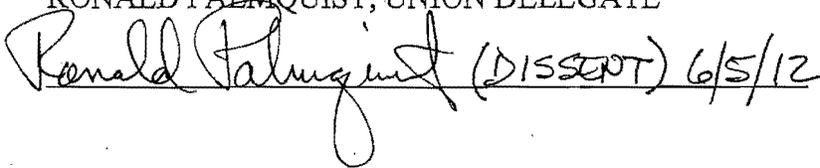
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DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE

RONALD PALMQUIST, UNION DELEGATE



**ARTICLE XX – HOSPITALIZATION AND DENTAL INSURANCE CONTRIBUTIONS**

The Village withdrew this issue.

**HOSPITALIZATION AND DENTAL INSURANCE FOR RETIREES**

The Village's last offer of settlement:

Article XX – Hospitalization and Dental Insurance, Section II, paragraph two, shall be revised as follows:

Effective the date of the award, the Village will provide the same health care as provided to active employees if employees acquire and pay Medicare premiums. If an eligible retiree maintains primary residence outside the State of Michigan in an area where Blue Care Network is not available, such retiree shall be provided with Blue Cross/Blue Shield Community Blue Option 3 health insurance in lieu of Blue Care Network.

Effective Date: Date of Award.

Union's final offer:

Section II shall be revised as follows:

Hospitalization insurance coverage shall continue upon the Officer's Retirement with the employee paying 1% of the premium and the Village paying the remainder of the premium and 100% of the deductibles and co-insurance for the retired employee, the employee's spouse and the employee's dependent children to age 19, during such times as the retiree is not otherwise covered by health insurance (equal to or better than the Village provided coverage) through employment of the retiree and/or spouse. P.A. 152 of 2011 shall not apply directly or indirectly to retiree's health care.

The hospitalization coverage shall be that medical coverage in effect at the time for the employee, at the employee's retirement. If such optional coverage does not coordinate with Medicare, at such time as the retiree applies for Medicare, a coordinating care plan must be elected by the retiree. If an eligible retiree maintains primary resident outside the State of Michigan in an area where blue Care Network is not available, such retiree shall be provided with Blue Cross/Blue Shield Community Blue Option 3 health insurance in lieu of Blue Care Network.

The term "spouse" refers to the employee's lawful husband/wife on the date active employment terminates. The retiree and/or spouse must apply for and receive Medicare Parts "A" and "B" and pay for Part "B" when eligible. The same coverage shall continue for a surviving spouse and dependent children of a retiree after the retired employee has died. Such coverage shall cease if the surviving spouse remarries or gains employment that provides medical coverage. The Village is not obligated to reinstate coverage if surviving spouse's employment terminates. The Village may require the submission of notarized statements with respect to the retiree's employment and marital status. Falsification of information shall result in termination of benefits. If the employee elects to take a deferred retirement, the coverage shall not commence until the employee begins receiving regular pension benefits.

Effective Date: Date of Award.

**Discussion.**

The current contract provides a fixed benefit level for retiree health care throughout the term of the retiree's retirement (V. Ex. 1, p 15). The Village proposes to provide the same level of coverage to retirees that active employees are receiving. It also proposes to require retirees to acquire Medicare and pay related premiums. Additionally, the Village's proposal would apply to any current employees who retire after the date of the contract, not to current retirees.

The providing of a guaranteed level of benefits to employees for health care after their retirement has become problematic as health care plans and rates change significantly over time – generally to the detriment of the party paying for it. One clear example of this is when an employee retires with a \$2 drug co-pay and maintains that level of benefit until death. There is simply no way for the Village (or any other municipality) to continue that level of funding (or increasing its unfunded liability). The Village's health care proposals are clearly aimed at consolidating all covered persons – active in the future and retirees – under one plan.

Comparable communities almost all require that retirees participate and pay premiums for Medicare Parts "A" and "B". (V. Ex. 115) The proposed language by the Village is identical to the language adopted by Arbitrator Ott in the PSO arbitration (Ott Opinion p 48).

The Village's proposal does not and cannot apply to current retirees. The unfunded liability of the Village for retiree health care presently "north of \$16 million" is evidence that, without significant changes, the viability of the Village will be crushed under its funded liability obligations. Health care costs for active employees and the legacy costs for retirees represent a significant major cost to the Village.

A majority of the Panel is of the opinion that the financial condition of the Village and the unfunded liability for retiree health care outweighs the fact that most of the comparables do

not have a provision of that proposed by the Employer. Additionally, a majority of the Panel believes that there is action necessary to control health insurance costs or the future of the entire program will be at risk. Therefore, a majority of the Panel is of the opinion that the Section 9 facts supports the adoption of the Village proposal.

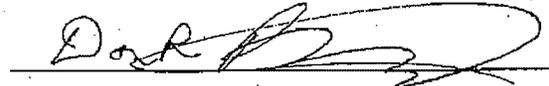
**AWARD - HOSPITALIZATION AND DENTAL INSURANCE FOR RETIREES**

Article XX – Hospitalization and Dental Insurance, Section II, paragraph two, shall be revised as follows:

Effective the date of the award, the Village will provide the same health care as provided to active employees if employees acquire the pay Medicare premiums. If an eligible retiree maintains primary residence outside the State of Michigan in an area where Blue Care Network is not available, such retiree shall be provided with Blue Cross/Blue Shield Community Blue Option 3 health insurance in lieu of Blue Care Network.

Effective Date: Date of Award.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE



RONALD PALMQUIST, UNION DELEGATE

**SICK LEAVE – DEATH OR RETIREE BENEFITS**

The Village's final offer of settlement is as follows:

Article XVIII – Sick Leave, Section III shall be revised as follows:

not have a provision of that proposed by the Employer. Additionally, a majority of the Panel believes that there is action necessary to control health insurance costs or the future of the entire program will be at risk. Therefore, a majority of the Panel is of the opinion that the Section 9 facts supports the adoption of the Village proposal.

**AWARD - HOSPITALIZATION AND DENTAL INSURANCE FOR RETIREES**

Article XX – Hospitalization and Dental Insurance, Section II, paragraph two, shall be revised as follows:

Effective the date of the award, the Village will provide the same health care as provided to active employees if employees acquire the pay Medicare premiums. If an eligible retiree maintains primary residence outside the State of Michigan in an area where Blue Care Network is not available, such retiree shall be provided with Blue Cross/Blue Shield Community Blue Option 3 health insurance in lieu of Blue Care Network.

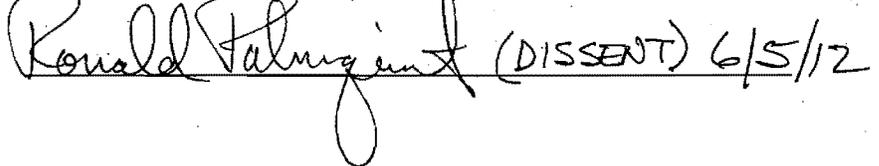
Effective Date: Date of Award.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE

RONALD PALMQUIST, UNION DELEGATE



**SICK LEAVE – DEATH OR RETIREE BENEFITS**

The Village’s final offer of settlement is as follows:

Article XVIII – Sick Leave, Section III shall be revised as follows:

Section III. Death or Retiree Benefits. At death or retirement whichever occurs sooner, the Village shall offer to buy back any unused sick leave days up to the following:

50% of each eight (8) hour day accumulated.

Effective Date: Date of Award.

The Union's final offer:

The Union proposes to maintain the status quo.

50% of each eight (8) hour day accumulated between 0 and 50 days.

70% of each eight (8) hour day accumulated between 51 and 100 days.

Effective Date: Date of Award.

#### **Discussion.**

The record (V. Ex. 118) shows that all of the external comparables do receive pay out of sick leave upon death or retirement. It is interesting that six of those ten external comparables include in their payout 50% of the hours. Bloomfield Hills (the new comparable) has the highest paid hours at 1200 while Grosse Pointe Woods is the lowest at 120 hours. Four of the ten external comparables are right around 480 hours. Perhaps more importantly, all internal units receive what is proposed by the Village, 50% for up to 100 days. This is exactly what the Ott Panel provided in its ultimate conclusion on sick leave. It is also noted that except for the Village Command Officer Unit, the other bargaining units have the same provision as the Safety Patrol Officers.

A majority of the Panel is of the opinion that the weight of the evidence among the comparable communities and the internal comparable tends to support the adoption of the Village proposal.

#### **AWARD - SICK LEAVE - DEATH OR RETIREE BENEFITS**

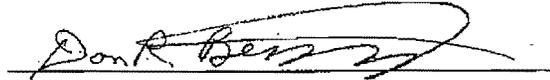
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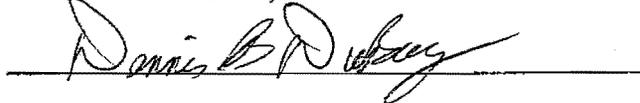
50% of each eight (8) hour day accumulated.

Effective Date: Date of Award.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE



RONALD PALMQUIST, UNION DELEGATE

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### VACATION

The Village's final offer of settlement is as follows:

Article XVI – Vacation Leave, Section III shall be revised as follows:

Section III. Employees in the bargaining unit may carryover from year to year a maximum of 84 hours of vacation leave at any one time. Employees must reduce his/her balance to 84 hours at anniversary. In the event of a disability, the period for use of such vacation time will be extended by the period of the disability. Employees who retire shall continue to be paid for all hours in their vacation bank on the date of their retirement.

Effective Date: Date of Award.

The Union's final offer is as follows:

The Union proposes to maintain the status quo.

### Discussion.

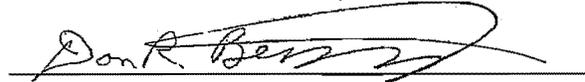
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50% of each eight (8) hour day accumulated.

Effective Date: Date of Award.

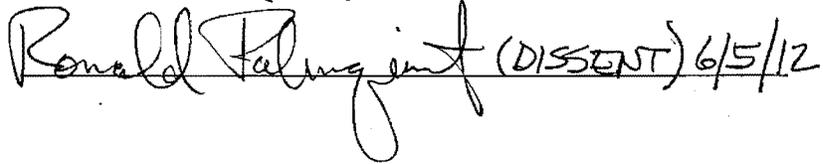
DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE

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RONALD PALMQUIST, UNION DELEGATE



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Effective Date: Date of Award.

The Union's final offer is as follows:

The Union proposes to maintain the status quo.

**Discussion.**

The Union avers that the Employer's proposal seeks to eliminate the language in the contract that provides for the buyout of all unused vacation time over the 84 hour cap up to 60 hours. Anything more than 144 hours (84 hours + 60 hours = 144 hours) is forfeited by the employee. This particular issue was also discussed at length in the Ott proceedings.

The Village's effort is to require employees to use their vacation and reduce the cost of paying for unused vacation time which the Village contends is significant. The concept of a vacation benefit was designed to allow employees breaks from work without loss of pay. In that event, the benefit to an employer was that the employee returned refreshed and ready to renew work. However, many employees now elect not to take vacation time and instead to receive a cash payment. This does tend to erode the original intent of "paid vacations".

The principal witness in this regard was Public Safety Director Karl Woodard. He testified on page 149 of the transcript that request for vacation time off would not be approved by management if other employees are off on school days, Kelly days, personal business, emergency leave days, funeral leave days. Scheduling becomes a problem and the entire department competes for the prime vacation time in the calendar year. The Union contends that the Village proposal would have a negative impact on the availability of being able to use time off by the Command Officers.

V. Ex. 122 compares all of the internal comparable contracts of the Village of Beverly Hills, including the Public Safety Officers' contract wherein the Ott Panel sustained the Union's position for this particular issue. Similar to the fact that Arbitrator Ott was not convinced by the Village's argument and based on Section 9 factors, the majority of this Panel believes that the Village has not shown that the current provision has created any scheduling problems nor is the cost of great significance. Accordingly, the last best offer of the Union is adopted.

**AWARD - VACATION**

The Union proposes to maintain the status quo.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE



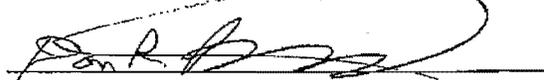
RONALD PALMQUIST, UNION DELEGATE

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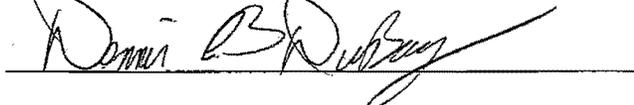
**DURATION OF CONTRACT**

The Panel previously ruled that the duration of the contract shall be from January 1, 2010 through December 31, 2013.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE



RONALD PALMQUIST, UNION DELEGATE

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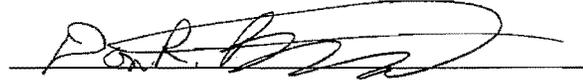
**WAGES**

Village's final offer of settlement is as follows:

**AWARD - VACATION**

The Union proposes to maintain the status quo.

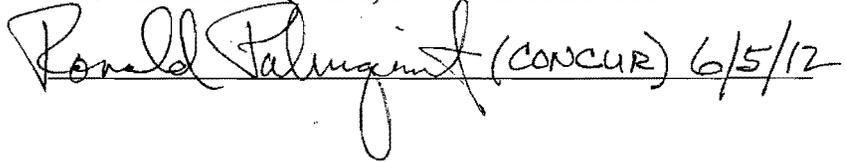
DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE

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RONALD PALMOQUIST, UNION DELEGATE



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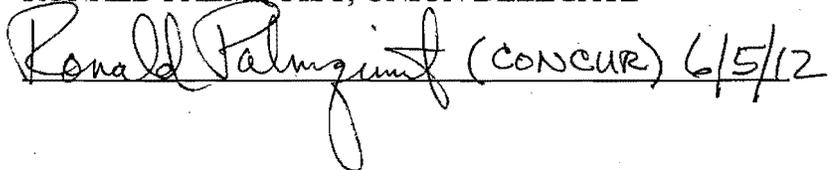
DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE

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RONALD PALMOQUIST, UNION DELEGATE



**WAGES**

Village's final offer of settlement is as follows:

January 1, 2010 -- December 31, 2010	0%
January 1, 2011 -- December 31, 2011	0%
January 1, 2012 -- December 31, 2012	0%
January 1, 2013 -- December 31, 2013	0%

Effective Date: Date of Award.

Union's final offer of settlement is as follows:

Section I shall be modified as follows:

Section I. The village shall pay to the employees as defined in this Agreement, the following rate of pay for that designated calendar year:

- Effective 01/01/2010 (0%)
- Effective 01/01/2011 (0%)
- Effective 01/01/2012 (1%)
- Effective 01/01/2013 (2%).

(NOTE: Please see the Cost of Living flat increase of \$500 previously rolled into the base salary through these proceedings.)

**Discussion.**

We first turn to the discussion and evidence submitted during the Ott proceedings which, admittedly, did not cover the period from January 1, 2013 through December 31, 2013. However, the evidence from all comparables during those proceedings sustained the Village's proposal of zero increase for 2012 (the Chairman note that by the time the Ott Opinion was rendered, it was midway through calendar year 2011).

Based on the extensive passage of time, it is noted that if there would be any increase for a full calendar year, it would only apply to the time period from January 1, 2013 through December 31, 2013 unless retroactivity was involved.

The external comparables were exceedingly relevant during the proceedings both by testimony and exhibits. The end result of all of the testimony and all of the exhibits indicates that the Village currently provides the highest overall compensation package when compared to

all other comparable communities (with the possible exception of Bloomfield Hills). The record demonstrated the following undisputed facts.

	<b>Beverly Hills</b>	<b>Rank</b>	<b>Average of Comparables</b>	<b>Amount Beverly Hills above the Average</b>
2009 Base Wage (V. Ex. 47)	\$79,470	2 <sup>nd</sup>	\$76,962	\$2,508
Gross Case Compensation (V. Ex. 53)	\$94,370	1 <sup>st</sup>	\$83,613	\$10,757
Total Net Compensation (V. Ex. 56)	\$94,370	1 <sup>st</sup>	\$80,295	\$14,075
Overall Compensation (V. Ex. 59)	\$106,597	1 <sup>st</sup>	\$92,963	\$13,634

V. Ex. 138 showed that only five comparable communities have contracts settled for 2012 and only three have them settled for 2013. Of those settled contracts only Center Line provided for a wage increase and Huntington Woods had a 1% concession (deduction) built into 2012. Even with the wage increase in Center Line, the comparable for Center Line does not even come close to the Village in either category. V. Ex. 136 shows the wages for Lieutenants for the years 2009 through 2014 for all comparable communities. The exhibit shows that, even with zero wage increases, the Village ranks third among comparators with respect to Lieutenant wages. V. Ex. 137 shows the same information for Sergeants and indicates that the Village ranks fourth with respect to their wages.

As it relates to internal comparables, the only comparable during most of the entire contractual period was the PSO contract as referred to in the Ott proceedings.

The record evidence in this case clearly supports the conclusion that the Village provides a generous compensation package for the Command Officers (as well as the Public Safety

Officers). The Panel has carefully reviewed the record evidence on this issue and is of the opinion that the data does not support the Union's proposals for the years 2012 and 2013.

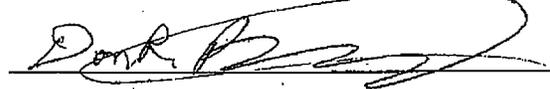
In this award, a majority of the Panel has concluded that a \$500 roll-in increase has been effectuated. The evidence concerning the current level of overall compensation provided by the Village more than offsets any available settlement data for the comparable communities and supports the proposal of the Village for a zero percent increase for calendar years 2010, 2011, 2012 and 2013. It is noted that the parties had previously agreed on calendar years 2010 and 2011 in their respective last best offers.

Accordingly, the Panel adopts the Village's proposal for 2012 and 2013.

**AWARD – ARTICLE VII – WAGES – 2010, 2011, 2012 AND 2013**

The Panel hereby adopts the stipulated agreements of a zero wage increase for calendar years 2010 and 2011 and adopts the Village's proposal for a zero percent wage increase for the calendar years 2012 and 2013.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE



RONALD PALMQUIST, UNION DELEGATE

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**ARTICLE V - UNION SECURITY, SECTION IV (NEW)**

The Union's final offer was as follows:

Article V – Union Security, Security IV (New)

Officers). The Panel has carefully reviewed the record evidence on this issue and is of the opinion that the data does not support the Union's proposals for the years 2012 and 2013.

In this award, a majority of the Panel has concluded that a \$500 roll-in increase has been effectuated. The evidence concerning the current level of overall compensation provided by the Village more than offsets any available settlement data for the comparable communities and supports the proposal of the Village for a zero percent increase for calendar years 2010, 2011, 2012 and 2013. It is noted that the parties had previously agreed on calendar years 2010 and 2011 in their respective last best offers.

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**AWARD – ARTICLE VII – WAGES – 2010, 2011, 2012 AND 2013**

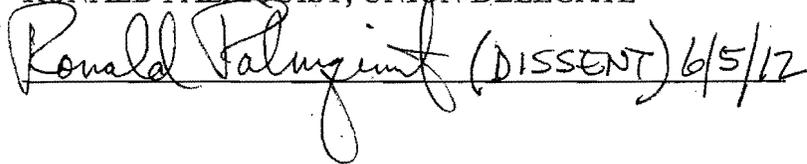
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DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE

RONALD PALMQUIST, UNION DELEGATE



**ARTICLE V - UNION SECURITY, SECTION IV (NEW)**

The Union's final offer was as follows:

Article V – Union Security, Security IV (New)

The Association shall receive twenty-six (26) hours per year which, if unused, may be carried over to succeeding years, to provide, upon request of the Association, paid release time to designated Association representatives and bargaining committee members for Association business. Use of Association time must be scheduled in advance and is subject to the approval of the Director of Public Safety.

All other language in this Article shall remain status quo and brought forward in the new Agreement.

Effective Date: Date of Award.

The Village's final offer of settlement:

Maintain status quo.

### **Discussion.**

The Union proposes to allocate 26 hours per year for employees to use on Union business. It proposes that these hours carry over from year to year if unused. Witness Ronald Palmquist testified that the Union business consists of training related to handling grievances and semi-annual Union meetings (T2.203-204). Director Woodard testified that Mr. Palmquist is consistently present to represent the Union during the grievance process (T2.216-217). The Village contends that the record is clear that the Union staff representative (Palmquist) is tasked with conducting the Union meetings and with handling other official business, such as grievances. The Village contends that the record is also clear that, with respect to external comparables, only Farmington Hills provides paid time off for Union business (V. Ex. 143). The internal comparables were set forth in V. Ex. 144 which shows that only the Public Safety Officers have this benefit.

The Union contends that the external comparables (V. Ex. 143) should have shown that two (not one) communities received time off with Fraser receiving 15 days and Farmington

receiving 2 days annually. The Public Safety Officers are the only internal unit that is receiving this benefit.

The Union states that time off would have to be approved by the Director of Public Safety so that there should be no additional cost to the Village. However, the Chairman notes that "where there is a 'right', there may be a responsibility".

Given the financial condition of the Village, it would not be prudent to provide paid time off for employees to engage in business where the Union maintains professional individuals to assist in that business. The Chairman is particularly troubled with the 26 hours carrying forward in an apparently unlimited fashion.

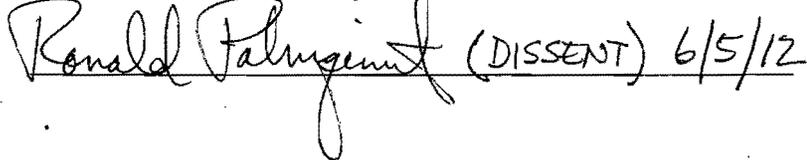
A majority of the Panel is of the opinion that the Section 9 factors support the adoption of the Village's proposal to maintain the status quo.

DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE

RONALD PALMQUIST, UNION DELEGATE



Dated: June \_\_, 2012

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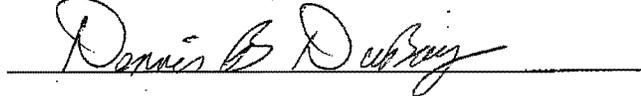
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DON R. BERSCHBACK, PANEL CHAIR



DENNIS B. DUBAY, VILLAGE DELEGATE



RONALD PALMQUIST, UNION DELEGATE

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Dated: June \_\_, 2012