

**STATE OF MICHIGAN  
DEPARTMENT OF LABOR & ECONOMIC GROWTH  
EMPLOYMENT RELATIONS COMMISSION**

**FACT FINDING REPORT**

**IN THE MATTER OF:**

**MACOMB COUNTY DEPARTMENT OF ROADS**

**-and-**

**AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES,  
LOCAL, 893**

**MERC Case No.D12E0407**

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**APPEARANCES**

<b>Fact Finder:</b>	Frances L. Hill
<b>For Macomb County Road Commission:</b>	Timothy McConaghy, Attorney
<b>For the Union:</b>	Shawntane Williams, Attorney

**Employer Witnesses:**

Michelle Mykytiak	Macomb County Assistant Finance Director- Fiscal Services
Karen Bathanti	Macomb County Director – Human Resource Service

**Union Witnesses:**

Paul Long	Staff Representative – AFSCME
Scott Drwencke	Local 893

**Date of Hearing:**

October 29, 2012

## **Background**

The most recent agreement between the Road Commission of Macomb County<sup>1</sup> and AFSCME Local 893 expired on December 31, 2010. The contract was extended by one year, to December 31, 2011. During the course of negotiations for a successor agreement, at least seven bargaining sessions took place including two mediation sessions scheduled in October 2012, with Mediator Wanda Mayes.<sup>2</sup>

A tentative agreement was reached in February 2012, but it was soundly rejected by the members of the bargaining unit in March 2012, by a vote of 102 to 4. Bargaining resumed to no avail; and the same TA was submitted to the members of the bargaining unit in August 2012, when it was again rejected.

The employer requested Fact Finding in September 2012. The hearing was held October 29, 2012, and both parties submitted post hearing briefs.

## **Issues submitted to the Fact Finder**

### **Employer's Statement of the Issues**

The Employer's current proposal is as set forth in the tentative agreement with the following exceptions:

1. The Employer proposes the elimination of overtime from an employee's final average compensation;
2. The Employer proposes an additional 2% contribution to pension by the employee; and
3. Elimination of the longevity program.

### **Union's Statement of the Issues**

Following prior negotiation meetings and mediation, the parties are left with three (3) unresolved issues:

1. Article 38 - Longevity Pay;
2. Article 39 - Retirement Benefits;
3. Furlough Days and
4. Health, Dental & Vision Insurance which is an issue that Local 893 has conceded to previously.

## **Fact Finder's Summary of the Tentative Agreement - February 9, 2012**

According to the TA: "The Employer and AFSCME agree that this is a package proposal to be accepted and ratified in its entirety and apply to employees of AFSCME Local 893. The Employer and Union reserve the right to revert to its prior proposal if the Agreement is not ratified."

- Duration - January 1, 2012 – December 31, 2013. Reopener in 2012 on Article 41, Insurance to ensure continued compliance with PA 154 in 2013.

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<sup>1</sup> Macomb County elected an executive style government. The self-funded, independent, three member Road Commission was dissolved and became the Department of Roads (DOR) under the county executive.

<sup>2</sup> Only one mediation session was held because of a mix-up in the location of the meeting.

- Wages - January 1, 2012 - 0%    January 1, 2013 - 0%
- Article 41 - Health, Optical and Dental Insurance – Union is in agreement
- Article 39 - Retirement Benefits -70/55 retirement with benefits as outlined in Memorandum of Understanding, as amended, DROP<sup>3</sup> for those employees vested by December 31, 2012.
- Article 38 - Letter of Agreement on Longevity - Suspend longevity for 2012

Reduce longevity beginning January 1, 2013 to:

Step 1	15 through 19 years	\$600
Step 2	20 through 24 years	\$800
Step 3	25 and thereafter	\$1,000

Employees hired after January 1, 2012 will not be eligible for longevity.

- Furlough/dock days – Letter of agreement - six (6) furlough days in 2012 and six (6) furlough days in 2013. The County will shut down operations on the specified days.
- Change contract language to conform to the change from Road Commission to the Office of the County Executive.
- Article 12 – Management Rights – Name change to Department of Roads (DOR) and change contract language to comply with the State of Michigan Emergency Manager law.
- Article 18 – Loss of Seniority – Seniority is lost for failure to return from sick leave and leave of absence after three (3) consecutive working days without notifying the Employer before the end of his/her regular shift of the third day. Seniority is lost when an employee (except for DROP participants), withdraws his/her contributions from the retirement system.
- Article 58 – Termination and Modification –Increase from one hundred (100) days to one hundred twenty days (120) to give written notice of amendment to the other party prior to the expiration date of the agreement. Increase from ninety (90) to one hundred twenty (120) days to begin negotiations at the expiration of the agreement.
- Article 36 – Vacation – Allow two (2) unrestricted personal days per year.<sup>4</sup>
- Article 44 – Sick Leave – Allow an increase in accrual from four (4) hours per month to six (6) hours per month and from a total of six (6) days per year to nine (9). Increase the number of vacation (green days) from three (3) to four (4) per calendar year.

This is the summary of the entire agreement. Only the specific parts of the tentative agreement that were identified by the Employer and the Union are at issue.

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<sup>3</sup> Deferred Retirement Option Plan (DROP)

<sup>4</sup> Previously these two days had to be taken during the week of the employee’s birthday and anniversary date of hire.

## **Witness Testimony**

### **Employer witness Michelle Mykytiak – Assistant Finance Director Macomb County Fiscal Services**

Ms. Mykytiak provided background information regarding the funding of the Department of Roads (DOR). She testified that funding is derived from Michigan Transportation Funds (MTF). MTF revenues come from the 19 cents per gallon tax on fuel and vehicle registration and transfer fees. The DOR also receives Federal highway funds on a 90/10 or 80/20 matching basis. These funds can only be used for the actual costs of roadway construction and are prohibited from use for day-to-day operations for wages, health care, pension and the like.

The annual budgeted amount of MTF funds decreased from \$40,000,000 in 2004 to a budgeted amount of \$36,500,000 for 2013. The total accumulated loss of funding (Accumulated Variance) is \$28,263,975.37 from 2005 to 2013.<sup>5</sup>

Ms. Mykytiak testified that the DOR has taken cost saving measures, such as implementation of a 25% reduction in employee head count from 310 employees in 2004 to an actual count of 221 employees, non-union health care concessions, increases in retiree prescription copays and delayed purchases of new equipment. Ms. Mykytiak noted that the current employee head count is too low; therefore, nine additional employees are budgeted for 2013.

Federal funds are transferred to the state then distributed for road projects on an 80/20 or 90/10 match. If the County is unable to provide the match, money will not be provided from the state.

The fund balance is explained as follows: Stimulus money received from the Federal Government that provided 100% funding allowed the DOR to take advantage of projects that did not require a match. Projects that required a 10% - 20% match were delayed to take advantage of the 100% Federal funding. Some road projects are delayed due to the inability of the County to obtain right of way from local property owners or businesses. All projects are eventually completed. The funds from delayed projects are banked and do earn interest.

The general fund currently has a balance of approximately \$53 million all of which is earmarked for future projects. Currently, the fund balance is below the level recommended by the auditors. Ms. Mykytiak testified that for the first time the DOR had to use \$600,000 from the general fund to fill the short fall in the operating budget in 2011.

### **Employer witness Karen Bathanti –Service Director for the Macomb County Human Resources and Labor Relations Department**

Ms. Bathanti was on the team that negotiated the contract and employee benefits for AFSCME Local 893. Approximately seven negotiating sessions were held and two mediation sessions were scheduled with the mediator.

Ms. Bathanti testified that 23 of 27 contracts between Macomb County and its unions were ratified with language similar to that of the TA with Local 893. All of the unions that ratified their

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<sup>5</sup> Employer Exhibit 6C –Michigan Transportation Funds

contracts accepted the furlough days except the 24 hour operations – such as the jail. The 24 hour units agreed, instead, to a 2.3% reduction in wages.

Ms. Bathanti testified that the current position of the Employer, the Employer's modified position, was adopted because the anticipated cost savings did not materialize when the Union turned down the TA. There were no savings in salary through the furlough days, and the longevity payments required by the current contract language were paid in November, 2012.

#### **Union witness Paul Long - Michigan AFSCME Council 28**

Mr. Long services 21 bargaining units throughout the State of Michigan. His duties include assistance to the units with grievances, bargaining, training in arbitration and processing of grievances. Mr. Long was the Union's chief negotiator for the five member bargaining team. Mr. Long testified that the TA was turned down by the members of the bargaining unit because it believed the agreement to be unreasonable and unfair. Other bargaining units were provided an opportunity to adjust gradually while Local 893 has been forced to deal with all of the big issues at once. Mr. Long testified that he took the package to the bargaining unit because it was his job to take it back, but he was not comfortable.

Mr. Long testified that during bargaining there was movement on the proposal regarding longevity. There was a move to freeze, then to reduce the longevity in 2013. There was also movement by the employer on the retirement issue from the 2% additional cost to the employee. The Union asked for 50/70 on the retirement, but the Employer did not want to entertain that proposal. Mr. Long pointed out that Local 411 was able to negotiate the 50/70 retirement with the DROP program.

Mr. Long represents four bargaining units in Macomb County. He testified that when the County bargained with the other units, there was a give and take; however, the Employer offer to Local 893 was presented as a package – “take it or leave it.”

When asked what result the Union was seeking, Mr. Long testified that the members of the bargaining unit want no furlough days, the health care as outlined in the TA, status quo on the pension except the Union can “look at” new hires, no elimination of overtime in FAC and retirement age of 50 instead of 55.

Mr. Long testified that he has requested a 2013 budget but has not yet received it. He needs the budget to see the funding levels. He testified that the Union proposals are not unreasonable. The fiscal year ends in October and the budget must be ready and approved by the Board over the weekend to meet the requirement. Mr. Long testified that there is litigation pending between the Board and the County Executive over what authority each has.

Mr. Long testified that the internal and external comparables selected and used as Union exhibits were the Macomb County Local 411 contract to show the 50/70 retirement age; the Genesee County and Oakland County contracts to demonstrate no furlough days; Shiawassee and Genesee Counties to demonstrate that they have maintained their longevity.

Mr. Long raised the issue of the amount of interest received by the fund balance. It was his contention that interest should be taken into account to meet the proposals of the union.

**Union witness Scott Drwencke – newly appointed bargaining team member.**

Mr. Drwencke testified that the members of the bargaining unit do not disagree with the health care - the Union is always looking for ways to control health care costs.

The contract was only taken to the members of the bargaining unit the second time because the Employer forced the issue due to the letter sent to employees regarding the cost of their health care benefits under PA 152. Mr. Drwencke provided the letter from the employer which became Union Exhibit 18 - The Authorization for Payroll Deduction under Public Act 152 of 2011. The Authorization states that the employee must authorize the DOR to deduct \$739.14 per month or face cancellation of medical coverage. As a result, the Union took the TA back to the members of the bargaining unit; but the letter was also one the reasons the employees turned down the contract the second time.

**Discussion**

There is no disagreement between the parties that there is a financial problem in the DOR.

The Employer's brief reads, "Using 2013 as an example, the total MTF funds are anticipated to be \$36,500,000 and total salary, pension and health care expenses will be \$28,100,000. This leaves a balance of MTF funds of only \$8,500,000. This balance represents the monies available to the DOR to fund its operations beyond wages, health care and pension costs. Thus, in 2013 the MTF funds will be needed strictly to cover the cost of the day-to-day operations including fuel, salt, road building materials, equipment maintenance and the purchase of replacement trucks and equipment. There will not be any funds available to add to the general fund."

The Union acknowledges that the Employer has a financial problem. The Union brief reads, "While the DOR, like most local road commissions and municipalities, has been hit hard financially, it cannot solve its budget woes solely by taking away the benefits of the very employees that carry out its purpose, the Local 893 workers. ... The Department of Roads financial condition suggests concessions, not only from Local 893 employees but all Macomb County units."

The question before the Fact Finder is how the disputed issues should be resolved in a manner that enables the County to improve its financial condition, but also allows DOR employees to maintain an acceptable level of salary and benefits.

There are two major factors that must be taken in to consideration (1) The parties did reach agreement – although the contract was not ratified and (2) 23 of 27 bargaining units reached agreement on contract language that was similar to that offered Local 893.

The Union has provided comparable contracts to demonstrate that its position is reasonable and in line with other internal and external bargaining units. The Fact Finder's summary of the compables provided is shown below.

**Union Comparables**

**Genesee County Road Commissioners and AFSCME Local 496-04 - October 1, 2009 – September 30, 2014 Union Exhibit 10 - Tab 7**

**Longevity** – No language

**Retirement**

Eligibility

1. 23 years of credited service with no age restriction
2. Age fifty-eight with 8 years of credited service

If a member retires prior to his attainment of age fifty-eight, the pension portion of the member's retirement allowance shall be reduced by six-tenths of one percent multiplied by the number of complete months the date of the member's retirement precedes the date the member would attain age fifty-eight

3. Employees hired on or after July 1, 2004, must be fifty-eight and have 15 years of service.

Employees may elect to defer retirement until they would normally be eligible to retire.

**Road Commission for Oakland County & Foremen Union AFSCME, Local 1917  
June 24, 2010 – June 24, 2013 Union Exhibit 11 - Tab 8**

**Longevity**

Foremen hired prior to 1/9/78

7 to 10 years	2%
10 to 13 years	4%
13 to 16 years	6%
16 to 19 years	8%
19 + years	10%

Employees hired after 1/9/1978 – \$200 beginning with 6 years of service increasing by \$50 per year to the maximum of \$900 with 20+ years of service.

**Retirement**

No retirement age stated in contract

Employees are part of the Road Commission for Oakland County Retirement system. The retirement allowance shall be equal to the sum of the member's total years of credited

service multiplied by 2.25% of final average compensation; not to exceed 75% of the member's final average compensation. The calculation for employees retiring prior to March 9, 2000 shall remain 2% of final average compensation. Effective July 1, 2001, retirement system plan will be amended to remove a 3% penalty for early retirement.

**Shiawassee County Road Commission and Shiawassee County Road Employees AFSCME Local 1071 - May 10, 2011 – December 31, 2014 Union Exhibit 12 Tab 9.**

**Longevity**

1-5 years	\$175
6-9 years	\$225
10-14 years	\$275
15-19 years	\$400
20- 24 years	\$500
25+ years	\$600

**Retirement**

Michigan Municipal Employees Retirement System (MERS)  
25 years of credited service under the plan effective March 3, 1991

**Macomb County and AFSCME Local 411 January 1, 2012 – December 1, 2012 Union Exhibit 13 – Tab 10**

**Longevity**

15-19 years	\$600
29-24 years	\$800
25 + years	\$1,000

**Retirement**

- Employees hired before 12/31/01: 60 years of age with 8 years of service or 50 years of age with 8 years of service when the sum of the age and service equals 70 or more.
- Employees hired after 1/1/2002: Age 60 with 8 years of service or age 55 with 25 years of actual service.
- Employees hired after 1/1/12: 60 years of age with 15 or more years of service or 55 years of age with 25 years of service (DROP Program)

## Discussion of Longevity

The current longevity schedule for Macomb Local 893 is:

Step 1	5 through 10	4%
Step 2	10 through 15	6%
Step 3	15 through 20	8%
Step 4	20 through 25	10%
Step 5	25 + years	12%

The purpose of longevity is to reward and maintain long tenured employees. Shiawassee County is the only comparable cited by the Union that pays longevity to employees with less than 5 years. The first step in the longevity schedule of Shiawassee County (1 year through 5 years) is \$175 and increases to a maximum of \$600 at 25+ years of service. The least amount of longevity paid to a Macomb County Local 893 employee with five years of service is calculated as follows: \$13.92 per hour x 2080 hours = \$28,953.60. The maximum longevity base is capped at \$28,000. Longevity for the employee with only five years of service is (\$28,000 x 04%) equals \$1,120. The maximum longevity at the top of the scale (\$28,000 x 12%) equals \$3,360. The amount of longevity when comparing Shiawassee and Macomb County Local 893 is a difference of \$945 at the low end and a difference of \$2,760 at the high end. These two longevity provisions are not comparable.

Macomb County AFSCME Local 411 just bargained the same language in their current agreement as that rejected in the Local 893 TA. The comparable the Union tried to make was for the prior contract. It does not compare.

In November 2012, longevity was paid to Local 893 members at the current higher rate. By eliminating the longevity, the Employer would realize a savings of between 4% and 12% percent per employee. The employer also stands to realize immediate saving by adopting the language of the TA. Immediate savings are realized by eliminating longevity for one year and then long term savings are gained by reducing the amount of longevity, the difference is as much as \$2,360 per employee without eliminating longevity altogether.

On this issue, the Fact Finder believes that the tentative agreement, although not ratified, should be the guide to settle this contract issue.

## Discussion of the Retirement Age

The Union requests a reduction of retirement age to 50 with a total of 70 points and the DROP program. Some of the comparable contracts the Union provided have early retirement or deferred retirement, but most are not comparable to the DROP program. The DROP allows eligible employees to retire and continue working for a maximum of five years. The retirement allotment is placed in an annuity until such time as the employee terminates employment. None of the other contracts (with the exception of Macomb Local 411), had this particular language.

The Union requests that the retirement age be lowered from the current age of 55 to 50 when years of service and age equal 70. The Union contends that the Employer has offered that benefit to Local 411. A review of Local 411's current contract shows that the contract ratified in

January 2012 has the retirement age of 55. The language adopted is the same as that offered to Local 893.

The Union cited Genesee County as having no retirement age. This is true to a point, however, employees who retire before age 58 have the pension portion of their retirement allotment "reduced by six-tenths of one percent multiplied by the number of complete months the date of the member's retirement precedes the date the member would attain age 58." In Genesee County, an employee hired after July 1, 2004, must be 58 years of age and have 15 years of service for a total of 73 points to be eligible for full retirement, which is three points higher than under the current Local 893 contract - making it worse.

### **Discussion of Furlough Days**

Mr. Long and Mr. Drwencke testified about the members of the bargaining unit's opposition to the furlough days, accepted by the other unions. Both stated that the other unions had more time to adjust and accept the change. While the members of the bargaining unit may feel there has not been adequate time to adjust, the Fact Finder has difficulty accepting this argument.

The Union and its membership have surely been aware of the terms of the recent collective bargaining agreements of other Macomb County units. Nearly all of the bargaining units (23 of 27) in Macomb County have settled their contracts. Nearly all of the units ratified their contracts in December 2011 or January 2012.<sup>6</sup> Of the four bargaining units not yet settled, one is a police unit currently in ACT 312 arbitration, one unit is in mediation and two, including Local 893, are currently engaged in fact finding. Given the forgoing, it is difficult to accept that the Union did not anticipate the Employer's bargaining position or that the Union was surprised by the Employer's proposal regarding furlough days.

Furlough days were part of the tentative agreement negotiated between the Employer and the Union bargaining team. The use of furlough days has become more common in the contracts of public sector bargaining units as the parties struggle with the financial realities at the local, state and national levels.

The cost of six days per year for two years - totaling twelve days - equals a concession of 2.3% in salary each year. That is a significant concession. No employee wants to take a reduction in pay, however, from the employees' point of view, taking a concession as a furlough day is preferable to a reduction in base pay because it is temporary, and does not permanently impact other benefits that are driven by the base wage such as the retirement calculation.

### **Discussion of the Elimination of Overtime in Final Average Compensation (FAC)**

When the TA was rejected, the Employer reverted to a previous bargaining position, elimination of overtime in the FAC. This is an effort by the employer to recoup the savings that would have been realized had the contract been approved and implemented earlier in the year.

The elimination of overtime in FAC will result in a lower pension for the employee, but no information was provided to the Fact Finder regarding the amount of overtime worked or the dollar amount the employer expects to save with this proposal.

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<sup>6</sup> Employer Exhibit #7

## **Discussion of the 2% increase in Retirement Contribution**

The Employer adopted the position on the 2% increase in the employee contribution to retirement as a means to recoup the savings lost as a result of the Union's rejection of the tentative agreement. It is clear that each employee would lose the use of the 2% of their salary redirected toward retirement, but it is not clear how much the employer would save. No information was provided to the Fact Finder about the amount the employer is currently contributing and what, if any, savings the employer will realize. The Fact Finder is not convinced that this proposal is a savings to the employer.

## **Interest**

The Union raised the issue of the interest gained by the Employer due to the monies not spent when projects are delayed. All of the budgets made available, beginning with 2007 through the projected budget for 2011/2012 contain a line item showing the actual interest earned as follows: Actual interest earned was \$1,566,268<sup>7</sup> for 2007/2008; Actual interest was \$979,808<sup>8</sup> for 2008/2009; Actual interest was \$274,239 for 2009/2010<sup>9</sup>. Projected interest is \$177,925 for 2011/2012<sup>10</sup>.

The Union included in its brief a document entitled "Special Revenue Fund Detail by Category" which notes it was received at the October 29, 2012, hearing. The document shows that the actual audited interest earned in 2010 was \$274,239; and in 2011 the amount was \$192,448. The projected amount for 2013 is \$171,298 and the interest forecasted for 2014 is \$263, 550.

Over the years, the amount of interest has fluctuated from a low of \$979,808 in 2009 to a high of \$274,239 actual interest in 2010. Interest rates fluctuate; and while some interest can be guaranteed, it is not fixed revenue. Moreover, The County has always received interest in some amount and has always accounted for it in the budget. The interest earned in recent years should not be considered a windfall and has not kept the county out of financial difficulties. The amount of interest earned should not be used to finance benefits for the employees.

## **Hiring New Employees**

The Union raised the issue of hiring nine new employees. Employer witness Ms. Mykytiak, testified that there was a 25% reduction in the head count of employees. The count is so low that it is necessary to hire additional employees to get the job done. Many of the DOR employees are drivers and there is a limit to the amount of overtime that these employees are able to safely work.

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<sup>7</sup> Union Exhibit 15 Tab 12 page 3

<sup>8</sup> Union Exhibit 16 Tab 13 page 3

<sup>9</sup> Union Exhibit 17 Tab 14 page 3

<sup>10</sup> Union Exhibit 17 Tab 14 page 3

## **Conclusion**

The most compelling fact in this case is that the parties did negotiate an agreement. While the TA was twice rejected by the members of the bargaining unit, the fact remains that an agreement was reached. Each side gained some things that it wanted, and each side gave up some things.

Several attempts were made during the hearing to ascertain and explain the reasons that the TA was turned down. Union witness Scott Drwencke testified that the second vote to reject the contract was unanimous because the Union members felt "strong armed". The Employer mailed an Authorization for Payroll Deduction to the employees under Public Act 152 of 2011(Union Ex 18), explaining that under the act there is a limit on the amount the Employer is able to pay for health insurance. The employee is responsible to pay the amount over the statutory limit. The specific case cited in Exhibit 18, shows the employee portion is \$730.14 per month. The employee risks loss of coverage for himself and dependents if he does not sign the payroll authorization.

The Fact Finder finds this situation unfortunate and can see how such a letter was likely to anger the employees. The employees are asked to take concessions in pay and at the same time to absorb a substantial increase in the cost of health care. It is understandable that the employees may have taken out their frustrations by defeating the TA. Rejecting the agreement may have been a catharsis, but it has not been a solution for the problem.

## **Recommendations**

For the reasons discussed above, Fact Finder recommends the following:

- 1) **The Fact Finder recommends that the longevity language should be modified as per the tentative agreement.**

<b>Step 1</b>	<b>15 through 19</b>	<b>\$600</b>
<b>Step 2</b>	<b>20 through 24</b>	<b>\$800</b>
<b>Step 3</b>	<b>25 and thereafter</b>	<b>\$1,000</b>

**No longevity should be paid in 2013. Employees hired after January 1, 2013 are not eligible for longevity.**

All of the comparable units cited by the Union to support its position have modified the longevity language in their contracts. Even Macomb County Local 411 has accepted an identical longevity provision as that proposed to Local 893. The Union specifically cites the Shiawassee Road Commission as a comparable. Shiawassee County longevity begins with \$175 for years 1-5, moves to \$225 in years 6-9 and tops out at \$600 for years 25 and over.<sup>11</sup> The lowest amount of longevity under the current contract language for Local 893 is \$1120 and the highest is \$3360. Based on the numbers, no other unit identified is comparable or is indeed equivalent. The negotiated language regarding longevity in the TA is reasonable.

- 2) **The Fact Finder recommends that retirement pay should be implemented as written in the Tentative Agreement:**

**“Employees hired prior to June 15, 2010, shall be eligible to apply for voluntary retirement after the total of his/her years of service and his/her age equals seventy (70) points provided the employee has attained the age of fifty-five (55) years;**

**Employees hired on or after June 15, 2010 shall be eligible to apply for voluntary retirement when the employee has attained the age of fifty-five (55) years and has twenty-five (25) or more years of credited service or have attained the age of sixty-five (65) with eight (8) or more years of credited service;**

**Employees hired on or after March 1, 2012 shall be eligible to apply for voluntary retirement when the employee has attained the age of fifty-five (55) years and has twenty-five (25) or more years of credited service or have attained the age of sixty-five (65) with fifteen (15) or more years of credited service, may retire upon written application filed with Human Resources and Labor relations. Upon retirement, the employee shall receive a retirement allowance as provided in Section 22 of the Macomb County Employees’ Retirement Ordinance and provisions of this Article.**

**DROP Program: the Memorandum of Understanding regarding the Deferred Retirement Option Plan (DROP) is attached to and is incorporated by reference as part of this Agreement. Any employee not vested by December 31, 2012 will not be eligible for the DROP program.”**

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<sup>11</sup> Union Exhibit 12 Tab 9 page 32

The Union alleged that Macomb Local 411 has 70/50 DROP. Current language in the Local 411 contract states that employees hired on or after January 1, 2012, must have attained the age of 55 with 25 years of service. The employer offered the same language to Local 893 in the Tentative Agreement as was bargained with Local 411.

- 3) **The Fact Finder recommends that furlough days should be implemented as agreed upon in the TA.**

**“Each employee and DROP participant shall be furloughed/docked twelve (12) working days without pay. The County will shut down operations seven (7) furlough/dock days in 2012-2013 as follows: Wednesday, December 26, 2012; Friday, February 15, 2013; Friday, May 24, 2013; Friday July 5, 2013; Friday, August 30, 2013; Wednesday, November 27, 2013 and Thursday, December 26, 2013.”**

All twelve (12) Furlough days should implemented between December 26, 2012 – December 31, 2013. Seven (7) days are identified in the tentative agreement. Five other days should be identified by the Union and the Employer. Because it may be difficult to shut down operations to accomplish the other five days, the reduction may come from unpaid sick days, vacation days or other unpaid days. Should the parties agree to an extension of the contract, the additional time may be used to spread out 5 furlough days into the extended contract.

- 4) **The Fact Finder does not recommend a 2% increase in the employee contribution for retirement.**

The Employer is seeking ways to recoup the savings lost because of the delay in implementing the cost saving measures negotiated in the tentative agreement. The increase requested by the employer would raise the employee contribution from 3.5% to 5.5%. The Employer did not demonstrate how the additional 2% contribution of employees to retirement will be a cost savings to the County. No exhibit or testimony was provided to allow the Fact Finder to determine the savings to the employer.

- 5) **The Fact Finder recommends that overtime should continue as part of the calculation for the Final Average Compensation (FAC) for retirement.**

- 6) The employer is attempting to recover the savings lost through the delay in implementation of some of the saving measures which would have gone into effect spring 2012 had the TA been ratified. The two major sources of savings in the tentative agreement are the twelve furlough/dock days which provide an immediate savings of approximately 2.3% per employee and the reduction of longevity which provides long term relief.

The employer did not provide any evidence to show the amount of savings generated as a result of the elimination of overtime in the calculation of FAC.

- 7) **Since there is no disagreement between the parties regarding the health care package negotiated in the TA, there is no need for a recommendation on this issue.**



Frances L. Hill  
Fact Finder

12/12/2012  
December 12, 2012