

**MICHIGAN EMPLOYMENT RELATIONS COMMISSION**

**CHARTER TOWNSHIP OF HARRISON**

**ACT 312 ARBITRATION  
MERC Case No. D13 B-0177**

**-and-**

**HARRISON TOWNSHIP FIREFIGHTERS,  
IAFF LOCAL 1737**

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**Arbitration Panel**

Chairman: Barry Goldman  
Township Delegate: Dennis Dubay  
Union Delegate: Alison Paton

**Appearances**

For the Township: Dennis DuBay  
For the Union: Alison Paton

**Chronology**

Arbitration Petition Filed: February 28, 2014  
Chairman Appointed: March 12, 2014  
Pre-Hearing Conference: March 20, 2014  
Final Offers Exchanged: April 9, 2014  
Evidentiary Hearing: July 28, 29, 30, 31, August 4 and 5, 2014  
Briefs Received: October 3, 2014  
Findings Issued: Dec. 18, 2014

**Issues Settled or Withdrawn**

**Township Issues**

Settled 1 Duration (Agreement provision and Article 46 Term of Contract, Sections 1 and 2). Both parties' final offers - three-year contract.  
Settled 2(b) Contract Addendum and Agreement. Both parties' final offers provide for the deletion of the Contract Addendum and Agreement.

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Settled	3	Minimum Shift (Article 14 Hours of Employment/Manning Requirements, Section 3, subsection (a), first paragraph). The Union stipulated to the Township's position statement and final offer on this issue (Union LBO, p. 2).
Settled	4	Officer Ranks (Article 14 Hours of Employment/Manning Requirements, Section 3, subsection (a)(1). Both parties' final offers are the same.
Withdrawn	6	Unit Assignments (Article 14, Section 3(b)).
Settled	11	Payment for Unused Sick Days (Article 23, Section 3 (c)). Both parties' final offers are the same.
Settled	26	Payment of Benefits (Article 43 Benefits Payable Upon Separation, Section 1). Both parties propose that this provision will be amended to reflect the Act 312 Award.

### Union Issues

Settled	1	Duration (Agreement provision and Article 46 Term of Contract, Sections 1 and 2). Both parties' final offers - three-year contract.
Withdrawn	5	"Rig Staffing" (Article 14, Section 4, new provision). Withdrawn by the Union on the last day of the hearings. (VI. 89).
Withdrawn	6	Incident Command (Article 14, Section 6, new provision). Withdrawn by the Union in its position statements and final offer.
Withdrawn	12	Incentive Pay - Eliminate Second Tier (Article 39, Section 2). Withdrawn by the Union in its Post-Hearing Brief
Withdrawn	13	Cell Phone (Article 39, new provision). Withdrawn by the Union at the hearings.
Withdrawn	16	Ratification Bonus. Withdrawn by the Union in its final offer.
Withdrawn	18	PA 54 (new provision)
Withdrawn	19	Grievance Procedure (Article 6, Section 3(b))
Withdrawn	20	Other Employment (Article 31, new provision)

### Issues Remaining Before the Panel

#### Township Issues

- 2(a) Minimum Bargaining Unit (Article 12, Section 4)
- 5(a) Acting Officers at Stations (Article 14, Section 3(a), new provision)
- 5(b) Organizational Chart/Reduction in Sergeants (Article 14, Section 3(a)(2))
- 7 Float Days (Article 14, Section 3(d) and Article 21, Section 1)
- 8 Sick Leave Accumulation (Article 23, Section 1(a) 2)
- 9 Sick Leave Banks (Article 23, Section 1(a) 3)
- 10(a) Payment for Unused Sick Days (Article 23, Section 3(b))
- 10(b) Sick Bank Payoff (Article 23, Section 3(d))

- 12 Supplemental Payment (Article 23, Section 6(a))
- 13 Personal Leave (Article 24, Section 1)
- 14 Number of Officers on Leave (Article 25, Section 2)
- 15 Compensatory Time (Article 25, Section 4(a))
- 16 Holiday Pay (Article 38, Section 4)
- 17 Vacation Banks (Article 26, Section 2)
- 18(a) Retiree Health Eligibility (Article 34, Section 6)
- 18(b) Retiree Health Benefits (Article 34, Section 6(a), new provision)
- 18(c) Retiree Health Payment Level (Article 34, Section 6, new provision)
- 19 New Hires - Retiree Health (Article 34, Section 6, new provision)
- 20 Longevity (Article 35)
- 21 Longevity New Hires (Article 35, new provision)
- 22 New Hire Pension (Article 37, Section 1(a), new provision)
- 23 Pension FAC (Article 37, new provision)
- 24 Fire Science Certificate (Article 39, Section 1(f) and Section 2(b))
- 25 Overtime Incentive Pay (Article 39, Section 3(e))

Union Issues

- 7 Overtime Minimum (Article 21, Section 1(a))
- 8 Comp Time Minimum Blocks (Article 25, Section 3)
- 9 Optical Insurance (Article 34, Section 8)
- 10 Employee Pension Contribution (Article 37, Section 1(b))
- 11 Pension Service Credit Purchase (Article 37, Section 7, new provision)
- 12 Incentive Pay (Article 39, Section 2, Section 3(a))
- 14 Water Calls (new provision)
- 15 Phone Duties (new provision)
- 17 PA 152 Reopener (Article 34, Section 8, new provision)

Joint Issue

There is one Joint Issue - Wages - Article 44 Schedule of Wages

Comparable Communities

Each side provided a list of comparable communities. Four communities appear on both lists:

Washington Township  
Eastpointe

Madison Heights  
Roseville

### **Statutory Standard**

The Act 312 statute as amended by Public Act 116 of 2011 requires that the panel “adopt the last offer of settlement which, in the opinion of the arbitration panel, more nearly complies with the applicable factors prescribed in section 9.” Those factors are:

- (a) The financial ability of the unit of government to pay. All of the following shall apply to the arbitration panel’s determination of the ability of the unit of government to pay:
  - (i) The financial impact on the community of any award made by the arbitration panel.
  - (ii) The interests and welfare of the public.
  - (iii) All liabilities, whether or not they appear on the balance sheet of the unit of government.
  - (iv) Any law of this state or any directive issued under the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, that places limitations on a unit of government’s expenditures or revenue collection.
- (b) The lawful authority of the employer.
- (c) Stipulations of the parties.
- (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 in both of the following:
  - (i) Public employment in comparable communities.
  - (ii) Private employment in comparable communities.
- (e) Comparison of the wages, hours, and conditions of employment of other employees of the unit of government outside of the bargaining unit in question.
- (f) The average consumer prices for goods and services, commonly known as the cost of living.
- (g) 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.
- (h) Changes in any of the foregoing circumstances while the arbitration proceedings are pending.
- (i) Other factors that are normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration, or otherwise between the parties, in the public service, or in private employment.

The Act also requires that:

The arbitration panel shall give the financial ability of the unit of government to pay the most significance, if the determination is supported by competent, material, and substantial evidence.

## Financial Background

Township revenue from State Revenue Sharing in 2014 (\$1.885M) has returned nearly to what it was in 2005 before the Great Recession (\$1.926M). The projection is for an increase of 2.4% in 2015. Property tax revenue in 2014 (\$5.924M) shows an increase from the previous year, but still lags behind its peak in 2009 (\$6.865M).

Expenditures, however, have not remained flat. As a result, for the year ended December 31, 2013 the Township General Fund was in deficit \$104,169, and the Fire Fund was in deficit \$717,482. Transfers had to be made from the Township's fund balances to make up those shortfalls. This reduced the General Fund Fund Balance to \$2,720,735, and reduced the Fire Fund Fund Balance to \$646,553 (T-32, p. 17). The Township projects deficits in both funds again in 2014. A deficit of \$179,000 is anticipated in the General Fund and \$554,000 in the Fire Fund.

The elephant in the room (or "the elf in the room" if the hearing transcript is to be believed) is OPEB. According to the Township's most recent actuarial report, (T-53, pp. 2, A2), the total actuarial accrued unfunded liability is \$32,157,046. The general employees total is \$16,413,762. (T-53, p. A5). The Firefighters total is \$15,743,284. (T-53, p. A7). The Township's actuary, Kenneth Alberts, testified that the funded ratio of the plan is 6.6%. (VI. 18).

Mr. Alberts also testified that he calculated the Township's "annual required contribution" for the last three years. The required contribution was:

2012	\$2,522,526,
2013	\$2,573,154
2014	\$2,651,390 (T. Ex. 53, p. A1).

The record shows that the Township has made no contribution or only a partial contribution each year.

In short, the Township has turned the corner from its financial position in the worst years of the Great Recession, but it still faces significant challenges going forward. Political reality limits its ability to increase revenue. Despite having reduced or eliminated services, the Township continues to have obligations to departments other than Fire. Other municipalities are in worse shape, it's true. But it would be irresponsible for Harrison Township to treat the recent rebound in revenue as a license to spend.

In what follows the panel has attempted to restrain expenditures at the same time as it has attempted to minimize pain. We have tried to do this by finding savings where money is abstract rather than concrete. In other words, we have tried not to take real cash from Fire Fighters' pockets, but we have found it necessary, for instance, to restrict employees' eligibility to earn overtime and to accumulate certain kinds of leave.

## Issues

**Township Issue 2(a) - Article 12 - Layoff and Recall, Section 4 (Minimum Bargaining Unit) (Economic)**

Township's Final Offer

The Township's position is that Article 12 Layoff and Recall, Section 4 shall be eliminated from the contract. The provision provides as follows:

~~Section 4. No reductions of the workforce below twenty seven (27) personnel (not including the Chief of Department and administrative staff) will occur except for emergency conditions or a necessary reduction in the work force. Efforts will be made to effectuate any such reduction in force through attrition, normal retirement or voluntary resignation.~~

Union's Final Offer

The Union LBO is to revise the provision to provide as follows:

“No layoffs shall occur except for emergency conditions or a necessary reduction in the work force. Efforts will be made to effectuate any such reduction in force through attrition, normal retirement, or voluntary resignation.”

Discussion

The panel finds this subject to be outside our jurisdiction.

Finding

We make no finding.

**Township Issue 5(a) - Acting Officers (Economic)**

Township's Final Offer

Article 14 Hours of Employment/Manning Requirements, Section 3, subsection (a) shall be amended by adding the following new subsection:

*( ) There shall be one officer or acting officer assigned to each in-service station operated by the Township. Only individuals who have met the qualifications for promotion to Sergeant as set forth in Article 20 Promotional Advancement and are on the current Civil Service eligibility list for promotion to Sergeant may serve as an acting officer. Firefighters acting as officers shall receive the Sergeants' rate of pay for the hours worked as an acting officer.*

Union's Final Offer

“There shall be a bargaining unit officer rank employee (Battalion Chief, Lieutenant, or Sergeant) in charge at each fire station. If there is no officer rank employee on duty in the Township available to serve as the officer in charge at a fire station, then an officer rank employee will be brought in on an overtime basis, as in the past.”

Discussion

Testimony established that this situation occurs only about 18 times per year. That means the proposal would not amount to a significant savings in overtime, but it also means it would not amount to a significant loss of overtime pay. The panel is not persuaded the proposal poses a significant safety risk.

Finding

The panel adopts the Township's proposal.

**Township Issue 5(b) - Organizational Chart (Economic)**

Township's Final Offer

Article 14 Hours of Employment/Manning Requirements, Section 3, subsection (a)(2) shall be eliminated from the contract and the following Section 3, new subsection (a)(2) shall be added to the contract:

~~(a) (2) The organizational chart of the three platoon system:~~

Fire Chief (40 Hour)

Platoon 1

Platoon 2

Platoon 3

Battalion Chief

Battalion Chief

Battalion Chief

Lieutenant

Lieutenant

Lieutenant

~~(2) Sergeants~~

~~(2) Sergeants~~

~~(2) Sergeants~~

~~(5) Firefighters~~

~~(5) Firefighters~~

~~(5) Firefighters~~

The following new Section 3, subsection (a)(2) shall be added to the contract:

(a) (2) The organizational chart of the three platoon system:

*Fire Chief (40-Hour)*

<u><i>Platoon 1</i></u>	<u><i>Platoon 2</i></u>	<u><i>Platoon 3</i></u>
<i>Battalion Chief</i>	<i>Battalion Chief</i>	<i>Battalion Chief</i>
<i>Lieutenant</i>	<i>Lieutenant</i>	<i>Lieutenant</i>
<i>(1) Sergeant*</i>	<i>(1) Sergeant*</i>	<i>(1) Sergeant*</i>
<i>Firefighters (Number as determined by the Township)</i>	<i>Firefighters (Number as determined by the Township)</i>	<i>Firefighters (Number as determined by the Township)</i>

*\*Current Sergeants shall be grandfathered. Reduction in the number of Sergeants shall be through attrition.*

Union's Final Offer

“(2) The organizational chart of the three platoon system:

Fire Chief (40-Hour)

<u>Platoon 1</u>	<u>Platoon 2</u>	<u>Platoon 3</u>
Battalion Chief	Battalion Chief	Battalion Chief
Lieutenant	Lieutenant	Lieutenant
<u>Sergeants</u>	<u>Sergeants</u>	<u>Sergeants</u>
Firefighters	Firefighters	Firefighters”

Discussion

The panel finds this subject to be outside our jurisdiction.

Finding

We make no finding.



## Township Issue 7 - Float Days/Overtime (Economic)

### Township's Final Offer

Article 14 Hours of Employment/Manning Requirements, Section 3, subsection (d) shall be revised to provide as follows:

(d) ~~Each person assigned to the Firefighting Division shall receive 6.5 "float days" annually so as to comply with FLSA requirements. "Float days" shall be scheduled annually in October for the next calendar year. "Float day" scheduling shall be made based on Fire Department seniority following the same practice currently utilized for annual leave selection. Float days shall be scheduled in six (6) 24-hour increments and one (1) 12-hour increment annually. Each member shall only schedule one (1) "float day" per month. However, two members may schedule "float days" on the same day provided the same requirements are met as set forth in Article 25 Section 2. The normal workweek of the Firefighting Division shall consist of an average of fifty-six (56) hours per week under a three-platoon system. All references in the collective bargaining agreement to a 53-hour week shall be deemed a 56-hour week. The employee's hourly rate shall be computed by dividing the employee's annual salary by 2,912 hours.~~

and

Article 21 Overtime, Section 1, first paragraph shall be revised to provide as follows:

Section 1. An Employee shall be entitled to receive one and one-half (1-1/2) times his applicable regular hourly rate as set forth in Article 44 for authorized time worked by him ~~or otherwise compensated to him~~ in excess of an ~~average of fifty three (53) hours per week in any~~ **212 hours per** consecutive twenty-eight (28) day period. Overtime pay will be computed and paid in the following manner:

[Remainder of Section - Current Contract Language]

### Union's Final Offer

- Add the following at the end of Article 14, Section 3(d):

“Should the Township desire to do so, it may implement on a bargaining-unit-wide basis a change from the existing 53-hour/week work schedule for 24-hour employees to a 54-hour/week work schedule for 24-hour employees. This shall result in a reduction in the number of “float days” to the extent needed to accomplish the change from the existing 53-hour/week work schedule to the 54-hour/week work schedule. This shall not result in any increase in the annual wages set forth in Article 44, and the hourly wages set forth in Article 44 shall be reduced accordingly by dividing the annual wage by 2,808.”

- Add the following at the end of Article 14, Section 1:

“In the event the Township chooses to convert from the existing 53-hour/week work schedule to a 54-hour/week work schedule pursuant to Article 14, Section 3(d), then the first sentence of this Article 14, Section 1 shall be replaced with the following:

‘An Employee shall be entitled to receive one and one-half (1-1/2) times his applicable regular hourly rate as set forth in Article 44 for any authorized work performed outside his regular scheduled duty hours on the 54-hour/week work schedule, regardless of any time off he may have taken.’

### Discussion

If an issue is deemed economic, the panel cannot divide it in parts or issue a compromise decision. We must simply find in favor of one proposal or the other. Here we agree with the Township that, given its financial condition, the Township should be required to pay overtime only if hours actually worked exceed the FLSA limit.

### Finding

The panel adopts the Township’s proposal.

**Township Issue 8 - Sick Leave Accumulation (Economic)**

**Township Issue 9 - Sick Leave Banks (Economic)**

**Township Issue 10(a) - Payment of Unused Sick Days (Economic)**

**Township Issue 10(b) - Payment of Unused Sick Days (Economic)**

The four Sick Time issues will be treated together.

**Township Issue 8 - Sick Leave Accumulation (Economic)**

Township's Final Offer

Article 23 Sick Leave, Section 1 Firefighting Division, subsection (a) Accumulation of Sick Day Credits, subsection 2 shall be revised to provide as follows:

2. Each Employee may earn ~~nine (9)~~ **six (6)** sick days of twenty-four (24) hours each for a maximum total of ~~216~~ **144** hours per year, at the rate of ~~three quarters (0.75)~~ **one-half (0.50)** of a sick day for each month in which he is engaged in active duty with the Harrison Township Fire Department, or is on vacation (annual leave) or sick leave. *On January 1st of each year, each Employee shall be credited with one hundred and forty-four (144) hours of sick time. In the case where an Employee goes on unpaid leave or terminates employment, this time will be prorated based on actual time worked. If the Employee has used more sick time than allowed through prorating, the Employee must reimburse the Township.*

Union's Final Offer

The Union's last best offer is to maintain the status quo.

**Township Issue 9 - Sick Leave Banks (Economic)**

Township's Final Offer

Article 23 Sick Leave, Section 1 Firefighting Division, subsection (a) Accumulation of Sick Day Credits, subsection 3 (sick leave banks) shall be revised to provide as follows:

3. ~~Employees may accumulate a maximum of 580 hours of sick leave. All sick leave banks shall be frozen at a maximum of 580 hours of sick leave. Employees shall have the option to sell back accumulated hours to a maximum amount determined by the Township on an annual basis.~~

Union's Final Offer

The Union's last best offer is to maintain the status quo.

**Township Issue 10(a) - Payment of Unused Sick Days (Economic)**

Township's Final Offer

Article 23 Sick Leave, Section 3 Payment of Unused Sick Days, subsection (b) will be revised to provide as follows:

(b) ~~All sick days shall be used for sickness by the firefighter, provided a maximum of 580 hours may accumulate and one-half (0.5) of the accumulated sick days over 580 hours shall be paid for in the last pay period of each month. At the Employee's option, payment of sick leave hereunder shall be made at the Employee's straight time rate or converted to compensatory leave, hour for hour, at the time of payment. At the end of each calendar year all unused sick days shall be paid at 50% in January of the following year.~~

Union's Final Offer

The Union's last best offer is to modify the second sentence of Article 23, Section 3(b) to provide as follows, deleting the current language regarding employee option of converting to compensatory leave:

"Payment of sick leave hereunder shall be made at the Employee's straight time rate at the time of payment."

**Township Issue 10(b) - Payment of Unused Sick Days (Economic)**

Township's Final Offer

Article 23 Sick Leave, Section 3 Payment of Unused Sick Days, subsection (d) shall be revised to provide as follows:

(d) ~~Sick time bank pay-off will not be included in computing final average compensation for pension purposes. Payment of sick time banks will not have the employee pension contribution deducted, however, the monthly payout for unused sick leave for all employees shall be included in final average compensation for retirement purposes and the employee pension contribution shall be withheld. No sick time payoffs will be included in computing final~~

*average compensation for pension purposes. No sick time payoffs will have the employee pension contribution deducted.*

### Union's Final Offer

The Union's last best offer is to maintain the status quo.

### Discussion

The panel agrees that fire fighters should be able to meet their financial obligations even if they are sick or injured and need to be off work. The panel also agrees that it is reasonable to offer employees an incentive to come to work and not to "earn and burn" their sick time. But the panel does not believe that employees are entitled to unlimited payout of unlimited sick banks.

The record does not show that bargaining unit members would be disadvantaged by the Township's proposal with respect to meeting their financial obligations if they are sick or injured. Most members have either maxed out or nearly maxed out their banks. As a result this benefit functions more as a salary enhancement rather than a sick leave benefit.

In light of the fact that the benefit is not being used for the purpose for which it was intended, reduction in that benefit is a reasonable place to look for needed savings.

### Finding

The panel adopts the Township's proposals for Township Issues 8, 9, 10(a) and 10(b)

### **Township Issue 12 - Supplemental Payment (Economic)**

### Township's Final Offer

Article 23 Sick Leave, Section 6, subsection (a) shall be eliminated from the contract:

~~(a) — Providing an employee receives disability and or sick payments from the insurance carrier, the Township agrees to make payment to the employee, an amount equal to twenty (20%) percent of all payments received from the insurance carrier. Payment to the employee shall be made on a monthly basis, and determined from reports received by the Township, from the insurance carrier.~~

## Union's Final Offer

The Union's last best offer is to maintain the status quo.

## Discussion

This is an uncommon benefit. If necessary, fire fighters can make up the difference between disability benefits and regular wages by drawing from their sick banks. Even at the reduced annual sick bank total recommended here, that is sufficient to make up the difference for 3 months.

## Finding

The panel adopts the Township's proposal.

## **Township Issue 13 - Personal Leave (Economic)**

### Township's Final Offer

Article 24 Personal Leave, Section 1 shall be revised to provide as follows:

#### **ARTICLE 24. PERSONAL LEAVE**

**Section 1.** Personal leave time will be earned at the rate of ~~three (3)~~ *one (1)* nonchargeable ~~days~~ *day* per year from the anniversary of each such Employee's date of hire for all *non-probationary* Employees in the bargaining unit. ~~A Probationary Employee~~ *All unit Employees* shall be granted ~~two (2)~~ *one (1)* personal leave ~~days~~ *day chargeable to sick leave.* ~~during his/her first year of employment, subject to approval by the Chief or his designee.~~ For the purpose of this Article the Employee's anniversary date shall be the determining factor for crediting personal days, and said days shall not be carried forward into the next year.

### Union's Final Offer

The Union's last best offer is to maintain the status quo.

## Discussion

The panel is not persuaded by the Union's argument that fire fighters need three annual personal days to conduct personal business. Because of fire fighters' unique schedule they have more opportunity than ordinary 9 to 5 Monday through Friday employees do to conduct personal business during regular business hours.

## Finding

The panel adopts the Township's proposal.

## **Township Issue 14 - Utilization of Leave (Economic)**

### Township's Final Offer

Article 25 Leaves - General, Section 2, shall be revised by amending the first sentence to provide:

#### Section 2:

A maximum of two (2) employees, *only one of whom, may be an officer* are entitled to schedule annual leave or compensatory leave (*if provided for under the contract*), at the same time.

[Remainder of the Section - Current Contract Language]

### Union's Final Offer

The Union's last best offer is to maintain the status quo.

## Discussion

The panel is aware that this proposal creates a situation where a less senior fire fighter may have greater freedom to select vacation time than a more senior officer. On the other hand, it is also likely to reduce the number of occasions when officers are required to work overtime, and therefore will reduce overtime expenditure. The impact of this proposal is not large in any event. We find the potential savings outweighs the inconvenience.

## Finding

The panel adopts the Township's proposal.

### **Township Issue 15 - Compensatory Time (Economic)**

#### Township's Final Offer

Article 25 Leaves - General, Section 4, subsection (a), shall be revised to provide as follows:

- (a) ~~Election may be made by an employee to accumulate up to four hundred eighty (480) hours at time and one half (1.5) in time off in lieu of overtime pay by mutual agreement between the employee and the chief of the department. There shall be no further accumulation of compensatory time. Current compensatory time banks shall be frozen.~~

#### Union's Final Offer

The Union's last best offer is to add the following to Article 25, Section 4(a):

“Effective \_\_\_\_ [date of issuance of Award], the compensatory time bank maximum shall be reduced from 480 hours to 384 hours. Employees who as of \_\_\_\_ [date of issuance of Award] have more than 384 hours in their compensatory time bank will not be allowed to add any more time to their compensatory time bank until the bank is reduced below 384 hours.”

#### Discussion

The panel is persuaded that the Employer should have the option to pay cash as overtime is earned rather than allow it to be accumulated in employee banks and paid out later at a higher rate. Whether or not the existing procedure creates endless cascades of overtime, the panel sees the Township proposal as an improvement in terms of simplicity and clarity and fails to see any meaningful detriment to the membership.

#### Finding

The panel adopts the Township's proposal.

### **Township Issue 16 - Holiday Pay (Economic)**



### Township's Final Offer

Article 38 Holiday Pay, Section 4, the second and third sentences to be eliminated from the contract:

Section 4: Holiday pay shall be paid the first payday subsequent to the employee's anniversary date of full time employment. ~~An employee may elect compensatory time in lieu of cash. Such election shall be made one month prior to their anniversary date.~~

### Union's Final Offer

The Union's last best offer is to maintain the status quo.

### Discussion

For the reasons discussed in Township Issue 15, the panel views the Township proposal as an improvement without a significant imposition of burden.

### Finding

The panel adopts the Township proposal.

## **Township Issue 17 - Vacation Accumulation/Payoffs (Economic)**

### Township's Final Offer

Article 26 Vacations, Section 2, shall be revised to provide as follows:

#### Section 2

The Township shall not be obligated to any Employee for compensation who is laid off, resigns, retires, or is otherwise separated from the service of the Township for accrued vacation above ~~the following maximum:~~ *a 600-hour maximum.*

- (a) ~~53 hour per week Employee 1200 hours.~~
- (b) ~~40 hour per week Employee 800 hours.~~

- (a) *All vacation banks above 600 hours shall be frozen and may not be increased.*
- (b) *Current employees with a vacation bank between 600 hours and 1200 hours shall be paid for those hours above 600 hours in three equal annual installments.*
- (c) *Any current employee with more than 1200 hours will retain and be allowed to utilize those hours above 1200. No payout for such hours will be made by the Township.*

Vacation/annual leave time bank pay-off will not be included in computing final average compensation for pension purposes. Pay-off of vacation/annual leave time banks will not have employee pension contribution deducted.

Union's Final Offer

The Union's last best offer is to add the following to Article 26, Section 2:

"Effective \_\_\_\_ [date of issuance of Award], the vacation bank accumulation payoff maximum for 24-hour employees will be reduced from 1,200 hours to 1,000 hours."

Discussion

The panel views this proposal as a legitimate attempt by the Township to exercise control over its cash flow. No employee is harmed by having his vacation paid in cash rather than banked.

Finding

The panel adopts the Township's proposal.

**Township Issue 18(a) - Hospitalization on Retirement (Current Employees) (Economic)**  
**Township Issue 18(b) - Hospitalization on Retirement (Current Employees) (Economic)**  
**Township Issue 18(c) - Hospitalization on Retirement (Current Employees) (Economic)**

These three issues will be treated together.

**Township Issue 18(a) - Hospitalization on Retirement (Current Employees) (Economic)**

Township's Final Offer

Article 34 Insurance, Section 6 Hospitalization on Retirement, shall be revised to provide as follows:

Section 6. Hospitalization on Retirement: When an Employee retires in accordance with Section 6, Act #345, *with a minimum of 25 years of actual service, he shall qualify for the same benefits which are available to active employees (on his retirement date). the Employee will be eligible for retiree health insurance as set forth herein. Employees with less than 25 years of actual service will not be eligible for retiree health care.* Upon qualifying for Medicare, the Township shall offer full family coverage (~~Blue Cross/Blue Shield Exact fill~~) and after his death, his surviving spouse, shall continue to receive ~~coverage. full paid Blue Cross and Blue Shield Insurance.~~

Union's Final Offer

The Union's last best offer is to maintain the status quo.

**Township Issue 18(b) - Hospitalization on Retirement (Current Employees) (Economic)**

Township's Final Offer

Article 34 Insurance, Section 6 Hospitalization on Retirement, shall be amended by adding the following subsection (a):

*(a) Individuals who became eligible to receive retiree health care after [date of Award] shall be eligible for the same benefits which are provided to active Employees as may be modified in the future.*

Union's Final Offer

The Union's last best offer is to maintain the status quo.

**Township Issue 18(c) - Hospitalization on Retirement (Current Employees) (Economic)**

Township's Final Offer

Article 34 Insurance, Section 6 Hospitalization on Retirement, shall be amended by adding the following new subsection:

*The Township shall pay 3.25% of the cost of providing such retiree health care for each year of the employee's service capped at a maximum of 80% of the premium of the Township provided insurance.*

Union's Final Offer

The Union's last best offer is to maintain the status quo.

Discussion

The panel recognizes that these retiree health care proposals apply only to future retirees, but it also realizes that future retirees include present employees. In the panel's view the proposed changes in eligibility and in the level of benefit for retiree health care violate the legitimate expectation of current employees and are not supported by the Section 9 criteria.

Finding

The panel adopts the Union's proposals on Township Issues 18(a), (b), and (c).

**Township Issue 19 - Retiree Health Insurance (New Hires) (Economic)**

Township's Final Offer

Article 34 Insurance, Section 6 Hospitalization on Retirement, will be amended by adding the following new subsection (a):

*(a) Employees hired after [date of Award] shall, in lieu of retiree health insurance, receive a monthly contribution of \$200 in an account established by the Township. Vesting will be as follows: 5 years: 50%; 7 years: 75%; 10 years: 100%. Such Employees may also contribute to the fund each year subject to IRS regulations.*

Union's Final Offer

The Union's last best offer is to add the following as a new paragraph (a) to Article 34, Section 6:

“(a) The retiree health benefit for employees hired after \_\_\_\_\_ [date of issuance of Award] will be 50% Township-paid premiums, except that the Township shall pay 100% of premiums in the event of a duty disability retirement. In addition, employees hired after \_\_\_\_\_ [date of issuance of Award] shall have a retiree health account, with the employee required to pay a minimum of 1% of his base pay into the account; the employee contribution shall be made on a pre-tax basis, and the employee shall be immediately fully vested in the account.”

### Discussion

Consistent with the panel’s goal to avoid taking real cash from present members, we see the Township’s proposal as a legitimate way to reduce expenditure on retiree health care. Obviously the proposal reduces the benefit for future employees, but it does not break a promise. Future employees will know what they are agreeing to.

### Finding

The panel adopts the Township’s proposal.

## **Township Issue 20 - Longevity (Current Employees) (Economic)**

### Township’s Final Offer

Article 35 Longevity shall be amended by adding the following new Section:

***Section \_\_\_\_ . Effective [date of Award] each Employee hired prior to [date of Award] shall receive longevity pay in accordance with the following schedule, in addition to their regular salary, based on the following schedule:***

<b><i><u>At the start of the:</u></i></b>	<b><i><u>Amount</u></i></b>
<b><i>Fifth through Ninth Years</i></b>	<b><i>\$750</i></b>
<b><i>Tenth through Fourteenth years</i></b>	<b><i>\$1,500</i></b>
<b><i>Fifteenth through Nineteenth years</i></b>	<b><i>\$2,250</i></b>
<b><i>Twentieth through Twenty fourth years</i></b>	<b><i>\$3,000</i></b>
<b><i>Twenty fifth year and over</i></b>	<b><i>\$3,750</i></b>

### Union’s Final Offer

The Union's last best offer is to modify Article 35, Section 2 to delete the first Longevity payment level of Five up to Ten years, making the first Longevity payment level for post-July 1, 1997 hires the Ten up to Fifteen years level.

Discussion

This is an issue of taking cash from members. There is nothing abstract, speculative, or conditional about reducing longevity.

Finding

The panel adopts the Union's proposal.

**Township Issue 21 - Longevity (New Hires) (Economic)**

Township's Final Offer

Article 35 Longevity shall be amended by adding the following new Section:

***Section \_\_\_\_ . Employees hired after [date of Award] shall not be eligible for longevity.***

Union's Final Offer

The Union's last best offer is to modify Article 35, Section 2 to delete the first Longevity payment level of Five up to Ten years, making the first Longevity payment level for post-July 1, 1997 hires the Ten up to Fifteen years level.

Discussion

Using the same analysis, this proposal breaks no promise to an existing member. Future members can make their own evaluation.

Finding

The panel adopts the Township's proposal.

**Township Issue 22 - Pension (Economic)**

## Township's Final Offer

Article 37 Pension, Section 1, subsection (a), will be amended by adding the following new subsection to provide as follows:

### Section 1.

(a) Pursuant to Act #345, Public Acts of Michigan, 1937, as amended, the retirement benefit formula of the final average compensation will be 2.8% for the first twenty years (20); for the next five (5) years the factor is 1.8 (example: 21st year = 57.8%). For all years after twenty-five the factor is 1.0. The combined factors cannot exceed 70%.

*( ) For employees hired after [date of Award], the retirement benefit formula shall be as follows: The retirement benefit formula of the final average compensation will be 1.8% for the first twenty-five (25) years. For all years after twenty-five the factor is 1.0.*

## Union's Final Offer

The Union's last best offer is to:

- Add the following new paragraph to Article 37, Section 1(a):

“For employees hired after [date of Award], they shall have the same pension benefits as employees hired previous to [date of Award], except that the formula for a regular service retirement will be as follows:

2.25% for the first 25 years, then 1%, to a maximum 70% FAC.”

- Above to be implemented after an actuarial study is completed, if an actuarial study is desired by the Township.

## Discussion

Consistent with the panel's intent to find cost savings for the Township and avoid taking cash from existing bargaining unit members, the panel supports the Township's proposal.

## Finding

The panel adopts the Township's proposal.

**Township Issue 23 - Pension - Final Average Compensation - Overtime (Economic)**

Township's Final Offer

Article 37 Pension, shall be amended by adding the following new Section:

***Section . Overtime payments in excess of payments for more than 100 hours of overtime work shall not be included in the calculation of final average compensation.***

Union's Final Offer

The Union's last best offer is to maintain the status quo.

Discussion

With better control over overtime provided to the Township elsewhere in this award, the Township can honor its commitment to include all overtime in its calculation of FAC.

Finding

The panel adopts the Union's proposal.

**Township Issue 24 - Certificate In Fire Science Payment (Economic)**

Township's Final Offer

Article 39 Incentive Pay, Section 1, subsection (f) shall be revised to provide as follows:

(f) ***Current*** Firefighters who have successfully completed requirements and received a Certificate in Fire Science from an accredited institution shall ~~receive an additional increment calculated at two (2%) per cent of his/her base wage (as set forth in Article 44) per year.~~ ***in the past will no longer be eligible for any payments from the Township for such certification. In the event an employee hired after [date of Award] receives such a certificate, he/she shall receive a one-time lump-sum payment of \$500.***

and



Article 39 Incentive Pay, Section 2, subsection (b) shall be eliminated from the contract.

~~(b) — Employees hired after January 1, 1996 who have successfully completed the requirements for a Fire Science Certificate from an accredited institution shall receive an incentive pay equal to two (2) percent of his base wage each year at the employees anniversary date. A copy of the Certificate will be submitted to the Accounting Office for inclusion in the Employee's personnel file.~~

#### Union's Final Offer

The Union's last best offer is to maintain the status quo.

#### Discussion

In effect, the Township proposal amounts to a 2% wage reduction for all bargaining unit members holding the Fire Science Certificate and thus violates the principle the panel seeks to apply in fashioning this award.

#### Finding

The panel adopts the Union's proposal.

### **Township Issue 25 - Overtime Incentive Pay (Economic)**

#### Township's Final Offer

Article 39 Incentive Pay, Section 3, subsection (e) shall be eliminated from the contract.

~~(e) The township shall grant detail time off to all firefighters who have completed at least three (3) years of full time service. and shall approve overtime for said employees while attending classes on their days off.~~

#### Union's Final Offer

The Union's last best offer is to maintain the status quo.

#### Discussion

Granting release time for these classes so bargaining unit members can take them without loss of pay seems to the panel to provide sufficient compensation, and the link between the classes and promotion appears to provide sufficient incentive.

Finding

The panel adopts the Township's proposal.

**Township Issue 26 - Benefits Payable Upon Separation (Economic)**

Township's Final Offer

Article 43 Benefits Payable Upon Separation, Section 1, shall be amended by adding the following new subsection:

*Article 43 Benefits Payable Upon Separation, Section 1, will be updated effective [date of Award] to reflect changes in any benefits made by the Act 312 Award.*

Union's Final Offer

The Union's last best offer is to add the following to Article 43, Section 1:

“These provisions shall be modified effective [date of Award] to the extent necessary to be consistent with any benefit changes made by the Act 312 Award in MERC Case No. D13 B-0177.”

Discussion

The panel fails to see any meaningful difference between the proposals. We have chosen one because the statute requires us to choose one.

Finding

The panel adopts the Union's proposal.

**Joint Issue - Wages (Economic)**

The parties stipulated that wage adjustments during the three years at issue would be treated as one issue.

Township's Final Offer

Article 44 Schedule of Wages shall be revised to provide as follows:

*Effective date of Award the salaries in effect for each rank (and service level if applicable) will be reduced by 3% across the board. The rank differential shall remain unchanged. The hourly rates shall be computed by dividing the annual salary by 2,912 hours.*

*Effective January 1, 2015 - maintain status quo (i.e., the new wage schedule effective on the date of the Award shall continue unchanged).*

*Effective January 1, 2016 - maintain status quo (i.e., the new wage schedule effective on the date of the Award shall continue unchanged).*

Union's Final Offer

The Union's last best offer on Wages for the contract term is as follows:

2014 - 0%

2015 - 0%

2016 - 0%

Discussion

The panel reiterates its intention to avoid taking cash from present bargaining unit members.

Finding

The panel adopts the Union's proposal.

**Union Issue 7 - Overtime Minimum (Economic)**

### Union's Final Offer

The Union's last best offer is to modify Article 21, Section 1(a) by changing the second sentence to read as follows:

“For callback employees shall receive a minimum of two (2) hours overtime pay, plus a full hour for each such excess hour or portion thereof over two hours.”

### Township's Final Offer

Maintain status quo and continue current contract language.

### Discussion

Granting this Union proposal would be inconsistent with the principle the panel has applied throughout this award.

### Finding

The panel adopts the Township's proposal.

## **Union Issue 8 - Annual/Comp Time Minimum Blocks (Non-Economic)**

### Union's Final Offer

The Union proposes to modify Article 25, Section 3 by changing “minimum of four (4) hour blocks” to “minimum of one (1) hour blocks.”

### Township's Final Offer

Maintain status quo and continue current contract language.

### Discussion

The panel fails to see how, except under extraordinary circumstances, it could cost the Employer anything to grant the Union's proposal.

### Finding

The panel adopts the Union's proposal.

### **Union Issue 9 - Optical Insurance (Economic)**

#### Union's Final Offer

The Union's last best offer is to modify Article 34, Section 8 to provide as follows, to be effective 90 days after issuance of the Award:

“The Township agrees to pay the full premium for optical insurance (provided by SVS vision) under plan “A” which includes a frame allowance of one hundred thirty (\$130) dollars, and a contact lens allowance of one hundred thirty (\$130) dollars; in addition contact lens exams and professional fees shall be covered in full under the comprehensive eye exam.”

#### Township's Final Offer

Maintain status quo and continue current contract language.

#### Discussion

Granting this Union proposal would be inconsistent with the principle the panel has applied throughout this award.

#### Finding

The panel adopts the Township's proposal.

### **Union Issue 10 - Employee Pension Contribution (Economic)**

#### Union's Final Offer

The Union's last best offer is to modify Article 37, Section 1(b) by deleting “There shall be no floor or ceiling for contribution rate” and replacing it with:

“Provided, however, the employee pension contribution shall in no event be greater than 9%.”

#### Township's Final Offer

Maintain status quo and continue current contract language.

Discussion

The panel finds no compelling reason to disturb the status quo.

Finding

The panel adopts the Township's proposal.

**Union Issue 11 - Pension Service Credit Purchase (Economic)**

Union's Final Offer

The Union proposes to add a new Section 7 to Article 37 providing as follows:

“Section 7. Service Credit Purchase

(a) Any employee may purchase up to three (3) years of service credit towards their retirement, which service credit shall apply for both pension formula and retirement eligibility purposes, but which shall not apply for purposes of vesting.

(b) Employees electing to purchase service credit shall pay for the full cost of the years purchased, as determined by the Pension Board's actuary. Employees may choose a pay plan up to 30 months in length from the date of election to pay in full the cost, provided however that the cost must be paid in full by the effective date of retirement.

(c) The employees electing to purchase must pay the full cost for the actuarial studies which will determine what the employee must pay, and by what dates, within the elected pay plan period (not to exceed 30 months). The actuary shall determine same on the basis of all costs associated with the purchase of years to be borne entirely by the individual employee, at no cost to the Township or to the pension system.

(d) Service credit may be purchased at any time during the employee's career. The election to purchase is non-revocable.”

Township's Final Offer

Maintain status quo and add no contract language on this issue.

Discussion

Because of the additional retiree health insurance cost incurred by a fire fighter who purchases service credits and retires early, this proposal is not revenue neutral. Consequently, it is inconsistent with the principle the panel has applied throughout this award.

Finding

The panel adopts the Township's proposal.

**Union Issue 14 – Water Calls (Non-Economic)**

Union's Final Offer

The Union proposes to add a new provision to the contract providing as follows:

“Effective immediately upon issuance of the Award, employees shall no longer be responsible for answering or responding to water calls, and water calls shall no longer be routed to the Fire Department.”

Township's Final Offer

Maintain status quo and add no contract language on this issue.

Discussion

In view of the significant changes in benefits imposed on the bargaining unit by this award, the importance the Union places on this issue, and the minimal cost to the Township of granting it, the panel finds that the Union's proposal should be adopted.

Finding

The panel adopts the Union proposal.

**Union Issue 15 – Phone Duties**

Union's Final Offer:

The Union proposes to add a new provision to the contract providing as follows:

“Effective upon issuance of the Award, employees shall no longer be responsible for answering the business phone lines at the fire stations after normal business hours, 1630 to 0800.”

Township's Final Offer:

Maintain status quo and add no contract language on this issue.

Discussion

The panel finds it entirely appropriate for the Employer to ask fire department employees to answer fire department phone calls.

Finding

The panel adopts the Township's position.

**Union Issue 17 - PA 152 - Reopener (Economic)**

Union's Final Offer

The Union's last best offer is to add a new Section 8 to Article 34 providing as follows:

“For any year that the Township does not opt out of PA 152, the Union shall have the right to re-open the contract for negotiations with respect to two issues: (1) the health insurance plan to be provided to the unit members; and (2) wages. The Union will provide a written notice at least 10 days in advance of the contract reopener.”

Township's Final Offer

Maintain status quo and add no contract language on this issue.

Discussion

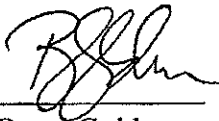


Of course, the parties are free to reopen negotiations on any subject if there is mutual agreement, but the panel views its responsibility as providing some degree of finality at the conclusion of the 312 process.

Finding

The panel adopts the Township's proposal.

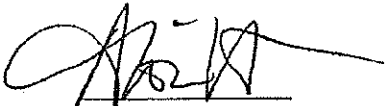
Respectfully submitted,



Barry Goldman  
Panel Chair



Dennis DuBay  
Affirming where the Employer prevails  
Dissenting where it does not



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