

**MICHIGAN DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
MICHIGAN EMPLOYMENT RELATIONS COMMISSION
BUREAU OF EMPLOYMENT RELATIONS**

PETITIONING PARTY:
Police Officers Association of Michigan

and

RESPONDING PARTY:
City of Coldwater

MERC CASE NO.: 20-B-0245-CB

RECEIVED
STATE OF MICHIGAN
Nov. 8, 2021
Employment Relations
Commission
Detroit Office

COMPULSORY ARBITRATION

Pursuant to Public Act 312 of 1969, as amended
[MCL 423.231, *et seq*]

Arbitration Panel

Chair: George T. Roumell, Jr.
Employer Delegate: Leigh Schultz
Union Delegate: Kevin Loftis

Advocates

Employer Advocate: Leigh Schultz and Barbara Moore, Attorneys
Union Advocate: Kevin Loftis

PETITION FILED: April 7, 2021
PANEL CHAIR APPOINTED: April 22, 2021
SCHEDULING CONFERENCE HELD: May 3, 2021
HEARING DATE(S) HELD: September 27, 2021
AWARD ISSUED: November 1, 2021

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WITNESS LIST

1. Keith Baker
2. Tom Eldridge
3. Al Brzys
4. Dave LaMontaine

1. INTRODUCTION AND BACKGROUND

The City of Coldwater is located on the eastern edge of southwest Michigan, having a population of around 13,000 inhabitants. The City has a Police Department consisting of 13 Police Officers and four supervisors. The supervisors are represented by the Police Officers Labor Council. The 13 Police Officers are represented by the Police Officers Association of Michigan. In addition, the City has Fire Fighters and other types of employees who are represented by the Fire Fighter Union or the Steelworkers.

The contract dispute before this Panel involves the 13 Police Officers Unit represented by the Police Officers Association of Michigan, whose previous four year contract with the City expired on June 30, 2020. The City and POAM engaged in bargaining for a successor contract. The parties exchanged a number of proposals, including the City's last best offer proposal on April 5, 2021 prior to the arbitration hearing. The parties engaged in mediation. Failing to reach agreement, POAM filed a Petition resulting in this arbitration.

2. STATUTORY CRITERIA

The key Section 9 criteria applicable to this dispute is the parties' bargaining history, the City's ability to pay, the external comparables and the internal comparables. Based on prudent

fiscal management, the City does have a satisfactory fund balance permitting the payment of economic increases that are reasonable, including pension contributions. As to comparables, which will be further discussed, the internal comparables based upon the City's last best offer are persuasive.

3. STIPULATIONS AND PRELIMINARY RULINGS

The City agreed that wages would be retroactive to July 1, 2020. The parties agreed that the contract would cover from July 1, 2020 through June 30, 2024. The parties agreed on the external comparables to be used, except the City did not agree to include Saline which POAM offered as a comparable. The Chairman gave consideration to Saline as a comparable.

4. COMPARABLES

The internal comparables are the Command Officers, the Fire Fighters, the Steelworkers and the Steelworkers Municipal Services Division.

Assuming a 3% wage increase the first year of the contract, Coldwater Officers at the top level would make \$60,844 annually as compared to the average among the comparables, without Saline, would be \$59,226. Thus, as will be noted in the discussion of the wage issue following the internal comparables would continue to keep Coldwater Police Officers comparable wage-wise with the external comparables.

5. ISSUES BEFORE THE PANEL

Issue No. 1 is wages, which is an economic issue. As noted, the City has agreed that wages should be retroactive to July 1, 2020. The City's last best offer is as follows:

WAGES - Article 8, Section 8.8 - Annual Salary Schedule:

7/1/20 - 6/30/21:	3%
7/1/21 - 6/30/22:	3%
7/1/22 - 6/30/23:	2%
7/1/23 - 6/30/24:	2%

POAM's last best offer agrees with a 3% increase for the year beginning July 1, 2020, 3% increase for the year beginning July 1, 2021. POAM's last best offer provides for a 3% increase beginning July 1, 2022 and a 3% increase beginning July 1, 2023.

The internal comparables are as follows:

COLDWATER POA
WAGE COMPARISON - INTERNAL COMPARABLES

	7-1-19	1-1-20	7-1-20	1-1-21	7-1-21	1-1-22	7-1-22	1-1-23	7-1-23
POLICE OFFICERS	2.00%		Expired						
COMMAND OFFICERS	2.00%		Expired						
FIRE FIGHTERS	2.00%		3.00%		Expired				
STEEL WORKERS	3.00%		3.00%		2.00%		2.00%		Expires
STEEL WORKERS - (Municipal Services Division)	3.00%		3.00%		2.00%		2.00%		Expires

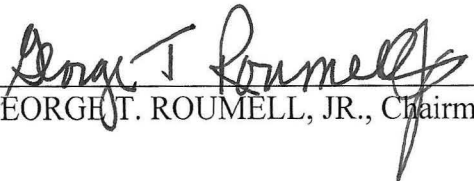
As noted, for a four year contract, the Steelworkers in two units received 3% for the first two years and then 2% for the last two years. This set the pattern for a four year contract internally within the City of Coldwater. Noting this internal pattern, then the question is, if the internal pattern is followed, how does this compare with the external comparables? As noted, the 3, 3, 2, 2 pattern will keep the Officers competitive with the external comparable.

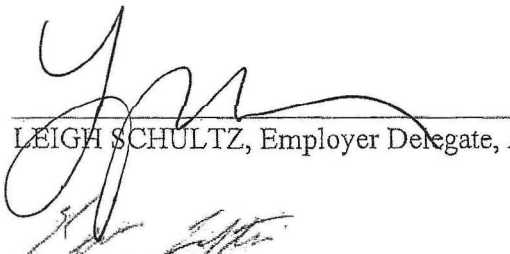
Based upon the above analysis, a majority of the Panel will opt to adopt the City's last best offer as to wages which are to be retroactive, namely:

WAGES - Article 8, Section 8.8 - Annual Salary Schedule:

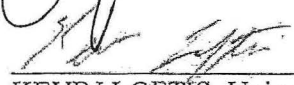
7/1/20 - 6/30/21: 3%
7/1/21 - 6/30/22: 3%
7/1/22 - 6/30/23: 2%
7/1/23 - 6/30/24: 2%

Panel member Kevin Loftis concurs in the granting of a 3% increase on July 1, 2020 and July 1, 2021 but dissents as to the majority's opinion concerning the raises for July 1, 2022 and July 1, 2023 as he believes in each of those years there should be a 3% increase.


GEORGE T. ROUMELL, JR., Chairman, Agreed



LEIGH SCHULTZ, Employer Delegate, Agreed



KEVIN LOFTIS, Union Delegate, Concurring in
part and dissenting in part

Issue No. 2

The second issue before the Panel is pensions, which is an economic issue. Currently, the Patrol Unit Officers hired before June 1, 1997 have a defined benefit plan with 13.65% contribution projected for 2022 by the City and 6% contribution by the Officer. For Officers hired after July 1, 1997, the Officers have a defined contribution plan with the City contributing 10% and the employee contributing 7.5%. The Police supervisors unit has the same plan as do the City's Fire Fighters. The Steelworkers units have the same plan except that the employee contribution is 5%.

The bargaining history reveals that the City's contribution rate to the Patrol Unit increased from 6% to 7.5% as of July 1, 2013 and from 7.5% to 10% as of July 1, 2016. This bargaining history reveals that in the last two bargaining cycles resulting in contracts, the parties have agreed to increase City contributions to the existing defined contribution plan.

The City's last best offer proposes that the Patrol Unit's pension be the Social Security system.

The external comparables do not support the Social Security position of the City as only one, Sturgis, seems to involve in part Social Security.

Likewise, the bargaining history with the Patrol Unit and other units within the City reveal since 1997 a pattern of bargaining defined contribution with the City and employee contributions as outlined above.

Against the above background, POAM objects to the adoption of a Social Security plan because such a plan would involve higher employee contribution. On the other hand, POAM's last best offer of the 6% increase in the City's contribution is objected to by the City as being too costly. Furthermore, the City notes that the highest increase in employer contribution was 2.5% in reaching the contract effective July 1, 2016. Point blank, the bargaining history between the parties does not support either last best offers, namely, adopting Social Security or increasing under a defined contribution plan the City's contribution by 6%.

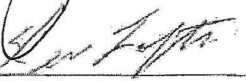
This conclusion leaves this Chairman in a dilemma with two unsupported last best offers. As a result, this Chairman persuaded POAM to amend its last best offer to provide for a 4% increase in the employer's contribution to the defined contribution plan which would be effective

the date of this Award. This Chairman, after analyzing the facts, accepts this 4% increase.

Therefore, the award of the Panel majority is that, effective the date of this Award, the City will commence contributing an additional 4% for a total of 14% to the defined contribution plan.


GEORGE T. ROUMELL, JR., Chairman, Agreed


LEIGH SCHULTZ, Employer Delegate, Dissenting


KEVIN LOFTIS, Union Delegate, Agreed

6. SUMMARY OF AWARD

Wages	7/1/20 - 6/30/21:	3%
	7/1/21 - 6/30/22:	3%
	7/1/22 - 6/30/23:	2%
	7/1/23 - 6/30/24:	2%
Pensions	Effective the date of this Award, the City will commence contributing an additional 4% for a total of 14% to the defined contribution plan covering the Patrol Unit.	