

274

Arb. 9/12/97

**STATE OF MICHIGAN**  
**EMPLOYMENT RELATIONS COMMISSION**  
**ACT 312 ARBITRATION**

IN THE MATTER OF THE ARBITRATION BETWEEN

THE POLICE OFFICERS LABOR COUNCIL,

Union,

and

THE CITY OF GRAND BLANC,

Employer.

Case No. L96 B2031

Grand Blanc, City of

**AWARD**

of the

**ACT 312 ARBITRATION PANEL**

**Appearances:**

**Panel:** Allen J. Kovinsky, Impartial Chairperson  
Randell Byrne, Employer Designee  
Raymond Wallace, Union Designee

**Employer:** David John Masud  
Masud Gilbert & Patterson, P.C.  
4449 Fashion Square Boulevard  
Saginaw, MI 48603-1242

**Union:** John A. Lyons, P.C.  
By Barton J. Vincent  
675 East Big Beaver, Suite 105  
Troy, MI 48063

STATE OF MICHIGAN  
EMPLOYMENT RELATIONS COMMISSION  
CLERK OF OFFICE

97 SEP 12 PM 12:27

APPROVED

## **TABLE OF CONTENTS**

I.	INTRODUCTION	1
II.	COMPARABLE COMMUNITIES	4
III.	UNION ISSUES	
	A. COMPENSATORY TIME	11
	B. SHIFT PREMIUM	13
	C. HOLIDAYS	16
	D. LONGEVITY	19
	E. DISABILITY INSURANCE	21
	F. RETIREMENT	30
	G. TUITION REIMBURSEMENT	32
	H. EQUIPMENT ALLOWANCE	34
	I. RANGE AND TRAINING OFFICERS	36
IV.	CITY ISSUES	
	A. HEALTH INSURANCE	39
	B. POST-RETIREMENT HEALTH CARE BENEFITS	42
V.	JOINT ISSUES	
	A. DURATION OF CONTRACT	45
	B. OTHER ISSUES	47
	C. WAGES	47
	D. OUT-OF-SCALE EMPLOYEES	57
	E. PERSONAL LEAVE DAYS	59
	(only as it was raised in City Wages; actually Personal Leave Days is a City Issue)	

## **I. INTRODUCTION**

This Act 312 Arbitration case involves the City of Grand Blanc and the Police Officers Labor Council on behalf of the police officers employed by the City of Grand Blanc. A prehearing conference was conducted on November 26, 1996. Hearings took place on April 21 and June 3, 1997. Executive meetings of the Panel took place on August 12, 1997 and September 12, 1997. Verbatim transcriptions were taken and supplied to the parties for the hearings of April 21, 1997 and June 3, 1997. The City of Grand Blanc and the Police Officers Labor Council are parties to a Collective Bargaining Agreement which was effective on June 1, 1993, and terminated on May 31, 1996, as extended, and seeks settlement of outstanding issues to complete a new Collective Bargaining Agreement.

The parties have stipulated that each issue to be decided by the Panel is an economic issue. Section 8 of the Act (MCLA 423.238) directs the Panel to "adopt the last offer of settlement" ("Last Best Offer" or "LBO"), which in the opinion of the Act 312 Panel more nearly complies with the applicable factors prescribed in Section 9. Section 9 provides:

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

- (a) the lawful authority of the Employer;*
- (b) stipulations of the parties;*
- (c) the interest and welfare of the public and the financial ability of the unit of government to meet those costs;*
- (d) comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours*

*and conditions of employment of other employees performing similar services and with other employees generally:*

- (i) in public employment in comparable communities*
- (ii) in private employment in comparable communities*

- (e) The average consumer prices for goods and services, commonly known as the cost of living;*
- (f) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other unexcused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received;*
- (g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings;*
- (h) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.*

Each of the factors set forth in Section 9 has been considered, whether directly referred to in this opinion or not, in the Award rendered upon each issue. It should be noted that there has been no issue raised with respect to the lawful authority of the Employer, nor would there seem to be any issue with respect to the lawful authority of the Employer, with respect to the issues determined by the Panel. In addition, there have been no comparables submitted with regard to private employers and, accordingly, that portion of Section 9 is not pertinent.

It should also be noted that with regard to the issue of the financial ability of the unit of government to meet the costs of the Collective Bargaining Agreement, the City has not raised an issue with respect to its ability to pay or inability to pay. The City has raised an issue with respect to the issue of financial responsibility which has been considered by the Panel with respect to its award on each of the issues hereinafter set forth.



It should be noted that the parties were unable to agree upon the length of the Collective Bargaining Agreement. The City wants an agreement extending over a period of four years, while the Union seeks a Collective Bargaining Agreement extending over a period of three years.

The parties have stipulated that they are waiving the six month statutory period for obtaining a determination based upon the various delays that were incurred with respect to setting a prehearing conference and the adjournment of the hearing dates, as well as extensions granted for the filing of either last best offers or briefs.

The parties also stipulated that they were submitting the matter to the Panel, based upon their exhibits, last best offers and briefs and, accordingly, neither the Union nor the City offered oral testimony. Union exhibits were received and marked *Union Exhibit 1(a)* through *Exhibit 1(p)*. City exhibits were received and marked *City Exhibit 1(a)* through *Exhibit 1(s)*, as well as *City Exhibit 2*.

The parties stipulated that the Segal Company correspondence (*Exhibit S*), as well as a new audit, reflected different actuary assumptions by the Segal Company with respect to the pension plan for the police officers.

In addition, the City offered certain stipulations which were agreed upon by the Union, including the fact that the parties had developed an extra contractual policy which was not reflected in the contract concerning the payment of overtime on a holiday (Article XVIII Section 7). The practice policy had been that any overtime worked on a holiday is paid at double the regular hourly rate for hours in excess of eight hours in a day or forty hours in a week. The first eight hours in the absence of exceeding forty hours in a week on a holiday are paid at time and one-half. In addition, a compensatory day is paid for working on a holiday.

The parties also stipulated that the City in selecting comparable communities utilized a 25 mile radius from the City of Grand Blanc.

The parties also stipulated that police dispatchers, who are represented in a separate unit by the same Union have accepted the Health-Plus I-K Plan.

The parties also stipulated that with respect to Article XVIII, Section 5, Sickness and Accident, and Article XVIII, Section 12, Sick Days, the proposal offered by the City to the police officers is exactly the same as is currently in place for the dispatchers and all other City employees. The parties also stipulated that with respect to Article XVIII, Section 14(b), the benefits offered to retired police officers is identical to the benefits provided all other City employees and that the police officers are the only City employees who receive a pension under the Michigan Municipal Employee Retirement System.

## **II. COMPARABLE COMMUNITIES**

The Union has proposed as comparable communities the cities of New Baltimore, Saline, South Lyon, Utica, and Walled Lake. The City has proposed as comparable communities the cities of Trenton, Howell, Lapeer, Swartz Creek, and Rochester. Both the Union and the City agree upon the City of Flushing as a comparable community. Accordingly, based upon the agreement of the parties, the Panel finds that the City of Flushing is a comparable community. With respect to the remaining communities, the Union, in support of its proposed comparable communities, examined the history of the bargaining unit and determined that there had been no interest arbitration decisions concerning comparability nor had the issue been addressed by the parties in the past. The Union then determined to examine communities within a 50-mile radius of the City of Grand Blanc which maintained a

population and state equalized value within forty percent, plus or minus, of that of the City of Grand Blanc. The Union maintains that the utilization of the 50-mile radius plus population and state equalized valuation represent widely recognized criteria in the determination of comparability and address major characteristics important in the selection of comparables. The Union eliminated any public safety departments from its consideration. Based upon its analysis and the criteria hereinabove set forth, it found that those communities which it proposed, namely Flushing, New Baltimore, Saline, South Lyon, Utica and Walled Lake, are in its opinion most nearly comparable to the City of Grand Blanc. The City has a population of approximately 7,760 with a state equalized valuation of real property in the sum of \$137,847,639. New Baltimore has a population of 5,798 with a state equalized valuation of \$122,261,190. Saline has a population of 6,660 with a state equalized valuation of \$175,974,500. South Lyon has a population of 5,857 with a state equalized valuation of \$147,046,754. Utica has a population of 5,081 with a state equalized valuation of \$101,320,353 and Walled Lake has a population of 6,278 with a state equalized valuation of \$137,434,200. Flushing, which has been agreed upon by both parties, has a population of 8,542 with a state equalized valuation of \$111,598,229.

The City selected its comparable cities by more narrowly defining the geographic radius by utilizing a 25-mile radius as opposed to a 50-mile radius from the City of Grand Blanc for its selection of comparable communities. Thus, the City proposed as comparables, in addition to the City of Flushing, the cities of Fenton, Howell, Lapeer, Rochester, and Swartz Creek. The City of Fenton has a population 8,444 with a state equalized valuation of \$146,529,850. The City of Flushing has a population of 9,223 with a state equalized valuation of \$111,952,500. The City of Howell has a population of 8,184 with a state equalized

valuation of \$135,239,700. The City of Lapeer has a population of 7,759 with a state equalized valuation of \$128,807,000. The City of Swartz Creek has a population of 4,851 with a state equalized valuation of \$86,778,500.

The City notes that, with the exception of the City of Flushing, the Union's comparable communities are located outside of the Flint metropolitan area and, in fact, are closer to the City of Detroit than they are to the City of Grand Blanc. Thus, the City argues that the Union has abandoned its first criteria for selecting comparables with respect to the importance of geographic proximity of its comparables to the target City of Grand Blanc. Accordingly, the City maintains that of all the comparables submitted, the Panel should rely most heavily on the comparable City of Flushing, which is both within a close geographic proximity to the City of Grand Blanc and has been urged as a comparable by both parties. The City notes that Flushing is also located within the Flint metropolitan area and within Genesee County. It is also only slightly larger in geographic size and population than the City of Grand Blanc. In addition, the City of Flushing is the closest to the City of Grand Blanc in total state equalized valuation. It should be noted that the City of Rochester, which has been proposed by the City of Grand Blanc as a comparable, has a population of 7,130 and a state equalized valuation of \$302,231,487.

It should further be noted that the state equalized valuation (SEV) hereinabove set forth, with the exception of the City of Rochester, was for residential property only. The City of Rochester has a residential SEV of \$167,683,290. In terms of the total SEV, the City of Fenton when combining residential with commercial, industrial, and personal property, has a total SEV of \$214,952,230. The City of Flushing has total of \$161,533,970. The City of Grand Blanc has a total of \$193,958,480. The City of Howell has a total of \$201,214,700.

The City of Lapeer has total of \$141,136,100. The City of New Baltimore has a total of \$138,341,585. The City of Rochester has a total of \$302,231,487. The City of Saline has a total of \$227,904,650. The City of South Lyon has a total of \$146,632,204. The City of Swartz Creek has a total of \$110,206,610. The City of Utica has a total of \$122,478,729 and the City of Walled Lake has a total SEV of \$131,266,850.

In terms of area, the City of Grand Blanc has approximately 3.7 square miles with the remaining cities having total square miles of a low of 1.9 in Utica to a high of 6.6 in the City of Fenton. The cities of Fenton, Flushing, Grand Blanc, and Swartz Creek are all located in Genesee County, with Howell being located in Livingston County, Lapeer being located in Lapeer County, New Baltimore and Utica are located in Macomb County, and Rochester, South Lyon and Walled Lake are in Oakland County, and Saline in Washtenaw County. The approximate distances from the City of Grand Blanc vary from a low of six miles with respect to the City of Fenton to a high of fifty-five miles with respect to the City of Saline.

In terms of total employees, the City of Grand Blanc has 37 employees with the low city being the cities of Swartz Creek and Utica each having 30 employees and the high being the City of Lapeer with 90 employees. In terms of the total number of full time sworn officers, the City of Grand Blanc has 18 with Swartz Creek having the lowest number of full time officers (7) and the cities of Howell and Saline having a high of 18 full-time officers. In terms of part-time officers, only four of the proposed comparables have part time officers and the City of Grand Blanc has none. In terms of a ratio of state equalized valuation to population, there is the sum of \$24,994 per person in Grand Blanc. The lowest ratio of SEV to population occurs in the City of South Lyon which has a ratio of \$18,786 per person to a high in the City of Rochester which has a total of \$42,388 per person. In terms of operating

millage, the City of Grand Blanc utilizes 9.95 mills; the lowest millage is assessed by the City of Swartz Creek at 4.8645 mills with the highest being the City of Howell at 16.5416 mills. In terms of ratio of population to operating mills, the City of Grand Blanc has approximately 780 people per mill with the lowest city having a total of 335 people per mill in the City of Utica and the highest having a total of 1,209 people per mill in the City of Flushing. In terms of general fund budget, the City of Grand Blanc had a budget of \$3,233,804 in 1996 with the lowest budget being the City of Swartz Creek - \$2,059,300 and the highest being the City of Saline - \$5,255,800.

The Police Department budget for the City of Grand Blanc is in the sum of \$1,223,135 for the 1996 fiscal year. The lowest Police Department budget is in the City of Swartz Creek with a total of \$407,250 and the highest being in the City of Rochester with a budget of \$1,469,030. In terms of the Police Department as a percentage of the general fund budget, the City of Grand Blanc utilizes 37.8% of its budget for its Police Department with the City of Swartz Creek being the lowest, utilizing 19.8% and the City of Fenton being the highest, utilizing 36.2%.

The City in support of its position further notes that, of the eighteen cities examined by the Union for the purpose of determining comparability, Saline is located in Washtenaw County - 55 miles from the City of Grand Blanc, which is beyond the distance that the Union allegedly utilized as its criteria (a 50 mile radius).

The Panel finds that, with respect to the population factors, all of the proposed communities are within a reasonable limitation and, accordingly, are comparable on that basis.

The Panel further finds that with regard to the geographic size of the communities all are within a reasonable comparable basis of that of the City of Grand Blanc. The Panel further

finds that comparable communities, be they in Genesee, Livingston, Lapeer, Macomb, Oakland, Washtenaw, or Wayne Counties, can be utilized if they are comparable on the other factors that are historically utilized to determine comparability, including being a reasonable distance from the City of Grand Blanc. Contrary to the position taken by the City, the Panel does not find that a distance of 55 miles is inappropriate. Accordingly, the Panel finds that all of the proposed comparable communities are within an appropriate distance from the City of Grand Blanc.

With respect to the total number of employees, all of the communities proposed are found to be comparable, with the exception of the City of Lapeer, which has approximately two and one-half times as many employees. However, it should be noted that the mere fact that a city is determined not to be comparable on one particular basis of comparison does not render it non-comparable for the overall issue of determining the comparability or lack thereof of a particular city. The Panel further finds that with respect to total full-time sworn officers, all of the communities are comparable with the exception of the City of Swartz Creek. In respect to total state equalized valuation, the Panel finds that all of the communities are comparable with the exception of the cities of Rochester, Swartz Creek, and Utica. With respect to the ratio of state equalized valuation to population, the Panel finds that all of the cities are comparable except with respect to the cities of Rochester and Saline.

With respect to operating millage, the Panel finds that all of the cities are comparable with the exception of the cities of Howell, Saline, Utica and Walled Lake. With respect to the issue of the ratio of population to operating millage, the Panel finds that all of the cities are comparable with the exception of the cities of Flushing, Howell, New Baltimore, Utica, and Walled Lake. With respect to the issue of comparability of the 1996 general fund budget, the

Panel finds that all of the cities are comparable with the exception of the cities of Saline and Swartz Creek. With respect to the 1996 Police Department budget, the Panel finds that all of the communities are comparable with the exception of the cities of New Baltimore and Swartz Creek. With respect to the percentage of general fund budget that the Police Department budget represents, the Panel finds that all of the cities are comparable, with the exception of the cities of Lapeer, New Baltimore, Saline, and Swartz Creek.

In analyzing the thirteen factors suggested by the City of Grand Blanc for the basis for determining comparability, the City of Fenton is comparable on all factors; the City of Flushing is comparable on all factors but one; the City of Howell is comparable on all factors with the exception of two; the City of Lapeer is comparable on all factors with the exception of two; the City of New Baltimore is comparable on all factors with the exception of three; the City of Rochester is comparable on all factors with the exception of two; the City of Saline is comparable on all factors with the exception of four; the City of South Lyon is comparable on all factors; the City of Swartz Creek is comparable on all factors with the exception of five. The City of Utica is comparable on all factors with the exception of three; and the City of Walled Lake is comparable on factors with the exception of two. Accordingly, none of the comparables proposed by either the Union or the City are not comparable on a majority of the factors utilized for the basis of analysis. Therefore, it is the finding of the Panel that each of the communities proposed by the Union and each of the communities proposed by the City are determined to be comparable, including the City of Flushing, which has been proposed by both the Union and City.

Union Panel Member Wallace dissents as to the Panel's findings  
with regard to the City proposed comparables.



City Panel Member Byrne, dissents as to the Panel's findings with regard to the Union proposed comparables.

### **III. UNION ISSUES**

#### **A. COMPENSATORY TIME – Article VIII, Section 6**

The Union in its last best offer seeks to modify the current Collective Bargaining Agreement language to read as follows:

*A compensation day is an additional paid day off which an employee receives for working a holiday. A compensation day must be used within six months from the date on which it is accrued, unless by mutual agreement between the police chief and the patrol officer an extension is granted. If it is not used in that time period due to the supervisor's denial of request, up to four (4) days can be reimbursed per year.*

*Overtime can be paid in compensation time, up to a maximum of six (6) days per year.*

*Each compensation day must be applied for, in writing, at least five (5) working days prior to the date it is intended to be used. The leave will be at the discretion of the chief of police or his designee.*

The City's Last Best Offer states: *"City disagrees with Union proposal and provides no counter-proposal."*

The City seeks to retain the status quo. The import of the Union's proposal is to increase the number of compensatory days from a current total of three to a proposed total of six. In addition, the Union proposes a procedural change whereby an officer has to submit a request to the Chief of Police three working days prior to the date that he/she intends to use a compensatory day. In support of its proposal, the Union points out that its comparable communities all allow compensatory time with the exception of the City of New Baltimore. In the case of the City of Flushing and the City of Saline, there is no maximum, while the City of

South Lyon allows 96 hours, the City of Utica allows 75 hours, the City of Walled Lake allows 120 hours. The Union notes that in the case of the City of Flushing, there is an 80 hour maximum which is not enforced and in the case of the City of Utica, anything above 75 hours is paid in cash.

In support of its proposal to maintain the status quo, the City notes that it currently provides up to three days of compensatory time off work per year to officers who have worked overtime and who would prefer to receive time off in lieu of the overtime pay. The City notes that the Union also is attempting to lengthen the notice period an officer must adhere to for scheduling compensatory days from three to five days. The City further notes that the cities of Fenton, Flushing, Howell, Lapeer, New Baltimore, and Rochester do not provide for compensatory time, while according to the City, the City of Saline allows compensatory time to be accumulated consistent with the terms of the Fair Labor Standards Act and it must be accrued and used prior to the use of vacation time. The City notes that the City of South Lyon allows the accrual of compensatory time up to two 8-hour shifts in any period up to a maximum of 96 hours. It notes that the City of Swartz Creek does not allow compensatory time and agrees with the Union position with regard to the cities of Utica and Walled Lake.

A review of the Collective Bargaining Agreement indicates that the Union has not attempted to extend the notification period, contrary to the assertions of the City in its Brief. The current Collective Bargaining Agreement requires that the time off be applied for in writing at least five working days prior to the date it is intended to be used. The Union has not sought to increase the five days, although the City in its Brief alleged that the Union was seeking to lengthen the notification period from three days to five days. Accordingly, the

allegations of the City with respect to the lengthening of the notification period is hereby rejected.

The comparable communities certainly favor the position of the City. The overwhelming of the comparable communities do not provide for compensatory time. However, the City did not demonstrate or attempt to demonstrate in its exhibits how or why the allowance of additional compensatory time would adversely affect the City as opposed to paying the overtime hours at overtime rates of pay. Nevertheless, utilizing the statutory factors set forth in Section 9 of the Act, it is clear that a comparison of this benefit in public employment in comparable communities must be the overriding factor utilized, since the other factors set forth are not really relevant with respect to this benefit. Accordingly, the Panel finds that the Last Best Offer of the City most nearly meets the statutory criteria and, therefore, the City's Last Best Offer on this issue is hereby accepted.

Panel Member Wallace dissents.  
Panel Member Byrne concurs.

## **B. SHIFT PREMIUM**

The Union in its Last Best Offer requested that Article VIII, Section 9, be modified to read as follows:

*Employees will be paid a shift premium appropriate to the shift work. If overlapping shifts are worked, the employee will be paid the shift premium applicable to the hours in each shift. Effective the date of the Act 312 Award, the shift premium shall be as follows:*

- (a) First Shift: 0000-0800 \$1.50 per hour
- (b) Second Shift: 0800-01600 \$0.00
- (c) Third Shift: 1600-2400 \$1.00 per hour

The City's Last Best Offer is to eliminate the shift premium and include the value of the benefit (\$866.53) into each officer's base rate. The basis for the calculation is as follows:

First Shift:	0000-0800	\$ 0.75 per hour
Second Shift:	0800-1600	\$ 0.00
Third Shift:	1600-2400	<u>\$ 0.50 per hour</u>

$$\text{\$ 1.25 per hour} = \text{\$.404166} \times 2,080 \text{ hrs} = \text{\$866.53}$$

The current shift premium in Article VIII, Section 9, of the Collective Bargaining Agreement requires a payment of a premium of \$.75 per hour on the midnight shift and \$.50 per hour on the afternoon shift with no premium being paid on the morning shift, pursuant to the hours hereinabove set forth. The two parties have proposed radically different changes in the shift premium. The Union seeks to double the current premiums on the afternoon and midnight shifts. The Employer seeks to eliminate the shift premium in its entirety and roll the average value of the shift premium into each officer's base rate. The Union in support of its position notes that only New Baltimore has a shift premium that requires a payment of \$.50 per hour for the midnight shift. However, the Union requests the increase in the shift premium in order to help compensate for the low salary its members receive.

The Employer maintains that the Union's proposal should be rejected not only because it seeks to dramatically increase the current economic benefit by doubling the current shift premiums, but also because of the lack of comparability. Contrary to the Union's position in its Brief, the Employer notes that three of the comparable communities (Fenton, Lapeer, and New Baltimore) provide a shift premium. It further notes that of that group only New Baltimore recognizes shift premiums as such. Only one of the cities (Fenton) pays rates comparable to Grand Blanc and those payments are only comparable with respect to the current shift premiums, not the Union's Last Best Offer. The City notes that Fenton pays five percent of an officer's regular hourly wage for hours worked on second and third shifts, while Lapeer pays shift premiums of \$.20 and \$.25 per hour for the second and third shifts and New

Baltimore only pays a \$.50 premium per hour for the midnight shift. The City notes that the City of Flushing, which the City alleges is most comparable to itself, pays no shift premiums. Accordingly, the City notes that the Union's Last Best Offer is not supported by any of the statutory criteria and in particular the comparable municipal entities.

The City notes that, while it proposes to eliminate the shift premium, it is only eliminating it as a separate item in the Collective Bargaining Agreement, and it seeks to incorporate the average shift premium paid in its wage proposal by rolling over the average annual shift premium into the base wage of each officer. The City notes that once rolled in, the amount increases the overall compensation of each officer each year that the officer experiences a wage percentage increase. Thus, the City alleges that its proposal does not cost the officer an economic benefit, but rather the officer gains a benefit. It notes that by the elimination of shift premiums and the rollover of shift premiums into the base rate its proposal is nearly comparable to the majority of cities since they pay no shift premiums whatsoever.

The issue of shift premiums based upon the proposals of the parties presents a difficult issue. On the one hand, clearly, there is nothing to justify the Union's proposal to double the amount of shift premiums. On the other hand, the Union has strongly contested the employer's proposal that shift premiums be eliminated and rolled into wages. However, the Panel does not have the choice of rejecting both Last Best Offers and maintaining the status quo. It must accept the Last Best Offer which more nearly complies with the applicable factors prescribed in Section 9 of the Act (see Section 8 of the Act).

Thus, the Panel is faced with the choice of either accepting a substantial increase in the shift premium which is not supported by any of the exhibits or eliminating shift premiums and incorporating them into the base wages, contrary to the wishes of the police officers unit.

Neither side has presented a Last Best Offer for the maintenance of the status quo. Accordingly, based upon the lack of comparable support for the Union and the fact that the police officers will not be losing the shift premium but rather will have it incorporated into their based wages, although, it is recognized that based upon the right of selection some officers will be receiving monies that they would not have otherwise received while other officers will in effect be receiving a decrease in the amount of annual shift premium they would have otherwise received, the Panel reluctantly concludes that the Last Best Offer of the City more nearly meets the statutory criteria and, accordingly, shall be set forth in the new Collective Bargaining Agreement.

Panel Member Wallace dissents.  
Panel Member Byrne concurs.

**C. HOLIDAYS - Article XVIII Section 7**

The Union, in its Last Best Offer, requests that two additional paid holidays be added to the current list of holidays in Article XVIII, Section 7. Currently, Article XVIII, Section 7, provides for ten paid holidays plus the employee's birthday. The Union seeks to add Easter Sunday and Martin Luther King's birthday. In addition, the Union has requested that additional language be added to the holiday provision which would provide:

*Employees shall receive double time plus a compensatory day if an employee is scheduled to work on a holiday on an overtime basis and/or if the employee works a second shift on the holiday.*

The Employer offers in its Last Best Offer one additional paid holiday (Martin Luther King's birthday) for a total of twelve paid holidays (eleven recognized holidays plus one birthday).

The Union in support of its position notes that, with respect to its proposed language change, it is simply memorializing the current practice of double time plus a compensatory day if an employee is scheduled to work on a holiday on an overtime basis and/or if the employee works a second shift on the holiday.

In support of two additional holidays as opposed to the employer's offer of one additional holiday, the Union notes that the cities of Flushing and Utica have Easter Sunday as a holiday. Moreover, all of the comparables, except the cities of Flushing and Walled Lake have Martin Luther King's birthday. Utica and Walled Lake have a total of fourteen holidays.

In support of its language change, the Union notes that the City of Flushing receives double time and a half plus a compensatory day while the city of New Baltimore receives double time plus a lump sum payment. Moreover, if an employee works overtime on a holiday, the employee receives double time and one half times the rate of pay plus a lump sum. Utica receives double time plus a lump sum and Walled Lake receives double time plus a compensatory day.

The City in support of its position states that it currently provides ten paid holidays to its officers. The City also treats each officer's birthday as a holiday for that particular officer pursuant to Article XVIII, Section 8 of the Agreement. Thus, the City alleges that officers currently enjoy eleven paid holidays. The City is willing to add one additional day to the current list of paid holidays and has proposed recognizing Martin Luther King Day as the additional holiday. The Employer also notes the Union has proposed that the current practice of the parties whereby officers are paid double time for overtime work performed on a holiday be modified so that officers would receive double time and an additional compensatory day off for any overtime or second shift work performed on a holiday.

The Employer alleges that the Union's proposal does not favorably compare with the holiday practices of the comparable communities while the City's proposal does compare favorably. The Employer notes that the Union's own exhibit indicates the average number of paid holidays in the Union's proposed comparable cities to be twelve. Only two of the Union's proposed comparables recognize Easter Sunday as a paid holiday.

The City notes that the Union's proposal to modify the current payment of overtime for work on a holiday again fails to compare favorably with the Union's own comparable communities. The Union seeks not only double time for working overtime on the holiday, but also by virtue of an officer working a second shift on the holiday. In addition, the Union seeks an additional compensatory day for having an officer work any amount of overtime hours during a holiday or for working any amount of second shift hours during the holiday. The Employer notes that the proposal is excessive and unreasonable on its face and that such a practice is not currently in effect for any of the comparable communities offered by the Union.

The Panel finds utilizing the statutory criteria that the number of paid holidays to be incorporated into the new Collective Bargaining Agreement should be a total of eleven plus the employee's birthday. Thus, the new Collective Bargaining Agreement should include the current holidays plus Martin Luther King's birthday plus the employee's birthday as currently set forth in Article XVIII, Section 8. None of the Union comparables would support the addition of two paid holidays as alleged by the Union if taken on an average basis or a comparable basis of the total number of cities offering twelve or more holidays as opposed to those which offer eleven or less holidays.

With respect to the calculation of the holiday payment, the Union's comparables indicate that four of its cities only pay time and a half plus regular pay. Flushing pays double



time and a half plus a compensatory day and New Baltimore pays double time plus a lump sum. Three of the communities pay the same for overtime on a holiday while New Baltimore pays double time and one-half and a lump sum, Utica pays double time and a lump sum, and Walled Lake pays double time and a compensatory day. Grand Blanc's current practice is to pay time and one-half plus a compensatory day plus double time and one-half and a compensatory day for overtime worked on a holiday.

Based upon the comparable communities cited by both the City and the Union, the Panel cannot find that the current City practice of holiday payment should be altered. Accordingly, the Panel accepts the Last Best Offer of the City with respect to both the number of paid holidays and the manner of payment.

Panel Member Wallace dissents.  
Panel Member Byrne concurs.

**D. LONGEVITY – Article XVIII, Section 4**

Article XVIII, Section 4, of the Collective Bargaining Agreement provides for longevity payments at various steps beginning at \$500 per year for an employee with four years of seniority and increasing in \$250 increments to \$1,750 per year for an employee with twenty-five years of service. The Union in its Last Best Offer proposes to increase each step of the longevity scale by the sum of \$500 from a low of \$1,000 to a high of \$2,250.

The City in its Last Best Offer requests that the status quo be maintained.

According to the Union exhibits utilizing the cities proposed by the Union, the average longevity payments for 5-, 10-, 15-, 20- and 25-year employees equal \$673, \$1,122, \$1,421, \$1,756 and \$1,916, respectively. The City of Grand Blanc pays \$173, \$122, \$171, \$206, and \$166, less for each of those steps. The Union alleges that its proposal more fully complies

with the statutory criteria. The Union notes that its proposal is modest in that it would not have a severe impact upon the City finances.

The City on the other hand argues that the proposal of the Union amounts to an enormous wage increase which the officers will already realize as part of the City's wage proposal. In response to the Union's analysis of its comparable cities, Grand Blanc indicates that its own comparables indicate that two cities do not provide any longevity bonuses whatsoever, Fenton provides a longevity bonus at a rate far below the average indicated in the Union's exhibit. Thus, the City alleges that the Union's analysis and averaging of the figures results in an inaccurate exhibit which is heavily skewed to the Union's favor. The City also notes that the Union proposal would amount to a 100% increase for officers with five years of service, but only a 28% increase for officers with twenty-five years of service. Thus, the City alleges that the Union proposal rather than rewarding longevity takes on the appearance of nothing more than an attempted raid on the bank.

A review of the exhibits indicate that the City of Fenton pays from two to six days per year based upon length of service; the City of Flushing pays one day for each year of employment up to a maximum of fifteen days; Howell and Lapeer pay no longevity; New Baltimore pays \$400 after five years and \$600 after ten years; Rochester pays \$636 after five years, \$1,272 after ten years and \$1,908 after fifteen years; Saline pays at four different steps with amounts ranging from \$485 to \$1,950 after eighteen years; South Lyon pays at four different steps beginning with five years \$400 to a high of \$800 after twenty years; Swartz Creek pays 2% to 6% of wages based upon four different levels with the 6% occurring with fourteen or more years of service; Utica pays from 2% to 10% for five different steps from five to twenty-five years; and Walled Lake has two different longevity payments for employees

hired before and after September 1, 1994, from 3% to 5% based upon different levels of years of service with the 5% topping out for all employees with fifteen or more years of service.

Using the July 1 base wages in comparable communities, it would appear that in the City of Swartz Creek employees with fourteen or more years of service receive over \$2,000 per year in longevity, employees in Utica receive over \$4,000 per year in longevity with twenty-five years of service and over \$3,200 per year with twenty years of service and over \$2,400 per year with fifteen years of service. Employees in Walled Lake receive over \$2,100 per year with fifteen years of service and over \$1,680 per year with ten years of service. Employees in Flushing would appear to receive approximately \$2,100 per year with fifteen years of service.

Utilizing the statutory criteria and the comparable factors in both the cities offered by the Union and by the City of Grand Blanc, it would appear that a majority of the cities do indeed provide greater longevity benefits than does the City of Grand Blanc. Accordingly, the Union's Last Best Offer is hereby accepted by the Panel and shall be incorporated into the Collective Bargaining Agreement providing for an increase in each step on the longevity scale of \$500 per step.

Panel Member Wallace concurs.  
Panel Member Byrne dissents.

**E.     DISABILITY INSURANCE – Article XVIII, Sections 12 and 5**

The Union requests that Article XVIII, Section 12, be modified to read as follows:

*After one year of employment, full-time employees earn one (1) day of sick leave per month. Sick days are to be used only for actual illness. Sick days may be accumulated to a maximum of one hundred twenty (120) days.*

*At retirement, the City will redeem one hundred percent (100%) of the unused sick days, up to one hundred twenty (120) days, at his/her current wage rate.*

The City's Last Best Offer on sick days is:

*After one (1) year of employment, full-time employees earn one (1) day of sick leave per month. Sick days are to be used only for actual illness. Sick days may be accumulated up to a maximum of forty (40) days. After reaching the 40-cap, employees may continue to accumulate one day per month through the calendar year. In January, after the year has been closed, twenty-five percent (25%) of these accrued days will be paid.*

*Employees who have currently accumulated over forty (40) sick days will be paid for these sick days at fifty percent (50%) of the current value on December 1, 1997. At retirement as defined in Article XVIII, the City will pay fifty percent (50%) of accumulated, but unused sick days, up to a maximum of twenty (20) days.*

In addition, the City has proposed to modify Article XVIII, Section 5, as hereinafter set forth:

Section 5. Disability Insurance. *The City provides a short-term disability insurance program that begins after the eighth (8th) day of sickness or injury. The program will pay sixty percent (60%) of salary, up to \$850 per week for the duration of twenty-six (26) weeks, for sickness or injury not incurred on the job. The City will provide a long-term disability insurance program to begin after twenty-six (26) weeks of short-term disability has been exhausted. The long-term disability benefit will pay sixty percent (60%) of an employee's pre-disability income, up to a maximum of \$3,500 per month.*

The Union has proposed no change in Article XVIII, Section 5.

The current language of Article XVIII, Section 12, provides that after one year of employment full-time employees earn one day of sick leave per month which may be accumulated to a maximum of 120 days and upon retirement will be redeemed at 50% of the unused sick leave days up to 120 days at the employee's then current wage rate. Section 5 provides for a short-term disability insurance program beginning after the eighth day of sickness or injury which pays \$250 a week for 26 weeks for a sickness or injury not incurred

on the job. Disability will be determined and monitored by a physician. The City also provides a long-term disability insurance program beginning after the 26 weeks of short-term disability has been exhausted which currently pays 60% of an employee's pre-disability income up to a maximum of \$3,500 per month.

The main thrust of the Union proposal with respect to Article XVIII, Section 12, is to increase the redemption and retirement to 100% of the unused sick days up to a maximum of 120 days. Currently, the language provides for a redemption of 50% of the unused sick days up to 120 days. The language frankly is somewhat confusing since the first paragraph of Article XVIII, Section 12, only allows for an accumulation to a maximum of 120 days. Thus, the second paragraph of Article XVIII, Section 12, obviously refers to a 50% of the unused sick leave days based upon a maximum of 120 days or a maximum payment of 60 days as opposed to 50% of unused sick days up to a maximum payment of 120 days which would envision an accumulation of 240 days which obviously is not allowed by virtue of the provisions of the first paragraph of Article XVIII, Section 12.

The City on the other hand is proposing a rather significant change in the provisions of Article XVIII, Section 12, by limiting the maximum accumulation to forty days. This would result in a reduction in the maximum accumulation of approximately two-thirds. The City would then allow the employees to accumulate one day per month for the remainder of the calendar year and pay off the excess days at the rate of 25% annually. Thus, employees who have forty days in the bank and accumulate twelve additional days would receive three days of additional pay. In addition, the Employer would pay employees who have more than forty days accumulated in their bank at the rate of 50% of the current value for the excess days, and

finally the Employer would pay 50% of any accumulated sick leave at retirement up to a maximum of twenty days of pay.

The contract currently does not specify what happens to any additional days which are accumulated over 120 days. The Union views its proposal as encouraging members of the bargaining unit to accumulate their sick leave since they will be rewarded at the end of their career by receiving a 100% payment of their unused sick leave days up to a maximum of 120 days of pay at their then current rate of pay. The Union sets forth that its comparable communities provide for at least 100 days of accumulation. The Union requests to maintain the 120 day cap and, therefore, is in line with the comparable communities and three of the Union comparable communities provide for an annual pay-out of 50% of the excess sick leave days. The Union notes that the City is only proposing to pay 25% of days accrued over the cap which results in a significant reduction in the benefits. The City has not set forth any reasons of a financial nature which would justify the reduction in the annual pay-out. In addition, the Union maintains that a twenty day maximum pay-out for sick days at retirement is also well below what comparable communities pay their officers at retirement, thus, again providing a significant reduction in a benefit that the officers already enjoy. The Union notes that the City's comparables do not support the City's sick leave proposals. The City of Fenton has unlimited accumulation of sick leave days while Flushing has a maximum accumulation of 120 days and Lapeer is capped at 160 days.

The City in support of its Last Best Offer states the Union seeks to increase the current percentage at buy-back of sick days at an officer's retirement from 50% of unused sick days to 100% of unused sick days while the City is proposing to make certain beneficial increases to its short-term disability insurance package for police officers and to make corresponding and

appropriate reductions in the accumulation of sick days. The City notes that currently its disability program under Article XVIII, Section 5, only provides a straight payment of \$250 per week to officers who are off work for more than one week because of sickness or injury. The City is proposing to increase the benefit to 60% of an officer's base salary up to a maximum of \$850 per week. Thus, the City notes that even the lowest paid officer on the force would realize a substantial increased benefit in the event of short-term sickness or accident. However, as a counter-balance to the increased economic benefit, the City proposes to reduce the number of sick days an officer may ordinarily accumulate from 120 days to 40 days and then to allow accumulation over and above the 40-day amount at the rate of one day per month through the calendar year at which time the excess of over forty days would be paid off at the rate of 25%. The City would continue to pay 50% of accumulated sick days at retirement, but the capped amount would be reduced from 50% of 120 days to 50% of 40 days. In addition, the City would immediately pay officers who have accumulated more than 40 days of sick leave of their excess days at the rate of 50% of the excess days over and above the capped 40 days proposed by the City.

The City alleges that its proposal is sounder and provides a beneficial sickness and accident policy to all of its officers. Further, by increasing the insurance coverage payment amounts available to officers and reducing the number of accumulated sick days, the City is in effect simply eliminating what would currently appear to be a system of double coverage for short-term illnesses and accidents. The City alleges that the increased insurance package would adequately pay officers while off work; thus, the need for a high accumulation of sick days to cover such extended absences does not exist. It notes that forty accumulated days would be more than adequate to cover absences of seven days or less for which no insurance

coverage would be available. In addition, the City notes that there is no real cost to employees as a result of having fewer sick days to accumulate because of the City's proposed increased benefits to the insurance policy. Furthermore, the City notes that only five officers have accumulated more than forty days and each of them would be paid for each excess day at the rate of fifty percent of its current value. The same would occur at retirement with respect to the capped forty days.

The City admits that there is a wide variation in short-term disability policies in the number of sick days which may be accumulated including how officers will be paid for such accumulations if not used. The City maintains that since there is not a clear pattern, the applicability of external comparisons is diminished. However, the City notes that internal comparables in this case provide a clear indication that the City's proposal should be selected since at the hearing the parties stipulated that all City employees, including dispatchers represented by the Union, have accepted or are currently being provided identical benefits to the City's current proposal to the Union for police officers. Thus, the City maintains that selecting its proposal will bring the officers into harmony with other employees of the City and will help streamline the City's handling of such matters.

A review of the exhibits indicates that the City of Fenton allows unlimited accumulation of sick leave days at one day per month; the City of Flushing allows one day per month to a maximum of 120 days, the City of Howell does not provide a sick day accumulation; the City of Lapeer provides one work day for each completed year of service up to thirteen annual sick days with current employees sick days capped at 160 days; the City of New Baltimore provides ten sick days each calendar year with a fifty percent pay-out at the end of the calendar year; the City of Rochester provides a sick leave day for each month of



service with a cap of fifty days with hours in excess of 400 being paid at the rate of 75% at the end of each year; the City of Saline provides one day for each month of service to a maximum of 150 days; the City of South Lyon provides seven days per year in addition to sickness and accident coverage, but the days are not accumulative; the City of Swartz Creek allows 96 hours during a calendar year at the rate of eight hours per month with unused days paid at 100% in the first pay of the next calendar year for an amount not to exceed 72 hours; the City of Utica allows unlimited accumulation at eight hours per month; and the City of Walled Lake allows one day per month for a total not to exceed seventy days.

With respect to a short-term disability benefit, the City of Fenton provides none; the City of Flushing provides 100% of regular week to week net pay for a period not to exceed fifty-two weeks after the employee has utilized fifteen accumulated leave days, the City of Howell provides 60% of base wage, first day hospitalization eighth day, sickness for up to twenty-four weeks; the City of Lapeer provides leaves of absence without pay for up to one year; the City of New Baltimore provides 70% of salary to a maximum benefit of \$400 per week for up to twenty-six weeks; the City of Rochester provides weekly benefits of two-thirds of forty hours of pay to a maximum of \$500 per week for fifty-two weeks after the first thirty days of illness; the City of Saline provides no short-term disability insurance; the City of South Lyon provides for twenty-six weeks of coverage based upon the employee's average net pay for straight time work based on the first day of an accident or the seventh day of illness; the City of Swartz Creek provides 60% of gross biweekly salary not to exceed \$800 in any biweekly period beginning on the eighth day of illness for up to twenty-six weeks; the City of Utica provides 75% of gross pay for fifty-two weeks; and the City of Walled Lake provides 70% of weekly earnings to a maximum of \$150 per week for thirteen weeks.

With respect to the provision in the last two sentences of Article XVIII, Section 5 for long-term disability, neither party proposed a change and, accordingly, that language will be carried over into the Collective Bargaining Agreement. With respect to the first two sentences of Article XVIII, Section 5, there has been no proposed change in the first sentence, but the City proposes to increase the short-term disability insurance payment from \$250 per week to sixty percent of salary up to \$850 per week. The duration would remain twenty-six weeks. It is the understanding of the Panel that the City has coupled its proposed increase in the short-term disability insurance coverage with its proposals regarding sick leave day accumulation and payoffs. Accordingly, the City would not offer the increase in the short-term disability coverage unless it obtains a reduction in the number of accumulated sick leave days from 120 to 40 days, while paying the excess days at 25% in each calendar year and paying those employees who have currently accumulated over 40 sick leave days 50% of those days after December 1, 1997, and obtaining its language with regard to employees who retire which would provide for the 50% of any accumulated but unused sick leave days up to a maximum of 20 days of payment.

The Union, on the other hand, has made no proposal beyond status quo with regard to the short-term disability insurance program, but it has sought to change the current language of Article XVIII, Section 12, in order to allow 100% payoff of unused sick leave days up to a maximum of 120 days at retirement while maintaining the one day per month with a maximum of 120-day accumulation which represents the current sick leave policy.

The Employer has correctly perceived that the comparable communities have a variety of sick leave programs and short-term disability insurance programs. The Panel believes that the internal comparables more than nearly reflect the appropriate statutory criteria for

determining the Last Best Offers of the parties. In the long run, although the employees will be giving up the ability to accumulate 120 sick days versus 40 days, they will receive, according to the City, better coverage than they currently have. According to the City proposal, an employee would only have to use in a calendar week five sick leave days before the employee becomes eligible for short-term disability insurance coverage which would provide the employee with sixty percent of his/her salary up to \$850 per week for the first twenty-six weeks of illness and then if the employee continues to be disabled an additional sixty percent of the employee's salary up to a maximum of \$3,500 per month for twenty-six additional weeks. The trade-off in the benefits is that employees are not allowed to accumulate as many sick leave days which in terms of actual illnesses would not constitute a reduction in benefits. However, the lesser accumulation would impact the employee at retirement since an employee who is able to save the maximum number of sick leave days under the current versus the proposed plan would receive sixty days of pay as opposed to twenty days of pay.

In the long run, the Panel is of the opinion that the City proposal, based upon the internal comparables (all other City employees including the dispatchers receive the sick leave, short-term and long-term disability insurance) proposed by the City, more nearly meets the statutory criteria than the proposal of the Union. Accordingly, the Last Best Offer of the City is hereby accepted by the Panel and shall be incorporated into the new Collective Bargaining Agreement.

Panel Member Wallace dissents.  
Panel Member Byrne concurs

**F. RETIREMENT – Article XVIII, Section 14**

Both sides in their Last Best Offers have proposed to retain the current retirement benefit plan under the Michigan Municipal Employees Retirement System insofar as the B4-F55 plan is concerned. In addition, the plan provides for full benefit eligibility at age fifty-five with twenty-five years of service with the final average compensation being the annual average of the best five of the last ten years wages. However, the Union proposes in addition to the current plan to add the E2 post-retirement escalator which allows for a 2.5% annual non-compounded increase in the retirement benefit. In addition, the Union proposes to increase the City contribution rate for the plan from its current 10.5% to 11.5% of the bargaining unit member's gross pay per year and, if the contribution exceeds 11.5%, the Union proposes that members shall become responsible for contributions in excess of 11.5% and up to a maximum of 5% of gross pay for a combined contribution rate of 16.5% and, if the required contribution exceeds 16.5%, the contribution in excess of that combined amount shall be divided equally between the City and the individual member. Further, both parties maintain that Article XVIII, Section 14A(4) shall remain the same.

The City in its Last Best Offer proposes to increase the Employer contribution cap in Article XVIII, Section 14(A)(1) of the Collective Bargaining Agreement from 10.5% to 11.5%. However, it does not propose to change paragraphs 2 or 3; thus, the Union and the City proposals would appear to be the same with respect to the one percent increase in paragraph 1 which would carry over to paragraphs 2 and 3, changing the amounts in those paragraphs from 10.5% and 15.5% in paragraph 2 to 11.5% and 16.5% and changing the percentage in paragraph 3 to 16.5%. Since, the parties have agreed on the changes in paragraphs 1, 2 and 3, those changes are considered by the Panel to have been stipulated to

between the parties and the changes shall take place in the Collective Bargaining Agreement, changing the Employer's percentage of contribution in paragraph 1 to 11.5% and the Employer's contribution in paragraph 2 to 11.5%, with the employees paying the next 5% for a total of 16.5%. The change in paragraph 3 would merely be to increase the percentage to 16.5%. Those changes, having been stipulated to by the parties are so ordered by the Panel.

Panel Member Wallace concurs.

Panel Member Byrne concurs.

Thus, the only issue between the parties is with respect to the Union's position that the E-2 post-retirement escalator be added as an additional benefit. The Union in support of its position claims that the benefit would not result in additional cost to the City, but would enhance the member's pension. The Union also notes that the City of Flushing has the post retirement escalator. The Union provides no other explanation as to why the City would not incur additional costs. The arbitration Panel has taken note of the fact that, in a booklet provided by the Michigan Municipal Employees Retirement System, there is an estimated cost for the addition of an E-2 escalator. Only one of the Union's comparables has a post-retirement escalator. Insofar as the City comparables are concerned, none have the E-2 escalator.

The City in opposition to the Union proposal states that it has had its unfunded vested liability portion of the MERS Defined Benefit Plan dramatically increased over the years. On December 31, 1994, the Plan had a surplus of \$9,235, whereas the Plan now has an unfunded pension obligation of \$156,603, as of December 31, 1995. The City further notes that the current retirement package became effective only three years ago and that the City is voluntarily agreeing to increase its percentage of contribution from 10.5% to 11.5%. The

City notes that only the police officers in the City of Grand Blanc are members of the MERS Defined Benefit Plan and, accordingly, there are no internal comparables by which the Union might support its assertion that it is appropriate to add the E-2 post-retirement escalator to the retirement benefits of the police officers. The City believes that the addition of the post-retirement escalator sought by the Union would place upon the City an unreasonable and unwarranted economic burden.

The Panel notes that the oldest officer in the bargaining unit is 48 years of age with nineteen years and nine months of service. There would be no officers who would be eligible to retire within the term of the new Collective Bargaining Agreement, since none of them will have 25 years of service nor will any of them be 55 years of age. Since there is no officer who would be in a position to benefit from the Union proposal with regard to the addition of the E-2 escalator and since it would become an immediate obligation of the City to be funded on an annual basis in anticipation of future retirees, it would not appear to be reasonable to saddle the City with that obligation at this time. Accordingly, the Union's proposal with regard to the addition of the E-2 escalator is hereby rejected and the Last Best Offer of the City with regard to the retention of the status quo (no E-2 escalator) is hereby accepted.

Panel Member Byrne concurs.  
Panel Member Wallace dissents.

#### **G. TUITION REIMBURSEMENT**

The Union's Last Best Offer provides that Article XVIII, Section 16, be modified to read as follows:

*The City will reimburse each employee for tuition reimbursement for two classes per semester, plus reimbursement for books, class fees, and other costs, contingent upon an employee obtaining a minimum grade of C or better.*

The current provision provides for reimbursement up to the sum of \$500 per year for job related courses as predetermined and preapproved by the City. The City's Last Best Offer requests that the status quo in terms of the language be maintained but would increase the dollar coverage from the sum of \$500 per year to \$1,000 per year.

In its Brief, the Union indicates that both proposals are similar and attempts to rectify an inadequate amount of tuition reimbursement provided in the former contract. However, the Union believes its proposal is more comprehensive. The Union believes that the cities of Fenton, Howell, New Baltimore, Saline, and Walled Lake have similar tuition reimbursement programs.

The City opposes the Union's proposal because it grants *carte blanche* educational assistance to the officers. The City alleges that the Union's proposal would require the City to pay all of the costs (tuition, books, and other costs) associated with an officer's desire to undertake any type of course work imaginable up to two classes per semester, provided a minimum C grade is achieved. The City further argues that, based upon its comparable communities, only two (Fenton and Howell) provide tuition reimbursement to their officers. It admits that most of the Union's comparables offer some form of reimbursement to their officers, but alleges that the City of Flushing does not. The City believes that its proposal does not conflict with the Union's proposal insofar as reimbursement is concerned, even though the Union places no limit on its proposal since the City's proposal of \$1,000 per year is extremely high and the Union has limited its proposal to two courses per semester. The City notes that the real distinction between its proposal and the Union's is based upon the fact that the Union does not restrict the tuition reimbursement to courses related to the police officer's work for the City. Furthermore, the current practice requires that the courses be job related in order to qualify for tuition reimbursement. The City notes that virtually

all of the other comparable communities do require that course work taken by officers be job related or, at a minimum, approved by the City in some fashion in order to qualify for reimbursement. The City does not believe that it should be required to pay for schooling for courses which have nothing in common with a police officer's job duties.

The Panel finds that the City's offer is more closely related to the statutory criteria. The Union's offer would not restrict the classes to job-related duties nor would it give the Employer any discretion with regard to whether or not classes should be approved. No evidence was introduced indicating that the City has abused the current language which requires a predetermination and preapproval. Moreover, the City is quite correct in that tuition reimbursement should be related to the duties and responsibilities of the police officers.

For all of the above-stated reasons, the Last Best Offer of the City is accepted by the Panel and shall be incorporated into the new Collective Bargaining Agreement.

Panel Member Bryne concurs.  
Panel Member Wallace dissents.

#### **H. EQUIPMENT ALLOWANCE**

Currently, Article XVIII, Section 7 of the Collective Bargaining Agreement provides for uniform cleaning and maintenance of weapons and other employee purchased job-related equipment in the sum of \$150 per year. The Union proposes to increase the sum to \$250 per year. The City proposes in its Last Best Offer to increase the sum to \$170 per year, effective June 1, 1997; \$190 per year, effective June 1, 1998; and \$200 per year, effective June 1, 1999.

The Union, in support of its position, argues that the uniform and cleaning allowances are not compensated individually. However, the current agreement provides for uniform cleaning which is paid for directly by the City; therefore, the \$150 per year allowance is for equipment and



the maintenance and cleaning of weapons. The Union argues that almost all of the comparable communities pay at least \$800 total for the three allowances. However, it notes that the Grand Blanc allowance is only \$150. It should be noted that it is somewhat misleading in that the Grand Blanc allowance does include cleaning which is paid for directly by the Employer. The Union has noted no cost for that benefit.

The City in support of its position indicates that only one city, Saline, maintains an equipment allowance in a form similar to that of the City of Grand Blanc. The City does admit that Saline maintains a higher cost allowance for equipment maintenance in that officers are afforded \$300 each year to cover the cost of uniforms and equipment not otherwise provided by the City. On the other hand, the City notes that Saline offers only \$200 per year for uniform cleaning expenses. It notes that the City of Grand Blanc pays a much higher cost for uniform cleaning expenses which have not been taken into account by the Union.

According to the Union exhibit, the City of Flushing pays no amounts for equipment allowance and provides uniform and cleaning. The City of New Baltimore pays nothing for equipment allowance but \$700 for uniform and cleaning allowances. The City of Saline pays a \$300 equipment allowance and a \$200 cleaning allowance. The City of South Lyon pays no equipment allowance but a total of \$850 in uniform and cleaning allowances. The City of Utica also does not pay an equipment allowance but pays \$775 in uniform and cleaning allowances and the City of Walled Lake pays nothing for an equipment allowance but \$500 for a uniform allowance but nothing for a cleaning allowance.

The City exhibit on equipment allowance indicates that no equipment allowances are paid in the cities of Fenton, Howell, Lapeer, New Baltimore, Rochester, South Lyon, Swartz Creek, Utica, and Walled Lake.

As noted by both parties, there is relatively little difference in the proposals of the Union and the City by the fourth year of the contract. It would amount to a difference of \$50 per officer or a total of less than \$1,000 per year in additional costs if the Union proposal was accepted. On the other hand, in the first year (June 1, 1996 through May 31, 1997), the amount would remain the same with additional incremental increases taking place over the next three years. Since neither side offered evidence as to the cost of cleaning the uniforms, it would be speculative by the Panel to place an actual dollar figure on that portion of the benefit received by the officers of the City of Grand Blanc. Nevertheless, it is most unlikely that the cost would be insignificant over an entire year's period of time. In fact, the cost to the City of cleaning uniforms, coupled with the equipment allowance, could well equal or exceed the comparable communities relied upon by the Union in support of their position for an additional increase.

Based upon the statutory criteria, the Panel finds that the City's Last Best Offer more nearly complies with the statutory criteria and, accordingly, the Last Best Offer of the City shall be incorporated into the Collective Bargaining Agreement.

Panel Member Byrne concurs.  
Panel Member Wallace dissents.

#### **I. RANGE AND TRAINING OFFICERS**

The Union requests in its Last Best Offer that the following language be added to the Collective Bargaining Agreement:

*Field training officers shall receive Five Hundred Dollars (\$500) per year. Field training officers shall receive one (1) hour of compensatory time for each eight (8) hours of training time.*

The City's Last Best Offer is to maintain the status quo. Initially, the Union asked that the practice of paying field training officers be placed in writing which it maintains is recognized by both

parties. The Union also requests that field training officers receive one hour compensatory time for each eight hours of training time.

In support of its position, the Union notes that the compensation for acting as a field training officer would simply be a method whereby the officers would be compensated with a stipend on a yearly basis. The Union believes that the sum of \$500 would act as an incentive for officers to take the position within the department. The Union also notes that the one hour of compensatory time for each eight hours of training time would allow the field training officers the opportunity to take time off. The City notes that the issue raised by the Union concerns the past practice of the parties with regard to the handling of extra compensation for time spent training new recruits. The City admits that the policy has not previously been reduced to a written contractual provision.

The City admits that as part of their ordinary duties, police officers may be assigned to the shooting range or to the training of other officers. In those cases, the officers receive their regular rate of pay while performing the duties in lieu of their regular assignments. In addition, officers may be assigned to train newly recruited officers in the field. The field training of newly recruited officers requires an experienced officer to perform additional supervisory duties relative to the new recruit while at the same time maintaining responsibility for his or her other ordinary patrol duties. The City has recognized that field training assignments require additional effort on the part of the field training officer in addition to their regular duties and, accordingly, has provided extra compensation to the field training officer in the form of one hour additional pay at time and one-half for each day that the officer is actively training and one additional compensatory day for each week that the officer is actively training. The City believes that its Last Best Offer should be accepted, based upon the fact that the Union has failed to support its position with any comparable

cities that offer any type of economic benefit even remotely resembling the City's current policy, much less the Union's Last Best Offer. In addition, the City notes that the Union's proposal to modify the payment structure of the policy from a daily rate to a yearly lump sum amount makes no practical sense. The City notes that field training may be sporadic and an officer may perform field training for only a portion of a year. Thus, it would be unfair to the City to require a flat lump sum payment when little or no service may be given within a particular year, especially if no new officers are hired. The City also notes that the Union proposal might be grossly inadequate in a year in which a field training officer spends a significant portion of his time training recruits since in that case the officer could receive sums well in excess of \$4,500 per year and/or an hour of compensatory time for each eight hours of training time as proposed by the Union.

The Union has offered in its exhibits nothing in support of its proposal. While the cities of Flushing, New Baltimore, Saline, South Lyon, Utica, and Walled Lake, according to the Union exhibit, all have range/training officers, no additional pay is received in any of those communities for the services rendered. The same situation occurs with respect to the City's comparable communities in that none are indicated as having compensation for a field or a range/training officer. There would not appear to be anything unreasonable about the current method of compensating field training officers. In each week in which an officer performs field training duties, he receives an additional seven and one-half hours of overtime pay and one additional compensatory day for a total of fifteen and one-half hours of pay for performing his duties as a field training officer. That would appear to be significant and adequate compensation, especially in light of the fact that there are no external or internal comparables which would indicate that the current method of compensation is inadequate. Accordingly, for the reasons hereinabove set forth, the Last

Best Offer of the City is accepted by the Panel and shall be incorporated into the new Collective Bargaining Agreement.

Panel Member Bryne concurs.  
Panel Member Wallace dissents.

#### **IV. CITY ISSUES**

##### **A. HEALTH INSURANCE (Hospitalization/Vision/Dental)**

The City's Last Best Offer proposes to eliminate the current Blue Cross/Blue Shield plan which has a 90/10% co-pay, \$2.00 drug rider, \$100 deductible for single or \$200 per family OR Health Plus HMO Plan I that has no deductible or co-pay, and 100% prescription drug coverage TO Health Plus I-K which has a \$10 charge for office visit, \$5.00 prescription drug plan, zero co-pay and zero deductible OR Blue Cross/Blue Shield Plan L, which provides for office visits under the Master Medical after a deductible, a \$5.00 prescription co-payment, 80/20% co-pay and \$275/\$550 deductible.

The Union's Last Best Offer is to maintain the status quo.

The City in support of its position, maintains that this is the only City proposal or, for that matter, Union proposal which results in an actual overall cost savings to the City. All of the other City proposals have either incorporated a shift of costs from benefits to wages or simply included an outright increased economic benefit to the officers. The City argues that the cost savings to the City are important and that the out-of-pocket costs to the officers would appear to be minimal. The City notes that its proposal compares favorably with other comparable communities. The City's exhibit indicates that there are more cities which provide traditional healthcare plans with a 20% co-pay than those which provide coverage with a 10% co-pay. The City also argues that it is common knowledge that new traditional health plans are not being written with 10% co-pays. The City also

notes that on an internal comparable basis, the proposal reflects the same benefit that has been offered to and is being provided to the City's dispatchers and which the City intends to apply to other nonrepresented City employees. The Union alleges that the comparables do not support the City's position and asks that the City proposal be rejected. The Union exhibits indicate that none of the Union comparable communities have health insurance of a similar type to that which has been proposed by the City. The Union does not believe that the comparables support a reduction in what it considers to be an important benefit.

A review of the Union exhibit indicates that none of the cities of Flushing, New Baltimore, Saline, South Lyon, Utica, or Walled Lake have the HMO 1-K Plan. All of the cities have an HMO option. In terms of deductibles, they range from \$50 per person and \$100 per family in Utica, Walled Lake and Saline to a high of \$275 per person and \$500 per family in South Lyon. With respect to co-pays, three of the communities have an 80/20% co-pay and two of the communities have a 90/10% co-pay. Insofar as drug riders are concerned, three of the communities have a \$5.00 co-payment and two of the communities have a \$2.00 co-payment with one community having a \$3.00 co-payment. A review of the City comparables indicate that their comparable communities also provide a rather wide range of benefits: The City of Fenton has a Blue Cross Plan and an HMO Plan which provides a deductible or co-payment of \$5.00 per office visit; a co-payment of \$5.00 per prescription with zero percent co-payments and zero deductibles for other reasons. The City of Howell provides both Blue Cross/Blue Shield PPO with office visits covered at 100% after the deductible, a \$5.00 prescription co-payment, zero percent co-payment for other reasons and \$100 per member/\$200 per family deductible. The City of Lapeer has Blue Cross/Blue Shield with office visits provided for under a master medical plan after a deductible, a \$1.00 prescription drug co-payment, 90/10% co-payments for other medical reasons and

\$100/\$200 single/family deductible. The City of Rochester has a Blue Cross/Blue Shield PPO with office visits after a deductible, a \$5.00 prescription drug co-payment, 80/20% co-payments for other medical related activities and a \$100 per member and \$200 per family deductible. The City of Swartz Creek has a Blue Cross Plan which provides for \$10 per office visit, \$10 prescription drugs co-payment, zero percent co-payments and zero deductibles, with reimbursement of co-payments up to \$200. It also has a Blue Cross/Blue Shield traditional option program, which provides for a \$3.00 prescription drug co-payment, office visits, 80/20% co-payments, and \$100 per member and \$200 per family deductible.

The comparables proposed by both the Union and the City are certainly not uniform. The co-payments vary, the drug co-payments vary, the deductibles vary, and the plans vary. There certainly are a number of plans which provide for an 80/20% co-payment. The first plan proposed by the City, the Health Plus 1-K Plan, while calling for \$10 per office visit and increasing the prescription co-payment from the current \$2.00 to \$5.00 has zero co-payments for other reasons and a zero deductible. The optional Blue Cross/Blue Shield Plan L provides for office visits under master medical after a deductible has been reached of either \$275 per person or \$550 per family with a \$5.00 drug prescription co-payment and 80/20% co-payments for other medical associated reasons. It would appear that the main objection from the Union is raising the co-payment from the current 90/10% to a possible 80/20%; however, that only appears in the Blue Cross/Blue Shield Plan L. There is no co-payment and no deductible in the Health Plus 1-K Plan. Moreover, each office visit is limited to a payment of \$10 by the member or a family member. Thus, the only significant difference if the Health Plus 1-K Plan were to be selected by a member and if it were to be awarded would be the difference in the prescription drug co-payment of an additional \$3.00 per

prescription. This certainly is more than offset by the zero co-payments and the zero deductibles associated with that Plan.

The Panel also is aware of the fact that on an internal comparable basis a unit already represented by the same Union has accepted the proposal of the City and the City has indicated that it intends to place the same plan in operation for all other City employees. Accordingly, based upon the statutory criteria, the Panel believes that the Last Best Offer of the City more nearly meets that criteria and, accordingly, awards the Last Best Offer of the City which is to be incorporated into the new Collective Bargaining Agreement.

Panel Member Byrne concurs.  
Panel Member Wallace dissents.

**B. POST-RETIREMENT HEALTH CARE BENEFITS - Article XVIII, Section 14**

The City is proposing the following post-retirement healthcare benefit:

1. Delete all current post-retirement health care benefits from the contract (Section 14(b), Regular Retirement; (c) Early Retirement; (d) Special Early Retirement, and (e) Age Fifty-Five Special Retirement) and replace with the following:

*Section 1. Post-Retirement Healthcare Benefits. After twenty-five (25) years or more of continuous service with the City of Grand Blanc Police Department, employees between the ages of fifty-five (55) and sixty-five (65), and who are receiving healthcare benefits from the City at the time of their retirement, shall be entitled to continue their Master Medical Healthcare policy at the time of retirement, and at the same benefit level at the time of retirement (single or double coverage).*

*In the event of divorce, the City's obligation to provide double coverage shall cease and the retiree healthcare benefit shall automatically convert to the single coverage healthcare benefit.*

*In the event of death of the retiree, single healthcare coverage shall continue for the spouse, consistent with the provisions provided for herein.*



Section 2. Conditions. *With the exception of medi-gap insurance, under no circumstances shall the City's obligation to contribute toward retiree's and/or the retiree's spouse continue beyond age sixty-five (65) of the retiree. In the event that the retiree dies before age sixty-five (65), the City's obligation to contribute toward retiree's spousal single coverage healthcare benefit shall not, under any circumstances, continue beyond the date when the retiree would have turned age sixty-five (65). In addition to the other conditions provided for herein, to be eligible for the age 55 to 65 healthcare benefit, the retiree and/or spouse must meet the requirements of the retiree group coverage selected by the City and must, further, select such coverage not later than the thirtieth day after the date of retirement. Failure to notify the City of retiree's election of this benefit within thirty (30) days of retirement shall result in ineligibility. Once elected, the retiree and the eligible spouse, if any, must continue such coverage without interruption. Any breaks in such benefit coverage shall result in forfeiture in any future coverage.*

Section 3. Medi-Gap Insurance. *Any retiree receiving retiree healthcare benefits is provided for in Section 1 above and whose benefits are to terminate as a result of attaining age sixty-five (65) shall be provided with medi-care supplemental health insurance. In the event of divorce, the City's obligation to provide double coverage shall cease and the retiree healthcare benefit shall automatically convert to the single coverage healthcare benefit. The spouse of a deceased retiree shall be eligible for single medi-gap insurance reimbursement if all other conditions of receipt of this benefit as provided herein has been satisfied. Upon becoming eligible, the employee must request this benefit within six (6) months of when the retiree has attained age sixty-five (65). The spouse of a deceased retiree must request this benefit within six (6) months of when the retiree would have attained age sixty-five (65). Receipt of benefits under this plan must remain continuous and uninterrupted. Any breaks in coverage will result in the forfeiture of this benefit.*

The Union in its Last Best Offer seeks the status quo.

The City notes that throughout negotiations the Union had set forth proposals concerning post-retirement healthcare issues. However, the Union withdrew any such proposals and made no proposal regarding post-retirement healthcare issues in its Last Best Offer. Nevertheless, the City has made a proposal in its Last Best Offer regarding the issue and feels that its counter-proposal should be accepted by the Panel. The City notes that under Article XVIII, Section 14 of the current contract, the types of medical benefits available to retirees vary depending upon factors such as age at retirement and length of service to the City. The City further notes that under Article XVIII, Section 14, paragraph (e), officers who wish to retire at fifty-five are eligible for full post-

retirement health benefits only if they have also performed thirty years of service to the City. In its proposal, the City is attempting to eliminate various alternatives based upon the type and time that an officer retires so that full post-retirement healthcare benefits would be provided to officers under the same eligibility requirements as those which are applicable in the Michigan Municipal Employee Retirement System pension benefit described in Article XVIII, Section 14 of the Collective Bargaining Agreement. The City notes that officers may retire at age fifty-five with twenty-five years of service in order to be eligible for a full pension. Thus, the City notes that its proposed modification of post-retirement healthcare benefits would allow officers with 25 to 29 years of experience to retire and obtain a full pension and full post-retirement healthcare benefits which is a benefit not currently existing for the officers in Grand Blanc.

The Union objects to the position of the City and its Last Best Offer based upon the fact that the issues were neither contained in the original petition nor the answer to the petition.

The Panel notes that the petition filed by the Union did in fact refer to Section 14(b), Retirement, and the City issues make reference to Article XVIII, Section 14(b), but only with respect to the E-2 COLA provision. There is nothing in the City petition issues which would indicate a desire to change the post-retirement healthcare benefit provisions as currently contained in Article XVIII, Section 14(b), (c), (d) and (e). Moreover, the chairperson of the Panel has carefully reviewed his notes with regard to the Pre-arbitration Conference and there was nothing indicated by either party, most especially by the City, that it intended to change the post-retirement healthcare benefits as then and now currently contained in Article XVIII, Section 14(b), (c), (d) and (e). The Panel also notes that the oldest employee in the department currently, according to the City Police Officers Census Wage and Benefit exhibit, is forty-eight years of age - the same officer has the most seniority consisting of nineteen years and nine months. The earliest that any employee

can retire, according to the pension provisions of the current Collective Bargaining Agreement, is under a special early retirement at age fifty-five with at least thirty years of service. Other retirement provisions allow for retirement at the age of fifty-nine with twenty years of service, early retirement at the age of sixty-two with twenty years of service, and regular retirement at the age of sixty-five with at least fifteen years of service. Since it is questionable whether or not the provisions as proposed by the City are properly before the Panel and since it is clear that no officer in the current bargaining unit would be eligible to retire during the life of the new Collective Bargaining Agreement, the Last Best Offer of the City is hereby rejected and the Last Best Offer of the Union for the maintenance of the status quo, insofar as the current collective bargaining language is contained, is hereby accepted.

Panel Member Wallace concurs.  
Panel Member Byrne dissents.

## **V. JOINT ISSUES**

### **A. DURATION OF CONTRACT**

The parties initially were in agreement upon a three year contract; however, subsequently, the parties disagreed with the Union seeking a three year contract and the City seeking a four year contract. The City in support of a four-year agreement notes that the first year would be retroactive covering the period of June 1, 1996 to May 31, 1997. It proposes an additional three years ending on May 31, 2000. The Union proposal would provide for a termination date of May 31, 1999. The City believes the length of the contract is significant since it has already engaged in collective bargaining for a period in excess of one year. The Union proposal would only cover two years in the future as opposed to the three years in future wages and benefits that the City proposal would cover. The City believes that it would be back at the bargaining table

within one year after the receipt of the arbitration award, whereas its proposal would add an additional year of certainty and stability between the parties. In addition, the City notes that its four-year proposal would allow a gradual merger of the two-tier wage schedule which will be discussed hereinafter. It believes that its proposal is necessarily linked to the duration of the contract in terms of the spreadable wage disparity and elimination thereof.

The Union has presented nothing in its Brief with regard to the specific issue of duration beyond noting that its proposal calls for a three-year Collective Bargaining Agreement. Neither the Union nor the City has provided any exhibits nor any testimony with regard to the issue of the duration of the contract. It will be at least sixteen months since the contract was to terminate and a new contract was to go into effect. The Panel concurs with the thoughts expressed by the City that the longer contract will grant a certain measure of stability and certainty to the relationship between the parties. In addition, the parties are entitled to enjoy a breathing spell between bargaining over successive Collective Bargaining Agreements. With a contract expiring in 1999, the parties clearly would be required to commence negotiations in 1998 or early 1999. They will enjoy a full additional year of relief from the burdens of collective bargaining by having a longer term agreement. In addition, the wages and benefits can be adequately compensated in the fourth year of the contract based upon the proposals of the respective parties which will be discussed hereinafter.

For the reasons hereinabove set forth the Panel accepts the Last Best Offer of the City for a four-year Collective Bargaining Agreement.

Panel Member Byrne concurs.  
Panel Member Wallace dissents.

## B. OTHER ISSUES

It should be noted that there were a number of other issues proposed by the City and/or the Union which were withdrawn in their Last Best Offers or at the time of the Executive Panel Meeting. Accordingly, each of those issues is considered to be withdrawn from consideration by the Panel, and those portions of the Collective Bargaining Agreement to which they pertained shall be maintained in their current form.

The Panel also notes that the current Collective Bargaining Agreement, except as modified by this Award, shall be maintained in its current form.

## C. WAGES

The Union's Last Best Offer seeks an increase of six percent per year for each of three years and six percent in a fourth year if the Panel awarded a four year contract (which it has done). In addition, effective June 1, 1996, the Union requested that the current differential between the in-scale and out-of-scale employees (\$4,401.80) be paid and rolled into the in-scale employees' pay thus eliminating the 2-tier wage scale.

The City's Last Best Offer seeks to eliminate most of the wage differential between in-scale and out-of-scale employees over a four-year period of time. It also sets forth a number of base rates as follows:

*For out-of-scale employees on June 1, 1996, June 1, 1997, and June 1, 1998, the annual contractual amount would be indicated as being \$41,797.44, and on June 1, 1999, the annual amount for out-of-scale employees would be \$42,681.00. However, it should be noted that those amounts would not be the amounts received by the officers based upon footnotes in the City's Last Best Offers. The City has actually taken the out-of-scale officers' June 1, 1995, base salary of \$36,111.64 and added a contractual supplemental pay of \$4,401.80 (the differential between in-scale and out-of-scale employees) and added an additional 3.1% to that amount for a total of \$1,284.00. The \$1,284.00 amount was arrived at by including the shift*

*premium along with an item which has been dropped by the City for the elimination of personal days. The shift premium amount was calculated at \$866.53 and the personal days was calculated at \$416.64. However, at the Panel meeting, the Last Best Offer of the City was revised and explained to the Panel for out-of-scale employees on the following basis:*

*On June 1, 1996, the out-of-scale employees would receive a base pay of \$41,797 plus a lump sum of 3.1% of \$41,797. The same payment would be made on June 1, 1997 and June 1, 1998. On June 1, 1999, the base salary would increase to \$42,479 and the employees would receive 1.5% as a lump sum payment of \$42,479.*

For in-scale employees, the Employer has proposed rates beginning with a starting rate and increasing on the first, second, third and fourth years of employment in its Last Best Offer. For example, an in-scale employee would be paid \$37,131.94 for June 1, 1996 to May 31, 1997, if one were to merely read the in-scale wage schedule. However, the employees, according to the Employer, would not receive that amount but rather would receive their base pay of \$34,066.28, plus a retroactive lump sum payment of 3.1% of their base pay for 1995-1996. On June 1, 1997, a four-year in-scale employee would receive \$38,914.27 which is the actual base rate; on June 1, 1998, a four-year in-scale employee would receive \$40,696.54; and on June 1, 1999, a four-year employee would receive \$42,479.05. Thus, at the end of four years, the in-scale employees would be receiving less than \$202 less than the out-of-scale employees, thus, for all practical purposes eliminating the over \$4,000 current wage disparity between in-scale and out-of-scale employees. That disparity was further eliminated by virtue of a correspondence received from Mr. Masud dated July 17, 1997, which indicates that the City's Last Best Offer for out-of-scale employees was incorrectly calculated and should also be \$42,479.05. Thus, in the fourth year of the contract, all employees would be receiving the same rate of pay pursuant to the City's amended Last Best Offer.

There are a number of issues to be determined based upon the parties' Last Best Offers with respect to wages. The first issue is the length of time in which the current wage disparity between out-of-scale and in-scale employees should be eliminated. The Union seeks to eliminate the wage disparity immediately and retroactively. The City seeks to spread the elimination of the disparity over a period of four years, thus, lightening the economic impact upon the City's General Fund. The Union in support of its proposal notes the in-scale employees which represent eleven members in the Bargaining Unit are ranked last in wages for 1995 based upon the Union comparables. The Union argues that in 1996 a 6% wage increase and the additional \$4,401.80 wage disparity lump sum payment would only move the in-scale unit members to a ranking of fifth among its comparables. Moreover, a 6% wage increase would not significantly impact the unit's overall ranking among comparable communities. The Union further notes that at the bottom of the wage scales for in-scale and out-of-scale employees, the true lump sum retroactive payment to in-scale employees would only amount to 3.1% of base pay for the June 1, 1996 through May 31, 1997 fiscal year. There are no comparable wages prepared by the City according to the Union because the unit's in-scale wages are significantly below all of the comparables. The Union believes that its proposal would rectify the situation swiftly rather than the piecemeal approach suggested by the City.

In reality, the City notes that the annual difference between out-of-scale and in-scale employees consists of a difference in the base wage on June 1, 1995, between a four-year in-scale employee of \$34,066.28 and an out-of-scale employee earning \$36,111.64 which creates a differential of approximately \$2,045, but in addition to that out-of-scale employees also receive supplemental pay in the amount of \$169.30 per day for a total of \$4,401.80 per year. Thus, the actual differential between in-scale and out-of-scale employees amounts to

approximately \$6,445. The real base pay for an out-of-scale employee was approximately \$40,513, as of June 1, 1995. It should also be noted that employees who are in-scale do not reach the top step of the in-scale payment until they have completed four years of employment. The City notes that it agrees with the Union that the base rates of all officers should be increased to some degree and that the 2-tier system currently in place should eventually be eliminated with all officers receiving the same maximum base rate of pay. However, the City maintains that the Union's Last Best Offer is both drastic and exorbitant. It objects to instantaneously eliminating the 2-tier system by spring boarding eleven in-scale officers to the same wage level as three senior out-of-scale officers. In addition, the City vehemently objects to the Union's proposing a total of 24% in wage increases compounded over the life of the Collective Bargaining Agreement. Each officer who is in-scale, according to the City, would be granted an immediate windfall of \$4,401.80 for each year of the contract, including a retroactive payment of that amount for the June 1, 1996, through May 31, 1997, contract year. According to the City, the Union's Last Best Offer would result in wages to in-scale employees of \$40,776 in 1996, \$43,222 in 1997, \$45,816 in 1998 and \$48,565 in 1999. Based upon the elimination of the disparity in 1997 and in the contract years commencing in 1997, 1998 and 1999, the current out-of-scale employees would receive the same base rates. Presumably in 1996, the out-of-scale employees would have received their \$36,111 base pay, plus the supplemental pay of \$4,401.80 and, according to the Union proposal, they would receive an additional retroactive payment of 6% as well. According to the City, based upon the Union's Last Best Offer, in-scale officers would receive increases in wage rates of over 20% in the first year of the contract alone. Wage rates of that sort are simply incomprehensible to the City and beyond the boundaries of any comparable cities utilized by



the Union or the City. The City maintains that the average increase for all comparable cities in 1996 was 3.1%. In fact, if one were to just take the Union's comparable communities, the wage increases amounted to an average of 2.8%. The City argues that the same union represents officers in the City of Flushing and that if the Union proposal in Grand Blanc were to be accepted, a starting salary for an officer in Grand Blanc in 1996 would be \$5,000 more than the starting salary in Flushing, a mere twelve miles away. The difference in pay rates at the one-year step would be over \$6,000. The differential continues to widen between the officers in Flushing and Grand Blanc as the years go by. In fact, in Flushing the union agreed to freeze the wage rates of all of the officers on the wage scale except for a few at the very top. By 1998, the difference for wage rates for officers at the third-year step in the two cities would be \$12,142 based upon the Union's Last Best Offers.

The City also notes that based upon internal comparables, it has granted reasonable 3% wage increases to other employees of the City over the past two years; thus, its 3.1% offer to the current union members compares favorably with what it has paid and offered to other City employees. The City notes that its Last Best Offer on wages incorporates three fundamental concepts. First, it absorbs cost savings from proposed reductions and shift premiums and personal days. (Personal days was not addressed individually in the City's Brief; however it has been addressed in its Last Best Offer in which it seeks to reduce the number of personal days from 7 to 4. The Union has objected to that proposal based upon its assertion that the proposal was not properly before the Panel. This issue will be determined by the Panel subsequently). Second, the City argues it will eliminate the 2-tier wage system by the end of the proposed four-year contract; and third, it uniformly spreads out wage increases to the

City's officers based upon average wage increases experienced by other police officers as indicated by both the City and Union comparable exhibits.

The City maintains that it utilized a specific process for determining the new wage rates for both the in-scale and out-of-scale employees. It first calculated new underlying base rates by merging officers' wage rates with cost savings from economic fringe benefits which the City contends are too high as compared to other comparable communities. Thus, it calculated cost savings achieved by eliminating shift premiums and personal days. These cost savings amounted to \$866.53 and \$416.64, respectively, for a total rounded amount of \$1,284 per officer per year. The City also notes that the in-scale officers who are not at the top of the scale have already received an economic benefit by the City utilizing the four-year rate for a personal day as opposed to a lower rate if the officer is on the first, second or third step of the wage scale. The City then added the \$1,284 to all of the officers' base rates both in-scale and out-of-scale. It also added the supplemental pay of \$4,401.80 into the base rate of out-of-scale officers. It then established new base rates for June 1996 of \$41,797.44 for out-of-scale officers and varying amounts up to a maximum of \$35,350.28 for in-scale officers. The City then established a target wage for the final year of the contract which would serve as the point at which the 2-tier system would merge and would reflect an overall increase in pay for the City's officers in accordance with the pay increases received by officers in other comparable communities. In this regard, the City examined the Union's base wage top paid patrolmen in 1996 and selected the figures set forth by the Union as representing the 1995 average annual base wage rate for top paid patrol officers in the Union's comparable communities which amounted to \$37,594. For each year of the contract, the City multiplied that figure times 3.1%, which is the average percentage increase in wages experienced by top-paid patrol

officers for all comparable communities the following year. Using that arithmetic formula, the City arrived at a final base figure of \$42,479.05 in the fourth year of the agreement. The City having now determined a beginning point and an ending point turned its attention to bringing the merger of the two scales into a gradual and uniform final point. The City did this by taking the increases which were used to establish the amount representing the merger of the two systems and spreading equal amounts of those increases into the pay rates of all of the in-scale employees through the four years of the proposed contract. In short, the City took the difference between the re-established 1996 base wage rate for in-scale employees of \$35,350 and the final year base wage rate of \$42,479 and, after subtracting the earlier year from the latter year, divided the remaining amount (\$7,126) into four equal parts amounting to \$1,781, for purposes of increasing the yearly pay of the in-scale officers for each of the four years of the proposed contract. The City then calculated the annual percentage amount, those increases represented for each year of the contract for officers at the fourth step. Having established the annual percentage increases, the City then factored those increases into the base wage rates for all of the in-scale officers for each of the proposed contract years.

The City does note that even though its commencing four-year rate for June 1, 1996, is \$37,134.94, the in-scale officers will not receive that rate but rather their base pay for 1995 - 1996, plus a lump sum retroactive payment of 3.1% of the base pay. It notes that the 3.1% rate used by the City is undeniably reasonable as it is higher than both the 1995 average wage increase for top patrol officers for the Union's selected cities and the 1995 average wage increase for top officers for all comparable cities. It is also one-tenth percent higher than the three percent increases received by other City employees. In addition, since the 1996 fiscal year is finished, officers have already received credit for their shift premiums and personal

days; thus, it would be unfair to grant recognition of those amounts again in a retroactive lump sum payment.

With respect to out-of-scale officers, the City applied a similar analysis in order to arrive at an appropriate base wage by adding the current base rate, the supplemental pay, and the equivalent for shift premiums and personal days and, thus, arrived at a base of \$41,797.44. For the first year of the contract, it would pay the out-of-scale employees 3.1% of their 1995-1996 earnings in much the same fashion as it would pay the in-scale employees. However, for the contract years of 1997-1998 and 1998-1999, the out-of-scale employees would also receive lump sum payments at 3.1% of their 1996-1997 yearly pay but the 3.1% would not be built into this scale. In short, out-of-scale officers would receive a base pay on June 1, 1997 and June 1, 1998 of \$41,797.44 annually and for each year receive a lump sum payment of 3.1% of \$41,797.44. In the last year of the contract, according to the City proposal, the officers would receive a base pay of \$42,479.05 which would result in an increase of approximately \$681.61 for the out-of-scale officers in 1999 - that would actually be less than they would have received in 1997 and 1998 based upon a base salary of \$41,797.44 and a 3.1% lump sum payment. The City having recognized that fact also calls for an additional payment of 1.5% as a lump sum payment for the out-of-scale officers for the June 1, 1996, through May 31, 2000, fiscal year. Thus, the officers would once again be restored to a 3.1% wage increase for the fourth year of the Collective Bargaining Agreement.

The City notes that out-of-scale officers do not receive increases in their base rates during the term of the contract other than the \$681.61 in the final year of the contract. However, the City does note that they will receive 3.1% pay increases in each year of the contract in terms of lump sum payments which will not be factored into their base rates with

the exception of the \$681.61 in the final year of the contract. The City quite correctly notes that to do otherwise would simply exacerbate the disparity that they are trying to eliminate. The out-of-scale officers would always maintain the highest base rates of all employees during the term of the contract, based upon the fact that they are receiving the supplemental payment which would not be phased out totally in terms of in-scale employees until the fourth year of the contract. The City also notes that under its proposal, the employees will benefit in their overtime rates since neither the supplemental pay, the longevity nor personal leave payments are currently calculated when considering overtime hourly rates of pay.

The City notes that based upon its Last Best Offers, its officers would receive several thousand dollars more in pay than what it considers to be the most comparable - City of Flushing - which both parties agreed upon as a comparable community. The City notes that the average percentage wage increase for other employees of the City over the past seven years has been 3.7%.

The proposal of the Union to eliminate the wage disparity effective June 1, 1996, is simply unacceptable. The disparity of over \$6,445 (the difference in the base wage rates plus the difference in the supplemental pay) simply cannot be eliminated in the first year of the Collective Bargaining Agreement. It would represent too great a burden on the City and its General Fund. Moreover, it would fail to recognize the fact that in prior years the Union undoubtedly received certain benefits in return for which it negotiated a lower wage scale for employees hired after a specific date. The City is entitled to take advantage of that *quid pro quo* for the life of this Collective Bargaining Agreement. Moreover, the proposal of the City to gradually eliminate the disparity over a period of four years (sixteen months of which has already gone by) certainly cannot be termed unreasonable. There are no similar comparables

which would justify the position of the Union. Accordingly, with regard to the issue of the duration of the elimination of the 2-tier wage schedule, the Panel accepts the City's Last Best Offer to phase in the elimination of the disparity over the life of the Collective Bargaining Agreement. The Panel rejects the Union's position that the disparity should be eliminated as of June 1, 1996.

Panel Member Byrne concurs.  
Panel Member Wallace dissents.

The next issue to be determined by the Panel is whether or not the wage proposals for the in-scale and out-of-scale employees of six percent per year by the Union or the various base amounts and lump sum payments proposed by the City should be accepted. The Panel has agreed that each year is to be treated separately and the in-scale employees are to be treated separately from the out-of-scale employees since each represents a separate and distinct issue.

With respect to the in-scale employees, for the first three years of the contract, the Panel has concluded that the offer of the City is reasonable and more nearly meets the statutory criteria. The City has offered 3.1% for June 1, 1996, with a higher base, although that base will not be paid in 1996, and then higher bases in 1997 and 1998, representing additional, significant increases in pay of approximately 4.8% and 4.58%, respectively. These proposed increases compare favorably with the Union comparables, the City comparables, and the City internal comparables. There is absolutely no basis nor justification for granting wage increases which are approximately double those granted other City employees and/or other police officers in comparable communities. There is nothing in the current or recent past cost-of-living CPI indexes which would justify the increases sought by the Union in 1996, 1997, and

1998. Accordingly, for in-scale employees in the salary schedule proposed in the Last Best Offer of the City for June 1, 1996, June 1, 1997, and June 1, 1998, is accepted and shall be incorporated into the contract.

Panel Member Byrne concurs.  
Panel Member Wallace dissents.

However, the June 1, 1999, contractual year is an entirely different matter. The City has sought a fourth year of a contract in order to gain stability and certainty. In terms of the final amounts granted by the Panel, the City will have stability and certainty. However, no one can be certain as to what may or may not occur some two years from now with respect to inflation and/or wage increases in comparable communities or internally within the City itself. The wage increases experienced by the in-scale employees in 1996, 1997, and 1998 certainly are reasonable based upon current internal and external comparables. However, since the City seeks a fourth year which was opposed by the Union and since there is a degree of uncertainty which goes with a long-term Collective Bargaining Agreement, the parties should be placed in a position whereby prior wage increases will not be lost and eroded through unforeseen inflation. Accordingly, commencing on June 1, 1999, the in-scale employees shall receive the base rate of \$40,696.54 plus 6% for a new base rate of \$43,138.33.

Panel Member Wallace concurs.  
Panel Member Byrne dissents.

#### **D. OUT-OF-SCALE EMPLOYEES**

The City has advanced reasonable arguments with respect to the out-of-scale employees in the first three years of the Collective Bargaining Agreement. In each year, they will earn more than the current in-scale employees. In addition, they will receive a 3.1% lump sum annual increase in pay although it is not figured and calculated into their base rate. While this

is somewhat less than the in-scale employees will receive, clearly the out-of-scale employees cannot receive the same amount added to their base rate each year, otherwise, the disparity would never be eliminated. Thus, if the Union seeks to eliminate the disparity, the only way to reasonably do it would be to have greater salary increases for the in-scale employees and lesser salary increases for the out-of-scale employees. Moreover, as previously noted, there is absolutely no justification based upon either external or internal comparables nor the past and current cost-of-living increases in the consumer price index which would justify annual increases of six percent per year as proposed by the Union. This is true even if the six percent were to be paid in a lump sum as opposed to being added and compounded to the base rate. Accordingly, the City proposal for the first three years of the Collective Bargaining Agreement for out-of-scale employees is hereby accepted by the Panel and shall be incorporated into the new Collective Bargaining Agreement. This is based upon the understanding that out-of-scale employees will receive a base salary of \$41,797.44 in each of the first three years of the Collective Bargaining Agreement and a lump sum payment in each year of 3.1% of that base amount.

Panel Member Byrne concurs.  
Panel Member Wallace dissents.

With respect to the fourth year, the out-of-scale employees clearly must receive the same base wage as has been proposed by the Union for the in-scale employees and in its fourth-year proposal for the out-of-scale employees. This is based upon the in-scale employees receiving the higher amount as well as the reasons hereinabove set forth with respect to the



fourth year wages for in-scale employees. Accordingly, out-of-scale employees shall receive a base salary effective June 1, 1999, in the sum of \$43,138.33.

Panel Member Wallace concurs.  
Panel Member Byrne dissents.

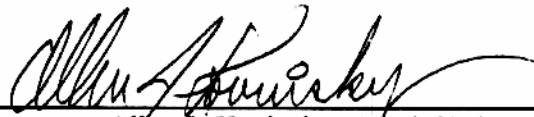
#### **E. PERSONAL LEAVE DAYS**

The City has proposed reducing the number of personal leave days from seven to four. The Union seeks the status quo and, in addition, argues that the issue is not properly before the Panel. This represents a rather difficult issue. A review of the petition filed by the Union offers no evidence with respect to any issues involving Article XVIII, Section 13 entitled Personal Business Days. Nor do the City issues reflect a desire to negotiate a change in personal business days. I have likewise carefully reviewed my notes of the pre-arbitration conference. There is nothing in my notes nor in my post-conference hearing report to the Michigan Employment Relations Commission which would indicate that the issue of personal leave days and, specifically, a reduction in the number of personal leave days with the amount of a day times three being added to the base rates of the officers was never part of the petition to the Michigan Employment Relations Commission nor properly before the Panel. This, of course, presents a significant problem based upon the City's presumption that the issue was before the Panel and that the sum of \$416.64 could be added in lieu of three personal leave days to the base rates of the police officers. Since, the Panel has no jurisdiction to hear any issues which are not part of the petition submitted to the Michigan Employment Relations Commission and/or the answer submitted by the Respondent in the absence of a stipulation by the parties that they are agreeable to having the issue resolved, the Panel has no choice but to reject the position of the City. Thus, the number of personal leave days cannot be reduced

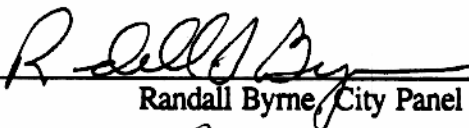
from seven to four. Accordingly, the City's Last Best Offer on the number of personal leave days is hereby rejected and the Union's Last Best Offer is hereby accepted.

It should be noted that it has created a dilemma and perhaps an inequity but it is of the City's own doing. First, the City did not properly bring the issue before the Panel nor did it obtain a stipulation from the Union that the Panel could consider the issue. Second, the City automatically assumed, even if the issue were properly before the Panel, that the Panel would adopt the City's proposal, thus, allowing the City to presumptively factor in the sum of \$416.64 in the base rates proposed by the City. Since the City has not prevailed upon the issue of personal leave days, clearly, the additional sum of \$416.64 must be deleted from the base rates in each of the four contract years in the absence of an agreement from the Union that the number of personal leave days can be reduced from seven to four and the dollar equivalent amount (\$416.64) should be added to the base rates. This reduction means that \$416.64 shall be deducted from the base rate in the base rate of \$43,138.33 on June 1, 1999 (in the absence of an agreement with the Union to reduce the number of personal leave days) and similar reductions shall be made in each of the prior three years for both in-scale and out-of-scale employees.

Panel Member Byrne dissents.  
Panel Member Wallace concurs.



Allen J. Kovinsky, Panel Chairperson



Randall Byrne, City Panel Member



Raymond Wallace, Union Panel Member

Dated: September 12, 1997