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Arb. 4/20/98

STATE OF MICHIGAN  
COMPULSORY ARBITRATION

IN THE MATTER OF

CITY OF GROSSE POINTE FARMS,

Employer,

Arising pursuant to  
Act 312, Public Acts  
Of 1969, as amended

-and-

POLICE OFFICERS LABOR COUNCIL  
OF MICHIGAN,

Case No: D96-I-2118

Union.

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ACT 312 AWARD

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APPEARANCES

FOR THE COMPULSORY ARBITRATION PANEL

Mark J. Glazer, Chairman  
Richard Solak, Employer Delegate  
Michael Somero, Union Delegate

FOR THE EMPLOYER

Timothy H. Howlett

FOR THE UNION

Barton J. Vincent

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STATE OF MICHIGAN  
BUREAU OF EMPLOYMENT RELATIONS  
DETROIT OFFICE

Grosse Pointe Farms, City of

## **BACKGROUND**

There are five Public Safety lieutenants in the command unit. An Act 312 petition was filed on December 9, 1996. A hearing was held on October 31, 1997. An executive session was held on March 10, 1998. 2, 1998.

The panel is to apply the provision of Section 9 of Act 312. Pursuant to City of Detroit v. DPOA, 408 Mich 410, 482, the panel need not afford equal weight to all factors. The Section 9 criteria are:

- (a) The lawful authority of the employer.
- (b) Stipulation of the parties.
- (c) The interests and welfare of the public and the financial ability of the unit of government to meet these costs.
- (d) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
  - (i) In public employment in comparable communities.
  - (ii) In private employment in comparable communities.
- (e) The average consumer prices for goods and services, commonly known as the cost of living.
- (f) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment and all other benefits received.

- (g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceeding.
- (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 factfinding, arbitration or otherwise between the parties, in the public service or in private employment.

### **COMPARABILITY**

The parties have stipulated to the following communities as comparables: Grosse Pointe Park, Grosse Pointe City, Grosse Pointe Woods, and the Village of Grosse Pointe Shores.

### **A REVIEW OF OVERALL COMPENSATION AND COMPARABLE RANKING**

The increases awarded to the Union in this proceeding place it as number one in overall compensation among the comparables. This means that although the increases that have been awarded are modest, section 9 (f) of Act 312 on overall compensation would not justify the greater increases sought by the Union.

### **WAGES**

The first issue to be considered is wages. The City proposes to continue the 21% differential above the wages of public safety officers. The Union asks that the differential be increased to 21.5%.

During the last year of the prior contract, the differential was raised from 17% to the present

21%. It would not be expected under paragraph (h) of the Act, which refers to traditional factors considered in collective bargaining, that another increase would occur so quickly. More importantly, the overall compensation awarded to the Command Officers would not justify the increase that is sought by them at this time. Therefore, the last best offer of the city on wages should be awarded.

### **COST OF LIVING ALLOWANCE**

Currently, the Cost of Living Allowance is based upon a formula that depends on the rate of the of the Cost of Living. The Union seeks to replace this formula with a lump sum payment of \$750.00.

With the low rate of inflation that exists, the Union's proposal will provide more dollars for its members, and represents a means of providing an increase to the Union in this proceeding. In the last year of the prior contract, the union's proposal could mean another \$450.00 to the bargaining unit.

The patrol officers received the lump sum payout during their most recent negotiations. Consequently, internal comparability favors the union. In order to provide parity with the patrol officers and to provide an increase for the officers in this proceeding, the Union's last best offer on Cost of living Allowance should be awarded. This award should become effective during the last year of the contract.

### **LONGEVITY**

Both the City and the Union proposals provide for increases. The City would increase payments for 10 year employees by 12.5 %, for 15 year employees by 20%, for 20 year employees by 25% and for 25 year employees by 29%. The union proposal would create 33% increases for 5 year employees, 62.5% increases for 10 year employees, 70% increases for 15 year employees, 75% increases for 20 year employees, 79% for 25 year employees and 107% for 30 year employees.

Insofar as the City has provided for increases, and the Command Officers are at a favorable position in terms of overall compensation, the Last Best Offer of the City on Longevity Payments should be awarded.

### **HOLIDAYS**

The Union proposes to allow an additional day off when a holidays occurs when the command officer is scheduled to be off work. The City proposes the status quo.

The Union suggests that its proposal would only apply during vacations and other scheduled periods of days off; however, the language would also seem to apply to holidays occurring during a regular day off.

Because the union already receives a lump sum bonus for holidays that are not worked,

an increased is not justified under the section 9 factors. Moreover, the overall compensation received by the officers would not justify the increase at this time. The last best offer of the Employer on holidays should be awarded.

### **VACATIONS**

The City proposes to retain the status quo. The Union asks for two additional vacation days after 25 years of service and four additional vacation days after 30 years of service. The comparables would not require an award in favor of the Union on this issue. Moreover, the overall compensation received by the officers would support an award in favor of the City. The last best offer of the City on vacations should be awarded.

### **UNIFORMS AND MAINTENANCE**

The Union requests an additional \$100.00 for its uniform and maintenance allowance. This is opposed by the City.

Insofar as the City provides uniforms, the focus should be on the maintenance portion of the allowance. The comparables would not require an increase at this time; most importantly, the uniform allowance is a compensation benefit that is not required in light of the overall compensation received by the officers.

## **INSURANCE**

The City and the Union proposals would both add a Preferred Prescription Drug Card with a five dollar co-pay. This additional coverage would put the Command Officers at the same level as the Administrative employees of Grosse Pointe Farms. Additionally, the Union seeks a cash payout for members opting out of the system. The City's Last Best Offer is supported by internal comparability and the overall compensation received by the bargaining unit. Accordingly, the City's Last Best Offer should be awarded.

## **LIFE INSURANCE**

The Union seeks an increase in the life insurance benefit from \$30,000.00 to \$50,000.00 in addition to a \$50,000.00 accidental death and dismemberment policy. The City offers the status quo.

The Union maintains that the comparables would support the higher benefit. The City argues that the Union's request would place the Union above 3 of the 4 comparables. While this proposal has considerable merit, it is not appropriate at this time in light of the overall compensation received by the bargaining unit in this contract.

### **SICK LEAVE AND SICK LEAVE PAYOUT**

The City proposes to retain the status quo on sick leave accumulation and sick leave payout. The Union proposes that the number of accumulated sick days be increased to 116 from 80 and that the payout for these sick days be increased from a maximum 40 to 87 upon retirement. The City notes that it is one of only two cities which pays annually for sick days over 80. The Union maintains that the comparables support its offer.

The increases sought by the Union would increase its overall compensation. Based upon the entire contract, such an increase is not justified at this time and the Last Best Offer of the City should be awarded.

### **DEFERRED COMPENSATION**

The Union asks that deferred compensation be increased from 1% to 3%. It is maintained that this is necessary in order to retain parity with the patrol unit within the City. The Employer asserts that the Union bargained away its 3% deferred compensation in the last contract in order to achieve an improved wage differential over the patrol unit.

Under factor 9(h) of the Act, it would not be expected that a unit would immediately recoup a benefit that was traded away in the prior contract. Accordingly, the Last Best Offer of the City should be awarded. Further, the overall compensation received by the unit would not justify the increase at this time.



### **PENSION ANNUITY FACTOR**

The Union proposes an annuity factor of 2.5% times the first 25 years of service. This is also proposed by the City. For service in excess of 25 years, the City proposes 1.5%. The Union proposes 2% for service in excess of 25 years. The City's proposal represents a .5% improvement over the existing plan for service over 25 years; the Union's proposal represents a 1% improvement for service over 25 years.

The City's proposal is supported by the plan negotiated with the patrol officers and is consistent with external comparability. Therefore, the City's plan on the pension annuity factor should be awarded.

### **MAXIMUM PENSION BENEFIT**

The Union asks for an increase to 75% of final average compensation. The City offers an improvement to 73% of final average compensation. The patrol group within the City currently is at 70%. There isn't anyone currently retiring under this contract. Based upon factor (h) of section 9 it would not be expected that the Union's proposed increase would be awarded at this time. Accordingly, the Last Best Offer of the City should be awarded.

### **RETIREMENT ELIGIBILITY**

The Union argues that the comparables fully support its proposal to reduce the retirement age from 55 to 50. Insofar as the contract is nearly expired and there isn't any one facing retirement, the increased actuarial cost of the Union's proposed benefit isn't justified under factor (h) of Section 9. Therefore, the City's Last Best Offer should be awarded.

### **RETIREMENT ESCALATOR**

Both the City and the Union propose a pension COLA beginning after the first year of retirement. However, the Union proposes a 15 year benefit as opposed to the City's 10 year benefit.

The Union is concerned that the Employer's proposal will result in the Union being in a worse position than the patrol officers. However, the Employer has represented that its proposal is superior to the plan now being utilized by the patrol officers, and in fact, the employer would agree to the patrol plan, if the command officers insisted.

Insofar as the contract is due to expire and no one will be immediately impacted, section (h) of the Act dictates that the City's Last Best offer be awarded in light of the cost to the City.

### **FINAL AVERAGE COMPENSATION**

Currently, final average compensation is based upon five years out of ten. The City proposes an improvement to four years out of five. The Union proposes three years out of five.

The patrol group within the City has three years out of five. Therefore, internal comparability strongly favors the Union, and the Union's Last Best Offer on this issue should be awarded.

### **HEALTH INSURANCE-RETIREES**

The City proposes traditional Blue Cross for retirees with a \$150/300 deductible and an 80/20 co-pay, with vision and dental coverage. The City also proposes a Prescription Card with a seven dollar co-pay. This is the same coverage afforded to the Administrative employees of the City. The Union proposes that retirees receive the same coverage they received as active employees, with a requirement that the retiree apply for Medicare coverage at age 65.

Because the Union's proposal could lead to significant new costs, the overall compensation that has been awarded would not justify the union's proposal at this time. The Last Best Offer of the City should be awarded.

### **PAYMENT OF BANK TIME UPON DEATH OF MEMBER**

The City requests the status quo. The Union asks that banked time be awarded to the deceased employee's estate. The union maintains that this benefit is necessary to protect an employee who dies unexpectedly. The City argues that sick leave is designed to protect the active employee.

There isn't support from the section 9 factors to award this benefit. This is the type of benefit that is best achieved, if at all, through collective bargaining pursuant to factor 9 (h).

### **RETROACTIVITY OF BENEFITS**

The City agrees with the Union that all economic issues are retroactive; however, it asks that all excess premiums be recouped.

There isn't a basis under Section 9, or arbitral precedent in Act 312 cases, which can be considered under factor (h), for requiring recoupment of premiums. Therefore, the Union's Last Best Offer should be awarded.

## AWARD

1. Wages--The City's Last Best Offer is awarded.
2. Cost of Living Allowance--The Union's Last Best Offer is awarded commencing in the last year of the contract.
3. Longevity--The City's Last Best Offer is awarded.
4. Holidays--The City's Last Best Offer is awarded.
5. Vacation--The City's Last Best Offer is awarded.
6. Uniforms--The City's Last Best Offer is awarded.
7. Health Insurance--The City's Last Best Offer is awarded.
8. Life Insurance--The City's Last Best Offer is awarded.
9. Sick Leave Accumulation--The City's Last Best Offer is awarded.
10. Sick Leave Payout--The City's Last Best Offer is awarded.
11. Deferred Compensation---The City's Last Best Offer is awarded.
12. Pension Eligibility---The City's Last Best Offer is awarded.
13. and 14. Pension Multiplier and Pension Cap---The City's Last Best Offer is awarded.
15. Final Average Compensation--The Union's Last Best Offer is Awarded.
16. Pension Cola---The City's Last Best Offer is awarded.
17. Retirement Health Care---The City's Last Best Offer is awarded.

18. Payment of Bank time Upon Death of Member---The City's Last Best Offer is awarded.
19. Retroactivity of Benefits--The Union's Last Best offer is awarded.

Dated: 4/23/98

Mark J. Glazer  
Mark J. Glazer, Chairman

Dated: \_\_\_\_\_

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Richard Solak, Employer Delegate\*

Dated: \_\_\_\_\_

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Michael Somero, Union Delegate\*

\*Mr. Solak concurs on all issues awarded to the City and dissents on all issues awarded to the Union.

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Dated: \_\_\_\_\_

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Richard Solak, Employer Delegate\*

Dated: 4-20-98

Michael Somero  
Michael Somero, Union Delegate\*

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