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STATE OF MICHIGAN
DEPARTMENT OF LABOR
MICHIGAN EMPLOYMENT RELATIONS COMMISSION

PUBLIC ACT 312 ARBITRATION

CITY OF HIGHLAND PARK

and

MICHIGAN LAW ENFORCEMENT
UNION, #129, COMMAND OFFICERS

MERC Case No.
D 80-C-1625

ARBITRATION DECISION AND AWARD

Background

The Chairman was notified by letter dated April 10, 1981 by Barry T. Hawthorne, Acting Director of the Employment Relations Commission of the Department of Labor of the State of Michigan of his appointment as arbitrator pursuant to the Police Firefighters Arbitration Act. (Act 312, Public Acts of 1959, as amended). Contact was made with the delegates designated by the parties and named in the letter. The panel members were John C. Emery, Jr., Chairman, Sam J. Merigian, City designee, and Larry Gregory, Union designee. The representatives were David H. Greenspan for the City and Billy D. Mendenall for the Union. A pre-hearing conference was held May 20, 1981 pursuant to a stipulation which waived the 15-day statutory period for commencement of the hearing. The demands of the parties were reviewed and discussed briefly and the remaining issues determined.

Highland Park, City of

Hearings and Negotiations

Hearings were held on September 21, 22 and 30 and on October 27, 1981 at the offices of Michigan Employment Relations

Michigan State University
LABOR AND INDUSTRIAL
RELATIONS LIBRARY

Emery, John C.

Commission, 1200 Sixth Avenue, Detroit, Michigan. Testimony and supporting exhibits were presented by both parties. A post hearing panel conference was held on March 22, 1982 at 100 W. Long Lake Road, Suite 210, Bloomfield Hills, Michigan. The Union submitted an Amended Last and Best offer on March 24, 1982. No further negotiations took place between the parties.

Exhibits, Stipulation, Withdrawals

The panel admitted 1 joint exhibit, 2 union exhibits and 33 city exhibits. It was stipulated that all of the issues were economic. There were no further stipulations other than on procedural matters. The following demands were withdrawn by the Union: Life Insurance for Retiree, Legal Assistance, Personal Days, Roll Call Time, Rules and Regulations, Funeral Leave, Lay-off, Recall, Promotions and Rest Periods. Various Exhibits were accepted subject to verification by the panel through contracts and other documents which were made available for review by the panel during the course of proceedings without any further objection existing with respect to verification by the parties or the panel.

Section 8 of the statute requires the submission of a last offer of settlement for each economic issue and requires the panel to adopt the last offer which it decides "more nearly complies with the applicable factors prescribed in Section 9." The Last and Best offer of the City and the Amended Last and Best offer of the Union dated March 24, 1982 are attached hereto as Exhibits A and B and by reference made a part of this award.

FINDINGS OF ACT, OPINION AND
ORDER AS TO ECONOMIC ISSUES

As required by Section 9 of Act 312, the lawful authority of the City and the limits on its taxing power was considered, as more fully set forth in the discussion of the evidence.

The stipulations of the parties are recited above and made a part of this award.

Section 9(c) of the statute requires the following:

"The interests and welfare of the public and the financial ability of the unit of government to meet these costs."

The City's basic position is that it does not have the financial ability to meet the increase in the cost of the command officers to the City.

The Union's basic position is that the allocation of financial resources to various essential city functions is the city's problem, that the interests and welfare of the public require safer streets and homes necessitating police and in this instance police command officers properly paid on a basis comparable to comparable communities and this is of the first and highest priority for any community. Police command officer morale is stressed as essential to the continued existence of the community as a place for people to live and work.

Throughout the City's presentation, last best offers and brief runs the statement that "the cost is beyond the city's financial ability and not in the best interests or welfare of the Highland Park citizens." There is no question from a review of the City's testimony and exhibits that the city is in a very serious financial condition. It faces and will continue to face

severe economic stress. The City faced a deficit of over \$2,500,000 as of July 1, 1981. Sources of revenue have been drastically reduced. A voluntary 20% employee wage reduction program for the 1981-82 fiscal year has been implemented for most city employees. It has exceeded its 20 mil constitutional tax limitation. Its sources of general fund revenues are decreasing and its deficit increasing. The City has very limited taxing and borrowing power and the panel recognizes the limits on the lawful authority of the City to tax. The general economic climate itself does not bode well for the city nor does decreasing federal and state support help. The requirements of P.A. 1968, No. 2 as amended are noted. The decrease in population and in the real property State Equalized Valuation is recognized.

The objections of the City to the Union choice of comparable communities and the nature of the basis of obtaining information is noted, but the panel is satisfied with the choice.

The panel is also mindful of the impact an award has on retiree compensation and benefits and the ultimate cost to the city, requiring, prior to any increases, pension fund contributions equal to 57% of payroll, plus an additional contribution for some retirees.

While all of this would appear to be true, the fact remains that adequate police protection is of the highest priority to the survival of a community. Difficult as they may be to exercise, the City still has its options. This panel is not charged with making the decisions relative to reallocation of city resources, reduction of City services and elimination of other City personnel. The function of the panel is to consider the overall financial ability to meet increased costs. Accord-

ingly, the financial condition of the City, critical as it undoubtedly is, in the light of the factors involved as noted above, is not decisive of the issue, while it does require the utmost in fiscal restraint.

The public interest in sound public safety and a properly paid police force with the morale necessary to its effective performance must be given its due weight.

Sections 9(a), 9(b) and 9(c) having been considered, the next factor is the comparison required by Section 9(d).

Section 9(d) of Act 312 requires the following:

"(d) comparison of wages, hours and conditions of employment of the employer involved in the arbitration proceeding with 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."

No evidence was submitted by either party with respect to other employees in private employment in comparable communities. Evidence with respect to wages of command officers in comparable communities and of other Highland Park city employees was submitted by the parties and considered. The Union used as its comparable communities, Hazel Park, Madison Heights, Ferndale East Detroit, Wyandotte, Oak Park, Garden City, Farmington Hills, Inkster, Hamtramck and Ypsilanti. The choice was made on the basis of crime activity, population and/or location in southeastern Michigan. The City comparables were East Detroit, Ferndale, Hamtramck, Hazel Park and Wyandotte, based upon location in the tri-county area, population, population density and housing density.

The average consumer prices for goods and services, commonly known as the cost of living, as referred to in Section 9(e) of the Act were reviewed. Evidence was received and reviewed with respect to overall compensation as defined in Section 9(j).

Changes during the proceedings and prior to the termination of the hearings such as additional financial problems with the State were reflected in the evidence submitted. No additional changes in circumstances since that date have been submitted for the panel's consideration by the parties pursuant to Section 9(g).

With respect to Section 9(h), the panel has considered all other factors brought to its attention during the proceedings and given them due weight.

The Union used the Michigan Municipal League 1980 Report on Salaries, Wages and fringe benefits for data. The City objected, introducing as an exhibit the preamble to the Report which states that "caution should be exercised in using the data for comparative purposes." With that caveat, however, the Panel has no problem with using the data. The panel further has no problem with considering the crime statistics as data in support of the Union case.

Pages 35 and 36 of Union Exhibit 2 show increase of consumer price index, U.S. Cities average from 218.9 in July, 1979 to 247.8 in July, 1981, an increase of 28.9, or 13.2% increase, providing a \$3300 to \$3900 loss in buying power and page 38 a 22.996% increase in the index from July, 1979 (218.9) to May, 1981 (269.1), resulting in a \$5729 (sergeants) to \$6933 (captains) loss in buying power. Page 39 shows that while the cost of living

for sergeants increased by 36.3% from June, 1977 through June, 1980, 48% between June, 1977 and May, 1981, wages increased only by 16% between June of 1977 and June 1980. Page 40 and 41 show similar loss in purchasing power for lieutenants and captains.

Page 34 of Union Exhibit 2 sets forth budgeted amounts for other city employees for the fiscal years 1979-80 and 1980-81 showing provision for increases in the wages for the positions listed. The City's testimony was that their exhibit does not necessarily represent the actual increases which are not reflected in the budgets. A budgeted wage for one fiscal year may or may not reflect the actual wage for the prior year. The last raise for the police department was 8% for the fiscal year 1979-1980, effective July, 1980, although obtained in 1980.

City Exhibit No. 3 is a list of cities considered comparable by the City, using the factors of location, population, population density, and housing density, including East Detroit, Ferndale, Hazel Park and Wyandotte.

City Exhibit No. 4 shows various demographic data regarding the comparable cities in No. 3 derived from information contained in City Exhibit No. 4A. Harvey Shapiro, Special Assistant, Faculty Administration, and special lecturer in Computer Services at Oakland University testified on behalf of the City with reference to City Exhibits 5 through 13.

City Exhibit No. 5, prepared from the budgets of the comparable cities, shows Highland Park with more police personnel per square mile, per 1,000 residents, per 1,000 housing units and per \$1,000,000 State Equalized Valuation (SEV).

City Exhibit No. 6 shows the change in SEV, property

tax revenue and population in Highland Park and the City's five comparable cities. The SEV declined from \$148,500,000 in 1976 to \$146,600,000 in 1980, or 1.3%. Increases between 5.6% and 31.8% were shown by the other cities. Highland Park property taxes increased .3% from 1976 to 1980 while other cities increased between 11% and 42%. Highland Park decreased in population 21.3% from 1970 to 1980 while the comparable cities had decreases that ranged from 12.1% to 20.5%.

In Highland Park a homeowner has a tax rate of 81.21 mills on his property, while the other cities show 70.18 to 74.93 mills. (City Exhibit No. 6).

Overall compensation for 1979-80 for the Police Command officers using estimates based on certain assumptions for sick leave, furlough, personal leave and excused time, actuarial cost for retirement, averages for holiday pay, shift differential and longevity, contract for annual hours and clothing allowance and actual figures for remaining fixed fringe benefits (City Exhibit No. 8) were reviewed by the Panel. A comparison of salary, fringe benefits and total compensation for various City employees between 1976-77 and 1979-80 fiscal years, is set forth in City Exhibit No. 9 including actual salaries, categories described as "cash items", "non-cash items", total compensation and percentages of increase for salary, "cash" and "comp.". "Cash items" reflect certain averages and assumptions. "Non-cash items" include retirement, insurance costs, and F.I.C.A. (not paid by police). Retirement figures in the Exhibit do not reflect actual expenditures by the City but only the numbers that the actuary specifies

for the retirement plan that the employees are in. The term "compensation" as used in this Exhibit means cost in the sense of liability incurred, rather than actual expenditure.

The Panel is satisfied with the Union comparables on the basis of population (except for Detroit) and location as shown by Union Exhibit 2, page 2 and crime activity as shown by Union Exhibit 2, pages 5,6,7 and 8 and manpower comparison as shown by Union Exhibit 2, pages 9 and 10, supported by the testimony of Detective Sergeant John Killala. The cities selected, with Farmington Hills being given less weight than the others, are sufficiently comparable to Highland Park on a relative basis to be considered for the purposes of Section 9(d)(i). No evidence was presented by either party as to private employment relative to Section 9(d)(ii). Total compensation shows as \$51,590 with a base wage of \$25,018 for 6 sergeants, \$70,527 with a base wage of \$27,520 for lieutenants, and \$70,527 with a base wage of \$30,273 for a captain. Total compensation for 11 command officers with base wages of \$290,491 is estimated to be \$604,591. This does not represent actual cash expenditures but includes liabilities incurred but not necessarily paid, such as retirement or pension fund obligations. Of the \$604,591 estimate, \$237,481 represents retirement obligations for which the City was liable but which were not necessarily paid to the Retirement fund.

From 1976-77 to 1979-80, the cost to the City of the average command officer increased 51.6%. The Consumer price index increased 36.3% during the same period.

Section 9(f) uses the words "presently received" with respect to "overall compensation" and with respect to "all other benefits" uses the word "received". The Exhibit was received in evidence subject to the understanding that the word "compensation" as used in the Exhibit includes liabilities incurred as well as amounts "presently received" as used in Section 9(f) of Act 31. Exhibit 9 shows a 16.9% increase in salary over the 3-year period for a police lieutenant. This compares with at 27.8% increase for Superintendent of Parks and Boulevards, 26.9% increase for Finance Director, 23.9% increase for an administrative clerk, 23.2% for a Laborer II. Out of the twelve categories submitted on the Exhibit other than the elected officials and Administrator of Community Development, who represent special situations and some of whom received increases over the last two years, ten received a greater percentage increase in salary and eight received a greater percentage increase in terms of "cash items" than did the police lieutenant. "Compensation", of course, is highest for the same lieutenant but includes retirement liabilities incurred and perhaps never to be paid by a fiscally troubled city and certainly not to be included as compensation "currently received". Highland Park's actuarial report shows that the City has not funded its pension program in the past, and that the future viability of the Plan could be in question because the City has not the money to fund it.

City Exhibit No. 10 shows 1979-80 comparative compensation for a twenty-year police lieutenant for Highland Park and the City's comparables. The City is highest for wages, in the middle for total "cash items" which reflects assumptions, lowest for clothing allowance, almost lowest for longevity, average for

holiday pay and of course, with Hamtramck, another extremely financially troubled city, a close second, by far the highest in estimated pension "cost", again a liability incurred but not necessarily an expenditure made as compensation "presently received".

City Exhibit No. 11 shows the Estimated Cost of Police Union - Command Demands. Due to an escalation clause which is contained in the pension system, estimated costs for retirees are included which are equal to 50% and consequent of any increase for active employees. For 11 employees for 1980-81 a 10% wage increase would cost \$56,704, with a total ~~retiree~~ cost of \$188,802. An increase for 1981-82 of 12% would mean \$75,517 for 11 officers and \$256,403 for retirees. The COLA estimate is \$13,900 and \$59,873 for the first year and \$15,245 and \$65,668 for the second year.

City Exhibit No. 13 shows Employer Contribution Requirement as a percent of payroll with an overall average of 57% for 1980-81, which could be due to wage increases or non-funding of the pension system.

City Exhibit No. 14 shows the pension costs for comparable cities, ranging from 15.31% of payroll for East Detroit to 90.36% for Hamtramck, with Highland Park at \$81.76.

Makram Iskander, Finance Director of the City testified with reference to City Exhibits 14 through 29. Exhibit No. 17, Act 2 of 1968, requires budgets to be prepared within the guidelines set forth therein. Act 621 of 1968 in Section 15(2) provides that the 1981-82 proposed budget must include all the accumulated deficit of prior years in the budget proposed as expenditures for subtraction from available revenues. Section

15(a) states that "the total estimated expenditures, including an accrued deficit, in the budget shall not exceed the total estimated revenues, including an available unappropriated surplus". Act 324 of 1980 (the Emergency Loan Act) requires estimated total expenditures, including an accrued deficit not to exceed total estimated revenues in any general appropriations Act adopted by the City. This procedure was followed by the City in preparing the 1981-82 budgets. The \$1,000,000 state loan was projected in the 1981-82 budget as revenues. Exhibit 20 and the 1981-82 budget reflect a projected short fall of about \$500,000 of revenue for total payments under the State Revenue Sharing Act for fiscal year 1980-81 for fiscal year 1979-80. The City borrowed \$1,000,000 in tax anticipation notes on April 1, 1981 from the State (Exhibit 21), payable September 1, 1981. The note was repaid from 1981-82 revenues. Absent an income tax increase not yet passed by the voters pursuant to legislation not yet enacted, revenues of \$2,000,000 to \$2,100,000 for 1981-82 are anticipated, with a resultant short fall of \$400,000. The proposed 1981-82 budget projects an accumulated budget through June 30, 1981 of \$1,300,000. As a result of the certified audit of 1979-80, a projected deficit was projected as of 6/30/81 of \$900,000, but the audit showed \$1,387,592, an increase of \$487,592 deficit over \$900,000 projected. Accordingly, the City was required to balance this budget, to amend it to balance it and therefore make additional cuts in the 1981-82 budget to cover the additional deficit. The net result is a \$1,787,592 deficit to be retired in fiscal 1981-82. To help balance the budget, salaries of all city employees except police and fire were cut 20%. Positions were also eliminated. Local 41 covering civilian employees in the Police

Department accepted in a settlement a reduction of hours representing 10% and the six weeks layoff, another 10%, resulting in a 20% savings. Local 443 representing another group of employees accepted a 10% reduction in pay, plus a six-week layoff. Appointees accepted the same program. Elected officials have not been affected as they have a different status.

The proposed budget provides a levy for judgments of \$773,974. The State questioned whether the City could levy an additional tax to pay them. This question has not yet been settled. This amount could result in an additional deficit. Executive Orders were issued in an attempt to balance fiscal 1980-81 for the State fiscal year which resulted in a state appropriation reduction with a direct bearing on revenue sharing of cities, towns and villages. A short fall of \$111,000 for the City resulted from the payment being reduced from an anticipated \$212,000 to \$101,453. The State then notified the City to submit a plan within ninety (90) days after the end of the fiscal year for the elimination of their deficit (Exhibit 33).

The City submitted its 1979-80 pay plan for comparison to pages 33 and 34 of Union Exhibit 2, stating that Page 33 showed the pay plan for 1979-80 while page 34 showed budgeted, not actual, salaries for the same period. The pay plan showed that the City Clerk and City Treasurer received 16% or \$3840 increases effective in 1980, 8% effective January 1, 1980, and 8% effective July 1, 1980 for the fiscal year 1980-81. The Elected Officials Compensation Committee met and awarded a pay increase to elected officials, 8% effective January 1, 1980 and 8% July 1, 1980. The award was approved by the City Council in February, 1980. The City Clerk received \$24,000 as of July 1, 1979 and \$27,840 as of July 1, 1980 for fiscal years 1980-81.

The City Treasurer received the same increase. The Administrative Director of Mental Health was increased on June 16, 1980 from \$24,000 to \$25,000. The Clinical Coordinator increased from \$18,607 to \$20,182 as of June 16, 1980.

The Director of Finance was budgeted for 1979-80 at \$28,167, which was the actual salary for that position for 1978-79. The pay plan, however, shows that the Director was actually paid \$33,712 for the fiscal year 1979-80 and subsequent years, a 19.6% increase. The Mayor's salary for 1979-80 was \$39,000, but was increased 8% for January 1980 through June, 1980, and increased to \$45,489 for 1980-81, effective July 1, 1980.

Mr. Iskander confirmed that the budget figures were an estimate and may or may not reflect the prior year's actual salaries, as had been indicated before, stating that only the pay plan for a given year would show the salaries accurately.

The Police Chief and Fire Chief increased, according to Mr. Iskander, from \$29,789 in 1978 to \$34,814, an increase of 16%, effective July 1, 1979 for the fiscal year 1979-80. There also were "a few other cases" of salary increases, as well as the two chiefs and positions funded by the State, such as the Mental Health Coordinator. The elected officials received increases by vote of the City Council, following recommendations by the Elected Official Compensation Committee. The last prior increase for elected officials had been in January, 1977. Councilmen's salaries were also increased from \$7500 to \$8748, with the Council President being increased to \$9300, a 16% increase.

Police Officers received an 8% increase from 1978-79 to 1978-80, and compared with the increase for the Police Chief for that period of 16%.

During this period of time, while raises were being given, the City had a deficit for 1979-1980 of \$1,787,000. If the City did not get the \$1,000,000 State loan reflected as revenue in the 1981-82 budget, the \$1,000,000 would be added to \$2,457,000, so that as of the date of hearing, October 27, 1981, the deficit stood at \$3,457,342, or more. Accordingly, it is the City's position that it is unable to afford any increases.

The Judgment in 1972 (Exhibit 28) provided that 202 retirees for police and fire would receive an amount equal to 50% of any increase in benefits to active employees. Blue Cross and life insurance were exempted from the order. While pre-1968 retirees get benefits listed on page 1 of the judgment, post-1968 employees do not receive the equivalent of gun, uniform and overtime allowances. The 1981-82 budget includes \$2,557,900 for "miscellaneous fringe benefit charges", which includes the 1980-81 appropriation to the pension system of \$766,300. If the deficit were included, the cost would be more than \$4,000,000.

In summation, after considering and weighing all of the evidence in the light of the statutory requirements, the panel determines that although the City is severely limited in its ability to pay by its financial crisis, it has not shown a complete inability to pay. During the two fiscal years considered by the panel, salary increases for some other city employees and elected officials have gone into effect, despite the growing deficit and deepening financial crisis. The increase in cost of living has been very high and justifies a salary increase. The public interest in having properly paid police command officers with appropriate morale in time of crisis outweighs the factor

of ability to pay, which may be severely limited but is still in existence.

The panel feels, however, that the salary increase granted is based largely on the factor of decrease in purchasing power due to the increase in cost of living. Accordingly, some other demands which are certainly meritorious and deserved are denied in the light of the severe financial crisis the City is experiencing, even though their financial impact may be small, and increases are limited to direct wages and related fringe benefits.

AWARD

ISSUE NO. 1 - Clothing Allowance for Plain Clothes

Union Exhibits 11 and 12 set forth the demands and comparable data on this issue.

The Union's Last best offer is:

1980-81 - Same (\$150)
1981-82 - \$225

The City's Last best offer is:

1980-81 - Same (\$150)
1981-82 - a prorated clothing allowance to commence 7/12/81 by addition of a new section to read:

"Employees assigned to plain clothes duties for periods of 90 or more consecutive work days shall be paid a prorated amount for clothing. This prorated amount shall be based on 1/261 of \$150 for each work day of such assignment. Payment shall be made at the conclusion of such assignments."

Decision: The offer of the Union is accepted primarily on the basis of the comparables showing double to triple the allowance over the City's present allowance.

ISSUE NO. 2 - Holidays

Union Exhibits 13 through 17 set forth the demands and comparable data on this issue.

The Union's Last best offer is:

1980-81 - Same (9 paid holidays)

1981-82 - full day Christmas Eve
full day New Year's Eve

Comp. time to be used for payment
of additional Christmas Eve and
New Year's Eve Holiday time.

The City's Last best offer is:

1980-81 - Same

1981-82 - Same

Decision: The offer of the Union is accepted primarily on the basis of the comparables inasmuch as almost all the other cities have more holidays than the City's 9.

ISSUE NO. 3 - Shift Premium

Union Exhibits 18 and 19 set forth the demands and comparable data on this issue:

The Union's Last best offer is:

1980-81 - 20¢ afternoons, 30¢ midnights

1981-82 - 25¢ afternoons, 30¢ midnights

The City's Last best offer is:

1980-81 - Same (10¢ afternoons, 15¢ midnights)

1981-82 - Same

Decision: The offer of the City is accepted.
The 12 comparables are insufficient to support a change with 5 cities showing none, being a percentage of base pay, 1 being a fixed personal property, and 4 being more.

ISSUE NO. 4 - Equipment Maintenance Allowance

Union Exhibits 20 and 21 set forth the demands and comparables data on this issue.

The Union's Last best offer is:

1980-81 - \$150

1981-82 - \$225

The City's Last best offer is:

1980-81 - Same (None)

1981-82 - Same

Decision: The offer of the City is accepted.
The 12 comparables are insufficient to support a change, 4 being specifically related to cleaning, 4 to gun allowance, and the others to other items.

ISSUE NO. 5 - Hospitalization

Union Exhibits 22 and 23 set forth the demands and comparable data on this issue.

The Union's Last best offer is:

Pick up semi-private coverage effective
upon issuance of award.

The City's Last best offer is:

1980-81 - Same (officer pays own)
1981-82 - Same

Decision: The offer of the Union is accepted.
The fact that 6 out of the 12 comparable cities provide semi-private coverage furnishes sufficient support for the Union's offer.

ISSUE NO. 6 - Dental Insurance

Union Exhibits 24 and 25 set forth the demands and comparable data on this issue.

The Union's Last best offer is:

80/20 dental plan with full family rider coverage, premiums to be paid by the City, effective upon issuance of award.

The City's Last best offer is:

1980-81 - Same (Employee pays for family coverage on dental insurance)

1981-82 - Same

Decision: The offer of the Union is accepted, primarily on the basis that the comparables would strongly support the Union's offer.

ISSUE NO. 7 - Hospitalization for Retirees

Union Exhibits 26 and 27 set forth the demands and comparable data on this issue.

The Union's Last best offer is:

Blue Cross-Blue Shield coverage (same as provided for active member) retiree and spouse until federal medical program takes effect. Effective January 1, 1981, for persons retiring after that date.

The City's Last best offer is:

1980-81 - No demand

1981-82 - Maintain present policy
(no coverage)

Decision: The offer of the City is accepted. Financial inability to pay is given the greater weight, although the Union's offer is supported by the comparables.

ISSUE NO. 8 - Prescription Rider for Retirees

Union Exhibit 28 sets forth the demands and comparable data on this issue.

The Union's Last best offer is:

\$2.00 prescription rider provided to
retirees who retire after January 1, 1981.

The City's Last best offer is:

1980-81 - is demand

1981-82 - maintain its present policy as
to prescription (drug) rider

Decision: The offer of the City is accepted.
Financial inability to pay is given
the greater weight although comparables support the Union offer.

ISSUE NO. 9 - Final Average Compensation
for Retirement

Union Exhibits 29 and 30 set forth the demands and comparable data on this issue.

The Union's Last best offer is:

Final average compensation to be based on employee's last year in rank. Effective January 1, 1981.

The City's Last best offer is:

1980-81 - No demand

1981-82 - Maintain present policy as set forth in City Charter. (Average of current salary for ranks held each of last 5 years)

Decision: The offer of the City is accepted. The five comparables are insufficient to support a change.

ISSUE NO. 10 - Wages

Exhibits 32 through 41 set forth the demands and comparable data on this issue.

The Union's Last best offer is:

- (A) Effective July 1, 1980, maintain 10% wage differential between ranks.
- (B) Effective July 1, 1981, 8% across the board increase.

The City's Last best offer is:

- (A) 1980-81 maintain the present pay plan.
- (B) Same

The parties agreed as to the present wage differential set forth in Exhibit 33.

Decision: The offer of the Union is accepted on the basis of the increase in cost of living as shown by Union Exhibits 35 through 41, and is given.

ISSUE NO. 11 - Cost of Living

Exhibits 42 and 43 set forth the demands and comparable data on this issue.

The Union's Last best offer is:

Bureau of Labor Statistics - 67 = 100 -
all Urban Wage Earners.

.4 = 1¢ per hour; 30¢ cap paid quarterly
and rolled into wages. Effective with
July 1981 index.

The City's Last best offer is:

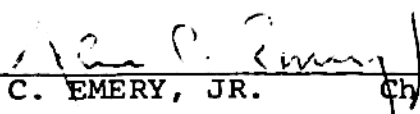
1980-81 - maintain present policy as to a
cost of living allowance (none)

1981-82 - Same

Decision: The offer of the City is accepted.
The 12 comparables include three
cities with a cost of living allow-
ance similar to that proposed, two
cities with a rolled in increase
and seven cities with none. This
demand is not supported by compara-
bles.

Post Script

The panel thanks all those who assisted in the preparation of the presentations and who testified on behalf of the parties. The attorneys were particularly well-prepared and articulated their client's cases zealously.


JOHN C. EMERY, JR. Chairman

Issue No. 1

I concur - dissent



SAM J. MERIGIAN Member

I concur - dissent



LARRY GREGORY Member

Issue No. 2

I concur - dissent



SAM J. MERIGIAN Member

I concur - dissent



LARRY GREGORY Member

Issue No. 3

I concur - dissent


SAM J. MERIGIAN

I concur - dissent


LARRY GREGORY

Issue No. 4

I concur - dissent

Sam J. Merigian
SAM J. MERIGIAN Member

I concur - dissent

Larry D. Gregory
LARRY GREGORY Member

Issue No. 5

I concur - dissent

Sam J. Merigian
SAM J. MERIGIAN Member

I concur - dissent

Larry D. Gregory
LARRY GREGORY Member

Issue No. 6

I concur - dissent

Sam J. Merigian
SAM J. MERIGIAN Member

I concur - dissent

Larry D. Gregory
LARRY GREGORY Member

Issue No. 7

I concur - dissent

Sam J. Merigian
SAM J. MERIGIAN Member

I concur - dissent

Larry D. Gregory
LARRY GREGORY Member

Issue No. 8

I concur - dissent

Sam J. Merigian
SAM J. MERIGIAN Member

I concur - dissent

Larry D. Gregory
LARRY GREGORY Member

Issue No. 9

I concur - dissent

Sam J. Merigian
SAM J. MERIGIAN Member

I concur - dissent

Larry D. Gregory
LARRY GREGORY Member

Issue No. 10

I concur - dissent

Sam J. Merigian
SAM J. MERIGIAN Member

I concur - dissent

Larry D. Gregory
LARRY GREGORY Member

Issue No. 11

I concur - dissent

Sam J. Merigian
SAM J. MERIGIAN Member

I concur - dissent

Larry D. Gregory
LARRY GREGORY Member

HIGHLAND PARK COMMAND OFFICERS
ACT 312
UNION'S LAST BEST OFFER

1) Issue - Plain Clothes Clothing Allowance

July 1, 1980
Same

July 1, 1981
\$225.00

2) Holidays

July 1, 1980
Same

July 1, 1981
Full Day Christmas Eve
Full Day New Year's Eve

Comp. time to be used for payment of additional Christmas Eve and New Years Eve Holiday time.

3) Shift Premium

July 1, 1980
20¢ Afternoons
30¢ Midnights

July 1, 1981
25¢ Afternoons
30¢ Midnights

4) Equipment Maintenance Allowance

July 1, 1980
\$150.00

July 1, 1981
\$225.00

5) Hospitalization

Pick up semi-private coverage effective upon issuance of award.

6) Dental Insurance

80/20 Dental Plan with full family rider coverage. Premiums to be paid by the City. Effective upon issuance of award.

7) Hospitalization for Retirees

Blue Cross/Blue Shield Coverage (same as provided for active member) retiree and spouse until federal medical program takes effect. Effective January 1, 1981, for persons retiring after that date.

8) Prescription Rider for Retiree

\$2.00 prescription rider provided to retirees who retires after January 1, 1981.

9) Final Average Compensation for Retirement

Final average compensation to be based on employees last year in rank.
Effective January 1, 1981.

10) Wages

Effective July 1, 1980. Maintain present 10% wage differential between ranks.
Effective July 1, 1981. 8% across the board increase.

11) Cost of Living

Bureau of Labor Statistics - 67 = 100 - All Urban Wage Earners
.4 = 1¢ per hour; 30¢ cap paid quarterly and rolled into wages. Effective with
July 1981 index.

STATE OF MICHIGAN
DEPARTMENT OF LABOR
EMPLOYMENT RELATIONS COMMISSION

CITY OF HIGHLAND PARK,

Employer,

PERA D-80-C-1625

and

HIGHLAND PARK POLICE COMMAND
OFFICERS AND MICHIGAN LAW
ENFORCEMENT UNIT #129

CITY OF HIGHLAND PARK LAST OFFER OF
SETTLEMENT FOR CONTRACT YEARS 1980-81 and 1981-82

Pursuant to 1969 P.A. 312, as amended, and more particularly Section 8, MCL 423.238; MSA 17.455(38) and in conformity with the applicable factors in Section 9, MCL 423.239; MSA 17.455(39); the City of Highland Park, a municipal corporation, submits its last offer of settlement with reference to the unresolved economic issues in the above-entitled 312 arbitration.

1. Clothing Allowance for Plain Clothes

Article XI section 2b (new)

- a. 1980-81 The City offers to maintain the present policy as to this new item.
- b. 1981-82 The City offers a prorated clothing allowance to commence July 1, 1981 by the addition of a new section to read as follows:

"Employees assigned to plain clothes duties for periods of 90 or more consecutive work days shall be paid a prorated amount for clothing. This prorated amount shall be

based on 1/261 of \$150. for each work day of such assignment.
Payment shall be made at the conclusion of such assignments."

2. Holidays Article XIV section 1(a) and 1(b)
 - a. 1980-81 The City offers to maintain the present provision as to holidays.
 - b. 1981-82 The City offers to maintain the present provisions as to holidays.
 - c. 1980-81 The City offers to maintain the present provisions as to excused time.
 - d. 1981-82 The City offers to maintain the present provisions as to excused time.
3. Shift premium Article XI sec. 12
 - a. 1980-81 The City offers to maintain the
 - b. 1981-82 present policy as to shift differential.
4. Equipment Maintenance Allowance Article XI sec. 23 (new)
 - a. 1980-81 The City offers to maintain its present policy as to equipment maintenance.
 - b. 1981-82 The City offers to maintain the present policy as to equipment maintenance.
5. Hospitalization Article XVIII
 - a. 1980-81 The City offers to maintain its present Blue-Cross-Blue Shield coverage.
 - b. 1981-82 The City offers to maintain its present Blue-Cross-Blue Shield coverage.

6. Dental Care Program Article XXI
 - a. 1980-81 The City offers to maintain its present dental care program.
 - b. 1981-82 The City offers to maintain its present dental care program.
7. Hospitalization for Retirees (new)
 - a. 1980-81 No demand.
 - b. 1981-82 (7-1-81-6-30-82) The City offers to maintain its present policy as to hospitalization for retirees.
8. Prescription Rider for Retirees (new)
 - a. 1980-81 No demand.
 - b. 1981-82 (7-1-81-6-30-82) The City offers to maintain its present policy as to prescription (drug) rider.
9. Final Average Compensation on Retirement (new)
 - a. 1980-81 No demand.
 - b. 1981-82 (7-1-81-6-30-82) The City offers to maintain its present policy as to final average compensation as set forth in the City Charter.
10. Wages
 - a. 1980-81 (7-1-80-6-30-81) The City offers to maintain the present pay plan.

b. 1981-82 (7-1-81-6-30-82) The City offers
to maintain the present pay plan.

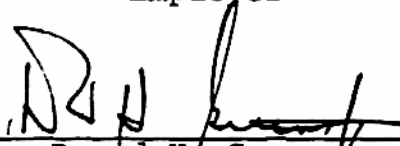
11. Cost of Living (new)

a. 1980-81 (7-1-80-6-30-81) The City offers to
maintain its present policy as to a cost of
living allowance.

b. 1981-82 (7-1-81-6-30-82) The City offers to
maintain its present policy as to a cost of
living allowance.

City of Highland Park, Michigan
Employer

by



David H. Greenspan

Dated: November 9, 1981.

EXHIBIT C

EXHIBITS ADMITTED

Joint Exhibit No. 1 - Union Contract

Union Exhibit No. 2, page 1 - Union letter dated 9/21/81
Union Exhibit No. 2, page 2 - Union Comparable Cities
Union Exhibit No. 2, page 3 - May showing Comparable Cities
Union Exhibit No. 2, page 4 - Issues
Union Exhibit No. 2, page 5 & 6 - Crime Statistics
Union Exhibit No. 2, page 7 - Crime Index
Union Exhibit No. 2, page 8 - Crime Statistics Analysis
Union Exhibit No. 2, page 9 & 10 - Manpower Comparison
Union Exhibit No. 2, page 11 & 12 - Clothing Allowance
Union Exhibit No. 2, page 13 - 17 - Holidays
Union Exhibit No. 2, page 18 & 19 - Shift provision
Union Exhibit No. 2, page 20 & 21 - Equipt. Maintenance Allowance
Union Exhibit No. 2, page 22 & 23 - Hospitalization
Union Exhibit No. 2, page 24 & 25 - Dental Insurance
Union Exhibit No. 2, page 26 & 27 - Blue Cross for Retirees
Union Exhibit No. 2, page 28 - Prescription Rider for Retirees
Union Exhibit No. 2, page 29, 30 & 31 - Pension - Final Average
Computation
Union Exhibit No. 2, page 32 - Wages
Union Exhibit No. 2, page 33 - History of Wages
Union Exhibit No. 2, page 34 - Wages for other City Employees
Union Exhibit No. 2, page 35 - Cost of Living information
Union Exhibit No. 2, page 36 - COLA - Exhibit #1
Union Exhibit No. 2, page 37 - COLA - Exhibit #2
Union Exhibit No. 2, page 38 - COLA - Exhibit #3
Union Exhibit No. 2, page 39, 40 & 41 - COLA v. Wage Increase
Union Exhibit No. 2, page 42 - Cost of Living Issue
Union Exhibit No. 2, page 43 - COLA comparables

City Exhibit No. 3 - Comparable Cities
City Exhibit No. 4 - Demographic Data
City Exhibit No. 4A - State Tax Commission Report
City Exhibit No. 5 - Police Personnel statistics
City Exhibit No. 6 - Changes in SEV, tax revenues & population
City Exhibit No. 7 - 1980 property tax burden
City Exhibit No. 8 - Wages & Costs - Command Officers
City Exhibit No. 9 - Comparison of Compensation for City
Employees
City Exhibit No. 10 - Comparative Compensation for a 20-year
Lieutenant
City Exhibit No. 11 - Estimated Cost of Demands
City Exhibit No. 12 - (Marked) and not admitted
City Exhibit No. 13 - Employees Retirement Contribution Require-
ment
City Exhibit No. 14 - Pension Costs for Comparable Cities
City Exhibit No. 15 - BLS showing CPI for 1961 - 1980
City Exhibit No. 16 - Blue Cross-Blue Shield rate increase
Special Exhibit No. 1 - Union Argument Packet
City Exhibit No. 17 - Uniform Charts of Accounts and Reports
(MCL 141.421 et seq.)
City Exhibit No. 18 - P.A. - 1968, No. 621
City Exhibit No. 19 - P.A. - 1980, No. 324

City Exhibit No. 20 - Letter dated 12/12/80 from Michigan
Department of Management & Budget to City
City Exhibit No. 21 - Order of Approval from State of Michigan
to borrow \$1,000,000 in tax anticipation
notes
City Exhibit No. 22 - Letter from Michigan Department of Treasury
to City dated 5/21/81
City Exhibit No. 23 - City Budget 1979-80
City Exhibit No. 24 - City Budget 1980-81
City Exhibit No. 25 - City Budget 1981-82 (Actual)
City Exhibit No. 26 - City Budget 1981-82 (Proposed)
City Exhibit No. 27 - 1979-80 Audit
City Exhibit No. 28 - Judgment dated 10/11/72 in McLean v. City
of Highland Park
City Exhibit No. 29 - Preface to Michigan Municipal League's
Salaries, Wages & Fringe Benefits, 1981
City Exhibit No. 30 - Governor's Executive Order 1981-7
City Exhibit No. 30A- Legislative Bulletin, Vol. 81, No. 24
City Exhibit No. 31 - Executive Order 1981-8
City Exhibit No. 31A- Legislative Bulletin dated 9/25/81
City Exhibit No. 32 - Executive Order 1981-9
City Exhibit No. 33 - Letter from State dated 9/4/81
City Exhibit No. 34 - City pay plan 1979-80
City Exhibit No. 35 - Revenue sharing check for \$101,453