

STATE OF MICHIGAN
DEPARTMENT OF CONSUMER & INDUSTRY SERVICES
EMPLOYMENT RELATIONS COMMISSION

In the Matter of:

CITY OF HARPER WOODS,

MERC Act 312

Employer,

Case No. D99 L-1851

and

HARPER WOODS FIRE FIGHTERS
ASSOCIATION, IAFF Local 1188,

Union.

Kathleen R. Opperwall, Chairperson
James E. Leidlein, Employer Delegate
James Salassa, Union Delegate

ACT 312 ARBITRATION DECISION

Four days of hearing were held in the above Act 312 arbitration case, beginning December 18, 2000 and concluding January 24, 2001. The Union was represented by attorney Alison L. Paton, and the Employer was represented by attorney Patrick A. Aseltyne. The parties post-hearing briefs were received on June 13, 2001. The arbitration panel members held a panel meeting on June 28, 2001.

The parties entered into a number of stipulations during the course of the proceedings. On October 25, 2000 they stipulated that the following cities would be used as comparable communities under Section 9(d) of Act 312:

Ferndale
Hazel Park
Mt. Clemens
Trenton
Wayne

The parties also stipulated and agreed that the City of Harper Woods would present no evidence or argument of any kind relating to asserted limitations of any kind in its ability to pay with respect to any of the issues in the matter.

On December 18, 2000, the parties entered into a Stipulation Regarding Settled Issues which settled some of the issues. The parties settled an additional issue with a Memorandum of Understanding executed on June 11, 2001. The City also withdrew several issues. The parties agreed that the duration of the new contract would be three years, from January 1, 2000 through December 31, 2002. All of the remaining issues are economic issues to be decided on the basis of the parties' last best offers.

STATUTORY AUTHORITY

Act 312 of 1969 provides for compulsory arbitration of labor disputes in municipal police and fire departments. Section 8 of the Act provides that the arbitration panel shall adopt the last offer of settlement on each economic issue which most nearly complies with the factors prescribed in Section 9 of the Act. Section 9 of the Act reads as follows:

"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 interests 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 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 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." [MCLA 423.239]

DECISION ON ISSUES PRESENTED

Issue 1: Wages

The Union's last offer is a 5% across the board wage increase effective January 1, 2000; 5% effective January 1, 2001; and 5% effective January 1, 2002. The City's last offer is a 3%

across the board wage increase for each year. The parties agreed that the wage increase for each year is a separate last offer for purposes of Section 8 of the Act.

Award: The City's last offer of a 3% across the board wage increase is adopted for each year.

Reason: The average annual base salary for a full paid firefighter in the comparable communities for the year 2000 is \$46,296 (calculated from Union Exhibit 4). Total cash compensation also includes payment for benefits such as longevity pay, holiday pay, sick time pay out, and EMT pay. These payments vary from community to community, and some of them vary depending on how long a firefighter has been with the department. The average seniority for Harper Woods firefighters is 17.2 years (Employer Exhibit 20). At this level of seniority, a Harper Woods firefighter is eligible for more longevity pay, sick time pay-out, and EMT pay, but less holiday pay, than the average comparable. (Holiday pay was valued per Employer Exhibit 10 and Union Exhibit 29 as including a value for time off.)

The City's 3% wage increase proposal would result in an annual base salary of \$44,720 for the year 2000. This is \$1,576 less than the \$46,296 average annual base salary for the comparable communities. This gap is bridged, however, by the other cash compensation received by Harper Woods firefighters at the average seniority level - primarily due to greater longevity pay and sick time pay-out. In summary, although a 3% increase will leave the base salary below that of the comparables, at the average seniority level of the bargaining unit, the other cash compensation items make up the difference. A 5% increase would put the bargaining unit above the comparables, after taking other cash compensation into account.

The median wage increases for the comparable communities is 3% per year for the three years of this contract, and the average is slightly below 3% per year (Employer Exhibit 7). A 3%

per year increase for Harper Woods will maintain its position in relation to the comparable communities.

Issue 2: Officer Wage Differential

The Union's last offer is to increase the officer wage differential by 1.5% effective January 1, 2000, so that the wage differential from firefighter to sergeant is 12.5%, and the wage differential from firefighter to lieutenant/inspector is 22.5%. The City's last offer is to increase the officer differential by 1% effective January 1, 2001, so that the wage differential from firefighter to sergeant is 12%, and the wage differential from firefighter to lieutenant/inspector is 22%.

Award: The Union's last offer is adopted.

Reason: The City has increased the officer differential for the police department by approximately this amount during the last few years. The Union presented persuasive evidence that there has been an increase in the duties of the officers.

Issue 3: Food Allowance

The Union's last offer is to amend the last sentence of Article X, Section 6 to replace "\$600.00 (six hundred dollars)" with "\$770.00 (seven hundred seventy dollars)," effective January 1, 2000. The City's last offer is to amend Article X, Section 6 to increase the annual food allowance to \$650.00 effective January 1, 2001, and to \$700.00 effective January 1, 2002.

Award: The Union's last offer is adopted.

Reason: The Union's last offer is more consistent with the amounts paid by the comparable communities (Union Exhibit 14). The Union's last offer is consistent with increases in the Consumer Price Index since the annual food allowance was last increased (Union Exhibit 15).

Issue 4: Dental Insurance

The Union's last offer is to modify Article X, Section 7(C) to provide as follows, to be effective no later than sixty (60) days after the issuance of the Act 312 award:

"The City agrees to provide each employee with the Delta Dental Plan 80/20 co-pay with a \$1,000 cap, and a 60/40 co-pay orthodontic coverage for minor dependents only with a \$1,500 lifetime cap, with the premium for this coverage to be paid by the City."

The City's last offer is to maintain the status quo, which is a 70/30 employee co-pay.

Award: The Union's last offer is adopted.

Reason: The Union's last offer is more consistent with the benefit provided by the comparable communities (City Exhibit 32; Union Exhibit 16). The Harper Woods administrative employees and police command unit do have the 80/20 co-pay which the Union has proposed.

Issue 5: Dental Insurance for Retirees

The Union's last offer is to add retiree dental coverage for employees retiring on or after January 1, 2001, similar to the coverage employees have, but without the orthodontic coverage. The City's last offer is to maintain the status quo, which does not provide retirees with dental coverage.

Award: The City's last offer is adopted.

Reason: Only one of the five comparable communities provides dental insurance for retirees, and that community only provides this coverage up to age 65. In addition, none of the other Harper Woods employees receive this benefit upon retirement.

Issue 6: Optical Insurance for Retirees

The Union's last offer is to add retiree optical insurance coverage for employees retiring on or after January 1, 2001. The City's last offer is to maintain the status quo, which does not provide retirees with optical insurance.

Award: The City's last offer is adopted.

Reason: Only one of the five comparable communities provides optical insurance for retirees, and that community only provides this coverage up to age 65. Except for the police command unit, the other Harper Woods employees do not receive this benefit upon retirement.

Issue 7: Pension COLA Escalator

The Union's last offer is to add a cost-of-living feature to the pension plan, adjusting the pension benefit by 2% each year, for the first 10 years after retirement, for employees retiring on or after January 1, 2001. The Employer's last offer is to maintain the status quo, which does not provide for a cost-of-living adjustment.

Award: The City's last offer is adopted.

Reason: Three of the five comparable communities do have a COLA escalator which is similar or better than that proposed by the Union; the other two comparable communities do not have a pension COLA adjustment. Unlike any of the five comparables, the Harper Woods firefighters do participate in the Social Security system. Both the City and the employees contribute toward Social Security. Social Security retirement benefits become available at age 65 (age 62 for reduced benefits). While Social Security is different from a cost-of-living adjustment, and does not begin until a later age, it does function to some extent in a similar manner in protecting overall purchasing power. (Employer Exhibit 43).

Issue 8: Pension Automatic Survivor Benefit

The Union's last offer is to add a new paragraph at the end of Article X, Section 20, as follows:

"_____. For employees retiring on or after January 1, 2001, there shall be provided, in addition to the existing survivor pension options, an option for an automatic 60% survivor benefit (i.e., with no reduction in the member's straight life pension); this option may be elected only for spouse beneficiaries. Should the member elect another survivor pension option, whether with or without a pop-up, the member's straight life pension will be actuarially reduced only for the incremental difference between the greater survivor benefit elected and the automatic 60% survivor benefit."

The City's last offer is to maintain the status quo, which does not provide an automatic survivor benefit.

Award: The Union's last offer is adopted.

Reason: Four of the five comparable communities do have an automatic survivor benefit equal to or better than that proposed by the Union (although one of these four, Trenton, has a defined contribution plan for new hires since 1996). The impact of adding this provision will vary somewhat, depending on the ages of the employee and spouse, but will be in the neighborhood of a 10% increase in the annual pension benefit (Union Exhibit 24). This is a significant benefit improvement at a time when many bargaining unit members are eligible to retire or are becoming eligible to retire. Union Exhibit 19 indicates that the City's retirement system currently does have sufficient assets to fund this pension improvement.

Issue 9: Holidays

The Union's last offer is to add one additional holiday, Martin Luther King Day. The City's last offer is to maintain the status quo, which is 12 holidays.

Award: The City's last offer is adopted.

Reason: Of the five comparables, two are at 12 days, one is at 12.5 days, one is at 15 days, and one is at 9 days. Harper Woods is currently in the middle of the comparables, with 12 days.

Issue 10: ALS Bonus

The Union's last offer is to amend Article X, Section 4(E), effective January 1, 2001, to add a provision for supplemental pay for ALS (advanced life support) certification, so that the last portion of Article X, Section 4(E) reads as follows:

"ALS/Paramedic* 6.0% of Full-Paid Firefighter Base Pay**
(prorated for any period that an employee is exempt from responding on all emergency medical runs; during any such period of proration, the employee will receive 3.0% of Full-Paid Firefighter Base Pay instead of 6.0%)

This supplemental pay will be in one annual payment made on the basis of credits accumulated and certification held as of December 31 of each contract year. Such payment will be made on a pay date following receipt of proof of qualified earned credits.

*State of Michigan certification is required. EMT Basic, EMT Specialist, and ALS/Paramedic Certificates must be recertified through a refresher course and testing as often as may be required by the State of Michigan in order to keep the certificates current.

**The ALS/Paramedic bonus is effective the calendar year that ALS service is implemented in any manner (whether partially or fully), with the first bonus to be paid as of December 31 of that calendar year; the full bonus shall be paid to all employees who are ALS/Paramedic certified as of December 31. After ALS has been fully implemented for three (3) continuous years, the City may reevaluate ALS and may decide to terminate ALS service. If ALS service is completely terminated (i.e., not provided at all by the City), then for such periods of complete termination of ALS, any ALS/Paramedic certified employees will receive 3.0% of Full-Paid Firefighter Base Pay instead of the 6.0% bonus."

The City's last offer is to amend Article X, Section 4(E) to provide for an ALS/Paramedic bonus of 5.5% of base pay with ALS service, and 3.5% of base pay without ALS service. The City's

last offer includes a provision that if the City discontinues such ALS service at any time in the future, the annual ALS bonus would revert to the 3.5% level.

Award: The Union's last offer is adopted.

Reason: The parties' last offers on this issue are very close. Harper Woods has just instituted ALS service. The Union's last offer is closer to the ALS bonus provisions of the comparable communities (Union Exhibit 30). Note: As the Union acknowledged at page 60 of its brief, the Union's last offer does not preclude the City from terminating ALS service prior to a 3-year trial period; rather, the Union's last offer is to be interpreted as a benefit provision only.

Issue 11: Sick Time Buy Back at Retirement/Death

The Union's last offer is to amend the sick time provisions at Article X, Sections 21 and 28(E) to provide for payment upon retirement or death of 50% of up to 200 hours of sick leave in the employee's "Reserve Sick Bank." The City's last offer is to maintain the status quo, which does not provide for payment for any Reserve Sick Bank hours.

Award: The City's last offer is adopted.

Reason: There is wide variation among the comparable communities concerning the payment made for unused sick leave upon death or retirement. The current maximum for Harper Woods firefighters is 1,560 hours, which does not include payment for any hours in the Reserve Sick Bank. This 1,560 hours is above the average for the comparable communities (based upon Union Exhibit 33).

Issue 12: Health Insurance

The City's last offer is to add a provision effective January 1, 2002 that the City would pay the first \$600 in monthly premium for health care coverage, and the employee would be responsible for any amount over \$600, and the employee would pay \$25 per month for each non-

spouse dependent. The Union's last offer is to maintain the status quo, which is the City continuing to pay the full cost of health insurance premiums.

Award: The Union's last offer is adopted.

Reason: The internal and external comparables do not support this proposed change.

CONCLUSION

The above decision sets forth the award of the Act 312 panel on the issues presented. The other provisions of the parties' 1997-1999 collective bargaining agreement are carried forward, except as modified by the parties' December 18, 2000 Stipulation Regarding Settled Issues and the June 11, 2001 Memorandum of Understanding.


Dated: July 11, 2001


Kathleen R. Oppewall, Chairperson

I concur with the issues awarded in favor of the Union, and dissent on those issues awarded in favor of the Employer.


James Salassa, Union Delegate

I concur with the issues awarded in favor of the Employer, and dissent on those issues awarded in favor of the Union.


James E. Leidlein, Employer Delegate