

418

80-PK
file

RECEIVED

1988 AUG 29 AM 10:38

STATE OF MICHIGAN
DEPARTMENT OF LABOR EMPLOYMENT RELATIONS COMMISSION
ACT 312 ARBITRATION

IN THE MATTER OF,

City of Kingsford

MERC File No. G 87-K-990

and

Labor Council, Michigan Fraternal
Order of Police.

OPINION AND AWARD

The Hearing was held at the Kingsford City Hall Building, Kingsford, Michigan, on Tuesday, June 28, 1988. The Hearing commenced at approximately 10 a.m. and ended at approximately 12:15 p.m. The official record of the Hearing was recorded by Patricia Wildey, CSR 2683. Testimony was taken of one witness. All other evidence was presented in documentation form through exhibits by the Union and the City. An Executive Session was held by conference call on July 15, 1988 at approximately 3:00 p.m. Briefs were filed and final offers were delivered.

Arbitrator: David L. Poindexter, was selected as chairman of the arbitration panel by the parties through the MERC Act 312 procedures.

<u>Employer</u>	<u>Union</u>
Delegate - John H. Gretzinger	Delegate - Nino E. Green
Attorney at Law	Attorney at Law
500 Calder Plaza	225 Ludington
St.	
Grand Rapids, MI	Escanaba, MI
49503	49829

Present at the Hearing

Darryl K. Wickman - City Manager
Al Jaros - Field Representative
Dale Baldwin - President, Kingsford Public Safety Officers Assoc.
Steve Mulka - Vice President of KPSOA
Michael Flaminio - Observer.

OPINION

In writing this decision the Chairman of the Arbitration Panel is well aware of the statutory criteria upon which an Act 312 Arbitration award must be based. In the instant matter the most pertinent factors to consider are:

"(d) Comparison of wages, hours, and conditions of employment of the employees involved in the arbitration proceedings with the wages, hours, and conditions of employment of other employees performing similar services, and with other employees generally:

(1) In public employment in comparable communities.

(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.

(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)

The factors of (a) lawful authority the employer and (c) the employers' financial ability to pay were not disputed at the hearing, in the final offers or in the briefs submitted in support of the final offers.

The factors of (c) interest and welfare of the public, (e) the average consumer prices for goods and services commonly known as the cost of living and (g) changes in any of the foregoing circumstances during the pendency of the arbitration proceedings were duly noted and given what this Arbitrator

believes is their proper weight.

With regard to factor (b) stipulations of the Parties; the Parties stipulated that the issues involved which remained to be addressed and settled by this panel are:

Economic

- A) Wages For The Contract Years 1987, 1988, 1989
- B) Health Care Insurance
- C) Dental Care Insurance
- D) Longevity

The Parties also agreed, on the record, to the comparables used and in fact used the exact same comparables (T-6).

ISSUE I

WAGES

In its final offer the Union offers to accept wage increases of four percent for each of the contract years of July 1, 1987, July 1, 1988 and July 1, 1989. The City in its final offer has offered wage increases of three percent for each of the contract years of 1987, 1988, and 1989.

Although each year is to be considered a separate issue the Chairman believes it is best to address the "wage issue" as a whole since the same thought process and reasoning applies to all three years. Although the other factors have been taken into account, as noted above, the Chairman believes the factors of (d) comparison, (f) overall compensation and (h) other factors, are the main factors to be considered in the instant matter. Considering the comparables submitted it is the opinion of the Chairman that the Union's proposal of a four percent increase for each of the three years of 1987, 1988,

1989 is the best of the two final offers. This conclusion is based upon the relative position of the Kingsford unit with the units in the comparable cities. More significantly, however, it maintains the unit's relative position in the City structure with regard to employee compensation. As noted by the testimony of the City Manager and the Employer's brief, the City had settled its contract with its other unionized work force for increases of three percent for 1987, four percent for 1988, and four percent for 1989 and non-represented employees received a three percent wage increase in 1987 and a four percent wage increase in 1988.

It is important to note, as pointed out in the Union's brief, that the officers contribute ten percent of their gross compensation toward their pension and consequently ten percent of any wage increase is allocated to the pension. The comparables of Gladstone, Manistique, and Escanaba offer a fully employer funded pension. It is also noted that the other members of the Employer's work force do not contribute ten percent of their wages or wage increase to a pension fund. Although this Chairman is aware that they do contribute to FICA, that contribution is not as large as that of the members of the F.O.P. Unit.

Considering the above factors it is the chairman's opinion that the Union's offer on wages for the years 1987, 1988, and 1989 is the most reasonable of the two final offers and the one that more nearly complies with the applicable factors described

in Section 9.

ISSUE II

Health Care

In its final offer the Union proposes no change in the Health Care provision of the contract. The Employer proposes the following:

5. "Health Care Insurance. Section 36. Hospitalization Medical Insurance shall be modified by deleting the phrase "with the City of Kingsford paying the entire premium" in the first paragraph, and replacing with the following:

The Employer agrees to pay up to the following amounts for single subscriber, two-person and family coverage for eligible employees who elect to participate in the group health insurance plan:

Single subscriber	\$ 86.62
Two-person subscriber	\$196.71
Family subscriber	\$206.15

The Employer agrees to increase this amount to equal the premium increase that may occur through 12/31/89, and all premium increases that occur on or after 1/1/90 shall be shared on a 50/50 basis between the Employer and the employee electing to have the insurance coverage. All premium costs for family continuation and sponsored dependent coverage shall be paid by the employee electing to have the insurance coverage."

A review of the comparables submitted by the Employer and summarized under Exhibit 18, Health Insurance Survey, show that out of the nine (9) comparables listed one has a cap; one as an Act 312 proposal for a cap and the remaining 7 have no cap on Health Insurance. It is also significant to note that this Employer proposed a Health Insurance cap to its ASFCME Unit but

eventually settled without a cap. Considering that 7 of the 9 comparables have no cap on health insurance, that one of the two remaining has a Act 312 proposal of a cap and that the Employer has settled for a no cap provision with its other organized employees this Chairman is of the opinion the Union offer is the better of the two offers.

The Chairman is also in agreement with the Union panel member that the purpose of the present arbitration is to resolve an existing dispute, not to make strategy for future negotiation. As stated by the Employer in its brief, "This arrangement would not directly cost employees any funds during this collective bargaining agreement, but would require a renegotiation of a cap in conjunction with the next collective bargaining agreement to reflect the amount of increased costs anticipated over the life of that contract."

The Chairman understands the city's desire to contain its cost. However, considering the comparables involved it is the Chairman's opinion that the Union's position is the better of the two offers with regard to Health Care.

ISSUE III

DENTAL CARE

In its final offer the Union proposed a Dental Care plans as follows:

"Dental: \$800 maximum benefit level with orthodontic coverage; premiums fully paid by employer; any premium increases after September 15, 1988, shared equally, 50/50 between Employer and Employee."

In its final offer the Employer, "proposes that no dental

insurance shall be provided for employees". Of the eight comparables submitted on Employer's Exhibit 19, six provided Dental Insurance. Although the City settled with its other unionized employees for no dental plan, it also submitted testimony that a dental program was agreed to with the employees of the Iron Mountain/Kingsford Joint Sewage Board.

Considering the above comparables, and the overall economic package it is the opinion of the Chairman that the Union's offer is the better of the two proposals and shall be incorporated into the contract. As stated by the City in its brief, "It is well recognized by the City that dental insurance is becoming a commonly provided fringe benefit".

ISSUE VI

LONGEVITY

The Union proposes no change in the longevity payments. The City proposes a three tier system as follows:

"Longevity payments shall be made to the employees between December 1st and December 15th of each year, determined by the length of service as of the previous June 30th. In computing the first year of service, an employee must have worked at least six (6) months and one (1) day prior to June 30th to be given credit for the first year of service. Longevity payments shall be determined for Public Works employees by multiplying their hourly rate x 2,080 hours in accordance as follows:

For all persons employed after July 1, 1984, the following schedule shall apply:

Three (3) years of service	\$100.00
Six (6) years of service	\$150.00
Nine (9) years of service	\$200.00
Twelve (12) years of service	\$250.00
Fifteen (15) years of service	\$300.00
Eighteen (18) years of service	\$350.00

Twenty-one (21) years of service	\$400.00
Twenty-four (24) years of service	\$450.00

For all persons employed from January 1, 1973 through June 30, 1984, the following schedule shall apply:

- 1% for three (3) years of service
- 2% for six (6) years of service
- 3% for nine (9) years of service
- 4% for twelve (12) years of service

The employee's annual salary or annual wage base of July 1st of each year shall be used in computing longevity payments. The maximum longevity payments shall be limited to the highest longevity payment made to a person covered by this Agreement in this category in December, 1989.

For all persons employed prior to January 1, 1973, the following schedule shall apply:

- 1% for three (3) years of service
- 2% for six (6) years of service
- 3% for nine (9) years of service
- 4% for twelve (12) years of service
- 5% for fifteen (15) years of service
- 6% for eighteen (18) years of service
- 7% for twenty-one (21) years of service
- 8% for twenty-four (24) years of service

The employee's annual salary or annual wage base of July 1st of each year shall be used in computing longevity payments. The maximum longevity payments shall be limited to the highest longevity payment made to a person covered by this Agreement in this category in December, 1989."

A review of Exhibit 15 shows that of the eight comparable Cities, six have caps on longevity payments. One of the remaining two has a longevity system that has one-half the percentage payment of the City of Kingsford and the final comparables longevity system is very similar to the City of Kingsford. It is also noted that city negotiated with its other organized employees for a cap on longevity and there was no longevity system incorporated into the agreement with the

employees of the Iron Mountain/Kingsford Joint Sewage Board.

As stated by Arbitrator Robert G. Howlett, in City of Manistee and Manistee Fire Fighters, MERC Act 312 Case No. G85E-631, "The Chairman is of the Opinion that there should be a maximum. The Chairman is in agreement with the statement that the City's proposal ". . . is consistent with the treatment afforded other City employees, provided a substantial longevity payment and phases out longevity increases in a manner consistent with that occurring in other collective bargaining units."

Although the Chairman is in agreement with the Union statement that a tiered benefits system is divisive by nature, it is the Chairman's opinion that considering the comparables given and the overall economic package of a four (4) percentage wage increase for the three years, the addition of a Dental Care and no cap on Health Care, the City's proposal is the better of the two proposals.

CONCLUSION

Considering all the statutory criteria of Section 9 of Act 312, MCLA 423.238 and in particular 9(d), 9(f), and 9(h), it is the opinion of the Chairman that the following shall be incorporated into the collective bargaining agreement of the City of Kingsford and Michigan Fraternal Order of Police.

- I) Wages: The agreement shall incorporate wage increases of four percent (4%) for each of the contract years 1987, 1988, and 1989.
- II) Health Care: There shall be no change in Health Insurance.

III) Dental: Shall be as follows:

"Dental: \$800.00 maximum benefit level with orthodontic coverage; premiums fully paid by employer; any premium increase after September 15, 1988, shared equally, 50/50 between employer and employee."

IV) Longevity: Shall be as follows:

"Longevity payments shall be made to the employees between December 1st and December 15th of each year, determined by the length of service as of the previous June 30th. In computing the first year of service, an employee must have worked at least six (6) months and one (1) day prior to June 30th to be given credit for the first year of service. Longevity payments shall be determined for Public Works employees by multiplying their hourly rate x 2,080 hours in accordance as follows:

For all persons employed after July 1, 1984, the following schedule shall apply:

Three (3) years of service	\$100.00
Six (6) years of service	\$150.00
Nine (9) years of service	\$200.00
Twelve (12) years of service	\$250.00
Fifteen (15) years of service	\$300.00
Eighteen (18) years of service	\$350.00
Twenty-one (21) years of service	\$400.00
Twenty-four (24) years of service	\$450.00

For all persons employed from January 1, 1973 through June 30, 1984, the following schedule shall apply:

1% for three (3) years of service
2% for six (6) years of service
3% for nine (9) years of service
4% for twelve (12) years of service

The employee's annual salary or annual wage base of July 1st of each year shall be used in computing longevity payments. The maximum longevity payments shall be limited to the highest longevity payment made to a person covered by this Agreement in this category in December, 1989.

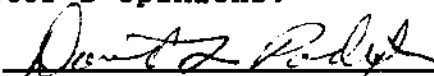
For all persons employed prior to January 1, 1973, the following schedule shall apply:

1% for three (3) years of service
 2% for six (6) years of service
 3% for nine (9) years of service
 4% for twelve (12) years of service
 5% for fifteen (15) years of service
 6% for eighteen (18) years of service
 7% for twenty-one (21) years of service
 8% for twenty-four (24) years of service

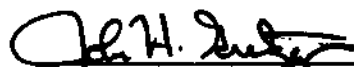
The employee's annual salary or annual wage base of July 1st of each year shall be used in computing longevity payments. The maximum longevity payments shall be limited to the highest longevity payment made to a person covered by this Agreement in this category in December, 1989.

The Chairman is well aware that the above is not the optimum agreement. However, as both Parties are well aware, the Arbitrator "shall adopt the last offer of settlement which in the opinion of the arbitration panel, more nearly complies with the applicable factors described in Section 9." Since no compromise can be made, the final contract is probably not the best product of the arbitration process or indeed the collective bargaining process. To this end this Chairman would suggest that with the above knowledge in hand, the Parties may wish to reevaluate their positions prior to the final award being entered. However, if the parties cannot reach agreement, the above represents this Arbitrator's opinions.

Date: 8/22/88


 David L. Poindexter
 Chairman

Date: 8/12/88


 John Gretzinger
 City Delegate (see dissent)

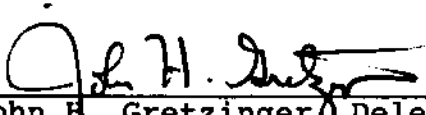
Date: _____

See Attached Dissent
 Nino Green
 FOP Delegate

As the Employer delegate to the arbitration panel, I concur in the attached Opinion and Award as to longevity only. I respectfully dissent from the Award as to wages, health care and dental insurance.

The total economic costs of this Award which adds a new dental program not provided to other City employees and grants them wage increases for the period from July 1, 1987, through June 30, 1988, that are one percent (1%) higher than granted other City employees, is inappropriate.

Dated: August 12, 1988.




John H. Gretzinger, Delegate
City of Kingsford

As union delegate to the arbitration panel, I concur in the attached Opinion and Award as to wages, health care, and dental insurance, only. I respectfully dissent from the award as to longevity.

Longevity payments reward loyalty. Years of service are the measure of loyalty. The City has repeatedly promised its public safety officers that their years of service would be rewarded. The City does not claim inability to pay, and has offered nothing in exchange for the withdrawal of its repeated promise. Its position is unreasonable and should not be awarded.

Dated: August 9, 1988



Nino E. Green, Delegate
Labor Council, Michigan
Fraternal Order of Police