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STATE OF MICHIGAN

MICHIGAN EMPLOYMENT RELATIONS COMMISSION

VILLAGE OF LAKE ORION

-AND-

MERC ACT 312 CASE #: D92 C-0741

POLICE OFFICERS LABOR COUNCIL

PANEL DELEGATES:

**EMPLOYER: JOHN D. BERCHTOLD,
VILLAGE MANAGER**

**UNION: BRIAN J. SMITH,
FIELD REPRESENTATIVE**

APPEARANCES:

**UNION: JOHN A. LYONS, ATTORNEY
EMPLOYER: DONALD H. SCHARG, ATTORNEY**

STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
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ISSUES: LONGEVITY (ECONOMIC)

CASE DATA:
Petition Filed: July 26, 1993
Case Heard: December 9, 1994
Award Issued: April 4, 1995

STATE OF MICHIGAN
MICHIGAN EMPLOYMENT RELATIONS COMMISSION

VILLAGE OF LAKE ORION

-AND-

MERC ACT 312 CASE #: D92 C-0741

POLICE OFFICERS LABOR COUNCIL

PANEL OPINION & AWARD

BACKGROUND

The Police Officers Labor Council, by Petition dated July 23, 1993, filed for Arbitration pursuant to PA 312 of 1969 as amended.

The Undersigned was appointed as impartial Chairperson in this case.

A Hearing was held on December 9, 1994, on one unresolved issue - Longevity. It is agreed the issue is Economic.

Briefs in Support of Last Best Offers have been received and considered.

All other issues set forth in the Petition and in the Answer to Petition have been resolved and are memorialized in a Tentative Agreement dated October 27, 1994. The Panel determines that the above referenced items contained in the Tentative Agreement submitted to the Panel as Joint Exhibit 2 are to be incorporated in the new Agreement between the Parties herein.

The Union's Last Best Offer on Longevity is displayed as

follows:

"It is the position of the Labor Council that the members of the Lake Orion Police Department bargaining unit, patrol officers and dispatchers receive the same longevity allowance as the DPW (AFSCME) employees.

That is, that all members of the bargaining unit hired before January 1, 1995, will receive an uncapped longevity allowance. Those employees hired after January 1, 1995 will receive a cap of Twenty Thousand (\$20,000.00) Dollars. The only difference between the two provisions would be the effective dates for those hired after January 1, 1995."

The Village proposes to maintain the status quo, which is as follows:

"ARTICLE 43. Longevity Pay

Each regular full-time police officer and radio operator shall be paid longevity as outlined below:

- (a) Employees with five (5) years of service shall be paid a longevity adjustment of 2% of regular base pay up to and including a maximum of \$18,000.
- (b) Employees with 10 years of service shall be paid a longevity adjustment of 4% of regular base pay up to and including a maximum of \$18,000.
- (c) Employees with 15 years of service shall be paid a longevity adjustment of 6% of regular base pay up to and including a maximum of \$18,000.
- (d) Employees with 20 years of service shall be paid a longevity adjustment of 8% of regular base pay up to and including a maximum of \$18,000.
- (e) The longevity adjustment shall be paid the last pay period in November of each year."

Kelly Carter, Treasurer and Finance Director, noted the Village has three (3) Full-Time - one (1) is not in the Bargaining Unit - and twelve (12) Part-Time Police Officers and three (3) Full-Time and six (6) Part-Time Dispatchers. Ms. Carter stated the Police Officers in the current Contract negotiations obtained a substantial Pension improvement - 6.5% of payroll. The Witness also pointed out that DPW employees in another Bargaining Unit have a medical insurance co-pay which is the reason they were granted larger pay increases - five (5), four (4) and four (4%) percent - in their prior Contract:

"That was to soften the impact of the employees having to contribute to their Blue Cross/Blue Shield premium."

The Police Officers and Dispatchers do not have a co-pay obligation. With reference to the matter of longevity, Ms. Carter said an increase in that benefit would also increase the Village Pension liability.

On cross-examination Ms. Carter acknowledged the Police have not received a wage increase since 1991, but she noted wage increases are included in the pending Agreement reached by the Parties as follows:

"7/1/91 (4%); 7/1/92 (3%); 7/1/93 (3%); 7/1/94 (4%); and 7/1/95 (4%)."

On the matter of Pension contribution, Ms. Carter agreed the Village has a credit balance and therefore it makes no cash contributions, however, it is utilizing Pension credits it had

accumulated. Bargaining Unit employees continue to make cash contributions.

DISCUSSION AND FINDINGS

The Union points out that "the Village did not defend this case on the notion of inability to pay." It is stressed that the three (3) comparable communities - City of Orchard Lake, Oxford and Sylvan Lake - selected on the basis of Michigan Municipal League data: "discloses that longevity is paid based on a percentage of annual base pay, there is no cap." The Union also points to the internal comparable - Local 2720, AFSCME, DPW employees - and says:

"It is the only comparable of an internal nature, and discloses that employees hired prior to October 1, 1990 are paid longevity on a percentage, 2, 4, 6, and 8 over a period of 5, 10, 15, and 20 years, without cap. Those employees hired after October 1, 1990 are paid longevity with a similar scale, however, with a cap of \$20,000.00 per annum, two thousand more than the instant case. The Labor Council is asking for a similar type provision, that is, to remove the cap that currently exists."

The Union also notes - "our unit members have not enjoyed the benefit of these pay raises for a period upwards to three years." The Union downplays the AFSCME co-pay relative to hospitalization insurance - "an AFSCME member may be obligated to pay 50% of a premium amount above that rate - \$4,900 a year - if that occurs." Finally, it is asserted that "the cost of the Union's request to the Employer is, to say the least, minimal." The Union concludes - "the equity of this situation clearly points in favor of the Union, the evidence, according to the criteria and factors that must be

considered by the Panel unequivocally support the Union's position in this matter."

The Employer urges:

"The longevity base of \$18,000.00 should not be eliminated because the Village has already granted substantial economic improvements in the negotiations."

In further support of the above it is emphasized that the Police Unit does not have a co-pay feature on their health insurance coverage. In that connection it is noted:

"...the co-payment obligation is the reason why the DPW employees were given prior wage increases of 5 percent, 4 percent and 4 percent. The extra 1 percent to the DPW employee approximates the per hour premium cost."

Aside from health insurance, the Employer says:

"The average fringe benefit cost for police employees for fiscal year 1993-1994 was \$2,180.44 higher than the fringe benefit costs for DPW employees."

Insofar as the external comparables are concerned, the Village urges they be rejected:

"Picking out one item such as longevity does not account for other provisions in the package which may be reduced because of longevity."

Based on the above, it is argued the Panel "should retain the current Article 43 and the capped longevity and should reject the Union's request for uncapped longevity."

Quite obviously, the Parties herein have exerted much effort

in an attempt to resolve their differences. The Employer at this juncture contends that sufficient economic improvements have been granted so that no further increases are justified. The Union contends that the improvements have been an attempt to "catch up" and therefore the longevity is not an unreasonable demand.

The Panel does not wish to diminish the wage adjustments to which the Parties have agreed. On the other hand, it is a fact that for the years 1991, 1992 and 1993 the adjustment for this Unit is one (1%) percent below that realized by the DPW employees. The DPW employees have a medical insurance premium cap which becomes operative when premiums exceed the threshold of Four Thousand Nine Hundred Sixty-Two & 48/100 (\$4,962.48) Dollars for a family. Thereafter, "premium increases above the cap are shared on a 50-50 basis by the Village and the employees." For the 1993/94 year, the DPW employee base wage amounted to Twenty Six Thousand Three Hundred Ninety-Five (\$26,395.00) Dollars and one (1%) percent of that is equal to Two Hundred Sixty-Four (\$264.00) Dollars. The Unit received a one (1%) percent increase above the Police Officers for each of the three (3) years beginning in 1991. In 1993 the highest medical insurance premium for the DPW Unit amounted to Six Thousand Three Hundred Ninety (\$6,390.00) Dollars, or Fourteen Hundred (\$1,400.00) Dollars above the amount for which a co-pay is not applicable. With regard to the Fourteen Hundred (\$1,400.00) Dollars, a 50/50 co-pay amounts to Seven Hundred (\$700.00) Dollars by the Village and Seven Hundred (\$700.00) Dollars by the employee. It appears to the Panel that the one (1%) percent increases over

that realized by this Unit is a sufficient amount to cover the health care differential. The Village itself has conceded that the one (1%) percent raise above that granted to this Unit for the three (3) years, 1991, 1992 and 1993, are for the above purpose.

Aside from the matter of health insurance, the remaining economic improvement for consideration is the pension enhancement granted to the Police Officers. It is not unusual for Police Officers to be afforded an earlier retirement opportunity than other employees because of the nature of the work they perform. It should also be noted that an earlier retirement is a cost saving to the employer to the extent that higher wage employees are replaced with lower wage workers. In any event for the present time period the pension factor is reduced in importance because the Village is not obligated to make a cash contribution on behalf of the Police Unit. The Officers, on the other hand, continue to make cash payments towards their retirement program. The Panel does not disregard the pension enhancement, but the above commentary should place into perspective the enhancement vis-a-vis the longevity improvement sought by the Police Unit.

The Village registered strong objection to the fact that the Union only provided the Panel with a portion of the Agreement relative to its external comparables. While the Union did not supply the entire Agreement for each of the entities, it did, in addition to the longevity portions, include the wage schedules. A comparison of the wage schedules for those jurisdictions with Lake Orion including COLA does not lead to the conclusion that Lake

Orion is better compensated than the other areas. The Panel has not been informed that any of the other jurisdictions have a fringe benefit package which significantly exceeds the benefits which are granted to the Officers in the Village of Lake Orion. It therefore follows that the Panel is entitled to give consideration to the external comparables in this case.

A W A R D

The Panel awards the Union's Last Best Offer on the issue of Longevity:

- (a) Each regular Police Officer and Dispatcher hired prior to January 1, 1995 shall be paid longevity as outlined below:
 - 1. Employees with five (5) years service shall be paid a longevity adjustment of 2% of regular base pay.
 - 2. Employees with ten (10) years service shall be paid a longevity adjustment of 4% of regular base pay.
 - 3. Employees with fifteen (15) years service shall be paid a longevity adjustment of 6% of regular base pay.
 - 4. Employees with twenty (20) years service shall be paid a longevity adjustment of 8% of regular base pay.
- (b) Each regular Police Officer and Dispatcher hired after January 1, 1995 shall be paid longevity as outlined below:
 - 1. Employees with five (5) years service shall be paid a longevity adjustment of 2% of regular base pay up to and including a maximum of \$20,000 per annum..
 - 2. Employees with ten (10) years service shall be paid a longevity adjustment of


4% of regular base pay up to and including a maximum of \$20,000 per annum.

3. Employees with fifteen (15) years service shall be paid a longevity adjustment of 6% of regular base pay up to and including a maximum of \$20,000 per annum.
4. Employees with twenty (20) years service shall be paid a longevity adjustment of 8% of regular base pay up to and including a maximum of \$20,000 per annum.

(c) The longevity adjustments shall be paid the last pay period of November of each year.

The Panel further awards those items contained in the Tentative Agreement by the Parties dated October 27, 1994.


JOSEPH F. GIROLAMO,
Chairperson


JOHN BERCHTOLD,
Village Delegate


BRIAN J. SMITH,
Union Delegate

DATED: April 4, 1995.