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STATE OF MICHIGAN

OFFICE OF THE STATE EMPLOYER

BEFORE A COMPULSORY ARBITRATION PANEL Chiesa

CITY OF BELDING, EMPLOYER

-and-

FRATERNAL ORDER OF POLICE,  
IONIA COUNTY LODGE #157, LODGE.

ARISING UNDER ACT 312 MICHIGAN  
PUBLIC ACTS, 1969, AS AMENDED.

PANEL MEMBERS PRESENT:

Mr. Mario Chiesa  
Impartial Chairman

Mr. Eugene Alkema  
Employer Arbitrator

Mr. Dan E. Hankins  
Lodge Arbitrator

Submitted: OCT 25 1976

LABOR AND INDUSTRIAL  
RELATIONS COLLECTION  
Michigan State University

*Belding, City of*

## INTRODUCTION

Throughout this Opinion, F.O.P. Ionia County Lodge #157 shall be referred to as the Union, while the City of Belding shall be referred to as the City.

A pre-hearing conference was held on May 24, 1976. It was stipulated by the parties that the hearing would begin on June 28, 1976. The hearing began and was concluded on that date, at the Belding City Hall, Belding, Michigan. The date and submission of this Opinion is in strict occurrence with an agreement between the parties.

## APPEARANCES

### FOR THE CITY:

Varnum, Riddering, Wierengo & Christenson  
666 Old Kent Building  
Grand Rapids, Michigan  
(By Mr. Eugene Alkema)

### FOR THE UNION:

Hankins & Regnier  
318 West Ottawa Street  
Lansing, Michigan  
(By Mr. Dan E. Hankins and Mr.  
Timothy G. Holland)

NOTE: Mr. Hankins' address is:

Dan E. Hankins  
Suite B. Okemos Professional Center  
2248 East Mt. Hope  
Okemos, Michigan 48864

## ISSUES

Non-Economic: Management Rights Clause

Economic: Salary

The parties have agreed that except for the two enumerated issues, all other items shall remain as stated in the prior collective bargaining agreement and shall be included in a stipulated award.

## HISTORY

The prior collective bargaining agreement, 1973-1975, was the first agreement negotiated by the parties.

### MANAGEMENT RIGHTS CLAUSE (Non-Economic)

#### PROPOSALS:

The prior collective bargaining agreement contained the following management rights clause:

"The city, on its own behalf and on behalf of its electors, hereby retains and reserves unto itself, without limitation, all powers, rights, authority, duties, and responsibilities conferred upon and vested in it by the laws and the constitution of the State of Michigan and of the United States. Further, all rights which ordinarily vest in and are exercised by employers except such as are specifically relinquished herein are reserved to and remain vested in the city, including but without limiting the generality of the foregoing, the right (a) to manage its affairs efficiently and economically, including the determination of quantity and quality of services to be rendered the control of materials, tools and equipment to be used, and the discontinuance of any services, materials or methods of operation; (b) to introduce new equipment, methods, machinery or processes, change or eliminate existing equipment, and institute technological changes, decide on materials, supplies, equipment, and tools to be purchased; (c) to subcontract or purchase any or all work, processes or services, or the construction of new facilities or the improvement of existing facilities; (d) to determine the number, location, and type of facilities and installations; (e) to determine the size of the work force and increase or decrease its size; (f) to hire, assign, and lay off employees, to reduce the work week or the work day or effect reductions in hours worked by combining layoffs and reductions in work week or work day; (g) to permit municipal employees, not included in a bargaining unit, to perform bargaining unit work when in the opinion of management this is necessary for the conduct of municipal services; (h) to direct the work force, assign work and determine the number of employees assigned to operations; (i) to establish, change, combine or discontinue job classifications, and prescribe and assign job duties, content, and classification, and to establish wage rates for any new or changed classifications; (j) to determine lunch, rest periods, and cleanup times, the starting and quitting time and the number of hours to be worked; (k) to

discipline and discharge employees for cause; (m) to adopt, revise and enforce working rules and procedures contained within the Belding Police Department Law Enforcement Procedure Manual; (n) to transfer, promote, and demote employees from one classification, department or shift to another, with just cause; (o) to select employees for promotion or transfer to supervisory or other positions and to determine the qualification and competency of employees to perform available work." (Employer Exhibit 2, Joint Exhibit 1)

The City seeks to continue the prior language while the Union seeks the following management rights clause:

"The Lodge recognizes the perogatives and responsibilities of the Employer to operate and manage its affairs in all respects in accordance with its powers and authorities and obligations to its employees. The Lodge recognizes that the city of Belding retains the right to: (a) manage its affairs efficiently and economically including the determination of quantity and quality of services to be rendered; (b) hire, assign, and accomplish reductions in work force where justified by lack of work or funds by means of layoffs based on inverse order of seniority; (c) permit municipal employees not included in the bargaining unit to perform bargaining unit functions in emergency situations when in the opinion of management and the Lodge this is necessary for the conduct of municipal services; (d) discharge and discipline employees for just cause; (e) adopt, revise, and enforce reasonable rules and procedures within the Belding Police Department Law Enforcement Procedure Manual; (f) transfer, promote, and demote employees from one classification, unit or shift within the department to another with just cause; (g) select employees for promotion or transfer to supervisory or other positions within department.

"The Employer and the Lodge met and negotiated for the purpose of collective bargaining in respect to rates of pay, wages, hours of employment, and other conditions of employment pursuant to statute. The rights of the Employer and the rights of the Lodge, not reserved herein, shall be subject to the continuing duty of the Employer and the Lodge to meet and confer in good faith and bargain over those matters not previously bargained for."

FACTS:

All of the evidence regarding this issue was supplied through the testimony of two witnesses: Mr. Dan E. Hankins and Mr. James Walker. Mr. Hankins' testimony appears on pages 13 through 55 of the transcript.

A summary of his testimony appears as follows:

Mr. Hankins represents the State of Fraternal Order of Police along with eleven associations throughout the State. He has reached and enforced approximately seventy (70) collective bargaining agreements. Apparently, there has been some trouble in other associations and Unions, with management rights language that is similar to that contained in this Unit's prior agreement with the City. Union Exhibit I was introduced and it represents the Union's proposal regarding this issue. Mr. Hankins stated that he prepared the document and that it was based on the enabling language contained in PERA. The document recognizes the City's right to manage its affairs, economically, to lay off and reduce its work force for lack of funds or lack of work, to promote employees, to demote employees, and to transfer employees from one department to another or from one section to another within the department. He further stated that one would not find a common management rights section because they varied in language. The section of the Union's management rights proposal contains a provision retaining the right to negotiate items not covered by the agreement. He stated that the duty to bargain originates from PERA.

Cross-Examination

Not very many other contracts contain language that is similar to Section 2 of the Union's proposal. More than one-half, but less than two-thirds of the other contracts have a zipper clause. Offhand, three of the seventy contracts I remember have a retention of rights clause. A zipper or waiver clause precludes bargaining during the life of a contract while a retention of rights clause is just the opposite. The prior contract ran for two years. There were no grievance arbitrations and perhaps no grievances.

There were no problems with the prior management rights clause with the old City manager. Mr. Walker is the new City manager and I have had problems with him. Mr. Walker denies there is a collective bargaining agreement. There was a disciplinary action in February. The City took the position that there was no collective bargaining agreement; that they could hire and fire at will. It concerns the management rights section because the section talks about just cause. Article XVIII is entitled Discharge and Disciplinary. It talks about disciplinary action, as does the management rights section. The old management rights section talks about reducing the work week in lieu of layoffs. This has not been done here but I have experienced it elsewhere.

#### Re-Direct

Rates of pay, other conditions of employment. In areas not contemplated between the parties, a zipper clause has been construed to mean that the Union has waived its right to bargain. I don't intend to waive the right to bargain over anything that hasn't been proposed at this table. A waiver or zipper clause is not consistent with a bilateral contract. A waiver or zipper clause may be used to support the argument that management can change wages, hours and conditions of employment during the life of an agreement, under a management rights section, yes. We're experiencing that problem in Grand Rapids. I think it's the position of the Lodge that we do not intend to waive our right under the statute to bargain over any issues, except those issues covered in the agreement itself.

#### Re-Cross

Zipper clause is inconsistent with a bilateral contract. They are present in more than half of the contracts I have negotiated but I'm in the process of changing them as the contracts expire. Union Exhibit I was prepared within the last week. Employer Exhibit I is the Union's management rights proposal, presented to the City on or about May of 1975. I don't believe there were any completely re-written proposals.

James Walker also testified regarding the management rights issue:

I am the City Manager of Belding. Have been City Manager for last nine months. I was at the meeting of March 10, 1976. I was there along with Mr. Hankins, Mr. Alkema and the police

representative. There was discussion regarding management rights. Employer Exhibit 3 is part of the City's counter proposal. At the March 10 meeting we agreed to insert the word reasonable on Item K of Article II to make the provision read: To determine reasonable work schedules. Also to agree on Item N, which permitted the City to adopt reasonable work schedules. I made a note that stated we agreed. Those two items were the only ones in dispute.

#### Cross Examination

I saw Mr. Holland's note at this meeting and his note indicates that there was no agreement.

The parties have extensively argued their respective positions, but at this point the arguments will not be discussed.

#### CONCLUSIONS:

After reviewing the record, a few relevant factual conclusions may be drawn.

First, the management rights language contained in the prior agreement caused little, if any, problems between the parties. The evidence establishes that the parties had enjoyed good labor relations during the tenure of the prior City manager and, further, the lack of problems regarding the management rights clause was probably the result of the prior labor environment.

Second, the majority of the contracts that Mr. Hankins is involved with contain the so-called "Zipper Clause" which is also known as a waiver clause. Mr. Hankins is in the process of attempting to change the contracts by trying to eliminate the "Zipper Clause."

Third, Mr. Hankins has experienced labor relation problems in other areas as a result of contractual language which is similar to that contained in the prior Belding agreement. The Union does not intend to waive its right to bargain.

Fourth, Mr. Walker and, thus, the City is of the opinion that this clause was settled quite some time ago. At least on March 10, 1976, the City understood that only two items in the

management rights clause were in dispute.

Fifth, the indications are that labor relations are going to undergo a change since the resignation of the prior City manager. The record reflects that there were no grievances filed during the prior contract, which were directed at the management rights clause. Apparently this was true even during the period of time that the City was suffering from a cash flow problem.

Sixth, the matter of management rights was negotiated, but apparently the Union's present position was not known prior to the date of the hearing. Further, the language contained in the prior agreement appears in three of the contracts received in evidence.

#### DISCUSSION:

This is the type of issue that causes young arbitrators to rapidly age and older arbitrators to wish that they were younger. This type of issue does not lend itself to decision by comparison evidence. It is subjective in nature and yet controls a very important aspect of a collective bargaining agreement; namely, the balance of the power to implement changes. A broad all encompassing management rights clause is an employer's passport to free movement, subject only to specific contract provisions. Conversely, a limited management rights clause inhibits the employer's excursions and solidifies the labor organization's position by involving it in a greater number of aspects contained in the employer's area of activity.

There are basically two approaches to a management rights clause. First, the employer is omnipotent and is restricted only by the specific provisions of the agreement. Second, the employer's power is strictly limited and perhaps granted by the specific provisions in the management rights clause. On one end of the spectrum the employer has a free rein, except for specific



limiting provisions. On the other end of the spectrum the employer has little power to exercise its will without bargaining with the labor organization on nearly every action that it attempts. The two views are diametrically opposed and yet there must be a point between them where both parties can feel comfortable.

The prior collective bargaining agreement contained a management rights clause which would fall within the first category. It states:

"The city, on its own behalf and on behalf of its electors, hereby retains and reserves unto itself, without limitation, all powers, rights, authority, duties, and responsibilities conferred upon and vested in it by the laws and the constitution of the State of Michigan and of the United States. Further, all rights which ordinarily vest in and are exercised by employers except such as are specifically relinquished herein are reserved to and remain vested in the city, including but without limiting the generality of the foregoing."  
(Employer Exhibit 2, Joint Exhibit 1)

The chairman will not alter the basic approach incorporated in the above language without the presence of more convincing evidence. The showing of intolerable abuse, leading to a chaotic and oppressive labor relations environment, would be necessary before the basic, once agreed-to approach, could be changed. Thus, the language quoted above will remain unchanged.

Paragraph (a) of the Employer Exhibit 2, Joint Exhibit I states:

"(a) to manage its affairs efficiently and economically, including the determination of quantity and quality of services to be rendered the control of materials, tools and equipment to be used, and the discontinuance of any services, materials, or methods of operation."

The chairman doesn't recommend any changes in paragraph (a) because of alterations that will be discussed regarding subsequent paragraphs.

Paragraph (b) of the prior management rights clause states:

"(b) to introduce new equipment, methods, machinery or processes, change or eliminate existing equipment, and institute technological changes, decide on materials, supplies, equipment and tools to be purchased."

Again, the chairman doesn't recommend that any changes be made. A reasonable interpretation and application of this paragraph should not cause labor strife.

Paragraph (c) of the prior management rights clause is another matter. It states:

"(c) to subcontract or purchase any or all work, processes or services, or the construction of new facilities or the improvement of existing facilities."

The area of subcontracting has caused problems between labor and management (See Mahoning Mining Co., 61 NLRB 792, 16 LRRM 110 (1945); Shamrock Dairy Inc., 119 NLRB 998, 41 LRRM 1216 (1957); 124 NLRB 494, 44 LRRM 1407 (1959); Town & Country Mfg. Co., 136 NLRB 1022, 49 LRRM 1918 (1962), enforced, 316 F2d 846 (CA5, 1963), 53 LRRM 2054; Fibreboard Paper Products Corp v NLRB 379 US 203, 57 LRRM 2609 (1964)). Paragraph (c) would vest the City with the absolute authority to subcontract bargaining unit work with the Union having no say whatsoever. A rather strained situation would develop if, with bargaining unit members not working, the City would force working bargaining unit members to perform their duties alongside individuals who were subcontractees. However, the need for subcontracting may very well arise as the result of an emergency situation. For the foregoing reasons the chairman recommends the following language:

(c) To subcontract or purchase any or all of the construction of new facilities or the improvement of existing facilities, and bargaining unit work when an immediate and unforeseen emergency places demands which

exceed the manpower capability of the Police Department; however, all other subcontracting shall be the object of collective bargaining.

The recommended language would give the City adequate subcontracting ability during immediate emergency situations, while demanding negotiations in all other areas which concern the subcontracting of bargaining unit work.

Paragraph (d) seems neutral and thus no changes are recommended.

Paragraph (e) states:

"(e) to determine the size of the work force and increase or decrease its size."

This paragraph is general in nature and thus is controlled by any provision that specifically addresses an item encompassed by the general language. Just to keep matters clear and definite the chairman recommends the following language:

(e) To determine the size of the work force and increase or decrease its size, subject to the provisions of this agreement.

Paragraph (f) states:

"to hire, assign, and lay off employees, to reduce the work week or the work day or effect reductions in hours worked by combining layoffs and reductions in work week or work day."

Quite frankly, the language contained in this paragraph could act as a catalytic agent, creating grave labor relation problems. The uncertainty faced by employees is staggering. If an employee is laid off, he or she would be available for other full-time work. But a combination of layoff and reduction in work week or work day would lessen the possibility of an employee being available for other full-time, or for that matter, part-time work, while increasing the probability of receiving a substandard wage. Such a devastating procedure should be the subject of collective bargaining. Thus, the chairman recommends the following language:

(f) To hire, assign, and lay off employees in accordance with the terms of this agreement, however, all reductions in the work week or the work day or any reduction involving a combination of the length of work day, work week and/or layoffs, are the objects of collective bargaining.

Paragraph (g) states:

"to permit municipal employees, not included in a bargaining unit, to perform bargaining unit work when in the opinion of management this is necessary for the conduct of municipal services."

This paragraph suffers from the same ailment as did the paragraph dealing with subcontracting and hence should receive the same treatment. The chairman recommends the following language:

(g) To permit municipal employees, not included in a bargaining unit, to perform bargaining unit work when an immediate and unforeseen emergency places demands which exceed the manpower capability of the Police Department; however, all other uses of municipal employees to perform bargaining unit work are the objects of collective bargaining.

Paragraph (h) does not present an obvious source of labor problems and hence no change is recommended.

Paragraph (i) is another matter. It states:

"(i) to establish, change, combine or discontinue job classifications, and prescribe and assign job duties, content, and classification, and to establish wage rates for any new or changed classifications."

The chairman is convinced that both parties would admit that the provisions contained in this paragraph, which allows for unilateral alternation or establishment of wage rates, is not conducive to stable labor relations. The first word in the well used phrase of "wages, hours and other conditions of employment" is wages. Wages are perhaps the most basic objects of mandatory bargaining. Reasonable individuals would agree that the language in this paragraph must be changed. Therefore, the chairman

recommends the following language:

(i) To establish, change, combine or discontinue job classifications, and prescribe and assign job duties, content and classification, however, the effect on the bargaining unit of any establishment, change, combination or discontinuance of job classification(s) and the establishment of wage rates for any new or changed classification(s) shall be the object(s) of collective bargaining.

Paragraph (j) states:

"(j) to determine lunch, rest periods, and cleanup times, the starting and quitting time and the number of hours to be worked."

Because of the changes previously recommended, the last eight (8) words should be eliminated from this paragraph. Thus, the paragraph should read:

(j) To determine lunch, rest periods, and cleanup times, the starting and quitting time.

Paragraphs (k), (l) and (m) should remain the same, except for inclusion of the word "reasonable" in paragraph (k). Thus, it would read as follows:

(k) To establish reasonable work schedules.

After analyzing paragraphs (n) and (o), the chairman will not recommend further language or alterations to existing language.

The parties should understand that labor peace is a goal which is worthy of attainment and while the chairman is neither the Union's shield, nor the City's sword, nor visa versa, he will take those courses of action which are conducive to establishing a mature and equitable relationship between the parties.

AWARD:

The panel orders that the aforestated language be incorporated into the City's position and once so modified, the City's position is to be implemented.

\_\_\_\_\_  
CHAIRMAN

\_\_\_\_\_  
UNION DELEGATE

\_\_\_\_\_  
EMPLOYER DELEGATE

ISSUE:SALARY (Economic)

The prior collective bargaining agreement contains the following salary schedule:

<u>Classification</u>	<u>Beginning July 1, 1974</u>
Patrolman:	
Start	\$7,450
6 mo. - 1 yr.	7,725
1 yr. - 2 yrs.	8,125
2 yrs. - 3 yrs.	8,400
3 yrs. and over	8,900
Corporal	9,060
Sergeant	9,295
Dispatcher	6,300

(Joint Exhibit 1)

The Union's last and best offer states:

"July 1, 1975 to June 30, 1976: Increase salary of patrolmen, corporal and sergeant, 22.5%; for dispatcher and meterman, a straight \$2,000.00 increase.

"Effective July 1, 1976: Increase to all classifications of 3% plus COLA based on CPI, Detroit area, all items. July 1, 1976 will be zero point and in no event shall the wage scale go below this rate. Payments will be made on 10-1, 1-1, 4-1, 7-1. Final report of prices as of 7-15, 9-15, 12-15, 3-15 will be determining factor. Increase shall equal 1¢/hour per .4 increase in index." (P. 146-148)

The City's last and best offer states:

<u>Classification</u>	<u>1/1/76</u>	<u>7/1/76</u>	<u>1/1/77</u>
Patrolman:			
Start	8,344	8,761	9,024
6 mo. - 1 yr.	8,652	9,084	9,447
1 yr. - 2 yrs.	9,100	9,555	9,937
2 yrs. - 3 yrs.	9,408	9,878	10,273
3 + years	9,968	10,466	10,885

<u>Classification</u>	<u>1/1/76</u>	<u>7/1/76</u>	<u>1/1/77</u>
Corporal	10,147		
Sergeant	10,410		
Radio Operator:			
Start	7,056	7,408	7,704
After 2 yrs.	7,338	7,705	8,013

EVIDENCE:

Union Exhibit 2 shows that the median family income for the City of Belding in 1959 was \$5,556, while in 1969 the figure rose to \$9,486. Union Exhibit 3 is a list of communities ranging in population from 4,000 to 9,999. The exhibit also shows the starting and top salary received by officers in the various communities, along with their respective contract expiration dates. The exhibit shows that the starting salary paid a Belding police officer, pursuant to the last collective bargaining agreement, was 23.02% below the average or in dollars, \$1,669.00 below the average. The top salary received by a Belding police officer was 23.67% under the average, or \$2,107.00. All of the information was taken from the January, 1975 Michigan Municipal League.

Union Exhibit 4 is similar to Union Exhibit 3, except that it was compiled from the January, 1976 Michigan Municipal League and contains a few more cities in the 4,000-9,999 population range. It shows that the starting salary received by Belding police officers is \$1,824 or 24.48% less than the average. It also shows that the top salary is \$3,037 or 34.12% less than the average.

Union Exhibit 5 lists the 1950, 1960 and 1970 population along with the percentage of population change between 1960-1970 for the cities and villages of Leslie, St. Louis, South Haven, St. Johns, Charlotte, Portland, Williamston and Saline. The average



for 1970 was 4,826, while the population for Belding in the same year was 5,121.

Union Exhibit 6 is the current collective bargaining agreement between the City of Leslie and the F.O.P. Capitol City Lodge No. 141. It shows the following wage schedules:

<u>Effective Date</u>	<u>7/1/74</u>	<u>7/1/76</u>	<u>7/1/76</u>
0-12 months	\$8,900	\$10,621	\$11,258
13-24 months	9,300	11,045	11,708
25 months and over	9,700	11,681	12,382

Union Exhibit 7 is the "Personal Classification and Compensation Plan," 1975-76 for the City of Saint Louis, Michigan. It shows the following salary schedule:

	<u>Start</u>	<u>6 Months</u>	<u>1 Yr. Merit</u>	<u>2 Yr. Merit</u>	<u>3 Yr. Merit</u>
Police Chief	\$12,753	\$13,078	\$13,403	\$14,079	\$14,794
Corporal	10,465	10,738	10,998	11,557	12,142
Patrolman	9,724	9,971	10,218	10,738	11,271

Union Exhibit 8 presents, inter alia, the wage schedule for the City of South Haven. It appears as such:

Chief	\$16,000
Captain	12,500
Lieutenant	12,000
Sergeant	11,600
Corporal	11,130
Patrolman	9,000 to 10,500

Union Exhibit 9 is the current collective bargaining agreement between the City of St. Johns and the F.O.P. Capitol City Lodge No. 141. Regarding salary, it shows the following:

7/1/75 through 6/30/76

	<u>Time in Wage Classification</u>	<u>Rate Per Hour</u>	<u>x 2,080 = Per Year</u>
Patrolman:	0 to 6 months	\$4.81	\$10,005
	6 to 12 months	5.03	10,462
	12 to 18 months	5.27	10,962
	18 months & up	5.45	11,336

Union Exhibit 10 is the current collective bargaining agreement between the City of Charlotte and the F.O.P. Capitol City Lodge 141. The salary data appears as follows:

<u>Classification</u>	<u>Annual Rate Beginning 7/1/76</u>
Probationary (1st 6 months)	\$ 9,894.00
6 months	10,333.62
1 Year	11,138.40
2 Years	12,342.00
3 Years	13,566.00
Sergeant I	14,484.00
Detective - Sergeant	14,790.00
Sergeant II	14,178.00
Detective	13,770.00
Dispatcher:	
Probationary (1st 6 months)	9,225.00
6 months	9,514.05
1 Year	10,286.90
2 Years	11,377.50
3 Years	12,197.50
Chief Dispatcher	13,325.00

Union Exhibit 11 is the current collective bargaining agreement between the City of Portland and the F.O.P. Ionia County Lodge No. 157. Its salary data appears as follows:

<u>Patrolman:</u>	<u>1976</u>
0-6 months	\$10,000
6-12 months	10,400
12-18 months	10,800
18-24 months	11,000
24-30 months	11,500
30 months and over	12,000

<u>Sergeant:</u>	
0-6 months	12,075
6 months and over	12,460

Union Exhibit 12 is the wage schedule, 7/1/75 until 6/30/76, regarding patrolmen employed by the City of Williamston. It appears as such:

<u>Patrolman:</u>	
0-6 months	\$ 9,890
7-12 months	10,481
13-18 months	11,986
19-24 months	11,986
24-36 months	12,792
36 months and over	12,984

Union Exhibit 13 is the current collective bargaining agreement between the City of Saline and the Saline Police Officers Association. The 7/1/75 and 7/1/76 salary schedules appear as such:

	<u>Effective July 1, 1975</u>					
	<u>Start</u>	<u>Six Months</u>	<u>After 1 Year</u>	<u>After 2 Years</u>	<u>After 3 Years</u>	<u>After 4 Years</u>
Patrolman	\$11,291	\$11,718	\$12,122	\$13,099	\$13,584	\$14,329
Dispatcher	-	-	10,759	11,053	11,614	-
Adm. Corporal	-	-	11,342	11,926	12,712	13,289
Patrol Corporal	-	-	12,382	13,364	13,850	14,607
Clerk	7,564	7,829	8,089	8,621	8,893	9,384

Effective July 1, 1976

	<u>Start</u>	<u>Six Months</u>	<u>After 1 Year</u>	<u>After 2 Years</u>	<u>After 3 Years</u>	<u>After 4 Years</u>
Patrolman	\$11,968	\$12,421	\$12,849	\$13,885	\$14,399	\$15,189
Dispatcher	10,534	10,810	11,405	11,716	12,311	-
Adm. Corporal	-	-	12,023	12,642	13,475	14,086
Patrol Corporal	-	-	13,125	14,166	14,681	15,483
Clerk	8,018	8,299	8,574	9,138	9,427	9,947

Union Exhibit 14, the Union's last exhibit, is entitled "Wage and Fringe Benefit Survey," 1975-76, published by the Police Officers Association of Michigan.

Employer Exhibit 4 is compensation plan that the City intended to implement on 7/1/76.

Employer Exhibit 5 is a listing of City employees with the date of employment for each employee, along with the pay grade as it relates to employer Exhibit 4.

The testimony establishes a number of items. A summary of the Police Chief's and City Manager's salary, 1973-75, for the cities of St. Louis, South Haven, St. Johns, Charlotte and Saline was extracted from the record and appears as such:

Police Chief (Max.)

<u>City</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
St. Louis	\$11,040	\$12,142	\$13,403
South Haven	10,764	12,231	15,530
St. Johns	10,689	11,190	11,190
Charlotte	12,338	13,925	15,400
Saline	14,710	17,500	18,000
Belding MML	11,500	11,856	14,352
Belding from City Manager	11,856	13,576	14,390

<u>City</u>	<u>City Manager</u>		
	<u>1973</u>	<u>1974</u>	<u>1975</u>
St. Louis	\$15,800	\$17,328	\$19,060
South Haven	17,833	19,000	19,000
St. Johns	17,500	17,500	17,500
Charlotte	17,900	18,885	20,774
Saline	16,374	18,500	18,500
Belding MML	18,000	20,000	21,900
Belding from City Manager	17,969	22,088	22,160
			(Oct. 1975 - \$19,500)

The record further establishes that the maximum millage that may be levied without a vote of the citizens is 20 mills. Mr. Walker, the current City manager, has prepared the 1976-77 budget projecting 15 mills or 2 1/2 mills less than the previous fiscal year. The total budget is \$2,115,728.00 with a reserve fund of \$158,000.00 (p. 113-115).

The record also establishes that Belco Industry is located just outside the city limit. Process Equipment Corporation is in the city as is Extruded Metals, White Products and LuVan. There are more than 13 industries in the City of Belding (p. 116, 117).

Apparently about a year ago the city was confronted with a financial crisis. It had to issue \$75,000.00 in revenue bonds in order to meet its payroll. The bonds are now retired. Last July no city employee received a raise in salary. In order to cut costs the City has eliminated the engineering department, purchasing department and two radio dispatchers. There have been a number of shifts, taking certain obligations out of the general fund and paying for them with federal money; the purpose being

to reduce the levy. Total revenue has not decreased. Lowering the millage does not mean spending less money (p. 122-129).

There are six officers, plus the Chief of Police. There is a sergeant position, but no one is manning it. Come July 1, 1976 the position of corporal will not be funded. The present corporal would become a patrolman. Only one police officer is paid by CETA funding (p. 133, 134).

City employees other than police officers received a 6% increase for the year 7/1/75 through 6/30/76. This was accomplished by giving the employees a 12% increase in salary over the last six months of the fiscal year. The permanent increase is 6%. The figures that appear in employer Exhibit 4 are monthly salary figures. The new compensation program was developed within the last four or five months. Beginning 7/1/76 all city employees except for policemen will receive a pay increase of 5%. All employees except for one or two who are still probationary will start at Step B of employer Exhibit 5. The IAOF-AFL-CIO have already negotiated their contract. Firemen are on grade 17, deputy chief, 18, both on Step B. (152-162)

There has been no turnover in the police department since 1973. There are a number of smaller communities in the Ionia-Montcalm area that have police departments. Lakeview has a full-time police chief; he was paid \$9,500 for 1975-76 and \$10,200 for 1976-77. Patrolmen are paid \$3.50/hour. Edmore has a full-time police officer; he is paid \$7,800 per year. Stanton has one full-time and one part-time officer. They are paid \$7,500 per year and \$106/bi-weekly respectively. Belding has no metermen and one dispatcher (p. 162-171).

Lakeview has a population of 1,170. It is unknown what industries are in Lakeview. Edmore has a population of 1,153 and again the amount or quality of industry is unknown. Stanton has

a population of 1,089 and again the amount or character of industry is unknown. (p. 175-177)

It was stipulated that COL figures for the nation were 158.6 in April of 1975 and 168.2 in April of 1976. The Detroit figures were 157.9 of April, 1975 and 166.6 for April, 1976.

#### DISCUSSION:

Perhaps the first item that should be discussed is the use of data extracted from comparable communities. The panel is compelled by statute to consider such data. (See MCL 423.239; MSA 17.455(39)).

First, it must be determined which communities are comparable to Belding, at least for the purpose of this hearing.

The City has offered Edmore, Stanton and Lakeview. However, it seems that they were offered to show that there are other communities which do not pay as high a salary as that offered by the City. The evidence establishes that these communities are not comparable to Belding. All of the communities have less than one-third of Belding's population. Their respective police departments have an internal structure which is very different to that which exists in Belding. All have one full-time officer who is supplemented by part-time personnel. Belding has six officers, plus the dispatcher. The City was unable to establish if any of the offered communities had industry comparable both in quality and quantity to that contained within or located near Belding.

The Union has offered Leslie, St. Louis, South Haven, St. Johns, Charlotte, Portland, Williamston and Saline. The population figures for the foregoing communities appear as such:

<u>Place</u>	<u>County</u>	<u>Population 1970</u>
Leslie	Ingham	1,894
St. Louis	Gratiot	4,101
South Haven	Van Buren	6,471
St. Johns	Clinton	6,672
Charlotte	Eaton	8,244
Portland	Ionia	3,817
Williamston	Ingham	2,600
Saline	Washtenaw	4,811
Belding	Ionia	5,121

From the population data alone, it appears that there is a question as to whether Leslie, Williamston and Charlotte are comparable to Belding. Leslie has only 36.98% of the population that Belding has; Williamston, 50.77%; Charlotte 160.98%. The remaining communities, Portland, Saline, St. Johns, South Haven and St. Louis, are much more comparable to Belding in the area of population. The next area of consideration is geographical location. Portland is in the same county as Belding; namely, Ionia. St. Johns is in Clinton, while St. Louis is in Gratiot. Both Clinton and Gratiot County border Ionia County. Saline is located in Washtenaw County, while South Haven is located in Van Buren County. The chairman feels that Saline cannot be considered comparable to Belding because it borders Wayne County and is very close to Ann Arbor. Also, it has enjoyed more than a 100% population growth from 1960-1970, while Belding enjoyed only a 4.8% population increase for the same period. It is true that South Haven is located in Van Buren County, which borders Lake Michigan, but its 1969-1970 population growth was extremely similar to Belding's, i.e., 5.2% & 4.8%.

The record indicates that the communities which should be considered comparable to Belding for the purpose of this hearing are St. Johns, St. Louis, Portland and South Haven.



A comparison of the maximum salaries available in the patrolman classification with those contained in each party's offer appears as such:

	<u>1975-76</u>	<u>1976-77</u>
St. Johns	\$11,336	-
St. Louis	11,271	-
Portland	12,000	-
South Haven (5/27/76)	10,500	-
Average	11,277	-
Belding (Union)	10,905	\$11,232 + COLA
Belding (City)	9,968 (1/1/76)	10,466 (7/1/76) 10,885 (1/1/77)

It is obvious that both the City's and the Union's last and best offers for 1975-76 are below the average. However, what is also evident is that both the Union's 1976-77 offer, not including COLA, and the City's 1976-77 offer, are below the 1975-76 average.

It is true that Belding recently suffered a financial problem. The problem concerned cash flow and didn't indicate a basic and chronic financial malady. The City would be hard pressed to convince the panel that it did not possess a reasonable ability to pay, especially when its current budget reflects a millage decrease of 2.5 mills when compared to the 1975-76 budget.

The City has argued that if its offer is accepted, for the year 1976-77, only six other Belding employees would be receiving a greater salary than a patrolman, i.e., the Police and Fire Chiefs, Assistant City Manager, Clerk-Treasurer, Director of Public Works and Assessor. Of course, the City Manager would be receiving more than a police officer. However, excluding COLA, the same proposition would be true if the Union's last and best offer were accepted.

The dispatcher's current salary is \$6,300.00. The Union's offer would raise this to \$8,300.00 for the first year and \$8,549.00 + COLA for the second year. The City's offer has a maximum level of \$8,013.00. The amount paid in the comparable cities were not available.

The areas of corporal and sergeant are not a subject of this analysis because the City has eliminated those classifications as of 7/1/76 and thus it has not submitted salary figures for the period subsequent to 7/1/76.

The City has argued that the amount of increase in the cost of living since 7/1/75 is about one-half the rate of the salary increase that the Union has demanded. However, the Union argues that from 7/73 to 7/74 the cost of living increased 11.5%; from 7/74 to 7/75 9.66%, and during this period the maximum increase received by Belding officers was 7.87%.

The City states that if the Union's offer was accepted, it would destroy the salary relationship that has been established within Belding. It further argues that the span between the salary received by firemen and policemen would greatly increase.

The Union maintains that the City pays its administrators' salaries which are comparable to surrounding and similar communities; therefore, it should pay its patrolmen a salary which is comparable to that paid in surrounding and similar communities.

DECISION:

Quite frankly, if it were not for the mandate contained in the statute, MCL 423.238; MSA 17.455(38), the chairman would reject both last and best offers and formulate a different award.

The City has stated:

"It is submitted that in the circumstances the City's offer should be awarded and that the Union's proposal is unsound, excessive and unreasonable, as a matter of fact if not of law."

The panel is not convinced that this is true. Granted, the Union's offer seems exceeding high when expressed in percentage figures. However, percentage figures can be misleading. The City argues that its offer is an actual increase of 22.3% over two years. The Union's offer is 25.5% plus COLA for the second year. In the context used herein 2.7% does not transform the reasonable and just into the unreasonable, excessive and unsound. True the cost of living allowance changes the total and while the chairman would have eliminated it, inter alia, if the statute so permitted, it cannot be said that under the present circumstances the presence of the COLA makes the Union's offer unacceptable.

The evidence clearly establishes that in relation to comparable communities the Union's offer is much more acceptable than the City's.

The City has argued that accepting the Union's offer would destroy the City's pay schedule. However, the Police Chief and City Manager have, for the past three years, been paid an amount very similar to comparable communities. Whether by design or chance, the Police Chief's and City Manager's salaries have always been very competitive, why should it not be so for patrolmen and the dispatcher?

The City has established that since 1973 there hasn't been any turnover in the police department. However, the panel cannot conclude that it is the result of the payment of an adequate wage, for there are many other elements that one must consider before changing employers.

In conclusion, the panel is convinced that substantial, relevant and competent evidence supports its decision.

AWARD:

The panel orders that the Union's last and best offer be implemented.

\_\_\_\_\_  
CHAIRMAN

\_\_\_\_\_  
UNION DELEGATE

\_\_\_\_\_  
EMPLOYER DELEGATE