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*Livonia, City of*

April 22, 1976

CITY OF LIVONIA

-and-

LIVONIA POLICE LIEUTENANTS  
AND SERGEANTS ASSOCIATION

State of Michigan Arbitration  
under Act No. 312 of the  
Public Acts of 1969

STATE OF MICHIGAN  
EMPLOYMENT RELATIONS COMMISSION  
DETROIT OFFICE

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### ARBITRATION OPINION AND AWARD

Panel of Arbitrators:

James L. Miller  
Representative of the City

Clarence R. Charest  
Representative of the Association

Ruth E. Kahn  
Chairman

### INTRODUCTION

This arbitration has been conducted pursuant to Act No. 312, Michigan Public Acts of 1969, as amended. It was initiated by the Livonia Police Lieutenants and Sergeants Association, by a letter dated November 17, 1975. Appointment of a chairman of the arbitration panel was requested on December 30, 1975.

The panel met first in an executive session on February 10, 1976. The parties identified the single issue to be arbitrated, namely the matter of salary rates for Livonia Police Sergeants and Lieutenants. It conducted a full hearing on March 3, 1976. The City submitted a Post-Hearing Brief, and the Association responded by Reply Brief. Final offers were exchanged on April 1, 1976. This exchange is in accordance with Section 8 of the Act, as amended in 1972.

Section 31 of the current Agreement between the City of Livonia and the Livonia Lieutenants and Sergeants Association states:

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"D. It is agreed that the matter of salary rates to be effective December 1, 1975, will be negotiated. Such negotiation will commence not later than September 15, 1975."

The parties have been unable to resolve the "matter of salary rates to be effective December 1, 1975." They met on September 15, 1975, as called for by Section 31. At that time, the City presented its offer. It proposed to increase the officers' 1974 salary rates by 3 percent.\* It would supplement the new base rate with a cost of living allowance of 34 cents per hour, or \$707.20 for the year. Its offer to the Association matched the terms offered and accepted by other City of Livonia employees. It repeated this proposal as its Final Offer under the present arbitration.

The present maximum salary rates (effective since December 1, 1974) of Sergeants and Lieutenants are as follows:

	<u>Sergeants</u>	<u>Lieutenants</u>
	\$17,971.20	\$19,760.00
+ COL**	<u>1,081.60</u>	<u>1,081.60</u>
	\$19,052.80	\$20,841.60

The City's proposal would result in these salary rates for the Association:

	<u>Sergeants</u>	<u>Lieutenants</u>
BASE	\$19,614.40	\$21,465.60
+ COL	<u>707.20</u>	<u>707.20</u>
	\$20,321.60	\$22,172.80

\* In its calculations, the City used the 1974 salary rate together with the cost-of-living supplement as the base. The 1975 proposed salary rate is shown exclusive of the cost-of-living supplement.

\*\* COL refers to the cost-of-living allowance.

The Association rejected the City's offer in negotiations. Initially the Association sought both a higher wage increase and it also believed that the cost-of-living had been improperly computed resulting in too low an hourly figure. In its Final Offer the Association no longer disputes the cost-of-living figure. It will accept a 34 cents per hour cost-of-living as the allowable adjustment or will accept whatever figure is agreed to by the City and other City employees.

The Association's Final Offer demands salary rates as follows:

	<u>Sergeants</u>	<u>Lieutenants</u>
	\$20,134.40	\$22,152.00
+ COL	<u>707.20</u>	<u>707.20</u>
	\$20,841.60	\$22,858.20

The Association proposal represents for Sergeants an increase of 5.7% over 1974; for Lieutenants an increase of 6.3% over 1974.

#### DISCUSSION AND FINDINGS

The City believes that its Offer maintains the Lieutenants and Sergeants "at the very favorable level they have enjoyed over the years." It makes this assertion based upon "a comparison of [their] salaries with surrounding jurisdictions." The City surveyed ten jurisdictions. The following represents a summary of its findings:\*

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\* Omitted are Detroit, the Michigan State Police, and Wayne County. These jurisdictions are not really comparable in either size or scope of duties and responsibility.

<u>City</u>	<u>Effective Date</u>	<u>Patrolman</u>	<u>Sergeant</u>	<u>Lieutenant</u>	<u>Added * Cost of Living</u>
Ann Arbor	7/75	\$16,185	\$19,575	\$20,750	-
Dearborn	7/75	\$16,192	\$19,127	\$20,774	-
Pontiac	6/74	\$15,794	\$18,478	\$20,146	-
Roseville	7/75	\$15,304	\$17,753	\$19,528	.01 for each point of CPI
Royal Oak	6/75	\$16,647	\$19,153	\$20,866	-
Southfield	7/75	\$17,090	\$20,510	\$22,215	-
Warren	7/75	\$15,969	\$19,322	\$21,254	-
City of Livonia	12/75 + COL	\$17,139 707 <u>\$17,846</u>	\$19,614 707 <u>\$20,321</u>	\$21,465 707 <u>\$22,172</u>	
			(Proposal)	(Proposal)	

\* Note that most jurisdictions do not have a Cost-of-Living Allowance in addition to the base rate.

The Association objects to the inadequacy of the City's proposal. It claims that the differential between Patrolmen and the Sergeants and Lieutenants is too low. It believes that the Sergeants' salary should be set at a rate 17.5% higher than the Patrolmen and that Lieutenants should be 10% above Sergeants. It relies on two applicable criteria. First, the pattern in Livonia in recent years has been to provide supervisors with a higher differential than contained in the City's present Offer. This table indicates the salary differentials (without COL) over the past five years:

	<u>Patrolmen to Sergeants</u>	<u>Sergeants to Lieutenants</u>
1970	15.6%	9.95%
1971	15.5	10.05
1972	15.7	10.00
1973	15.5	10.02
1974	15.5	9.95

The Association objects that under the City's proposal Sergeants would be paid 14.4% higher than Patrolmen; Lieutenants would be paid 9.4% higher than Sergeants. Next, the Association points to a comparison of the differentials for supervisors which exist in the same surrounding jurisdictions surveyed by the City. That comparison shows:

	<u>Patrolman to Sergeant Percentage Difference</u>	<u>Sergeant to Lieutenant Percentage Difference</u>
Ann Arbor	20.95%	6.0 %
Dearborn	18.13	8.61
Pontiac	17.00	9.02
Roseville	16.00	10.00
Royal Oak	15.05	8.94
Southfield	20.01	8.31
Warren	21.00	10.00
Livonia-Association Offer	17.5	10.00
City Offer	14.4	9.45

On the basis of this evidence, the Association insists that the Sergeants are entitled to a salary rate 17.5% higher than Patrolmen, with Lieutenants getting an added 10%.

As a general proposition, it cannot be disputed that supervisors are entitled to recognition of their greater responsibility. Compensation for their status can be measured in both absolute as well as relative terms. As to the absolute terms, Livonia supervisors appear to be well compensated. They rank next to the top in the seven selected comparable communities - only less than a percentage point below the highest.

As to the relative terms, Livonia's Sergeants and Lieutenants have in the past five years had a differential of approximately 15% and 10%, respectively. In December, 1974 when the COL was combined with the base rate, the spread dropped to 14.5% and 9.4%. The further contraction in the spread which would result in 1975 from adopting the City's Offer is also attributable to the supplemental cost-of-living factor. The City's Offer of a 3% increase maintains the relative status quo of the three groups. But the flat COL allowance causes compression in the rate structure. This can be readily seen in the following table:

		<u>Patrolman</u>		<u>Sergeant</u>		<u>Lieutenant</u>
6/74	Base Rate	X	+	15.42%	+	10.02%
12/74	Base Rate	X	+	15.51%	+	9.95%
12/74	Base Rate					
	plus COL	X	+	14.5 %	+	9.39%
12/75	Base Rate	X	+	14.4 %*	+	9.4 %*

Clearly, contraction in the differential comes about not by design on the part of the City to undermine supervisory pay status. Rather it is the result of compensating the employees for the unprecedented inflation which took place at a "double digit" rate in 1974, and which continued at a somewhat lower rate in 1975. The parties' Agreement provides for a cost-of-living formula on a cents-per-hour basis. While the COL allowance protects the purchasing power of the basic salary rate, it has the inevitable effect of flattening the differential. Had COL been formulated on a percentage of wage-rate-basis, for example, relative structure would be unaffected. This would be true too if COL were only a supplement and received in a separate payment rather than absorbed into the wage rate.

The 1975 City proposal results in a minimal dislocation of the structure for both Sergeants and Lieutenants. Viewing this together with the fact that the City's proposal places the Sergeants and Lieutenants

\* Assuming City Proposed Rate.

within less than 1% of the best paid police force as surveyed, the City's Offer appears to be fair and also more reasonable.

The Association asserts another challenge to the City's Offer. It claims that the City has rejected its pay demand because of its policy of keeping Police in parity with the Fire Fighters. It insists not only that parity should not be an obstacle to accepting the Association's proposal but that parity itself should be discarded. It believes Police supervisors are entitled to a higher pay rate because their jobs demand greater responsibility than their counterparts in the Fire Department. It says promotion is virtually automatic for Fire Fighters whereas Patrolmen must compete. It also points to the greater number of promotional steps available to Fire Fighters. It also claims additional upper ranks have been created in the Fire Department which diminish responsibility for each level of supervision.

Parity between the Livonia Police and Fire Departments has existed throughout Livonia's history with the exception of one four-year period, 1965-1969. To overturn such well-settled practice, the Association assumed a heavy burden of persuasion. There must be an examination of the historical and factual bases for the parity relationship - identifying those elements in each job which were considered to justify equal pay. Next, there must be evidence of change in those elements, demonstrating increased burdens on the Police vis-a-vis the Fire Department. And the change may not be minor, it must be substantial. On the basis of the testimony and briefs presented, the Association did not meet its burden of persuasion. There appear to be no compelling reasons to abandon the principle of parity between the Fire and Police Departments at this time.

The Association insists also that the City has forced it into a position of having to "swallow a pre-set package", because it kept the Association in last place in its bargaining schedule. This assertion is beyond the scope of this arbitration.

In view of the above discussion, we find that the City's final Offer should prevail.

AWARD

Effective December 1, 1975, the pay rates for Livonia Police Lieutenants & Sergeants should be increased by 3 percent, supplemented by a cost-of-living allowance of \$707.20. This translates to the following figures:


<u>Maximum Salary Rates</u>	
<u>Sergeant</u>	<u>Lieutenant</u>
\$19,614.40	\$21,465.60
+ COL <u>707.20</u>	<u>707.20</u>
\$20,321.60	\$22,172.80

It is understood that if the cost-of-living allowance for City of Livonia Employees is increased, that increase will be also provided to the Livonia Police Lieutenants & Sergeants, and the above figures would then be adjusted to reflect the change.



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Ruth E. Kahn, Chairman



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James L. Miller  
Concurring for the City of Livonia

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Clarence R. Charest  
Dissenting for the Livonia Police  
Lieutenants & Sergeants Association