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STATE OF MICHIGAN  
EMPLOYMENT RELATIONS COMMISSION  
PUBLIC ACT 312 ARBITRATION PROCEEDING  
BEFORE BENJAMIN C. STANCZYK, CHAIRMAN  
AND JAMES L. MILLER, EMPLOYER DELEGATE,  
AND WILLIAM BIRDSEYE, UNION DELEGATE,  
DETROIT, MICHIGAN

IN THE MATTER OF:

CITY OF LIVONIA,

Public Employer,

-and-

POLICE OFFICERS ASSOCIATION  
OF MICHIGAN,

Public Employees.

Case No. D82 J-3874

STATE OF MICHIGAN  
BUREAU OF EMPLOYMENT RELATIONS  
DETROIT OFFICE

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INTRODUCTION

In the matter of the City of Livonia, Public Employer, and the Police Officers Association of Michigan, Union, Act 312 Arbitration Proceedings were held by Benjamin C. Stanczyk, arbitrator and impartial chairman, James L. Miller, City delegate, and William Birdseye, Union delegate. The panel was appointed pursuant to the Police-Firefighters Arbitration Act (Act 312, Public Acts of 1969, as amended). The arbitrator was appointed on February 2, 1983, together with the delegates for the Employer and Union. The arbitrator called the delegates, counsel for the City and representative of the Union together for pre-hearing conferences on February 22, March 11 and March 18, 1983. Agreement on procedures, hearing schedules and other stipulations was reached at the pre-trial conferences. Hearing dates were scheduled for June 9, 15 and 16, 1983 at the Michigan Employment Relations Commission offices, Detroit, Michigan.

The last collective bargaining agreement between the Employer and the Union covered a period ending on November 30, 1982. The findings, opinion and award herein apply for a three year period thereafter. This is by stipulation of the parties.

The parties presented Joint Exhibits 40, 41, 66 and 67. The Union presented Union Exhibits 28-36, 42, 43, 45, 46, 48, 52, 54, 57, 58 and 60. The City presented City Exhibits 1-27, 37-39, 44, 47, 49-51, 53, 55, 56, 59 and 61-65. The parties each presented evidence from witnesses and exhibits with respect to the issues before the Panel. Pursuant to the Act, the economic issues and disputes were identified and the parties submitted the last offers of settlement. Consistent with the pre-trial conference guidelines established by and for the parties, tentative agreements previously reached were incorporated into the record. A verbatim record of the proceedings was transcribed.

The arbitrator and the delegates reviewed the testimony and exhibits with respect to the respective merits of the positions of the parties. Section 9 of the Act prescribes the factors and guidelines upon which the findings, opinion and order as to both economic issues and all other issues should be based. MCLA 423.239, Section 9:

"Where there is no agreement between the parties, or where there is an argument 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 facts, as applicable:

- (a) The lawful authority of the employer.
- (b) Stipulations of the parties.

(c) The interest 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 proceeding.

(h) Such other facts, 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."

The parties were unable to reach an agreement on the issues below. Conclusions and findings of fact based on testimony, arguments and exhibits, which, along with the factors prescribed in Section 9 of the Act, are the basis for the award and order. The unresolved issues are as follows:

1. Merit Compensation
2. Pension - Retirement Eligibility
3. Pension - Non-Duty Disability
4. Dental Benefits
5. Cost of Living Allowance
6. Sick Leave Accumulation
7. Salary

The conclusions and findings which follow are believed to be in the best interest and welfare of the public in harmony with the competent evidence and exhibits entered into the record as a whole, and in conformance with the Act. Implementation is ordered by the Panel as authorized by the Act.

#### COMPARABILITY

Both the Employer and the Union asserted communities comparable to the City of Livonia for the purpose of 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...in public employment in comparable communities."

Both the parties identically offered 14 cities relying upon the standards that their 1980 population, as determined by the U.S. Department of Commerce, Bureau of the Census, was greater than 50,000 but less than 1,000,000; that these cities were geographically homogeneous and located within the tri-county area of metropolitan Detroit (Wayne, Oakland and Macomb); and that each of these cities maintained a police department and provided law enforcement services to their citizens. Additionally, the Employer asserted Redford Township and Northville Township as comparables since these municipalities share a common boundary with the City of Livonia. Redford Township also meets the population criterion with 58,400 residents in 1980.

The Panel adopts the position that the group of 14 cities asserted by both parties is an appropriate group of comparables. Further, the Panel believes that the contiguity of the two townships asserted by the Employer is a relevant standard and is of enough significance that the Panel shall also include Redford Township and Northville Township as comparables.

The comparables are therefore adopted as follows:

	<u>1980 Population</u>
LIVONIA	104,814
Warren	161,134
Sterling Heights	108,999
Dearborn	90,660
Westland	84,603
Taylor	77,568
Pontiac	76,715
St. Clair Shores	76,210
Southfield	75,568
Royal Oak	70,893
Dearborn Heights	67,706
Troy	67,102
Farmington Hills	58,056
Roseville	54,311
Northville Township	13,000
Redford Township	58,400

Additionally, the Panel received evidence concerning the internal comparability of wages, hours and conditions of employment of others employed by the City of Livonia. Such evidence was entered through testimony on the record and Employer Exhibits 11-21, 64 and 65. Such evidence was carefully considered by the Panel and was afforded weight where applicable.

## FINDINGS AND OPINION

### ISSUE NO. 1 - MERIT COMPENSATION

Article 35 of the expired agreement between the parties provided Five Hundred Dollars (\$500.00) merit compensation to the top ten police officer candidates on the sergeant's exam conducted during the prior year.

The City has proposed that this practice continue unchanged during the life of the successor agreement.

The Union has proposed that in addition to the current benefit, effective December 1, 1984, police officers scoring sixty-five (65) percent or more on the sergeant's exam shall receive an merit annual compensation as follows: qualifying officers, after twelve years seniority, shall receive \$500.00 annually; after 17 years seniority, qualifying officers shall receive \$750.00 annually; and after 20 years seniority, qualifying officers shall receive \$1,000.00 annually. The Union proposes that in order for officers to move to a higher merit pay increment, they must retake the written sergeant's promotional exam. Moreover, said officers must have the required seniority on the date the exam is given. Officers qualifying for merit compensation as provided above shall begin receiving said compensation beginning the July following their qualification, and will be paid in five equal monthly installments.

Based upon an analysis of the wage and benefit package negotiated for these employees and granted by this Award, the goal achieved by this benefit, and the delay in the benefit's financial impact on the City, the Union's offer as set forth in Union Exhibit 42 is hereby adopted.

## ISSUE 2 - PENSION/RETIREMENT ELIGIBILITY

During the prior agreement, police officers and firefighters were eligible for full retirement benefits upon attaining age 52 provided they served the City for ten years. This requirement is specified in the City's Retirement Plan Ordinance.

The Union has proposed that, effective December 1, 1984, police officers shall also be eligible to retire upon completing twenty-five years of service to the City, regardless of age.

The City has proposed a modification to the existing retirement plan which would allow employees with ten years or more of service to retire earlier, provided they are at least age 50. Employees electing early retirement shall have their pension reduced by one-half of one percent per month for each year below age 52, i.e., a maximum reduction of six (6) percent per year. This change would become effective December 1, 1983.

The City's proposed early retirement plan is the same as that negotiated with the firefighters' union in June, 1983. Both parties in the instant matter have proposed modifications which would induce early retirements. In light of the proposals' common goal, but varying economic impact, as well as the desire to have consistency in the pension plans for both police officers and firefighters, the City's offer as set forth in City Exhibit 44 is hereby adopted.

ISSUE NO. 3 - PENSION/NON-DUTY DISABILITY

Currently, if a police officer incurs a non-duty related disability and has been employed by the City for ten years or more, he may receive a pension payout based on the sum of the total number of years actually served as a City employee, plus the number of years the employee has remaining to age 55.

The City has proposed maximum limits to the total number of years allowed to be applied to the formula determining the payout for a non-duty related disability pension. As outlined in City Exhibit 47, the maxima would be as follows:

<u>Years of Service</u>	<u>Maximum No. of Years to be Applied to Pension Formula</u>
10 to 15	20
15 to 20	25
20 or more	30

The City has also proposed that this change shall not take effect until December 1, 1983, and is to apply for all events resulting in non-duty disability occurring after this date. These proposed amendments are identical to those agreed to by the City and the firefighters' union in June, 1983.

The Union's position on this matter is to retain the current practice.

During these proceedings, the parties agreed to improve the City's retirement plan ordinance in the areas of eligibility for disability retirement, duty death benefits, and annuity withdrawal. Also, this Award has provided an early retirement plan. Each of these improvements parallel those the City negotiated with the firefighters.



In light of the consistency in the pension benefits among these groups of employees, as well as an effort to provide a pension plan which balances the desires for both a quality and cost efficient pension plan, the City's position is hereby adopted.

#### ISSUE NO. 4 - DENTAL BENEFITS

Under the expired agreement, the police officers' dental plan entailed an annual reimbursement of up to \$225.00 per officer and family. During the term of that agreement, any unused portion of the annual \$225.00 maximum reimbursement could accumulate for that officer's (and family's) benefit to a maximum of \$450.00.

The Union is proposing to replace the current program with a full family Blue Cross/Blue Shield dental insurance plan. Said plan would provide: Class 1 preventive services coverage at 100%; other Class 1 benefits covered at 80%; Class 2 major services coverage at 50%; and Class 3 orthodontic services coverage at 50%. The Union further proposes a \$600.00 annual maximum per person per contract year on Class 1 and Class 2 benefits, and a \$500.00 lifetime maximum on Class 3. These changes are proposed to take effect 30 days after the issuance of this Arbitration Award.

The City proposes to make two amendments to its current plan effective December 1, 1983. First, it proposes to increase the annual amount available for dental expense reimbursement per officer and family to \$275.00. Second, it proposes to increase the maximum accumulation of unused annual reimbursement from \$450.00 to \$550.00. In addition to these changes, the employer has proposed in certain hardship situations, a method for employees to request prepayment of qualified dental expenses directly to the dentist providing the services, subject to Civil Service Commission approval.

Upon an analysis of the current reimbursement plan's utilization, as well as the comparability of the City's proposed plan to that of other comparable cities, the plan proposed by the City is the most cost-efficient plan for the relatively high benefit level provided. Therefore, the City's position as outlined by City Exhibit 53 is hereby adopted.

ISSUE NO. 5 - SICK LEAVE ACCUMULATION

Article 16, Section A (Sick Leave) allows sick leave to accumulate as follows:

All persons employed by the City and covered by the provisions of this Contract at the time of its ratification may accumulate sick leave to a maximum of 270 days for payout purposes. The employee will be reimbursed 60% of his pay at the time of such payment. Employees may continue to accumulate sick leave beyond the 270 day maximum; however, these days shall not be considered for payout purposes as specified herein.

The City has proposed to add, to the above provision, the following:

For employees hired after December 1, 1983, said maximum accumulation for payout purposes shall not exceed 100 days.

The Union has proposed Article 16 to remain unchanged in the successor agreement.

Other employee groups in the City have agreed to the change proposed by the City. Furthermore, the Panel notes that the City is not proposing to eliminate this benefit, but only to reduce it, and then only in a manner which will not affect any person currently in the bargaining unit. Such a proposal is a modest means toward achieving fiscal control. For these reasons, the City's position is hereby adopted.

ISSUE NO. 6 - COST OF LIVING ALLOWANCE

Under the previous agreement, the parties' cost of living allowance provided a one (1) cent per hour adjustment for each 0.3 point change in the Consumers Price Index for Urban Wage Earners and Clerical Workers, U.S. average. The maximum annual adjustment was limited to twenty-five (25) cents per hour.

The Union has proposed a quarterly cost of living allowance with no maximum, calculated on the basis of a one cent per hour increase for each 0.3 point increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers for Detroit.

The City has proposed to delete this provision. Specifically, the City's proposal for the successor agreement is to have no provision nor obligation of any kind regarding a cost of living allowance.

Virtually all employee groups of the City have agreed to eliminate a cost of living allowance from their collective bargaining agreements effective December 1, 1982. Because of this strong internal pattern, as well as other negotiated and awarded wage and fringe benefit improvements, the City's position is hereby adopted.

ISSUE NO. 7 - SALARY

Currently, a police officer's maximum salary is \$25,001.60 per year. This salary includes the 1981-82 cost of living allowance. The parties have agreed to continue the salary rates paid during the period December 1, 1981 through November 30, 1982 for the period December 1, 1982 through November 30, 1983.

Effective December 1, 1983, and through November 30, 1984, the parties have agreed to increase the previous year's wages by 4.5%.

At issue here are the salary rates to be paid for the last fiscal and contract year of this agreement, December 1, 1984 through November 30, 1985.

The Union's last best offer on this issue is a 5.0% across the board salary increase.

The Employer's position on this issue is a 4.5% across the board salary increase.

An analysis of the comparability of police officers' salaries and the overall economic trends in the Metropolitan area in general, shows that both parties' proposals are reasonable. In light of the City's limited financial resources, the City's last best offer of an across the board 4.5% salary increase effective December 1, 1984 is hereby adopted.

### STIPULATIONS

This Award reflects all substantive changes to the expired 1979-82 Collective Bargaining Agreement between the parties. That is, unless otherwise agreed to by the parties on this record, or awarded herein, the provisions of the 1979-82 contract will continue for the successor agreement's three year term.

Because this Panel was not involved in developing the stipulations entered on the record regarding other contract areas the parties agreed to amend in some manner, the following shall serve as only a summary of those stipulations. The parties are encouraged to consult the record, if need be, for greater detail on these matters. The stipulations are summarized as follows:

1. Clothing Allowance - The Employer agrees to continue clothing allowances with a schedule of payments to be made three times during the year instead of semi-annually. If an officer does not complete a full year's assignment, he shall reimburse the City on a pro rata basis. This change is to become effective December 1, 1982.

2. Legal Expenses - The parties have agreed to a provision under which the City may pay an officer's legal expenses and provide him with legal counsel under certain conditions, and if the applicable insurance policies are inadequate for such coverage. This change is to become effective December 1, 1983.

3. Grievance Procedure - The parties agree to change the 20 work day Civil Service Commission appeal period in Article 7, Section A, Step 3 to 35 calendar days. This change is to become effective the date of this Award.

4. Psychological Coverage - The City has agreed to pay a annual maximum of \$400.00 commencing with the second year of this Contract for psychological services required personally by an officer, subject to the provisions of the Contract. This benefit is to become effective December 1, 1983.

5. Gun Allowance - By December 15, 1983, the City agrees to make an advance \$440 gun allowance payment applicable for the 1983-84 contract year. On June 1, 1984, the City agrees to make a onetime \$220.00 gun allowance payment applicable for the 1983-84 contract year. Effective December 1, 1984, the City shall pay by December 10, 1984 a \$550.00 gun allowance payment applicable for the 1984-85 Contract Year. This \$550.00 payment shall be the entire payment for the 1984-85 Contract Year. The parties also agree that in the event an employee leaves prior to completing a contract year, a prorated adjustment will be made.

6. Educational Reimbursement - The parties agree to amend Article 31, Section D to provide that by December 15, 1983, employees will be paid a \$350.00 educational reimbursement applicable for the 1983-84 contract year. On June 1, 1984, a onetime \$150.00 educational reimbursement will be paid applicable to the 1983-84 Contract Year. Effective December 1, 1984, a \$425.00 educational reimbursement will be paid by December 10, 1984. This payment is to cover the entire Contract Year 1984-85.

7. Vacation Accrual - The parties have agreed to a provision regarding vacation accrual for determining an officer's average final compensation for retirement purposes. This provision shall allow



employees to accrue vacation time, for this purpose, up to specified maxima. The parties specifically understand the need for officers to announce their retirement intentions in a timely manner. The effective date for this change shall be December 1, 1983.

8. Other Adjustments - The City agrees to grant any economic improvements negotiated or granted by the City to other City personnel to members of the police officers' bargaining unit. This provision only applies to the period December 1, 1982 through November 30, 1983.

9. The City agrees upon the issuance of this Award, and through November 30, 1983, it shall not layoff any member of the bargaining unit represented by the POAM.

10. Duration - The parties have agreed that this Contract's duration shall be three years, beginning December 1, 1982 through November 30, 1985.

11. Pension-Disability Retirement - The City agrees to amend its Retirement Plan Ordinance regarding the definition of disability and the limitations on the City in assigning a "partially disabled" officer to other duties pursuant to the intentions in Union Exhibit 45. The language of said amendment shall be subject to approval of the City's actuaries and attorneys.


12. Pension-Duty Death Benefits and Annuity Withdrawal - The City agrees to amend these provisions of its Retirement Plan Ordinance pursuant to Union Exhibit 46. The language of said amendment shall be subject to approval of the City's actuaries and attorneys.

13. Pension-Employee Contribution Rate - The City agrees that effective December 1, 1983, each bargaining unit members' contribution to the retirement system shall be reduced from 3.5% to 2.5%, without a reduction in the benefits paid.


A W A R D

The undersigned Arbitration Panel, having been duly appointed pursuant to Act 312, Public Acts of 1969, as amended, and having heard testimony and examined the exhibits presented, do hereby for the reasons set forth in the attached opinion and incorporated herein, by majority vote as shown below, AWARD AS FOLLOWS:

ISSUE NO. 1 - MERIT COMPENSATION: The Panel hereby adopts the Union's offer as set forth in Union Exhibit 42.

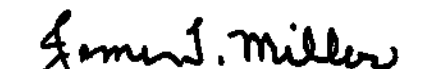
  
HON. BENJAMIN C. STANCZYK,  
Chairman


  
JAMES L. MILLER,  
City Delegate

  
WILLIAM BIRDSEYE,  
Union Delegate

ISSUE NO. 2 - PENSION/RETIREMENT ELIGIBILITY: The Panel hereby adopts the City's offer as set forth in City Exhibit 44.


  
HON. BENJAMIN C. STANCZYK,  
Chairman

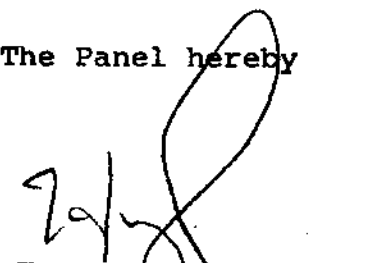
  
JAMES L. MILLER,  
City Delegate

  
WILLIAM BIRDSEYE,  
Union Delegate

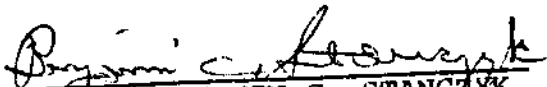
ISSUE NO. 3 - PENSION/NON-DUTY DISABILITY: The Panel hereby adopts the City's position on this matter.

  
HON. BENJAMIN C. STANCZYK,  
Chairman

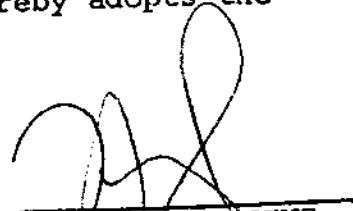
  
JAMES L. MILLER,  
City Delegate

  
WILLIAM BIRDSEYE,  
Union Delegate


ISSUE NO. 4 - DENTAL BENEFITS: The Panel hereby adopts the City's position as outlined by City Exhibit 53.

  
HON. BENJAMIN C. STANCZYK,  
Chairman

  
JAMES L. MILLER,  
City Delegate

  
WILLIAM BIRDSEYE,  
Union Delegate


ISSUE NO. 5 - SICK LEAVE ACCUMULATION: The Panel hereby adopts the City's position on this matter.

  
HON. BENJAMIN C. STANCZYK,  
Chairman

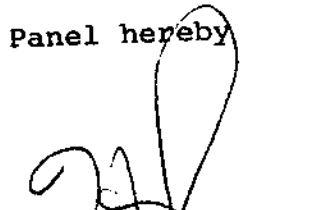
  
JAMES L. MILLER,  
City Delegate

  
WILLIAM BIRDSEYE,  
Union Delegate

ISSUE NO. 6 - COST OF LIVING ALLOWANCE: The Panel hereby adopts the City's position on this matter.

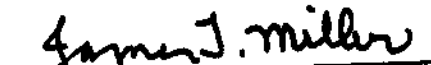
  
HON. BENJAMIN C. STANCZYK,  
Chairman

  
JAMES L. MILLER,  
City Delegate

  
WILLIAM BIRDSEYE,  
Union Delegate

ISSUE NO. 7 - SALARY: The Panel hereby adopts the City's last best offer of an across the board 4.5% salary increase effective December 1, 1985.

  
HON. BENJAMIN C. STANCZYK,  
Chairman

  
JAMES L. MILLER,  
City Delegate

  
WILLIAM BIRDSEYE,  
Union Delegate

Dated: July 7, 1983