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STATE OF MICHIGAN
DEPARTMENT OF LABOR

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EMPLOYMENT RELATIONS COMMISSION

STATE OF MICHIGAN
DEPARTMENT OF LABOR
DETROIT OFFICE

(Arbitration Pursuant to Act 312, P.A. 1969, as amended)

In the Matter of Arbitration Between:

CITY OF MONROE,

Employer,

MERC Act 312

Case No. D88 K-2197

and

LABOR COUNCIL, MICHIGAN FRATERNAL
ORDER OF POLICE,

Union.

LABOR AND INDUSTRIAL
RELATIONS COLLECTION
Michigan State University

Monroe, City of

OPINION AND AWARD

Arbitration Panel: Robert Browning, Chairperson
Joseph S. Lybik, Employer Designee
Jerry D. Caster, Union Designee

Representing Employer: Paul H. Townsend, Jr., Attorney

Representing Union: David K. Sucher, Attorney

INTRODUCTION

Robert Browning was appointed Impartial Arbitrator and Chairperson of the Panel on January 3, 1990. The parties were contacted in early January, and offered a January and/or February date for a Pre-Hearing. The parties were both busy and mutually agreed on a March 2, 1990, pre-hearing date which was held at the Monroe City Hall, Monroe, Michigan.

The parties agreed to several July hearing dates. In the March to July interval, thanks to the efforts and work of the parties, the initial twenty issues between the parties were reduced

to three, when the Hearing was held at the State of Michigan, Plaza Building, Detroit, Michigan on July 23, 1990.

Subsequent to the Hearing, Last Offers were received by the Chairman and exchanged by the Chairman with the respective parties and the Panel Designees by mailing on August 15, 1990.

The City and the Labor Organization involved in this case stipulated on August 7, 1990, in writing to an extension of time to file the panel's Act 312 Arbitration award to on or about October 15, 1990, which is more than six months beyond the date of the Arbitrator's appointment in this matter. The appointing Commissioner, Thomas Roumell, granted an extension of time to issue the award until October 15, 1990.

The Arbitration Panel met in Executive sessions of the Panel on October 2, 1990 at Birmingham, Michigan and on October 15, 1990 at Monroe, Michigan.

It should be understood that the panel member representing the City of Monroe, Employer and the panel member representing the Labor Council of Michigan, F.O.P. Union, disagreed with certain of the findings and award set forth hereafter.

Accordingly, the signatures of either of the partisan panel members at the conclusion of this Opinion and Award does not represent a concurrence with each and every element of the final award, but rather, it does constitute a recognition that a majority of the arbitration panel did support each issue covered in the final order.

HEARING

At the outset of the Hearing on July 23, 1990, Chairperson Robert Browning took the oath of office of Chairperson of the Compulsory Arbitration Panel.

The parties at the Pre-Hearing Conference agreed that the arbitration panel has jurisdiction and is properly constituted and has full authority over the matters before it.

ISSUES

The parties disagree to some extent on the comparable cities to Monroe and requests that the Panel rule on comparables to be used in this case.

Of the twenty issues that were listed in the Union's petition for Act 312, the parties agreed at the Hearing that all had been resolved except issue number (3) shift selection; and issues number (16) residency. These two issues were stipulated to by the parties as being non-economic and the Panel agrees.

The parties agreed to submit to the panel and have the panel decide the score that would be controlling on the gun proficiency allowance. The parties and the panel agree that the gun proficiency allowance is the one and only economic issue.

BACKGROUND

The Unit Description is all Non-Civilian Employees below the rank of Sergeant of the City of Monroe Police Department. Approximately, thirty-five (35) patrolmen are involved. The last

collective bargaining contract between the City of Monroe and the Monroe Patrolmen's Association is dated July 1, 1986 to June 30, 1989.

COMPARABLES

Union Exhibit 14 sets forth that the City and the Union agree on the following seven communities as comparable to the City of Monroe; namely, Adrian, Mt. Clemens, Romulus, Trenton, Wayne, Wyandotte, Ypsilanti.

The City further proposes Riverview and the Union objects.

The Union, per its research, would add four cities; namely, Ferndale, Garden City, Lincoln Park and Madison Heights and the City objects to the inclusion of these four proposed comparables.

The Chairperson asked of the Union witness, Nancy Ciccone, if a 312 Panel had recently treated comparables that involved Monroe. (Transcript p. 57-58).

The City did not, at the Hearing, offer any testimony on comparables. (Transcript p. 58).

The City, while wanting to include Riverview as a comparable, did not offer any statistical evidence as to why Riverview should be included other than a mention of geographical proximity and upon cross examination by Mr. Townsend that the population of Riverview in 1986 was 14,000. (Transcript p. 45). Upon cross examination, witness Nancy Ciccone ruled out Riverview as the points being too high. "Mainly, I think it was their population and their state equalized valuation and department size, that threw them off. (Transcript p. 42).

A majority of the Panel is convinced that Riverview cannot be used as a comparable since the City that proposed it has not supplied the Panel with sufficient data upon which to make an informed judgment. Further, the Union did not include Riverview in its comparable exhibits, deeming it not comparable, leaving the Panel again without sufficient information on Riverview.

Ms. Ciccone, the Union witness on comparability prepared the Union's choice of comparables based on her research as described in Union Exhibit 14.

Data was gathered on the communities in the following area:
1. Population; 2. Land Area; 3. Department Composition; 4. State Equalized Valuation; 5. State Equalized Valuation Per Capita; 6. Crime Statistics; 7. Taxes; 8. Income; 9. Housing.

Applying the factors to the various cities Ms. Ciccone determined a plus/minus standard deviation from the City of Monroe.



In each case, the degree to which the community deviated from Monroe was computed. These standard deviation figures were then ranked and the rankings for each potential comparable community for the nine aforementioned areas added together; the lowest score representing the community most comparable to Monroe as a total picture. There was no weighing of characteristics. (Underscoring supplied. Union Exhibit 14).

The Union offers a compelling theory and well detailed evidence Union Exhibits 14-26 inclusive for the comparables. A majority of the Panel is interested in the total picture concept as advanced by the Union, since within the seven agreed upon comparable cities there are a number of variances with Monroe, when

comparing the seven agreed upon cities in the nine characteristics, as well as in the four additional cities which the Union proposes.

The Panel is in agreement upon the seven comparable cities to Monroe as agreed upon by the parties, namely: Adrian, Mt. Clemens, Romulus, Trenton, Wayne, Wyandotte and Ypsilanti.

A majority of the Panel is opposed to the inclusion of the City of Riverview as a comparable.

Lybik	Concurs _____	Dissents <u></u>
Caster	Concurs <u></u>	Dissents _____

A majority of the Panel is in agreement upon the additional cities of Ferndale, Garden City, Lincoln Park and Madison Heights.

Lybik	Concurs _____	Dissents <u></u>
Caster	Concurs <u></u>	Dissents _____

ISSUE: RESIDENCY (Non-Economic)

UNION'S LAST OFFER

1. RESIDENCY, Article XIX.

- (a) Effective July 1, 1990, all current members of the Monroe Police Department are required to maintain residency within a fifteen (15) mile perimeter of the city limits of Monroe.
- (b) Employees hired after July 1, 1990, shall have twelve (12) months from the end of their probationary period to establish residency in compliance with subsection (a).

CITY'S LAST OFFER

1. Residency: No change in present contract provisions.

Prior to July 1, 1974, employees of the City were permitted to reside outside the City limits, but within five miles of the City. Newly hired officers after July 1, 1974, were required to reside in the City.

In 1984, as the result of contract negotiations between the City and all of its employee unions, including the FOP, the Ordinance was amended to its present form, permitting residence in an area depicted in the last page of Union Exhibit 27 and the map presented by the City at the 312 Hearing detailing the exact designated residency requirements. (The boundary includes the City of Monroe, most of Frenchtown and Monroe Townships, and part of Rainsinville Township.

It is significant to note that the same residency requirements apply to all employees of the City, except for department heads who are required to live in the City of Monroe.

The present agreement requires that newly-hired police officers shall have one (1) year after completion of their probationary period (i.e., a total of two (2) years after date of hire) to reside in the specified residency area.

Officer David Del Piombo at the Hearing, testified that the Union is seeking to eliminate any residency requirement. He testified that the Union sought to eliminate any residency requirement due to a shortage of affordable housing in the residency area. Cost of available homes and exposure to the community (Transcript pp. 78-80).

Since the hearing, the Union filed its Last Best Offer, changing its position to a fifteen (15) perimeter of the City limits of Monroe.

Officer Del Piombo testified that when he became a patrolman, he initially rented in the specified area. Later he purchased two residences, one of which he held as an investment. He testified that home prices in the residence area average about \$12,000 higher than for comparable housing outside the area, but that the reason for this is that houses within the area are serviced with City water and sewer, which adds to the home value.

Officer Del Piombo testified that when he applied for a position as a patrolman in Monroe he was one of 600 applicants and that at the time he knew of the residency requirement. He admitted that the residency requirement is not a deterrent to recruiting police officers (Transcript pp. 96-97).

City's exhibits 33 and 34 reflect many affordable homes advertised currently for sale in the specified residency area.

The Chief testified that all of the officers in the unit live in the specified residency area.


Officer Del Piombo argued that police officers would prefer not to live in the same area in which they patrol. The City observes that the present residency area includes a considerable amount outside the City limits of Monroe, where officers having such a concern may choose to reside.

The comparables, Union Exhibit 27 and City Exhibit 30 reveal that Garden City, Lincoln Park, Trenton, Wyandotte and Ypsilanti have more restrictive residency requirements than Monroe. Three of

the eleven cities cited as comparables by the Union, namely, Madison Heights, Mt. Clemens and Romulus, have no residency requirement. Adrian requires residing within five (5) miles of the City limits. Ypsilanti residency within a six (6) mile limit of City Hall.

Based on the evidence presented, the residency comparables, the availability of affordable living and the present residency area available outside the City of Monroe and that other city employees are bound the residency requirements, the Panel is of the opinion that the present contract's provision on residency continue unchanged.

AWARD: The Panel adopts the City's Last Offer on this issue, namely, to continue the present contracts provisions on residency.

Lybik Concurs 

Dissents _____

Caster Concurs _____

Dissents 

ISSUE: SHIFT PREFERENCE (Non-Economic)

UNION'S LAST OFFER

SHIFT PREFERENCE (New Article)

Employees shall be allowed to select their shift assignment based upon their seniority. Shift selection application shall be submitted to the Chief not more than four (4) weeks nor less than two (2) weeks prior to the shift change periods. Shift change periods shall be January 1 May 1, and September 1 of each years.

New hire probationary employees may be placed on any shift for training purposes and will not displace seniority employees.

Officers shall be permitted to trade shifts with timely notice and approval of the Chief of Police or his designated

representative. Overtime or premium pay shall not be created by the voluntary exchanging of shifts by employees.

The current week and days off schedule shall continue.

CITY'S LAST OFFER

Shift Selection: No change in present contract provisions, except that the City offers to change the present rotation frequency of every 28 days to either (a) every 13 weeks, or (b) every 26 weeks, whichever the Union prefers.

Presently, the City of Monroe Police Department assigns its police officers on rotating shifts every 28 days, i.e. 28 days on the day shift, 28 days on the afternoon shift, 28 days on the midnight shift.

Presently, the current contract does not contain any language regarding shift preference. Officer Del Piombo advanced that the main reason for the Union's proposal is so that seniority will mean something. (Transcript pp. 120-121). Presently, the Union argues that there is no reward for years of service.

Officer Del Piombo testified that the present 28 day rotation makes it virtually impossible to complete a college semester and schedule college courses which can impact upon promotion. The third reason is the stability on the officer as well as on the family life.

The City's Last Offer of offering to change the present rotation frequency of every 28 days to (a) every 13 weeks or (b) every 26 weeks, whichever the Union prefers, does address the Union's concerns with respect to schooling and family considerations but does not recognize seniority as to shift preference.

Chief Kanavel testified that prior to his becoming Chief, his predecessor had allowed patrol officers to select shifts by seniority and that the senior officers chose days. (Transcript p. 135).

Further, Sheriff Kanavel testified that in his opinion rotating shifts molds a well rounded officer who gets the benefit of serving on all three shifts. (Transcript pp. 139-143).

Officer Del Piombo testified that different officers in the bargaining unit find desirability in all three different shifts so that all senior officers would not elect, for example, the day shift.

Of the seven (7) comparables mutually agreed upon by the City and the Union, Adrian, Trenton and Wyandotte do not select shifts by seniority. Mt. Clemens, Romulus, Ypsilanti select by seniority. Wayne has shift selection by seniority with a two tier system, an employee may not select the same shift three times in a row.

Of the four additional comparables offered by the Union, Ferndale, Garden City, Lincoln Park and Madison Heights have shift selection by seniority.

The Panel is of the opinion based on the comparables and reviewing the testimony of both parties, that shift preference based on seniority is meritorious and workable. The Panel is not unmindful of the City's change in position in its last offer, but it does not meet the demand for seniority in shift preference which is prevalent among the comparables.

AWARD: The Panel adopts the Union's Last Best Offer on the issue regarding shift preference.

Lybik Concurs _____

Dissents AS Lybik

Caster

Concurs J. O. Oate

Dissents _____

ISSUE: GUN PROFICIENCY ALLOWANCE (Economic)

CITY'S LAST OFFER:

Gun Proficiency bonus qualifying score:

1st year of contract - 200 points to qualify

2nd year of contract - 205 points to qualify

3rd year of contract - 210 points to qualify

UNION'S LAST OFFER:

Gun Proficiency Allowance (New Article)

The Employer shall hold an annual handgun qualification each fiscal year. Members who score the minimum number of points as listed below out of a possible 250 total points, shall receive an allowance as follows:

7/1/89

200 points \$200.00

7/1/90

200-204 points \$200.00
205-over \$250.00

7/1/91 and thereafter

200-204 points \$200.00
205-209 \$250.00
210-over \$300.00

This qualification will be in compliance with the MLEOTC training standards.

The parties agreed to present to the Panel, one economic issue, namely the qualifying score for an agreed upon gun proficiency allowance. No evidence was presented on this issue, the parties having agreed to present their last offers for consideration by the Panel.

Both parties offers agree on the first year of the contract, 7-1-89, 200 points-\$200.00.

The Arbitration Panel is of the opinion this threshold should continue as contained in the Union's Offer, 7-1-90 and 7-1-91, 200-204 points-\$200.00.

The City would require 205 points in the second year to qualify and 210 points in the third year.

The Panel believes the Union offer is more equitable and fair. An officer might not surpass 200-204 points in the remaining 2 years. 200 points was worth \$200.00 in the first year and in the opinion of the panel should continue to merit a gun proficiency allowance bonus. 205-209 and 210-over might be a qualification beyond a number of officers that could maintain a 200-204 point proficiency.

AWARD: The Panel adopts the Union's Last Offer on the Gun Proficiency Allowance (New Article).

Lybik Concurs _____

Dissents 

Caster Concurs 

Dissents _____

ORDER

The attached language (tentative agreements) that has been agreed to and ratified by the parties are embraced by this Panel's Award.

Also, the applicable portions of the predecessor labor agreement City of Monroe, Michigan and the Monroe Patrolmen's Association (July 1, 1986 to June 30, 1989, Joint Exhibit 1) which the parties adopt as part of their current Agreement except as modified by the attached language of the parties and the Panel's orders below.

ISSUE

RESIDENCY (Non-Economic)

SHIFT PREFERENCE (Non-Economic)

GUN PROFICIENCY ALLOWANCE (Economic)

ORDER

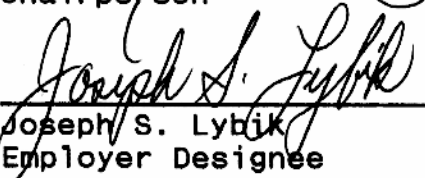
City's Last Offer

Union's Last Offer

Union's Last Offer

3/2 Panel of Arbitrators


Robert Browning
Chairperson


Joseph S. Lybik
Employer Designee


Jerry D. Caster
Union Designee

Dated: October 15, 1990

ARTICLE V
HOURS OF WORK

Section 2: Personnel will be permitted to exchange days off and shift assignments for two consecutive days or less in duration providing such exchanges do not interfere or conflict with normal operations of the Department and provided that such exchanges will be permitted only between personnel with similar positions and assignments. All such exchanges shall be subject to the prior approval of the Chief of Police or his authorized representative. In the event an officer fails to appear for a trade he/she shall not be allowed to engage in any other trades for a period of six months.

ARTICLE V
HOURS OF WORK

Section 5: The payment of overtime shall be made in accordance with the following provisions:

- A. Overtime shall be paid at the rate of one and one-half (1½) of the officer's current hourly rate for time worked in excess of eight (8) hours per day or forty (40) hours per week.
 - B. Overtime will be computed on the basis of the Fair Labor Standards Act which designates eight (8) minutes as a quarter of an hour.
 - C. Overtime will be distributed as equitably as possible, taking into consideration the separate and distinct divisions. Distribution will be made on the basis of overtime accumulation and the seniority of the employee.
 - D. The following are the separate and distinct divisions that presently exist in the Monroe Police Department.
 - 1. Uniform Division
 - 2. Detective Division
 - 3. Special Services Division
 - 4. Traffic and Safety
 - 5. Vice
- 1. Officer's assigned to a Division listed above for a period greater than ninety (90) days, shall not be entitled to overtime in the Uniform Division unless no Uniform Division Officers are available to work the overtime.
 - 2. Officers assigned to a Division for a period less than ninety (90) days shall maintain overtime status in the uniform Division.
 - 3. When an officer assigned for ninety (90) days or more returns to regular uniform Division and operations he shall be given an average of the total divisions overtime accumulation.
 - 4. Members of a distinct Division may be utilized in the Uniform Division for reasons of emergency or under strength. When this happens overtime accumulation would continue with the respective divisions.

E. The Uniform Division is defined as Police Officers working as assigned the regular shift rotation schedule on a seven (7) day basis.

1. The Police Department shall keep overtime records showing overtime worked and overtime refused. The sum of the overtime worked and overtime refused shall be used in determining the employee with the least hours. The employee registered with the least number of overtime hours in that Division will be called first, and so on down the list in an attempt to equalize the overtime hours.
2. Short periods of overtime required to complete a job assignments started during a regular shift shall be exempt for this procedure.
3. Additionally the following hours will not be counted toward equalization:
 - A. Court time
 - B. Holiday work as a regular schedule
 - C. Seeking authorizations, swearing to breathalyzer refusals
 - D. Training (straight time)
4. To be charged for overtime hours not worked, officers shall be contacted for such overtime work at their City registered telephone number by the designee of the Chief of Police. The work of the City contacting party shall be conclusive as to whether contact was or was not made, and overtime accepted or not accepted. Officers accepting overtime must accept all hours offered. Answering machines will be considered a "No Answer" contact.
5. Any Officer who is excused from work due to illness, or other paid leave time shall not be eligible to be called for overtime work until that Officer returns to work following such absence for a full work shift. Availability, while on vacation, shall be in written notification to the Chief of police.
6. A new employee successfully completing probation shall be assigned an overtime accumulation that is the average of the total Division.
7. On January 1, the registered employee equalization list shall be re-established with each employee subject to the equalization process being placed in the order existing at the time of expiration.
8. Overtime pay shall not be pyramided.

F. In service training to the extent of one-hundred (100) hours annually will also be excluded from overtime provisions. The one hundred (100) hours in-service training will be paid at the employee's straight time rate of pay. The one hundred (100) hours of annual training referred to in this Section shall be mandatory except in those cases involving regular day-off, vacation day or reasonable excuse. Any dispute arising out of the training time shall be subject to the Grievance Procedure.

G. Call-In Pay

Officers who are ordered in to work for court prior to the beginning of their regular scheduled shift of any time other than scheduled shift will be paid two (2) hours at straight time in addition to any assignment.

1. Call-in pay is not applicable when requests or assignments are made twenty-four (24) hours in advance of the situation.
2. Call-in pay does not apply when an officer has his/her shift extended in order to provide coverage or assistance for any reason. Officers will be compensated in accordance with specific overtime provisions.
3. The coverage or assistance for any reason shall come first from Officers on their scheduled days off and lastly from working officers.
4. Periods of placement for five (5) hours or less; the Chief of Police has the option to extend Officers presently working.

Officers called in to work on their day off shall be governed by the specific twenty-four (24) hour time limit as outlined in "Call-In Pay".

Section 6: Uniform Cleaning Allowance

All Patrolmen covered under this Agreement shall be paid the amount of Five Hundred Seventy-five Dollars (\$575.00) payable at the rate of One-Hundred Seventy Five Dollars and 75/100 (\$143.75) every three (3) months to be used in the cleaning and maintenance of their uniforms. This allowance shall remain in effect for the duration of this Agreement.

Section 9: Gun Proficiency Allowance

Patrolman will receive a gun proficiency allowance in the following amounts, to be paid by the City in a separate check in the first pay period in October of each year. The final figures were decided in the #312 Arbitration Award in October/November 1990.

ARTICLE XII
LIFE INSURANCE

The City of Monroe shall provide life insurance coverage in an amount equal to the employee's base annual salary, rounded down to the nearest \$1,000.00 to a maximum of \$49,999.00 to each employee. The coverages are doubled in the event of accidental death.

ARTICLE XIII
PENSIONS

Section 1: Pensions

This section is intended to detail the changes that took effect as a result of the Pension negotiations between the City of Monroe; Monroe Firefighter's Association and Monroe Patrolman's Association in 1988 & 1989. The changes are retroactive to January 1, 1988 and were agreed to by the Parties on May 2, 1989. These are the major points of agreement between the Parties:

- A. The benefit provisions to the members of the Benefit Group Police/Fire are effective for all members who retire on or after January 1, 1988.
- B. The Amount of retirement benefit for each person described in Paragraph A. shall be redetermined annually on the anniversary of retirement.
- C. The redetermined amount shall be the original monthly amount payable at retirement increased by 2% for each whole year of retirement. Increases do not compound. (See Letter dated May 14, 1990 - Addendum)
- D. The redetermined amount shall be reduced (but not below the original monthly amount) by any amount received from the Reserve for Retired Life Benefit Increases prorated over 12 months.

Items A through D are intended to simplify the language of paragraph (1) as it appears in the original agreement of May 2, 1989. The following are the direct language from that agreement:

1. Eliminate annuity withdrawal for new hires effective on ratification. For present employees, effective January 1, 1993, if the employee elects annuity withdrawal, he may not also elect health insurance coverage for dependent children upon retirement.
2. Effective July 1, 1989, the Health Insurance Plan provisions of the collective bargaining agreements covering the Police and Fire units will be amended to add the following cost containment features:
 - a. Pre-admission certification and concurrent review for any non-emergency hospital stay.
 - b. Mandatory second opinion for any non-emergency surgical procedure involving a surgeon's fee of more than \$500. Need not confirm need for surgery, but failure to comply results in only 50% of normal benefits.
 - c. Outpatient treatment for certain specified procedures.
3. Add health insurance coverage for dependent children of future retirants effective upon ratification.
4. Pensions closed for negotiations until January 1, 1994.
5. Above is contingent on IRS approval of amendments to retirement plan.
- E. Final Average Compensation includes base salary, longevity pay, holiday pay and overtime pay, but does not include unused sick or vacation payment.

The benefit formula is 2.5% of Final Average Compensation for the first 25 years and 1% over 25.

Participants contributions have been increased to 9% pre-tax.

The preceding Labor Agreement July 1986 to June 1989 contained Pension changes involving benefit formula, contribution rates for members of Police and Fire Units, a definition of Final Average Compensation and re-opening date.

MEMORANDUM OF UNDERSTANDING

June 8, 1989

This letter will serve to confirm understandings between the City of Monroe Police Department and members of the F.O.P. regarding the Departments Policy on Foot Patrols. This policy supercedes and replaces the letter dated April 16, 1984 which directed actions in the 4th Ward Patrol.

"The value of foot patrols in police work is well established. In an effort to control the possibility of the benefits of such patrols being negated by the assignment of Officers in a punitive fashion, the following procedure will be used by Command personnel of the Monroe Police Department when making such assignments: Whenever a foot patrol is used volunteers will be sought first to fill such assignments based on seniority. Lacking any volunteers, the Shift Commander in charge will assign personnel to perform the prescribed duties. Such assignments will be done on a fair and equitable basis via systematic rotation of the personnel comprising the affected squad. Shift commanders shall take into account the need for the assignment, the duration of the assignment the temperature including the wind chill factor below 0 degrees F (National Weather Service) and other inclement weather conditions when assigning foot patrols during severe weather. In the event the assignment is made during inclement weather, as above, the officer shall be entitled to reasonable break periods out of the weather.

Joseph S. Lybik
Director of Personnel

Jerry Caster, F.O.P. Representative

Hendrik Kanavel, Chief of Police

Monroe Patrolman's Association

16-02-1237 1108 10 - 30th Floor

313 568 6631 P.02

ADDENDUM A

City of Monroe - Council 5/2/89

TENTATIVE AGREEMENT

RECEIVED
JUN 21 1989

~~CITY OF MONROE - COUNCIL~~ FOR SETTLEMENT OF GABRIEL, ROEDER, SMITH & CO.
ACT 312 ARBITRATION CONCERNING RETIREMENT PLAN
ISSUES FOR POLICE AND FIRE UNITS

MAY 2, 1989

(1) Effective January 1, 1988, amend retirement plan provisions for police and fire units to provide annual benefit increases for future retirees and their beneficiaries of 2% of the original retirement amount for each year after the first year of retirement; provided inflation (as measured by the CPI) has been at least that much. The amount of supplemental retirement benefit generated by this escalator will be reduced by any amount received by the retiree from the Reserve for Retired Life Benefit Increases (13th Check program), pro-rated over the next 12 months. Also amend plan to provide for employees' noncontributions before taxes, as permitted by I.R.C. Section 414(h), and increase amount of employees' contributions to 9% of pay before taxes.

(2) Eliminate annuity withdrawal for new hires effective on ratification. For present employees, effective January 1, 1993, if the employee elects annuity withdrawal, he may not also elect health insurance coverage for dependent children upon retirement.

(3) Effective July 1, 1989, the Health Insurance Plan provisions of the collective bargaining agreements covering the police and fire units will be amended to add the following cost containment features:

- (a) Pre-admission certification and concurrent review for any non-emergency hospital stay.
- (b) Mandatory second opinion for any non-emergency surgical procedure involving a surgeon's fee of more than \$500. Need not confirm need for surgery, but failure to comply results in only 50% of normal benefits.
- (c) Outpatient treatment for certain specified procedures.

(4) Add health insurance coverage for dependent children of future retirees effective upon ratification.

... 11:00 ... 11 - 2nd Floor

313 568 6691 P.03

ADDENDUM A (Continued)

1994. (5) Pensions closed for negotiations until January 1,

(6) Above is contingent on IRS approval of amendments to retirement plan.

Alvin D. Wolfe Jr. Dpt.

Daniel J. Downey H.F.D.

Mark R. Smith M.P.D.

Daniel L. Best M.P.D.

Mark A. Gato M.P.D.

Craig R. Gato M.P.D.

Gregory R. Gato M.P.D.

Joseph A. Lybik