

Mich Police - Fire Arb

3/16/76

ARB

MT. Clemens, City of

STATE OF MICHIGAN

ARBITRATION UNDER ACT NO. 312

PUBLIC ACTS OF 1969, AS AMENDED

In the Matter of the Statutory Arbitration between:

CITY OF MT. CLEMENS

LABOR AND INDUSTRIA

RELATIONS LIBRARY

Michigan State University

-and-

MT. CLEMENS POLICE OFFICERS ASSOCIATION

3/16/76

ARBITRATION OPINION AND ORDER

Background:

This arbitration is pursuant to Act No. 312, Public Acts of 1969, as amended, and Act 127, Public Acts of 1972, providing binding arbitration for the determination of unresolved contractual issues in municipal police and fire departments, contract negotiations and in relation to economic issues, the adoption by the panel of the last offer of settlement of the party which more nearly complies with the applicable factors set forth in Section 9 of the Statute.

An original hearing on December 9, 1975, was utilized as a meeting of the panel of arbitrators consisting of ELLIOT I. BEITNER, Chairman; CHARLES D. BEER, City Member; and CLIFFORD FANNING,

**LABOR AND INDUSTRIAL
RELATIONS LIBRARY
Michigan State University**

Beitner, Elliot I.

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Union member. At the time of the original hearing, the panel adopted a method of procedure for the actual hearing which was scheduled for January 14, 1976.

Although a number of issues were originally submitted for arbitration, on December 23, 1975, the parties entered into a memorandum of understanding which constituted an agreement on all but one of the issues originally in dispute. Although there was some discussion as to whether or not this memorandum of understanding should become a part of the arbitration award, the panel has decided to incorporate it by reference and include it in the award. As the issues were originally in dispute when this matter was submitted to arbitration, this is clearly an appropriate result. Indeed, Section 9 expressly provides that, "(b) Stipulations of the parties" are factors upon which the panel is to base its findings, opinion and order.

On January 14, 1976, a full hearing was held on the remaining issue of longevity pay.

Present for the MT. CLEMENS POLICE OFFICERS
ASSOCIATION, hereinafter referred to as the Union, were:

CLIFFORD FANNING, Panel Delegate
WILLIAM PRINGNITZ, Union President
THOMAS W. JAKUC, Union Attorney
MILTON W. STENZEL, Police Officers Association
JOSEPH A. VanBLENCK, Police Officers Association.

Present for the CITY OF MT. CLEMENS, hereinafter referred to as the City, were:

CHARLES D. BEER, Assistant to City Manager
KENNETH E. S. SCHERER, Attorney
RUSSELL W. GIRARD, Chief
FREDERICK G. PICKRAHN, Inspector.

At this hearing, evidence was received for the purpose of aiding the panel in reaching a decision in accordance with the statutory standards set forth below. The witnesses' testimony was supplemented with extensive exhibits based on telephone contacts with the relevant comparable governmental agencies, surveys, and the wage and fringe benefit survey of the Police Officers Association of Michigan (1975 and 1976).

Technical applications of the rules of evidence was avoided to permit each party to fully present its case. Specifically, the hearsay nature of the exhibits presented were not bars to their admission. In fact, neither party objected to the exhibits as presented. Notwithstanding the liberal standard for admitting evidence, the arbitration panel has based its findings, opinion, and orders solely upon competent and material evidence in accordance with the specific statutory standards listed below.

Subsequent to the hearing, a transcript was ordered, received,

and studied by the Chairman and a meeting of the panel of arbitrators was held on February 10, 1976, to reach a decision on which of the party's last best offers, submitted at the hearing, was to be accepted by the panel.

Statutory Standards:

Section 9 of Act 312 [MCLA 423.239; MSA 17.455 (39)], establishes the criteria to be applied by the panel in resolving disputed questions and formulating its awards:

Where there is no agreement between the parties, or where there is an agreement 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 factors, as applicable:

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

(h) Such other factors, 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.

Unresolved Issue:

The sole issue for resolution by the panel was: What base should be adopted upon which the parties already accepted longevity rates will apply to determine longevity pay?

The present longevity pay formula provides rates of two (2%) percent after five (5) years service, four (4%) percent after ten (10) years service, six (6%) percent after fifteen (15) years service, eight (8%) percent after twenty (20) years service, and ten (10%) percent after twenty-five (25) years service, to be applied to a base of \$10,000.00 in reaching annual longevity pay.

As the parties have agreed to retain the present rate formula,

the dispute is only over the base upon which the rates are to be applied. The City's last offer is to retain the present \$10,000.00 base; the Union's last offer is to increase the base to \$15,000.00.

Decision:

This arbitration presented the arbitrator with a decision as to which of the party's last best offer for a longevity pay base most nearly complied with the standards established by Section 9 of Act 312. An examination of the parties' arguments and supporting evidence in light of those standards clearly demonstrated that the current \$10,000.00 longevity pay base should be continued.

One of the factors which Section 9 presents and upon which the parties most heavily relied, was 9 (d) which suggests that comparisons of the wages, hours and conditions of employment of other employees performing similar services in comparable communities should be considered.

The Association argued that its comparables demonstrated that an increase from \$10,000.00 to \$15,000.00 was justified by the longevity pay received by officers in other associations in the county and tri-county area. The City presented similar comparables and argued that both the Association's and its own figures demonstrated that Mt.

Clemens officers received better than average longevity pay among the forces compared.

The exhibits presented by both parties clearly demonstrate that there is no significant difference between the longevity pay received by Mt. Clemens officers and those in surrounding and comparable communities. Whether the maximum amount available on the base pay upon which the rates are applied are compared, there is but one compelling conclusion to be drawn: The current \$10,000.00 base which results in a maximum longevity rate of \$1,000.00 after twenty-five (25) years is in line with longevity paid to similarly situated officers. Although this factor alone presents no compelling reason for maintaining the present \$10,000.00 base, it definitely does not present the compelling evidence of a need for an increase in the base which it would have had the figures demonstrated that Mt. Clemens officers received disproportionately lower longevity pay than officers in other forces in the county and tri-county area.

The balance of the parties' arguments fall among the other factors provided by the statute.

The Union argues that the department heads have received an increase in their longevity pay base from \$10,000.00 to \$15,000.00 and

that the police officers should be similarly treated. The City, however, suggests that other factors should be considered in determining whether a like increase should be afforded to the officers. Specifically, those factors which Section 9 (f) suggests as part of the over-all compensation package should be taken into account. The City argues that their exhibits demonstrate that the officers have received a higher wage increase than all but two of the City's ten bargaining units. The City argues that unlike the police officers, management employees are required to work holidays and extra hours without overtime compensation. The City suggests that the extra longevity pay they receive is some compensation for those benefits which other units receive but to which the department heads are not entitled. Strongly probative of this argument is the fact that the management group is the only group which receives the higher base longevity pay. All other units, including the lieutenants, sergeants, and inspectors bargaining units have a \$10,000.00 base for the contract year in question. Again, although the City's argument in this regard are not insurmountable for maintaining the present base, the Association adds little weight to the balance for change.

As this discussion has demonstrated, the Association has presented no compelling reasons for increasing the longevity pay base from \$10,000.00 to \$15,000.00. Indeed, if the comparables demonstrate

anything, they indicate that the longevity pay currently received by Mt. Clemens officers is fair and related to those in other comparable communities. The one deviation from this \$10,000.00 base among City employees is adequately explained away as being in lieu of the other benefits in the total compensation packages of non-management groups. Another City argument in favor of maintaining the present base is presented by an examination of the cost factors involved.

Section 9 (c) presents as factors: "The interests and welfare of the public and the financial ability of the unit of government to meet those costs." Although the Association argues that the cost to the City of the base increase would be a nominal \$3,500.00, the City suggests that this increase would simply be the first in a series of increases among the other units which would result in considerably higher long term costs to the City. Although no evidence was adduced to demonstrate the City's ability or inability to pay such speculative increased costs in the future, the present negotiations afford an opportunity to attempt to head off those increases before they arise. ✓

As the Association has pointed out, longevity pay, unlike other benefits, serves as a reward for continued and loyal service. Yet, no evidence was presented to demonstrate that the longevity pay currently received is inadequate to act as an incentive to continued loyal service.

On the contrary, the evidence demonstrates that relative to other comparable communities, these officers are quite adequately compensated for continued service. There is no incentive for them to look elsewhere for higher compensation in this regard. Further, relative to other City employees, they receive comparable longevity pay to all but one bargaining unit. It has been sufficiently demonstrated however that the increase which accrued to those employees was more of an accommodation to their unique lack of extra compensation benefits in the form of overtime and vacation pay for long hours which they are required to work. Further, that the officers' wage increase was exceeded by only two other bargaining units who, according to testimony, were the two lowest paid groups in the City, is strong evidence that they have indeed received adequate compensation in other respects. As was already pointed out, although the cost of the increase would perhaps be minimal, no compelling reason has been presented to indicate that they are necessary. That such an increase could be the beginning of a series of demands for increases across the board to other units, although not dispositive, is probative of the actual costs any such unnecessary increase would have upon the City and ultimately the public in general. ✓

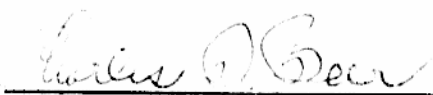
The evidence adduced, when considered in light of the stated criteria, does not demonstrate a need for an increase in the officers' longevity base at this time.

Order:

It is hereby ordered that the last best offer of the City maintaining the base for longevity pay of \$10,000.00 is adopted. The balance of the issues originally submitted for arbitration have been resolved in accordance with a "Memorandum of Understanding" dated December 23, 1975, executed between the parties. That Memorandum of Understanding is incorporated by reference in this award as if it were reproduced word-for-word.


Opinion:

This opinion has been prepared by the Arbitration Panel Chairman and represents his analysis of the record. The Panel has met in executive session to discuss and review the transcript, exhibits, and the respective arguments of the parties. The Arbitration Chairman and the City Member concur and the Union Member dissents from the longevity pay order. The Arbitration Chairman and the Union Member concur on the inclusion of the "Memorandum of Understanding" in this award and the City Member dissents. Each panelist has appended his signature hereto indicating his concurrence or dissension in the preceding order.


CHARLES D. BEER, City
Member

Dated: March 16, 1976.


ELLIOT I. BEITNER, Chairman


CLIFFORD FANNING, Union Member