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IN THE MATTER OF THE
ARBITRATION BETWEEN:

COUNTY OF CHARLEVOIX

and

MERC Case No. L 99 L-5006

POLICE OFFICERS LABOR COUNCIL
_____ /

COMPULSORY ARBITRATION

Pursuant to Act 312,

Michigan Public Act of 1969, as amended

OPINION & AWARD

Arbitration Panel

William E. Long
Arbitrator/Chair

Peter Patterson, Esq.
County Delegate

Ken Nash
Union Delegate

Date: _____

2/16/01

PETER A. PATTERSON

ATTORNEY AT LAW

62 LAKESIDE DRIVE, S.E.
GRAND RAPIDS, MICHIGAN 49506

(616) 742-3719
(616) 742-3721 (FAX)
E-Mail: pkr10@msn.com

February 12, 2001

Mr. William E. Long
Attorney at Law
230 N. Washington Square, Suite 300
Lansing, MI 48933-1312

Re: Charlevoix County and POLC
MERC Case No. L99 L-5006

Dear Mr. Long:

I enclose the Opinion and Award which Mr. Nash forwarded to me. I note that the initial pages 16 and 17 as well as the revised pages are retained. I trust that the final version will include only the revised pages.

I have signed as to each of the issues indicating the employer's position as to each. Where I have agreed, the agreement is only as to the result as to each issue and does not indicate concurrence with the analysis or rationale, either procedural or substantive. Further, as I indicated in my recent e mail, I believe that the revised page 16 as to the amount of pay for holidays not worked does not accurately reflect the facts as supported by the record. However, because the Opinion and Award accepts the employer's position on that issue, there is no reason to disagree with the results.

I will appreciate your including a copy of this letter with your report/award to the MERC so that the employer's position is noted.

Thank you. I enjoyed working with you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Peter A. Patterson".

Peter A. Patterson
Attorney at Law

cc: Charlevoix county
Mr. Nash

INTRODUCTION

These proceedings were initiated by a petition for arbitration dated April 7, 2000 pursuant to Act 312 of the Public Acts of 1969 as amended. The arbitration panel was comprised of the Chair William E. Long, County Delegate Peter Patterson, and Union Delegate Ken Nash.

A pre-hearing, by way of teleconference, was held on August 2, 2000 and a hearing was held on October 26, 2000 at the Charlevoix County Administrative Offices in Charlevoix, Michigan. The County of Charlevoix was represented by Attorney Peter Patterson. The Union was represented by Attorney Tim Dlugos. The record consists of 113 pages of record testimony in one volume. Exhibits offered by the parties and accepted consisted of union exhibits 1 through 8 and employer exhibits 1 through 6. For purposes of this opinion and order exhibits will be referred to as U1-8 and E1-6. And references to the transcript pages will be T-1-113.

Last offers of settlement were submitted by the Union and the County on November 10, 2000. Post hearing briefs were submitted by the parties on December 22, 2000. By written stipulation, which is contained in the case file, the parties waived all time limits applicable to these proceedings, both statutory and administrative. The parties agreed that all issues pending before the panel are economic, with the exception of the issue of the deletion of layoff and recall language in Article 10, Section 5, which was agreed to by both parties in their last offers of settlement, and that the duration of the contract, which is the subject of this proceeding, will be for a three-year period from July 1, 1999 through June 30, 2002. Applicability of retroactivity will be addressed on an issue-by-issue basis.

When considering the economic issues in this proceeding, the panel was guided by Section 8 of Act 312. The section provides that "as to each economic issue, the arbitration panel shall adopt the last offer of settlement which, in the opinion of the

arbitration panel, more nearly complies with the applicable factors prescribed in Section 9."

The applicable factors to be considered as set forth in Section 9 are as follows:

- (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.*

Where not specifically referenced, the above factors were considered but not discussed in the interest of brevity.

BACKGROUND

Charlevoix County is located in Northwest Michigan. Lake Michigan borders it on the West, Emmett County on the North, Cheboygan and Otsego Counties on the East and Antrim County on the South. Lake Charlevoix runs halfway through the County. It is a desirable location for recreational activity, especially in the summer, so the population increases during that time of year. Charlevoix County's population in 1990 was 21,468 (U-4).

The parties in this proceeding were parties in an Act 312 proceeding addressing several issues, for the contract period July 1, 1996 through June 30, 1999. A written decision and award in that case (L96C-7001) (U-2) was issued in July 1999. At the time of that award corrections officers were included in this bargaining unit. Since that time the corrections officers organized as a separate bargaining unit and are no longer included in this bargaining unit (T-14). The bargaining unit, at the time of the hearing in this proceeding, contained ten deputy sheriffs (T-81).

The petition filed in this proceeding dated April 7, 2000 contained eight issues presented by the Union (U-1). At the 8/2/00 pre-hearing conference, the parties agreed that the first two issues identified on the 4/7/00 petition pertaining to recognition and layoff and recall language would be addressed with clarifying language stipulated to by the parties. In its last offer of settlement, the Union agreed to the deletion of Article 10, Section 5 from the collective bargaining agreement addressing layoff and recall. At the hearing the parties agreed to the duration of the contract being from July 1, 1999 through June 30, 2002.

The issues remaining for this panel are: 1) wages, 2) holidays, 3) retirement benefits, 4) health insurance for retirees, 5) sick leave. All issues are economic. The first four of the five issues in this proceeding were also issues presented to and addressed by the panel in the previous Act 312 proceeding (L96 C-7001), although the actual

proposals made by the Union on these issues differ from those made in the previous proceeding.

COMPARABLE COMMUNITIES

The County's council in this case has presented an issue on comparable communities that requires the panel to address both procedural issues in Act 312 proceedings and the interpretation of Section 9(d) of Act 312. This issue was also addressed, to some extent, in the written findings, opinion and award in case L96 C-7001.

The procedural issue is: at what point in the Act 312 proceeding, if any, must the parties identify the "comparable communities" they propose be used by the panel when considering the factors in Section 9(d) of Act 312? The second issue raised by council for the County pertains to the interpretation of the language in Section 9(d) of Act 312. Does Section 9(d) limit comparison of wages, hours and conditions of employment of employees involved in the proceeding with "other employees performing similar services" in public and private employment in comparable communities or does it also allow comparison with "other employees generally" in public and private employment in comparable communities?

The issue of Section 9(d) interpretation will be addressed first. This issue was also presented to the panel and spoken to by the independent arbitrator in case L96 C-7001. In that case the arbitrator, in a separate decision prior to the hearing, had ruled that the comparable communities external to Charlevoix County to be used in that proceeding were Iosco, Kalkaska, Leelanau, Oceana and Roscommon Counties. At the arbitration hearing and in its post-hearing brief the County offered exhibits displaying data in contracts between cities within Charlevoix County and their employees and between private employers and employees within the County of Charlevoix. In that case, the Union objected to the inclusion of those exhibits because they did not pertain to

communities declared to be comparable and did include employees who did not perform similar services to those performed by unit employees (L96 C-7001, pg.5). The independent arbitrator chose not to strike the County's charts and exhibits of other than county units of government public employers and private employers, but did indicate that she was "not giving great weight to data pertaining to communities which were not those declared to be comparables" (L96 C-7001 pg. 6).

A review of the arguments presented by the parties in their briefs on this issue leads to the finding that Section 9(d) does not limit a comparison of wages, hours and conditions of employment of the employees in the bargaining unit to "other employees performing similar services in comparable communities." It does allow comparison with other employees generally "in public employment and in private employment" "in comparable communities." The limitation is to a comparison with employees "in comparable communities." This interpretation appears consistent with the independent arbitrator's interpretation of Section 9(d) in case L96 C-7001.

In this proceeding, the County did not propose comparison with private employees. Council for the County did, in an e-mail communication to the panel member for the Union and the independent arbitrator, prior to the pre-hearing conference, during the pre-hearing conference and at the hearing, raise the issue of whether either party was precluded from admitting evidence as to non-sheriff department employees in those communities the parties agreed to in Case L96 C-7001 (a copy of the e-mail is contained in the file in this case). It is the County's position that even though the parties at the pre-hearing in this case agreed that the external comparable communities to be used in this case would be those used by the panel in Case L96 C-7001, i.e. the communities of Iosco, Kalkaska, Leelanau, Oceana and Roscommon Counties, that did not preclude the panel from consideration of employment conditions of other employees in those counties or evidence of conditions

of employees of other employers, public and private, in Charlevoix County. The County's position is that such evidence is admissible and must be considered by the arbitrator. The County offered evidence at the hearing pertaining not only to the sheriff departments in the external communities identified above, but also pertaining to county road commission employees in those counties and police employees from some of the cities, townships and villages within those counties.

The Union objected to the admission of evidence relating to these other communities (T-5). The County, at the pre-hearing, did raise the issue of its intent to offer evidence relating to employees other than the sheriff's department within the counties agreed to by the parties, and it was understood that the Union would object to the admission of that evidence and that the independent arbitrator would make a decision of the admissibility in the context of this opinion and award (T-76-77).

A review of the rules governing Act 312 hearings gives guidance to this discussion, particularly Rule 7 (R423.507) and Rule 9 (R423.509). Rule 9 (2) (a) and (d) and (e) give broad discretion to the panel and independent arbitrator, as chair of the panel, to regulate the course of the hearings, rule on motions and evidence and dispose of procedural requests. Rule 7 (2) states the pre-hearing conference shall be used to "discuss matters relating to the proceeding including (g), the list of comparables for purposes of wages and benefits."

It is therefore this arbitrator's opinion that the parties should be prepared to discuss, with specificity, at the pre-hearing conference, the comparable communities they propose be considered by the panel or if they are not defined with specificity at the pre-hearing conference then a date should be set at the pre-hearing conference for identifying them sufficiently in advance of the hearing date to allow the parties to prepare exhibits and witnesses for or against their consideration. In this case, even though the parties agreed to the counties to be used in this proceeding at the pre-

hearing, the County gave notice that it intended to offer external comparable "communities" other than the county governments, but at the pre-hearing conference it did not indicate what those comparable communities would be.

Pursuant to the schedule agreed to at the pre-hearing conference, however, as reflected in the independent arbitrator's 8/3/00 pre-hearing conference summary letter, contained in the file, the County did provide notice of the specific communities and employers it intended to advance as comparables when it presented the Union with its exhibit list on 9/14/00 and a later amended exhibit list on 9/18/00. While this gave the Union a relatively brief time to prepare related exhibits and testimony on communities added by the County and objected to by the Union, in this case that was the procedure agreed to by the parties and the independent arbitrator at the pre-hearing conference. Therefore, exhibits offered by the County pertaining to communities in addition to the respective county sheriff's employers in the agreed to counties were admitted as evidence over objection of the Union.

This arbitrator has learned from this experience and will, in the future, require more specificity from the parties at the pre-hearing conference or at a date set soon after the pre-hearing conference to specify the "communities" and employers within the community's proposed as comparables. In this case I agree with the arbitrator in the previous arbitration proceeding between these parties when she points out "the purpose of the preliminary decision on comparability is to help the parties narrow their proofs and focus their arguments on a comparison of the employer data with data pertaining to the comparables."

The Union, in its post-hearing brief, argues that the panel should restrict its review to the sheriff deputy units of each of the agreed to counties for comparability. The Union further argues that emphasis should be placed on the comparison of employees "performing similar services" rather than those employees working in other

communities generally. The Union also states that the comparison should be limited to the same units of government rather than various municipalities within the respective counties and requests that little, if any, weight be attributed to any employees proposed for a comparison beyond the sheriff deputies of the agreed to counties. The Union does not object to the internal comparables offered within Charlevoix County.

The County, at page 5 in its post-hearing brief, states "once the comparable communities have been determined, Act 312 does not authorize an arbitration panel to differentiate between them by finding some communities 'more' comparable and some 'less' comparable. It is the comparable communities, as a group, which is the statutory basis for comparison." I agree with the County on this point. That is why it is important for the panel to ensure there is relative comparability in the communities selected for comparison.

The County argues in this case that because the parties agreed to the counties to be used as comparables that that gave the parties the discretion to choose comparables with the employer and employees involved in this proceeding from any employees performing similar services and with any employees generally in public or private employment within the boundaries of the counties selected in this case. The County's position is that the counties are the "comparable" communities and, therefore, the employees involved in this proceeding can be compared with any employees of the other units of government or private employees performing similar services or other employees generally employed by other units of government or private employers within those counties.

The panel finds that when determining comparable communities more must be shown than that the boundaries of other units of government proposed as comparables happen to be within the boundaries of a county that is chosen or agreed to by the parties as comparable. The Union, at page 5 of its post-hearing brief, says "expanding

the comparability review to municipalities within the agreed to counties is an overbroad interpretation of Section 9(d) of the Act." I agree.

Act 312 and the rules governing the Act do not prescribe specific factors the panel must consider when determining comparability. Generally factors to be considered include such factors as size of community, form of government if a governmental employer, SEV and taxing authority or limitations of the public employer, tax effort and other economic factors. As to the issues of comparisons with employees performing similar services, factors to be considered may include for police, related crime statistics for the community or for fire fighters relevant fire or emergency service statistics, the scope of duties and legal authority, the size of the geographic area served and population demographics. In short, it is the responsibility of the parties to the proceeding advancing the proposed comparable communities or employers within the community to make the case for comparability.

In this case, both parties agreed to the following comparables: the county sheriff departments of the Counties Iosco, Kalkaska, Leelanau, Oceana, Roscommon and Charlevoix, the Charlevoix County Correctional Officers, Charlevoix Road Commission employees and Charlevoix County Building employees. In addition the County proposed as comparable communities five cities, two villages and three townships within the borders of the five counties agreed to by the parties. The Cities were Boyne, Charlevoix and East Jordan within Charlevoix County; Tawas within Iosco County and Hart within Oceana County. The Villages were Kalkaska within Kalkaska County and Pentwater within Oceana County. The Townships were Richfield and Denton and Gerrish within Roscommon County. The County presented evidence on the police department employees in each of those communities. Additionally, the County presented evidence on the Road Commission employees of each of the counties in addition to Charlevoix County Road Commission employees.

The County is actually advancing these comparable units of government not as comparable communities, but as employees performing similar services in public employment in comparable communities with the view that the counties are the comparable communities. A review of U-4 reveals the inadequacy of this approach. The exhibit at pages 12-19 displays county and county subdivision populations and land area information for Michigan counties. A review of the range of population and land areas within the county subdivisions reveals that just because two or more county governments may be comparable doesn't mean that governmental subdivisions within those counties are comparable. Factors other than their location within a county, such as population, SEV, taxing authority and limitations and other economic and demographic data are relevant to an analysis of "comparable communities." Evidence on these factors were not presented for the additional proposed comparable units of government in this case.

The County, in arguing comparability, points out that all law enforcement officers in the State of Michigan, regardless of the employer, must have the same state certification and their responsibilities are the same, i.e. enforce the laws in their jurisdiction. It cannot be determined by this factor alone that the employees are performing similar services in comparable communities. These law enforcement personnel may have the same training, but the scope of their duties, the demographics of their communities and the ability of the community to raise funds for their services may vary significantly depending upon the size and type of government jurisdiction. Would it be reasonable to assume that absent any other factors that the scope of duties and functions experienced by law enforcement personnel in the City of Flint in Genesee County were comparable to those of law enforcement personnel in the Township of Ada in Kent County even though the counties might be considered comparable?

The panel finds there is insufficient data presented in this case to enable a finding of comparability between the employees involved in this arbitration and the employees of the law enforcement units of the five cities, two villages and three townships proposed by the County. Since the parties did agree on the county units of governments used as comparables in this case, the panel will accept the County proposed county road commission comparables for the counties of not only Charlevoix, but also for Iosco, Kalkaska, Leelanau, Oceana and Roscommon.

ISSUE 1

Wages

The Union proposes an annual 3.5% increase to the current wage scale retroactive to July 1, 1999. The County proposes an annual 3.0% increase to the current wage scale for the three-year period retroactive to July 1, 1999. The parties agree with respect to wages only, that the panel will have the opportunity to choose year by year from the party's last offer of settlement (TR-112).

The Union indicates its last offer of settlement of 3.5% for each year should be adopted by the panel because: 1) the Charlevoix deputies received a 3.5% increase in 1997 and 1998 even though this wage level continued to be among the highest among those of deputies in comparable communities and among the highest when considering overall compensation (U-4, pg. 2); 2) a review of the Consumer Price Index, particularly in recent months, reveals that the cost of consumer goods and services is increasing at a rate greater than 3.0% (U-4); 3) recent average wage adjustments received by deputies in comparable communities for 1999 and 2000 were 3.3% and, 4) the County is not claiming an inability to pay.

The County argues in support of its last offer of settlement of 3.0% for each year that: 1) the County is already paying wages to these employees higher than the

average of the comparable counties and granting the Union proposal would only increase the difference in wages paid these employees compared to their counterparts in comparable counties, 2) that Exhibit U-4 of CPI data is misleading because of its depiction of a limited time period and that a longer period of review of CPI increases with wages paid to these employees shows that deputies have received wage increases higher than CPI "all cities" data. Additionally, since the County pays the full cost of employee health insurance, the cost of which is increasing more rapidly than CPI generally, this should be excluded from the CPI analysis when considering overall cost to the County. 3) That using the percentage increases of recent wage adjustments for deputies in comparable communities is not a reliable indication since most of those employers were paying base wages significantly lower than Charlevoix and, therefore, if used to justify an increase for Charlevoix deputies would never narrow the gap. 4) That the panel should also consider the impact of wage levels on the additional wages received resulting from contractual provisions for holiday pay, which provides employees with an additional day's pay for holidays recognized in the contract even if not working on those holidays.

A review of the internal comparables reveals that the most recent contracts with other Charlevoix county employees for at least part of the period covered by the contract period in this proceeding has resulted in wage increases of between 3.0% and 3.5%, i.e., Charlevoix County Road Commission 3.2%; Corrections Officers 3.5%; other County employees 3.0%. A review of comparable community's road commission reveals increases ranging from 2.0 to 3.0% and for deputies from 3.0 to 4.0%, with the average being 3.3% (U-4, pg. 3). When considering the testimony and evidence presented as a whole, a pattern evolves when comparing the comparable communities. That pattern is one in which Leelanau and Charlevoix lead the others in base wage pay to deputies. These two counties also have the highest SEV among the counties (U-4, pg.

6) and are among those seeing the more rapid growth of "recreational" development, thereby increasing the demands on public services, particularly law enforcement and highway safety. In short, it appears the County sheriff departments in Charlevoix and Leelanau Counties have recognized the need for attracting and retaining good quality employees in these positions and have, therefore, compensated them slightly higher than other comparable communities. On the other hand, the County makes a valid point that the panel should consider that with wages generally higher for these employees than their counterparts in other communities it would be counterproductive to just use recent percentage increases for employees in comparable communities to justify similar percentage increases for these employees.

With respect to the CPI "all cities" index it is true that it has been lower than the most recent increases in wages for the most recent contract period. However, for the period July 1, 1999 – June 30, 2000, by the County's own data contained in the post-hearing brief the CPI is 3.7%. The County argues that this data should not include health costs, food or energy items and by excluding these cost items the "core" index would reflect a CPI for July 1, 1999 – June 30, 2000 of 2.4%. The panel might agree that health costs might be excluded because they are paid by the employer, but energy and food costs are paid for by the employee and energy costs are increasing rapidly. One thing is certain, it is impossible to predict the CPI over the period of this contract, but with the evidence presented it would appear the CPI would range between 3.0% and 4.0% annually for the period of this contract.

The County does not argue an inability to pay (TR-95), but rather that the amount of increase sought by the Union is unjustified when compared with internal and external comparables and the CPI.

Taking all of these factors into consideration and considering the balancing of interests permitted in the context of Section 9(c)(d)(e)(f)(h) of Act 312 the panel accepts

the county's last offer of settlement on the issue of wages for the period July 1, 1999 – June 30, 2000 and the Union's last offer of settlement on the issue of wages for the periods July 1, 2000 – June 30, 2001 and July 1, 2001 – June 30, 2002. These wages will apply retroactively beginning July 1, 1999 to all employees that are employed on the date this order and opinion is issued and who were employed during the applicable time period.

County: Agree _____

Disagree Steve Patterson

Union: Agree Renee Mack

Disagree _____

ISSUE 2

Holidays

Currently the contract provides for 10 holidays annually. The Union seeks to add one day, New Year's Eve day. The County proposes no change from the present contract. In the previous arbitration proceeding, which resulted in the current contract, the Union sought to add two holidays, Christmas Eve day and New Year's Eve day.

The Union argues that three of the five sheriff deputy employers of the comparable communities receive 12 holidays and two of those include New Year's Eve day. The Union also points out that four of the five counties provide two to three personal leave days in addition to holidays, whereas Charlevoix county deputies have no personal leave days (U-5, pg. 2) and that Charlevoix deputies receive only a maximum of 41 paid days off annually compared to an average of 47 days off for deputies of comparable communities (U-5). They also note that county building employees receive two floating holidays in addition to 10 designated holidays and on occasion have received an additional day before or after a holiday depending upon when the holiday occurred.

The County points out that when considering the issue the panel must recognize the Charlevoix deputy's holiday contract pay provision is unique in comparison with all other comparables because in addition to being paid for a holiday not worked they get an additional eight hours pay, even if they do not work the holiday. Those who work on a holiday are paid an additional 12 hours pay. The County also notes that given the seniority of the current employees the average number of paid days per employee is more than depicted in U-5, page 3 because each employee acquires an additional vacation day for each year worked beyond ten years. Finally, the County argues that selecting New Year's Eve day as an additional holiday would probably have the most economic impact on the County because that would be a day when more, not fewer deputies, would have to work.

A review of the evidence and testimony reveals that the majority of the employers of the external comparable communities do not have more than 10 days of paid holidays. Five of the six county road commission employees have nine or fewer holidays and one has 10 (E-6). Three of the six deputy sheriff employers, Charlevoix, Leelanau and Kalkaska have 10 holidays and, as previously noted, Leelanau County has base wages for deputies and economic initiatives more closely aligned with Charlevoix County. Iosco, Oceana and Roscommon sheriff departments provide 12 holidays, including New Year's Eve day but only two of those counties, Iosco and Oceana, pay 2.5 times the hourly rate for work on a holiday, similar to that paid Charlevoix County deputies, and Oceana deputies are paid only 4 hours pay if not working a holiday compared to 8 hours paid to Charlevoix County deputies who do not work a holiday. Charlevoix County's correction officer's most recent contract contains 10 holidays and evidence and testimony presented at the hearing on holidays of county building employees did not establish that they regularly receive additional holidays beyond those stated in the personal policy.

Taking all of these factors into consideration the panel accepts the County's last offer of settlement on the issue of holidays as more nearly complying with the applicable factors prescribed in Section 9. Therefore, on the issue of holiday provisions in this contract there will be no change from the current contract.

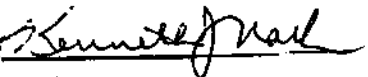
County: Agree



Disagree

Union: Agree

Disagree



ISSUE 3

Retirement Benefits

Retirement benefits were an issue before the panel in the previous arbitration case resulting in the current contract. In that case the Union sought to have the panel adopt the MERS B-4 plan, which adjusted the annuity factor from 1.7% multiplied by years of service to 2.5% multiplied by years of service and established a maximum benefit of 80%. The County's position in that case was to support the change in the retirement benefit, if no change in salary occurred. The panel adopted the Union's position on both the salary and the retirement benefit issue in the previous arbitration proceeding.

In this proceeding, the Union proposes to modify the retirement benefit plan in two ways. It proposes to change the eligibility for retirement from the current minimum age 50 and 25 years of service to no minimum age requirement and a minimum of 20 years of service. It also proposes to adopt the E-2 benefit within the MERS-B plan, which would provide for an automatic 2.5% annual non-compounded benefit increase to employees and their beneficiaries who retire on or after the effective date that the benefit is adopted. Currently, employees in this bargaining unit receive a lump sum payout at retirement based on years of service.

The County proposes no change from the current contract for retirement benefits.

The Union, in support of its proposal, acknowledges that no other external comparable community currently offers retirement eligibility at 20 years minimum service. It does note, however, that two of the comparable county sheriff departments have no minimum age requirement (U-6, pg. 2). The Union, in their Exhibit U-6, pg. 2, indicated that the county sheriff contracts in Iosco and Oceana County contained post-retirement adjustment benefit E, which provides a one-time benefit increase to retired individuals of 2%, which could be adopted from time to time. It should be noted the County, in its post-hearing brief, says that there is no evidence within the contracts provided in exhibits E1-6 to support the position that these two employers provide benefit E. The Union acknowledges that of the comparable communities only Kalkaska County deputy sheriffs currently have the E-2 benefit sought by the Union in this case. The Union notes that its proposal to have the employees increase their present 2.2% contribution to retirement benefits by an additional 2% for a total of 4.4% would be among the highest of the comparable community deputy sheriff departments.

The County also points to the comparable communities and the internal comparables to support its argument in opposition to the proposed Union adjustment. With respect to employees within Charlevoix County, the County points out that Union Exhibit 6, page 2 fails to note that the corrections officers do not have either of the improvements now sought by the Union and none of the other county employees are able to retire with no age restriction and at 20 years of service. The County also notes that with the exception of Kalkaska County no other comparable community deputy sheriff employees or road commission employees have the E-2 benefit sought by the Union in this case and as noted Kalkaska County applies this benefit after 25 years of service, not 20. The County also indicates that even with the Union's proposal to pay an additional 2% of wages toward the cost of this proposal, it is difficult to determine what the additional costs would be, but based on U-6 actuarial valuation the

cost could range from 2.2% to 6.56% of payroll. It is particularly uncertain what the cost may be when considering the change from a minimum of 25 years of service to 20 years of service for eligibility for retirement.

The panel has also reviewed the charts depicted on pages 24 through 27 of the previous arbitration panel opinion and order resulting in the current contract on this issue. It is noted that with the adoption in that case of the Union's position, the overall benefit for employees with 25 years of service was the second highest, exceeded only by the County of Leelanau and approximately \$1,000 above the average. The combination of the enhancements to the retirement benefit provisions of the contract the Union seeks in this case would place them even further beyond those of the comparable external communities and would exceed the benefits presently provided to other Charlevoix County employees with respect to retirement.

Additionally, it is difficult to determine from the evidence presented what the overall economic impact would be by applying this benefit to all current employees. While it is understandable given the longevity of many of the current employees that retirement benefits and health insurance benefit provisions for retirees are of growing interest, it is also true that these can be some of the more costly items for employers to consider as well. Fashioning these provisions are best left to the voluntarily negotiated settlement process, if at all possible. As evidenced in this case, it is difficult to single out one or two provisions in a retirement package and make comparisons with external communities or comparable employees within the unit of government without considering overall compensation. In this instance, it is clear from the evidence that the enhanced retirement benefit sought by the Union exceeds those currently provided by comparable communities and the other employees within Charlevoix County.

Taking all of these factors into consideration, the panel accepts the County's last offer of settlement on the issue of retirement benefits as more nearly complying

with the applicable factors as prescribed in Section 9. Therefore, on the issue of retirement benefit provisions in this contract, there will be no change from the current contract.

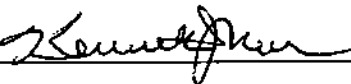
County: Agree



Disagree

Union: Agree

Disagree



ISSUE 4

Health Insurance for Retirees

The Union's last offer of settlement seeks to add a new section to Article 25 of the contract, which would provide:

Those employees retiring from the County on or after July 1, 1999, upon meeting the eligibility requirements for either a full pension or a pension due to disability under the MERS plan, shall be entitled to continued coverage under the County's health insurance program. Coverage is to include the employee and his or her spouse. The cost of the monthly premiums will be paid by the County and it shall be the responsibility of the employee and spouse to reimburse the County for the costs of the monthly premiums which exceed \$175.00 per month. Once the employee becomes eligible to receive Medicare benefits, the County shall provide the employee and spouse with supplemental health insurance coverage to the Medicare benefits. Again, the monthly premiums will be paid by the County, and it shall be the responsibility of the employee and spouse to reimburse the County for the costs of the monthly premiums which exceed \$175.00 per month.

The County proposes no change from the current contract.

This was an issue before the panel in the previous arbitration case resulting in the current contract. In that case, the Union's last offer of settlement proposed full Blue Cross Blue Shield coverage to all retired employees and their spouses. That proposal would have required the County to pay the full premium coverage for the employee and a graduated scale payment for the spouse of the retiree based on years of service. That proposal was not accepted by the panel in that case. The Union has modified its

proposal in this proceeding to in essence request that \$175.00 be paid monthly by the County for both the retiree and their spouse. The Union argues that this proposal with its fixed limitation on the amount paid by the County would provide budgeting certainty for providing such a benefit.

The Union supports its proposal with Union Exhibit U-7, page 2, which depicts provisions in comparable community deputy sheriff contracts on this issue. It points to three out of those five comparable sheriff departments as providing some coverage for its employees for retiree and/or spouse benefits.

The County argues that this issue was discussed during bargaining in the 1993 contract negotiations and that the parties reached agreement that the employees would receive a higher increase in salary in lieu of not providing health insurance for retirees. The County says that the impact of that higher salary increase continues and there is no justification for now adding retiree health insurance as a benefit.

The County also points to the comparables to support its position. It points out that neither the corrections officers nor the county road commission employees within Charlevoix County receive this benefit. It also notes that no county employee hired after 1/1/92 receives any support for health insurance upon retirement. With respect to the external comparables, the County notes that even those comparable county sheriff departments that provide this benefit do not continue it beyond Medicare eligibility; Oceana County contributes only if their retiree has no coverage elsewhere; Kalkaska County's coverage was effective beginning 6/1/00; most require a minimum age requirement and none provide for spouse coverage. The County notes that of the road commissions in the five comparable communities Leelanau provides no financial assistance, Oceana provides assistance only for three years from age 62 to 65, Kalkaska pays for the employee premium from age 55 to 62 and the premium for the retiree spouse and dependents from age 62 to 65 "so long as the County deems it reasonably

possible." Roscommon provides coverage for the retiree and spouse between ages 62 to 65. The County argues that the comparables do not support adding this benefit to this contract.

The opinion and order in the previous arbitration case leading to the current contract addresses this issue at pages 30-33 (Case L96 C-7001). While the Union has modified its proposal from that proposed in the prior proceeding, this panel concludes that the modifications have not significantly differed from the earlier proposal sufficient enough to overcome the problems described in the findings in the previous proceeding. Specifically, it continues to be difficult to determine the financial impact of this proposal because there is no solid estimate of the cost given the uncertainty of the longevity of the retiree and spouse. Secondly, the benefits provided from this proposal would make the health insurance benefit for retired employees and spouses in this contract much more expansive than those of the external or internal comparables.

Similar to the issue of retirement benefits, it is understandable that many of the current employees are interested in addressing health insurance costs following retirement in some manner. Again, because of the variations of proposals and the potential cost implications, provisions of this nature in the contract are best left to the negotiated voluntary settlement process, if at all possible. Even with the modification from the proposal presented by the Union in the previous arbitration proceeding, the retiree health benefit sought by the Union in this proceeding significantly differs from those provided by comparable communities and other employees within Charlevoix County.

Taking all of these factors into consideration, the panel accepts the County's last offer of settlement on the issue of retiree health insurance as more nearly complying with the applicable factors as prescribed in Section 9. Therefore, on the

issue of retiree health benefit provisions in this contract, there will be no change from the current contract.

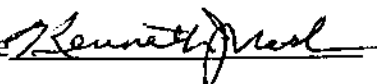
County: Agree



Disagree

Union: Agree

Disagree



ISSUE 5

Sick Leave

The Union's last offer of settlement seeks to modify the contract provision for sick leave in two ways; 1) by increasing the number of paid sick days for use during the calendar year by three, from the current seven to ten and 2) by revising the payment for unused sick leave annually to accommodate the addition of the three so that the maximum payment between five and ten unused sick days would change from the current \$150.00 to \$300.00 and if no sick days were used from the current maximum of \$350.00 to \$500.00.

The County's last offer of settlement proposes to modify the current contract by increasing the number of paid sick days for use during the calendar year by one beginning 7/1/00, but not changing the payment for unused sick leave yearly.

In support of its proposal, the Union points to other comparable community sheriff deputies (U-8, pg.2). Four of these communities provide 12 sick days and one provides 13. The Union also notes that the Charlevoix corrections officers have 12 sick days sick leave and are paid \$104.00 per day for unused sick days compared to the Charlevoix deputy's \$50.00 per day payment. The Union also notes that Charlevoix County building employees have 13 sick leave days per year (E-1, tab 10).

The County, in support of its position, says: 1) there is no need to add to the number of paid sick days because they are already above the average used by

Adoption of the Union proposal appears to have little benefit to either the employees or the County other than to add some possible income to the employee's overall compensation.

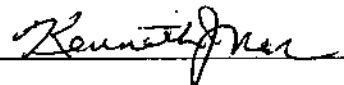
It is acknowledged that the County's last offer of settlement does not address the relationship between the number of sick days credited to employees each year and the payment of unused sick leave yearly, but it is not within this panel's authority to address that relationship. The parties may chose to review that issue following issuance of this opinion and order or in the context of negotiations for the next contract period.

Taking all of these factors into consideration, the panel accepts the County's last offer of settlement on the issue of sick leave as more nearly complying with the applicable factors as prescribed in Section 9. Therefore, on the issue of sick leave provisions in this contract, the contract will be revised to reflect the County's last offer of settlement.

County: Agree 

Disagree _____

Union: Agree _____

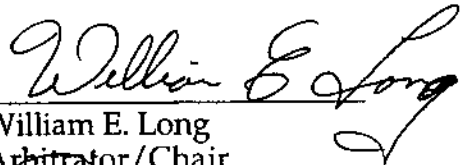
Disagree 

SUMMARY


This concludes the award of the panel. The signature of the delegates herein and below indicates that the award as recited in this opinion and award is a true restatement of the award as reached at the hearing. All agreements reached in negotiations and stipulations in this proceeding as well as all mandatory subjects of bargaining contained in the prior contract not addressed in this proceeding will be carried forward into the collective bargaining agreement.

Re: County of Charlevoix
Police Officers Labor Council
MERC Case No. L99 L-5006

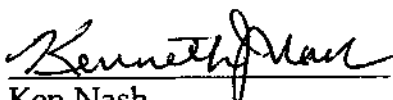
Date: 2/16/01


William E. Long
Arbitrator/Chair

Date: 2/12/01


Peter Patterson
County Delegate

Date: 1-26-01


Ken Nash
Union Delegate