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**STATE OF MICHIGAN
CONSUMER AND INDUSTRY SERVICE DEPARTMENT
MICHIGAN EMPLOYMENT RELATIONS COMMISSION**

**In the Matter of the Arbitration Under
Act 312 (Public Acts of 1969):**

COUNTY OF OTSEGO

MERC Case No.: L-95 A-3022

-and-

POLICE OFFICERS LABOR COUNCIL

OPINION AND AWARD

Chairman of Arbitration Panel:

Barry C. Brown

County Delegate:

Howard Shifman

Union Delegate:

Barton Vincent

Representing County:

Howard Shifman

Representing Union:

Barton Vincent

Pre-Hearing Conference:

January 10, 1996, April 23, 1996, and
September 27, 1996 (all day)

Hearings Held:

September 12, 1997

Last Best Offers Submitted:

November 7, 1997

Post-Hearing Briefs Received:

November 25, 1997

Opinion & Award Issued:

January 8, 1998

Otsego County

I. STATEMENT OF THE CASE:

On September 11, 1995, the labor organization, Police Officer Labor Council, filed a petition for arbitration pursuant to Act 312, PA of 1969 as amended (MCLA 423.231, et seq.). The union asserted in its petition that it had engaged in good faith bargaining with the employer, the County of Otsego, on behalf of the sheriff departments deputy sheriffs and an impasse on wages and benefits in negotiations had been reached. The employer filed its answer to the above described petition with the Michigan Employment Relations Commission and added the issues of seniority and sick leave. On November 16, 1995, MERC Commissioner C. Barry Ott appointed Barry C. Brown as the impartial arbitrator and chairperson for the arbitration panel in this matter.

The parties established the unresolved issues and the hearing procedures to be followed in a pre-hearing conferences conducted by telephone on January 10, 1996, April 3, 1996, and at the county seat on September 27, 1996. A formal hearing was subsequently conducted by the panel in September 1996. There was a delay due to a death in the family of the county's advocate and this postponed the second hearing until September 1997. The last offers of settlement were exchanged on November 7, 1997. The dispute between the parties pertains to a two-year collective bargaining agreement which became effective on July 01, 1995, and which will continue through June 30, 1997.

The issues before the panel for resolution are:

- 1) Wages**
- 2) Pension**
- 3) Retiree health insurance**

As provided by Act 312, the Arbitration Panel is comprised of a delegate chosen by each party to the dispute, and an impartial chairperson selected by the Michigan Employment Relations

Commission. The current panel is comprised of Chairperson Barry Brown, Howard Shifman, panel member selected by the county, and Bart Vincent, panel member selected by the POLC. The parties have also stipulated that all issues are economic. The parties have also stipulated and the panel agreed that all Act 312 statutory time limits have been waived. Further, the parties agreed that the new contract (1995-1997) would consist of the terms of the predecessor agreement (1994-1995) as modified by the parties' settlements on various issues and also as modified by this panel's award on the issues still in dispute.

II. THE STANDARDS FOR THE PANEL'S DECISION:

In pertinent part, Section 9 of Act 312 sets forth the following factors upon which the panel's decision must rest:

[T]he arbitration panel shall base its findings, opinions and order upon the following factors, as applicable.

- (a) The lawful authority of the employers.
- (b) Stipulations of the parties.
- (c) The interests and welfare of the public and the financial ability of the unit of government to meet these 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.

III. BACKGROUND:

The County of Otsego has a population of approximately 20,000, and it covers an area of approximately 515 square miles. The land use in the county is largely rural and state-owned, but its commercial component is clearly growing as it is at the cross-roads of several major traffic arteries of the northern Michigan area. It has large shopping centers, and it has several offices and shops - especially near the main thoroughfares. There is a growing commercial/residential property ratio and this may have a good impact on the future revenues received by the county. Further, the growth of the county may affect the runs and the duties of the sheriff's department. The per capita income of Otsego county residents is the greatest of counties in the immediate area.

IV. COMPARABLES:

A. External Comparables:

The Union and the County have both offered the following counties as comparable communities:

- 1) Antrim
- 2) Cheyboygan
- 3) Kalkaska

The county has also proposed Benzie, Gladwin, Iosco, Manistee, Ogemaw and Roscommon as additional comparable communities. The Police Officers Labor Council in turn offered the additional counties of Charlevoix, Clare and Crawford as comparables. The union asserted that using Benzie County as proposed by the county as a comparable is inappropriate for the following reasons:

- 1) This county has a much smaller population.
- 2) The SEV is significantly lower than Otsego.

In their closing briefs, both parties indicated that the panel could justifiably use all of the counties proposed by both sides. The panel will therefore consider all the counties offered by both sides in their exhibits, as it provides a full cross-section of northern Michigan counties with circumstances generally like that of Otsego county.

IV. CONSUMER PRICES:

The average consumer prices for goods and services in northern Michigan have been continually low in the last few years. The CPI figures since 1992 have been at 3.0% and lower. These figures are further reduced if one excludes medical care costs.

V. ISSUES IN DISPUTE:

A. Hospitalization - Retirees (Art. XXI)

1) Current contract language:

None

2) Employer's final offer of settlement:

Status Quo

3) Union's final offer of settlement:

Article XXI, Section 6. The employer shall pay two-hundred (\$200.00)

dollars per month toward hospitalization insurance for all employees, and employee's spouse, who retire until such retiree reaches the age of sixty-five (65) or Medicare age, whichever comes first.

4) Discussion:

The county argued that none of the comparable internal units, including the AFSCME corrections officers receive this benefit. Further, the employer asserted that it is competitive with all other comparable counties in this regard. The employer's exhibit on this issue is presented below:

<i>COMPARABLE COUNTIES</i>	<i>RETIREE HEALTH PROVISIONS</i>
<i>Antrim</i>	If age and service equal 70 or more, County pays \$125/mo. For retiree and/or spouse for up to 10 years
<i>Benzie</i>	No provision for retiree health coverage.
<i>Cheyboygan</i>	No provision for retiree health coverage.
<i>Gladwin</i>	Retiree can continue group coverage by paying 100% of the premium.
<i>Iosco</i>	No provision for retiree health coverage.
<i>Kalkaska</i>	Premiums split by County and retiree after 25 years of service and age 50 [or 15 years and age 60] until age 65.
<i>Manistee</i>	Premiums split by County and retiree until Medicare eligible and County then provides supplemental coverage.
<i>Ogemaw</i>	No provision for retiree health coverage.
<i>Roscommon</i>	No provision for retiree health coverage.
<i>OTSEGO COUNTY</i>	Retiree can continue group coverage by paying 100% of the premium. At Medicare age, County pays for Medicare supplemental coverage.
<i>Source: Labor Agreements</i>	

For all of these reasons, the employer asked that the status quo be continued for retiree health insurance.

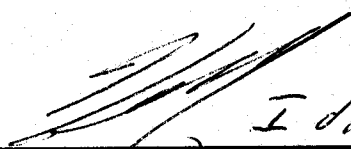
The POLC asserts that the comparables support its position. It notes that the employer's chart does not include the benefit for Crawford county which does provide 100% retiree health

insurance coverage until Medicare age. The panel notes that Antrim, Crawford, and Kalkaska are neighboring counties who have all adopted a benefit akin to that now sought by the union. Further, the cost for this provision in a bargaining unit of eight employees will be small. Even if the other units for the county seek this benefit, it will be available for only a limited number of retirees for a limited number of years. Finally, this benefit can have only prospective appreciation as insurance cannot be effective retroactively and this further reduces any cost impact.

For all of these reasons, the union's last best offer is adopted by the panel.

AWARD

The union's proposal is adopted.


Howard Shilman, County Delegate

Concur: ☐

Dissent: ☒


Barton Vincent, POLC Delegate

Concur: ☒

Dissent: ☐


Barry Brown, Chairman

B. Wages - (Schedule B)

1. Current contract provision:

SCHEDULE "B" **JOB CLASSIFICATIONS AND WAGES**

Section 1.

The following job classifications are recognized as covered by this Agreement as described hereafter:

Deputy
Sergeant

Section 2.

The following annual salary schedule shall be applicable for deputies: (continued on next page)

Effective January 1, 1994

<u>Start</u>	<u>After One Year</u>	<u>After Two Years</u>	<u>After Three Years</u>
\$18,863	\$21,798	\$23,074	\$26,598

Effective July 1, 1994

<u>Start</u>	<u>After One Year</u>	<u>After Two Years</u>	<u>After Three Years</u>
\$19,523	\$22,561	\$23,882	\$27,529

Section 3.

The Sergeant differential shall be 5% above the three (3) year Deputy rate.

Section 4.

The Sheriff is vested with full discretion relative to placing a new employee on other than the contract starting rate subject to his/her inability to start a new employee at the three (3) year rate. Further, regardless of the step in which the employee is hired, said employee cannot reach the three (3) year step until actually serving three (3) years. A determination as to one employee will have no precedent setting effect on any other employee.

2) Employer's final offer of settlement:

1995	4%
1996	4%

3) Union's final offer of settlement:

Effective 7/1/95:	4% across-the-board
Effective 7/1/96:	4% across-the-board

4) Discussion:

In their final offers, both sides have reached agreement on this issue. The employer notes that this wage settlement continues Otsego county as a leader in sheriff department employee compensation, and they ask that this fact be given a strong consideration when reviewing the union's demand for an improvement in the pension benefit.

AWARD

The parties have agreed on a 4% across-the-board wage increase on 7/1/95 and 7/1/96.


Howard Shilman, County Delegate

Concur: ☒

Dissent: ☐


Barton Vincent, POLC Delegate

Concur: ☒

Dissent: ☐


Barry C. Brown, Chairman

C) Pension:

1) Current contract language:

RETIREMENT (Article XXI)

The Employer is a member of the Michigan Municipal Retirement System and all full-time unit employees attaining six (6) months service will become members of this retirement plan. Provision is made for a full-time employee to have his/her service time computed from the day of continuous employment, the Employer will notify each new employee attaining six (6) months of service of this provision. The plan in effect will be; B-2 base with F55 waiver (15 years service). The cost of the retirement plan will be borne solely by the County with no contributions to be required from the employees. Effective June 30, 1995, the benefit plan will be upgraded to the MERS Plan B-3 with the employee contribution of 2.3%.

2) The employer's final offer of settlement:

Status Quo

3) The union's final offer of settlement:

The Employer is a member of the Michigan Municipal Retirement System and all full-time unit employees attaining six (6) months service will become members of this retirement plan. Provision is made for all full-time employees to have his/her service time computed from the day of continuous employment, the Employer will notify each new employee attaining six (6) months of service of this provision. Effective June 30, 1995, the benefit plan will be upgraded to the MERS plan B-3 with the employee contribution of 2.3%. Effective May 1, 1997, the benefit plan will be upgraded to the MERS plan B-4 with the employee paying the actuary determined costs. The employee costs for the B-4 will be determined each year at the time the annual report

is completed.

4) Discussion:

In effect, the union seeks to increase the pension multiplier from the 2.25% MERS Plan B-3 to the 2.5% MERS plan B-4. The union emphasized that the employees are offering to pay for the increased benefit with the costs being determined each year. The union asserted that Kalkaska, Ogemaw and Roscommon counties are now at 2.5% and Mainstee county will go to that level in 1998. It was noted that Manistee and Kalkaska have no employer contribution, while Otsego will have an employee contribution in excess of 4%. (See the following chart.)

OTSEGO COUNTY - RETIREMENT INFORMATION [Includes all counties submitted by both parties]						
ALL COUNTIES PROPOSED BY PARTIES	TYPE OF PLAN	MULTIPLIER	NORMAL RETIREMENT REQUIREMENTS	EMPLOYEE CONTRIBUTION	YEARS IN FAC	POST RETIREMENT ESCALATOR?
Antrim [1]	MERS	2.25	55/20; 60/10	0	5	E-1 [1-1-91]
Benzie [2]	MERS	1.5	55/25; 60/8	0	5	None
Charlevoix	MERS	1.7	50/25; 60/10	2.20%	5	None
Cheyboygan	MERS	2.0 to age 65; then 1.7	55/20; 60/10	3.0%	5	E [1-1-89]
Clare	MERS	2.25	55/25; 60/10 [3]	3-5%	5	None
Crawford	MERS	2.0 [4]	50/25; 60/10 [5]	0 [4]	5	E [1-1-95]; E-1 [1-1-90]
Gladwin [6]	MERS	2.0 to age 65; then 1.7	55/20; 60/10	3.0%	5	E [1-1-93]; E-1 [1-1-91]
Iosco	MERS	2.25	0/25; 60/10	0	5	E [1-1-95]
Kalkaska [7]	MERS	2.5	50/25; 60/10	0	5	E [1-1-95]
Mainstee [8]	MERS	2.0	50/25; 60/10	0	5	None
Ogemaw	MERS	2.5	55/15; 50/25; 60/10	5.50%	3	E-2
Roscommon	MERS	2.5	55/20; 50/25; 60/10	4%	3	E-1 [1-1-89]
OTSEGO	MERS	2.25	55/15; 60/10	2.3%	5	E [1-1-93]

The employer contended that this unit of four deputies and four sergeants should not receive benefits which vary significantly from the pension benefits now received by the more than 100 other county employees. These deputies and sergeants already receive the superior MERS B-3 pension, the county argued, and there is no justification to go to a new, more costly plan at this time. The employer noted that the salary now received by the unit personnel places them as the highest paid law enforcement personnel in the area. It was said that these officers have received over 17% increases in pay in the last three years. The following comparisons were submitted to support the counties assertions:

PAY COMPARISONS FOR OTSEGO COUNTY MAXIMUM BASE PAY RATES FOR A SERGEANT [Includes all Counties proposed by the parties]								
ALL COUNTIES PROPOSED BY THE PARTIES	JAN-94	JUL-94	JAN-95	JUL-95	JAN-96	JUL-96	JAN-97	JUL-97
ANTRIM	27707	27707	28538	28538	29109	29109		
BENZIE	26793	26793	27417	27417	28062	28062	28582	29123
CHARLEVOIX [1]	28838	28838	29637	29637				
CHEYBOYGAN	26644	26644	28433	28433	29348	29348	30264	30264
CLARE	28060	28060	28902	28902	29769	29769	30662	30662
CRAWFORD [2]	28327	28894	30056	30056	31262	32162	32510	32510
GLADWIN	27285	27285	28328	28328	29178	29178	30053	30053
IOSCO	25455	25455	26219	26219	27007	27007		
KALKASKA	28783	28783	29647	29647	30536	30536		
MANISTEE	28196	28196	28960	28960	29943	29943	30867	30867
OGEMAW	26645	26645	27269	27269	27955	27955	28662	28662
ALL COUNTIES PROPOSED BY THE PARTIES	JAN-94	JUL-94	JAN-95	JUL-95	JAN-96	JUL-96	JAN-97	JUL-97
ROSCOMMON	NO SGTS IN DEPT							
AVERAGE OF ALL COMPARABLES	27521	27573	28491	28491	29217	29217	30229	30306
MEDIAN OF ALL COMPARABLES	27707	27707	28538	28538	29263	29263	30264	30264

PAY COMPARISONS FOR OTSEGO COUNTY MAXIMUM BASE PAY RATES FOR A SERGEANT [Includes all Counties proposed by the parties]								
ALL COUNTIES PROPOSED BY THE PARTIES	JAN-94	JUL-94	JAN-95	JUL-95	JAN-96	JUL-96	JAN-97	JUL-97
OTSEGO COUNTY [3]	27938	28905	28905	30061	30061	31263	31263	

Notes: [1] Sergeant pay equals Deputy pay plus \$750/year plus \$.75/hour for all hours worked not including vacation, sick, and other leave or overtime. Reported rate based on 2080 work hours minus 160 hours of vacation. [2] Rate reported is for Command Officer, which includes 2 Sergeant, 1 Lieutenant, and 2 Captains. [3] Includes County propose 4% increases for 7-1-95 and 7-1-96
Source: Labor Agreements

PAY COMPARISONS FOR OTSEGO COUNTY MAXIMUM BASE PAY RATES FOR A DEPUTY SHERIFF [Includes all Counties proposed by the parties]								
ALL COUNTIES PROPOSED BY THE PARTIES	JAN-94	JUL-94	JAN-95	JUL-95	JAN-96	JUL-96	JAN-97	JUL-97
ANTRIM	26809	26809	27613	27613	28165	28165		
BENZIE	25043	25043	25667	25667	26312	26312	26832	27373
CHARLEVOIX	28877	28877	30032	30032				
CHEYBOYGAN	24398	24398	25854	25854	26686	26686	27518	27518
CLARE	26648	26648	27447	27447	28271	28271	29119	29119
CRAWFORD	26291	26811	27893	27893	29016	29016	30181	30181
GLADWIN	26085	26085	27128	27128	27942	27942	28780	28780
IOSCO	24243	24243	24970	24970	25719	25719		
KALKASKA	26166	26166	26951	26951	27760	27760		
MANISTEE	26853	26853	27581	27581	28517	28517	29390	29390
OGEMAW	25397	25397	26021	26021	26707	26707	27414	27414
ROSCOMMON	26630	26630	27685	27685	28787	28787	29931	29931
AVERAGE OF ALL COMPARABLES	26120	26163	27070	27070	27626	27626	28646	28713
MEDIAN OF ALL COMPARABLES	26229	26398	27288	27288	27942	27942	28950	28950
ALL COUNTIES PROPOSED BY THE PARTIES	JAN-94	JUL-94	JAN-95	JUL-95	JAN-96	JUL-96	JAN-97	JUL-97
OTSEGO COUNTY [1]	26598	27529	27529	28630	28630	29775	29775	

Note: [1] Includes County proposed 4% increases for 7-1-95 and 7-1-96
Source: Labor Agreements

Otsego county also argued that its overall compensation to the sheriff's department personnel has also been well above average. There has been a constant improvement in wages and benefits over the last four years, it was asserted, and the contract covered by this award has already expired. The parties should deal with this matter in the current negotiations, the county said, and not tack on such a significant benefit to the end of an old contract.

The employer was skeptical of the union's claim that the B-4 pension program would be "free" to the county. The county's costs under the B-3 plan have risen from \$18,000 in 1994 to \$92,000 in 1997. The union asserted that the B-4 plan will cost only 1.91% of payroll and that cost will be passed on to members, but the prior cost estimates have consistently been too low, the employer said, and the union will surely attempt to pass the new pension costs on to the employer in the next negotiations (which are now under way.)

The panel was convinced that the overall compensation received by the bargaining unit personnel weighed heavily against any further improvements in the pension program at this time. The comparables, both internal and external did not support the union's demands. The 4% raise in pay is substantial and higher than comparable communities. When this is coupled with the health insurance for retirees, there is no basis for any additional improvements at this time. The parties are now engaged in bargaining for a new contract to commence July 1, 1997, and they may discuss new benefits at that time. However, the union's pension improvement proposal does not meet the Act 312 criteria for the 1995-1997 labor agreement.

For all of these reasons, the employer's final offer of settlement is adopted by the panel on the issue of the pension multiplier (or the MERS B-4 plan.)

AWARD

The employer's last best offer is adopted.


Howard Shifman, County Advocate

Concur: ☒

Dissent: ☐


Barton Vincent, POLC Advocate

Concur: ☐

Dissent: ☒


Barry C. Brown, Chairman

SUMMARY

The panel has adopted the employer's last best offer on the retirement issue and the union's last bet offer on the retiree health insurance issue. Both parties proposed a wage increase of 4% and the panel adopted these mutual proposals.


Howard Shifman, County Advocate

Date: _____


Barton Vincent, POLC Advocate

Date: 1-15-98


Barry C. Brown, Chairman

Date: Jan 7, 1998