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STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
ACT 312 ARBITRATION

IN THE MATTER OF STATUTORY ARBITRATION BETWEEN
CITY OF PINCONNING
and
POLICE OFFICERS ASSOCIATION OF MICHIGAN

Case No:

Arbitration Panel

Benjamin W. Wolkinson
Norman LaPorte
William Birdseye

Chairperson
Delegate, City
Delegate, Union

Appearances

For the City: Norman LaPorte, City Manager; Terry D. Hegle, Attorney

For the Association: Ann Mauer, Economist; Fred Timpner, Staff Representative

Hearings Reporter

Background

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Pinconning, City of

The contract between the City of Pinconning (hereafter referred to as the City) and the Pinconning Police Officers Association (hereafter referred to as the Union) expired on June 30, 1980. Following unsuccessful efforts to conclude a new agreement the Union filed a petition for arbitration under Act 312, Public Acts of 1969, as amended.

In its petition for arbitration the union noted that impasse had been reached over the following issues: (1) wages, (2) contract duration, (3) work schedules, (4) overtime, (5) uniform and clothing allowance and

and (6) shift premiums. Prearbitration conferences were held on May 15th and July 9, 1981. As a result of these prearbitration conferences an agreement was reached that the new contract would extend over a three year period commencing July 1, 1980 and terminating June 30, 1983. Additionally, the parties resolved the work schedule and overtime issues on the basis of the following language which shall be incorporated in the new agreement.

Article XVIII entitled "Work Schedules" shall now provide:

The work schedule shall be posted at least ten (10) days in advance of the start of the new schedule. In advance of the new schedule, the Chief should be notified, in writing, of requested special days off.

Work Pay Period:

Eighty Four (84) hours shall constitute a regular Fourteen (14) day work/pay period for all officers.

Work Day:

Eight (8) hours shall constitute a regular work day for all officers. Anything in excess will be declared overtime to be paid at the officers' regular hourly rate.

Leave Days:

Normally, leave will be two (2) days together, except at employee's request.

Article XIX entitled "Overtime" shall now provide:

Officers shall be paid at time and one half (1 1/2) for all hours worked in excess of 80 hours in a two (2) week work/pay period.

The Act 312 hearing occurred on August 18, 1981. At this hearing the Union withdrew its demand for increases in uniform and clothing allowances and shift premiums. The only remaining issue was that of wages for the years July 1, 1980 through June 30, 1981, July 1, 1981 through June 30, 1982 and July 1, 1982 through June 30, 1983. Additionally there was disagreement over the method of computation of the wage increase. By stipulation of the parties it was agreed that the wage issue and its components will be treated as a single package for the purpose of the final offer arbitration decision.

Union's Final Offer on Wages

	<u>Start</u>	<u>After 90 Days</u>	<u>After 6 Months</u>
First year of contract - 7% across the board over previous annual salary			
July 1, 1980 to June 30, 1981	\$ 11,918 (5.73)	\$ 12,501 (6.01)	\$ 14,713 (7.07)

First year wages to be retroactive to July 1, 1980. Hourly rate to be determined according to Union methodology. Please see Appendix A for method of calculation of hourly rate.

Second year of contract - 10% across the board over first year annual salary

July 1, 1981 to June 30, 1982	\$ 13,110 (6.30)	\$ 13,751 (6.61)	\$ 16,184 (7.78)
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Second year wages to be retroactive to July 1, 1981. Hourly rate to be determined by dividing annual salary by 2,080 hours.

Third year of contract - 10% across the board over second year annual salary

June 1, 1982 to June 30, 1983	\$ 14,421 (6.93)	\$ 15,126 (7.27)	\$ 17,802 (8.56)
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Third year wages effective July 1, 1982. Hourly rate to be determined by dividing annual salary by 2,080 hours.

Union Position

The Union justifies its wage demand on the basis of wage comparabilities and cost of living considerations. The Union maintains that the City of Pinconning which is located in Bay County can be compared for purposes of police officer salaries with all other cities in Bay County. Other cities in Bay County include Bay City, Essexville and Auburn (Union Ex. 9). Even if the Union's wage proposal were accepted police officers' salaries in Pinconning would still rank behind the wages patrolmen receive in all other cities in Bay County. The Union maintains that its wage proposals are further justified by rapid cost of living increases experienced over the past few years.

Employer's Final Offer

	<u>SALARY</u>		
	<u>Start</u>	<u>After 90 Days</u>	<u>After 6 Months</u>
July 1, 1980 to June 30, 1981	11,356.80 (5.46)	11,897.60 (5.72)	14,019.20 (6.74)
July 1, 1981 to June 30, 1982	12,147.20 (5.84)	12,729.60 (6.12)	14,996.80 (7.21)
July 1, 1982 to June 30, 1983	13,000.00 (6.25)	13,624.00 (6.55)	16,036.80 (7.71)

For purposes of overtime, court time and call back, the straight time hourly rates are in brackets ().

Note: The above wage proposal is computed at Seven (7%) per cent on the straight time hourly rate for 2,080 hours for each of the three years.

City Position

The City maintains that its wage proposals should be compared with wages received by police officers in communities similar to Pinconning in terms of character, population, geographical location and police department size. Comparable cities listed by the City include Corunna, Perry, Ithaca and Breckinridge. Such a comparison demonstrates that in 1980 City of Pinconning police received greater compensation than did officers in other similar communities with the exception of the City of Corunna. The City has also argued that the real economic advantage associated with the City's wage package requires consideration of annual increases to be received by patrolmen as a result of its agreement to establish a normal biweekly work period of 84 hours and to compensate patrolmen at time and one-half for all hours worked in excess of 80 hours over a two week pay period. The result is that earnings of Pinconning police officers for 1980-81 will be 9.6% higher than it has been in the previous year and will increase by 7% annually in the successive two years of the agreement under the City's offer. These increases favorably contrast with the 7% increase granted other City employees for 1980-81, and only a 5% increase budgeted for City employees in fiscal year 1981. The City also maintains that it does not have the resources to pay police wages in excess of its final offer.

Decision of the Panel

Under the statute Section 9 of the act provides that the panel shall base its decision on the basis of the following criteria:

- (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, and 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.

Viewing the wage issue as a single package it is the panel's decision that the award should be based on the Union's final offer. A review of the comparables indicate that the Union's proposal is more acceptable as it will bring Pinconning's police salaries closer in line with what other policemen in Bay County are receiving. Even accepting the Union's final offer Pinconning's salaries will still be the lowest in Bay County during fiscal year 1980 and 1981. The Union's offer is also more acceptable when we consider that inflation as measured by the National Consumer Price Index base rose 13.9% in 1979, 12.4% in 1980, and on the basis of the first six months of 1981 is projected to rise this year by approximately 9.5 per cent.

In the hearing the City presented its own list of comparables which included the cities of Corunna, Perry, Ithaca and the village of Breckinridge. These comparables however are entitled to only minimal probative value because none of the salary amounts offered in evidence by the City were in

effect for any full year which is being considered by the panel. Thus the figure for Perry expired on June 30, 1979, that for Breckinridge on December 31, 1980, while the figure for Ithaca expired on June 30, 1979. It is reasonable to assume that there will be significant increases in police department salaries in these cities for fiscal years 1981 and 1982.

Another factor to be considered under the criteria is wages paid other groups of city workers. The City has contended that its final offer is appropriate as its wage package offers police employees more than has been granted other city employees with other City workers receiving a 7% increase in 1980-81 and only a 5% increase for 1981-82. Furthermore, the Union's offer which on an hourly basis averages over 10% for each of the three years will afford police significantly even greater raises than received by other city workers. While this consideration is certainly a credible one, it alone can not be viewed by this panel as controlling. First, it does not address the low salaries Pinconning officers are receiving as compared with officers in neighboring communities. Nor does it consider the deterioration in Pinconning police officer salaries because of rapid increases in the cost of living. Furthermore, the contention fails to recognize that under the City's proposal wages of senior level police officers will still rank below the wages of other senior level nonsupervisory employees in such departments as Public Works and Water, and no evidence has been presented to justify such disparities.

In accepting the Union's final offer the panel has not ignored the fact that the agreement allows overtime for hours worked in excess of 80 hours in a two week pay period. Indeed the City has in large part justified its wage proposals on the basis of an overtime allowance to be given police personnel. The City has noted that total police compensation

in 1980-81 would be 9.5% higher than it was in the base year of 1979-80, 17.3% higher in 1981-82 than it was in the base year, and 25.4% higher in the third year of the agreement than it was in the 1979-80 base year.

While these percentage increases seem impressive a closer scrutiny of the record shows that much less exists in the City's offer than would otherwise appear. To begin with the percentage increases are based on comparisons with the base year and ignore what the actual increases will be from year to year. Thus on a year to year basis the increase will be 9.6% the first year and 7% in each of the successive years. Furthermore when we factor out the compensation in the first year resulting from overtime payments, the actual per hour wage increase for that first year is only 7%. The City is to be applauded for affording its policemen time and one-half for overtime, yet the extension of that benefit cannot be utilized as a basis for extending wage increases that would result in City of Pinconning police receiving significantly less than policemen in other comparable communities and less than what other senior level nonsupervisory City employees are receiving. Furthermore one should not exaggerate the significance of the overtime benefit to be received by policemen. Prior to this award all other City employees worked a forty hour week and received time and one-half for all overtime worked. In effect the City has simply extended to its police a benefit previously enjoyed by all other workers. Furthermore it is a benefit seemingly enjoyed by policemen in most other communities. Thus the comparables presented by the City indicate that overtime is a benefit extended to policemen in Corunna, Perry, Breckinridge and Ithaca. In short that workers who work overtime get time and one-half is simply a reflection of a historical and well accepted position that overtime work merits premium pay.

During the hearing the City itself did not plead inability to pay. However in its brief the City notes that it does not have the economic resources to fund the Union's wage package. The panel finds that the evidence does not support this conclusion. A number of factors are worth noting. First it is not true as stated in the City's brief that forty percent of the City's budget is presently allotted to the police department. Data from the 1979-80 budget (Management Exhibit Four) indicates that the percentage of the overall budget allotted to police departments is only 28.5%, for 1980-81 it is 32.6%, and for 1981-82 it is projected at 31.8%. Consequently, there is no showing that the police department constitutes an excessively high percentage of the Pinconning budget. Furthermore the record indicates that for the past five years the City of Pinconning has generated year-end budget surpluses with the result that a contingency fund of at least fifty to sixty thousand dollars presently exists. The interest on that fund alone would be adequate to provide for any differential in the amount offered by the City or demanded by the Union and ultimately awarded by this panel. It has been pointed out that a large part of this contingency fund may have to be used to subsidize deficits in the Water and Waste Sewage Departments. At the same time the record also indicates that the City provides water and waste sewage services both to residents of Pinconning and residents outside of the community and that it has been charging an inadequate sum to cover the costs of operating these services. As a result, deficits that have been generated through the operation of its water and waste sewage operations could be reduced or eliminated were the City to raise its rates.

Having examined the evidence introduced at the hearing the panel concludes that the Union's final offer should be adopted as the final award. The Union in its offer sought full retroactivity. Although the City's offer was silent on this issue, the panel sees no conflict between the parties on the matter as each side's final offer contemplated wage and overtime provisions retroactive to July 1, 1980. For purposes of compensation then, the panel in adopting the Union's final offer recognizes the agreement to be fully retroactive.

Vote For:

Benjamin W. Wolkinson
Benjamin W. Wolkinson

Against:

Norman Laporte
Norman Laporte

Panel Members*

November 19, 1981

Benjamin W. Wolkinson
Benjamin W. Wolkinson, Chairman

Wm. Birdseye
Wm. Birdseye, Union Delegate

Norman Laporte
Norman Laporte, City Delegate

*Note: The signatures indicate this is an award by the panel. The vote on each issue has been separately noted.