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STATE OF MICHIGAN
DEPARTMENT OF LABOR
MICHIGAN EMPLOYMENT RELATIONS COMMISSION

STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
DETROIT OFFICE

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In the Matter of Arbitration Under
~~1991-1992~~ (Public Acts of 1969):

MERC Case No. D93 K-1457

CITY OF PONTIAC

-and-

MICHIGAN ASSOCIATION OF POLICE

OPINION AND AWARD

Chairman of Arbitration Panel: Barry C. Brown

City Delegate: Joseph Fremont

Union Delegate: Thomas Schneider

Representing City: Dennis DuBay

Representing Union: Ronald Dowell

Pre-Hearing Conference: February 15, 1995 and February 17, 1995

Hearings Held: June 29, July 7, July 10, July 14, July 17, July 19, August 7, August 29, September 5, October 12, October 23, and November 2, 1995.
All hearings were held at the Pontiac Silverdome.

Post-Hearing Panel Conference: February 21, 1996 and March 19, 1996

Post-Hearing Briefs Received: January 15, 1996

Opinion & Award Issued: April 09, 1996

I. STATEMENT OF THE CASE:

The labor organization, Michigan Association of Police (MAP), 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 dated October 25, 1994, that it had engaged in good faith bargaining with the employer, the City of Pontiac, on behalf of the city's police officers and an impasse in negotiations had been reached. On November 18, 1994, the employer filed its answer to the above described petition with the Michigan Employment Relations Commission (MERC). On December 09, 1994, MERC Commissioner, C. Barry Ott, appointed Barry C. Brown as the impartial arbitrator and chairperson of the arbitration panel in this matter.

The parties established the unresolved issues and the hearing procedures to be followed in pre-hearing conferences conducted on February 15, 1995 and February 17, 1995. Twelve formal hearings were subsequently conducted by the panel in 1995 and the last offers of settlement were exchanged on December 02, 1995. The dispute between the parties pertain to a six year collective bargaining agreement which will become effective on January 01, 1991 and which will continue through December 31, 1996.

The issues before the panel for resolution are:

Union:

1. Wages and appendix A - Economic
2. Sick leave payout - Economic
3. Dental Insurance - Economic
4. Post-retirement pension escalator - Economic
5. Pension-FAC - Economic
6. Residency - Economic (panel determined)

Employer:

1. Promotions (affirmative action) - Non economic
2. Personal leave days - Economic
3. Health Insurance-(retirees) (prem. co. pay) - Economic
4. Health Insurance (new hires) (prem. co. pay) - Economic
5. Health Insurance-(deductibles) - Economic
6. Health Insurance (second opinion) - Economic
7. Health Insurance (prescription drug co-pay) - Economic
8. Life Insurance-co-pay (retirees) - Economic
9. Life Insurance-co-pay (new-hires) - Economic
10. Dental Insurance-co-pay (retirees) - Economic
11. Dental Insurance-co-pay (new hires) - Economic
12. Pension (post-ret. escalator) - Economic
13. Pension (retirement annuity adj.) - Economic
14. Pension (FAC) - Economic
15. Pension-(employee contribution) - Economic

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, Joseph Fremont, panel member selected by the city and Thomas Schneider, panel member selected by the union. Pursuant to the Act, the Panel shall adopt the final offer of settlement by one or the other party for each economic issue. The parties agreed that all issues were economic except promotions and the union maintained that residency was non-economic. The panel determined that because of the potential tax loss and property value reduction, this issue was economic. The parties also stipulated and the panel agreed that all act 312 statutory time limits were waived. Further, the parties agreed that the new contract (1991-1996) would consist of the terms of the predecessor agreement (1987-1990) 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 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 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 City of Pontiac has a population of approximately 70,000 and it covers an area of about twenty square miles. The land use in the city is both residential and industrial and it is in the center of Oakland County about ten miles north of Detroit, Michigan. There is one large downtown area in the city. Several major roads run through its jurisdiction (primarily Woodward and M-59), and a large expressway (I-75) is at its eastern boundary. There are many local stores, offices and medical facilities in the community, but there are no colleges or large hotels within its boundaries. There has been a declining commercial/residential property ratio and this has had an impact on the revenues received by the employer. Further, the increasing crime rate in the community has affected the number of runs and the number of arrests made by the city's police officers.

There have been several large employers who have left their facilities and the remaining operations employ fewer people. Thus, there is a reduced tax base to support municipal operations. General Motors Corporation represents 34% of the city's assessed valuation and the city's fortunes are closely tied to the Pontiac, GMC and other GM facilities within its borders. The city has lost more than 7% of its population in the last 15 years. The 1990 census also showed that the average households in Pontiac had a per capita income of less than \$10,000. The city also ranks lower than all other comparable communities with a median family income of only \$25,834. Over 12% of the residents of the city of Pontiac are now unemployed and this figure greatly exceeds that of comparable communities. The city has experienced several economic

setbacks in recent years, and these have reduced the city's income. The most serious of these was the General Motors tax settlement in 1992 which caused a SEV reduction of \$91 million. This represented almost a 10% loss in tax base.

The bargaining history of this unit explains why there has been no new agreement following the end of the predecessor contract on December 31, 1990. There had been an impasse in bargaining for a 1987 to 1990 agreement and so the union had petitioned for Act 312 arbitration. On February 17, 1992, Panel Chairman Robert Browning issued an award for an agreement which covered the period 01/01/88 to 12/31/90. Within four months, bargaining commenced for a new contract to cover the period 01/01/91 to 12/31/93. That agreement expired without a settlement and a mediator worked with the parties in early 1993. A tentative agreement was reached, but it was rejected when submitted to the membership for ratification. There was a mayoral election in the fall of 1993 and the parties entered a new phase of negotiations, but no agreement was reached. The petition which resulted in the present proceedings was filed on October 25, 1994. In it, the union sought the wage and benefit gains listed in the six "union" issues. The employer responded with fifteen issues which were largely concessions sought to reduce the cost of the benefit programs.

The union's petition shows that there are 110 employees in the bargaining unit. This comports with the 97 police officers and 19 detectives shown in an exhibit submitted by the city. There are 21 sergeants, 5 lieutenants, 5 captains, one deputy chief and one chief. This bargaining unit is approximately the same size as the 116 who are members of the fire fighters bargaining unit. However, the PFFU combines both command and rank and file members.

IV. COMPARABLES

A) EXTERNAL COMPARABLES:

The Association and the City of Pontiac have not agreed upon which are comparable communities for use in this statutory arbitration.

The Browning panel found the following communities to be comparable in its 1992 award:

Bloomfield Township	Royal Oak
Canton Township	Shelby Township
Clinton Township	Southfield
Dearborn	St. Clair Shores
Dearborn Heights	Sterling Heights
Farmington Hills	Taylor
Lincoln Park	Troy
Livonia	West Bloomfield
Redford Township	Waterford Township
Roseville	Westland

In the 1992 proceedings, the parties had jointly agreed to the list shown above. The panel also found that a similar though smaller list of comparable communities was used by Act 312 panels for the police supervisor's unit and for the fire fighters unit. However, in the matter now before us, the city has asserted that there are no other comparable communities because only Pontiac has suffered such a major loss in SEV. The city did produce data concerning the city of Detroit and it also provided information based on the twenty communities listed above. The union also used the same 20 communities. The panel found the Detroit figures to not be relevant because of the numerous differences between that city and the city of Pontiac. Further, there are many cities in Michigan which have also suffered dramatic reductions in SEV due to tax litigation by GM, Ford, and also by many plant removals. Thus, while Pontiac has had a dramatic loss in SEV, this fate is not entirely unique. For all of these reasons, the twenty communities above are

deemed comparable.

B) INTERNAL COMPARABLES:

There are six other bargaining units of Pontiac municipal employees as follows:

UNION	UNIT
AFSCME LOCAL 2002	PUBLIC WORKS
IAFF	FIRE FIGHTERS
PMEA (PontiacMunicipal Employees Association)	CLERICAL EMPLOYEES
PPMA (Pontiac Professional Management Association)	MANAGERS
PPSA (Pontiac Police Supervisors Association)	POLICE COMMAND OFCRS
SAEA (Supervisors and Administrators Employees Association)	SUPERVISORS

In many respects, there is continuity in the benefit programs for all of these union groups.

However, the panel found the most parallels among the uniformed employees. The police supervisors, fire fighters and the police officers were very comparable in many benefit areas.

However, there is a difference in the contract expiration dates and so who was last at the bargaining table is often "ahead" for a while, but "parity" continues to be a strong issue between the police and fire fighters. On the other hand, the very different work schedules makes salary comparisons difficult between firefighters and police officers.

The panel does not accept the argument put forward by the MAP that police officers have jobs which are inherently more difficult and dangerous than are the jobs of firefighters. A midnight patrol in a crime prone neighborhood is dangerous, but on the other hand, a school

liaison police officer's job is usually not very dangerous. In comparison, a fire fighter who enters burning buildings also has a very dangerous job. Therefore, it is not fair or productive to get into such general comparisons. Also, the panel notes that violent crime has become more prevalent in the bedroom communities which had previously been immune from the gang wars and the drug busts. For these reasons, the benefits and wages of all internal units are deemed relevant here just as the data from smaller suburban towns was also taken into account.

V. ABILITY TO PAY:

The employer has asserted here that it does not have the ability to pay the wage and other economic demands of the union. The union disputed this claim. The union noted that the employer has entered into voluntary agreements with other unions in which it did not take away the same benefits it now proposes to eliminate for its police officers. The union also asserted that the city would have more money to grant the union's requested wages and benefits if it had not granted such large tax abatements to local industry. Further, the MAP maintained that no plan is in place to collect delinquent personal taxes or to collect on past due payments for the use of the police on an overtime basis. Finally, the union charged that much of the present financial distress of the city is due to mismanagement and questionable decisions by the elected and appointed city officials.

The panel noted that the city used budgeted personnel figures in its reports rather than using the actual number of positions filled. However, the panel was still able to accurately assess the cost for city services and to determine the true payroll costs based on the totality of information provided. Similarly, the "annualized" salaries were not deemed an effective tool for comparison. The panel would have been better able to take into account mid-year salary changes

and to compare actual contractual rates rather than to use artificially created, composite wage figures. Further, the 1993-1994 SEV figures would have been more meaningful to this panel than were the 1990 SEV figures. While use of the older SEV figures dramatized the effects of the GM tax base changes, it distorted current relationships. However, not one of these tactics of presentation were considered to be an intentional distortion. The union was quick to point out the deficiencies in the city's presentation and the full exposition of points during the hearing cured any of the limitations expressed above. The city's bleak revenue situation is summarized as follows:

YEAR	CITY OF PONTIAC TOTAL SEV	DOLLAR DIFFERENCE COMPARED TO 1989	RANK
1989	804,986,400		15
1990	801,915,200	-3,071,200	16
1991	806,483,900	+1,497,500	17
1992	713,542,000	-91,444,400	20
1993	719,566,600	-85,419,800	20
1994	730,085,450	-74,900,950	20

The panel also noted that the tax revenue future for the City of Pontiac is much brighter. There are new GM facilities opening, under construction or in the planning phase. Even where there has been tax abatements, there will be significant increases in property taxes and in income taxes in the years ahead. However, this award is largely retroactive and during the past years when the wage level of police officers was disputed by the parties, the city was in great financial distress.

The history of the city's general funds demonstrated an inability to pay the wages

demanded by the union. The bond market ratings for the City of Pontiac's bond offerings shows that national financial institutions also had concluded that the city was a poor risk and it was in financial distress. The reason for this condition may be disputed, but the fact of the city's financial predicament cannot be denied. It must be noted that all ageing manufacturing towns with a large population of unemployed, inner city citizens have experienced the same financial distress as has Pontiac. This contradicts the union's claims that the city's poor management was the prime reason for its present situation.

The union has claimed that some reserves or dedicated funds are a financial cover up for a city that really can pay a substantial amount in economic improvements for the police officers. However, reserves for self insurance are required by law and by principles of sound management. The panel found no sham reserves or false account balances and the city's accounting practices conformed with the state law. The panel will rely on the professional audit which stated that the City of Pontiac accounting practices were not overly conservative or deceptive. Additionally, the city has shown the greatest amount of tax effort of all comparable communities.

Finally, the union suggested that the city should not spend funds to attract new businesses, to promote a new golf course and residential development, or in other ways to enhance the city's public image or its prospects for future growth. The city cannot simply await its demise, and in the meantime, do all it can to maximize its payments to city workers. Sound management principles require an effort to keep present businesses, attract new businesses and to build new neighborhoods. This should not all be done on the backs of the city employees, but it may require some sacrifice by all of those connected with the city. There cannot simply be business as usual as the city tries to make best use of its resources. The panel cannot second guess the city fathers,

but it can only take action to insure that city employees are not unfairly treated and that the city's dealings with them are not arbitrary and discriminatory.

For all of these reasons, this panel reaches the same decision as that reached by several other Act 312 Arbitration panels. The City of Pontiac has deep financial problems which do limit its ability to pay its employees. (See: PPSA and City of Pontiac, MERC Case No. D90 J-1469 (Keifer 8-25-93)); PPSA and City of Pontiac, MERC Case No. D87 L-2575 (Granadier 12-3-90)); PPOA and City of Pontiac, MERC Case No. D88 G-1785 (Browning 2-17-93)); PPFU and City of Pontiac, MERC Case No. D90 E-0857 (Gravelle, 11-12-93)).

VII. CONSUMER PRICES:

The cost of living has increased steadily since 1991. The extent of the overall increase varies with the period measured. The city showed that the CPI (less medical care) rose 310% from 1967 to 1995 while the wages of a police officer rose 348%. The union argued that the CPI increased 14.5% from 12-1-90 through April 1995 (2.1%-1991, 2.3%-1992, 2.2%-1993, 3.8%-1994 and 4.1%-1995). They said that based upon this, the unit should receive another 3.0% in 1995. These figures included the medical component, however, and this is a cost which is assumed by the city for the Pontiac police officers. If we were to use the adjusted figure, the CPI rose only 11.4% during this period.

While the city's use of a 1967 base gave a distorted view of the CPI impact on wages, the union's failure to account for raises higher than the rate of inflation in the recent past also was deceptive. The panel also noted that the rate of inflation had been very modest in recent years and when the medical component is not included as a factor, the union's wage demands would exceed the current cost of living rate of increase. The city's 1996 wage offer of 3.5% seems more

consistent with the current rate of inflation.

VIII. OVERALL COMPENSATION:

This factor is of critical importance in this analysis because even though the Pontiac police officers have an intermediate ranking when comparing one wage/benefit factor or another, these officers are one of the best paid units in terms of overall compensation. This bottom line figure shows that even with the city's modest wage offer, the union will continue its leadership role. This fact is demonstrated in the attached union's exhibit on overall compensation in 1994. The Pontiac police officers position would increase were they to improve on their already superior pension/retirement program. While the unit members do not pay FICA taxes and this increases their take home pay in comparison with other units, it also means that they do not collect social security benefits and this diminishes their pension/retirement level of compensation.

F.P.O.A. COMPENSATION JANUARY 1, 1994 - DECEMBER 31, 1994							
CLASSIFI- CATION	HOURLY RATES	NUMBER OF OFFICERS	BASE WAGES 2000 HOURS	HOLIDAYS 12.5 DAYS	ROAD PAY*	PLAIN- CLOTHES**	CLEANING \$250/YEAR
UNIFORM POLICE OFFICER(10) HOURS)							
START	13.37	7	\$194,670	\$11,699			\$1,750
1 YEAR	14.22	5	\$147,960	\$8,892			\$1,250
2 YEARS	15.08	7	\$219,611	\$13,198			\$1,750
3 YEARS	15.94	0					
4 YEARS	16.79	42	\$1,467,144	\$88,169	\$47,376		\$10,500
NON- UNIFORM POLICE OFFICER(8 HOURS)							
START	13.37	0					

P.P.O.A. COMPENSATION JANUARY 1, 1994 - DECEMBER 31, 1994							
CLASSIFI- CATION	HOURLY RATES	NUMBER OF OFFICERS	BASE WAGES 2080 HOURS	HOLIDAYS 12.5 DAYS	ROAD PAY*	PLAIN- CLOTHES**	CLEANING \$250/YEAR
1 YEAR	14.22	1	\$29,592	\$1,423			\$250
2 YEARS	15.08	1	\$31,373	\$1,508			\$250
3 YEARS	15.94	0					
4 YEARS	16.79	26	\$908,232	\$43,664		\$9,600	\$6,500
POLICE WOMAN	20.39	1	\$42,411	\$2,039		\$400	\$350
DETECTIVE	18.23	18	\$682,794	\$32,827		\$7,200	\$4,500
CLASSIFI- CATION	HOURLY RATES	NUMBER OF OFFICERS	BASE WAGES 2080 HOURS	HOLIDAYS 12.5 DAYS	ROAD PAY*	PLAIN- CLOTHES**	CLEANING \$250/YEAR
TOTAL		108	\$3,723,787	\$203,419	\$47,376	\$17,200	\$27,100

* ASSUMES 200 HOURS PAID TIME OFF

** 4 TRAFFIC OFFICERS DO NOT RECEIVE CLOTHING ALLOWANCE

SOURCE: COLLECTIVE BARGAINING AGREEMENT

CITY OF PONTIAC (RISK MANAGEMENT SECTION)

PONTIAC POLICE DEPT. PERSONNEL ROSTER & DECEMBER POLICE DUTY ROSTER

CLASSIFI- CATION	LONGEVITY*	WORKERS' COMP. 8.60%	MEDI- CARE** 1.45%	LIFE \$48,000 .783/\$100 \$313/YEAR	MEDICAL \$6,684 PER YEAR	DENTAL \$459 PER YEAR	OPTICAL AND HEARING \$100 PER YEAR
UNIFORM POLICE OFFICER(10 HOURS)							
START		\$16,742	\$2,823	\$2,191	\$46,733	\$3,213	\$700
1 YEAR		\$12,725	\$2,145	\$1,565	\$33,420	\$2,295	\$500
2 YEARS		\$18,887	\$3,184	\$2,191	\$46,788	\$3,213	\$700
3 YEARS							
4 YEARS	\$71,258	\$126,174	\$4,559	\$13,146	\$280,728	\$19,278	\$4,200
NON- UNIFORM POLICE OFFICER(8 HOURS)							
START							
1 YEAR		\$2,545	\$429	\$313	\$6,684	\$459	\$100
2 YEARS		\$2,698	\$455	\$313	\$6,684	\$459	\$100

CLASSIFI- CATION	LONGEVITY*	WORKERS' COMP. 8.60%	MEDI- CARE** 1.45%	LIFE \$40,000 .783/\$100 \$313/YEAR	MEDICAL \$6,684 PER YEAR	DENTAL \$459 PER YEAR	OPTICAL AND HEARING \$100 PER YEAR
3 YEARS							
4 YEARS	\$39,128	\$78,108	\$3,039	\$8,138	\$173,784	\$11,934	\$2,600
POLICE WOMAN	\$4,241	\$3,647		\$313	\$6,684	\$459	\$100
DETECTIVE	\$45,079	\$58,720		\$5,634	\$120,312	\$8,262	\$1,800
TOTAL	\$159,706	\$320,246	\$16,634	\$33,804	\$721,872	\$49,572	\$10,800

*Longevity - see schedule

** Medicare Effective 4/86

CLASSIFICATION	PENSION ON BASE 29.19%	PENSION ON BENEFITS 29.19%	STAND BY PAY	PREP TIME
UNIFORM POLICE OFFICER (10 HOURS)				
START	\$56,824	\$3,415		
1 YEAR	\$43,190	\$2,596		
2 YEARS	\$64,104	\$3,853		
3 YEARS				
4 YEARS	\$428,259	\$60,366		
NON-UNIFORM POLICE OFFICER (8 HOURS)				
START				
1 YEAR	\$8,640	\$415		
2 YEARS	\$9,158	\$440		
3 YEARS				
4 YEARS	\$265,113	\$24,167	\$1,820	
POLICEWOMAN	\$12,380	\$1,833		
DETECTIVE	\$199,308	\$22,741	\$7,800	
TOTAL	\$1,086,976	\$119,826	\$9,620	\$2,651
	\$60,633 PER OFFICER			

**ACT 312
CITY OF PONTIAC
PFOA**

	1994* NET DIRECT CASH PAY	SOCIAL SECURITY CONTRIBUTION	1994 NET DIRECT PAY AFTER SS CONTRIBUTION	1994* OVERALL COMPENSATION	RANK
Blmfd Twp	47,470	3,631	43,839	56,228	11
Canton Twp	44,990	3,442	41,548	53,745	17
Clinton Twp	46,241	3,537	42,704	55,831	13
Dearborn	43,668	0	43,668	55,458	15
Drbm Hgt	45,167	3,455	41,712	55,686	14
Farm Hill	47,139	3,606	43,533	53,458	18
Lincoln Park	48,383	0	48,383	60,481	5
Livonia	44,643	3,415	41,228	50,583	19
Redford Twp	42,630	3,261	39,369	56,982	10
Roseville	48,400	0	48,400	61,920	2
Royal Oak	44,646	0	44,646	60,731	4
Shelby Twp	48,296	3,695	44,601	60,979	3
Southfield	45,259	0	45,259	56,048	12
St. Clair Shores	46,139	0	46,139	59,170	7
Starl Hgt	51,537	0	51,537	69,055	1
Taylor	39,582	0	39,582	50,187	20
Troy	46,919	3,589	43,330	57,058	9
W. Bloomfld	45,918	3,513	42,405	53,921	16
Watrfrd Twp	39,284	3,005	36,279	48,026	21
Westland	44,556	0	44,556	60,126	6
Westland	44,556	0	44,556	60,126	6
Pontiac	40,313♦	0	40,313	59,095♦	8
Detroit	39,260	0	39,260	54,029	-

Prepared 08-30-95

Sources: Union contracts and surveys of finance and personnel departments of respective communities.

* City Exhibit 90 a-b.

* Overall compensation for 1994 (city exhibit a-b) less social security contribution.

♦ City exhibit 90 (b) plus \$50 additional shift premium plus \$250 cleaning allowance.

IX. ISSUES IN DISPUTE:

A) UNION ISSUES:

ISSUE 1) Article XIII - Wages and Appendix A

(an economic issue).

a) EXISTING CONTRACT LANGUAGE:

APPENDIX A PAY PLAN CITY OF PONTIAC M.A.P./P.P.O.A.						
EFFECTIVE	CLASS	START	1 YEAR	2 YEARS	3 YEARS	4 YEARS
1-1-88*	Detective	\$35,291				
	S.T.	\$16,967				
	O.T.	\$25,451				
	Patrol Ofc	\$26,728	\$28,442	\$30,154	\$31,866	\$33,573
	S.T.	\$12,850	\$13,674	\$14,497	\$15,320	\$16,141
	O.T.	\$19,275	\$20,511	\$21,746	\$22,980	\$24,212
1-1-89*	Detective	\$36,600				
	S.T.	\$17,596				
	O.T.	\$26,394				
	Patrol Ofc	\$27,263	\$29,012	\$30,757	\$32,504	\$34,245
	S.T.	\$13,107	\$13,948	\$14,787	\$15,627	\$16,464
	O.T.	\$19,661	\$20,922	\$22,181	\$23,441	\$24,696
1-1-90*	Detective	\$37,933				
	S.T.	\$18,237				
	O.T.	\$27,356				
	Patrol Ofc	\$27,810	\$29,592	\$31,373	\$33,155	\$34,932
	S.T.	\$13,370	\$14,227	\$15,083	\$15,940	\$16,794
	O.T.	\$20,055	\$21,341	\$22,625	\$23,910	\$25,191

*Effective to closest pay period

b) UNION'S LAST BEST OFFER:

APPENDIX A						
EFFECTIVE	CLASS	START	1 YR.	2 YR.	3 YR.	4 YR.
1-1-91*	1.0% across the board increase					
	Police Officer Detective	\$28,088 \$38,312	\$29,888	\$31,687	\$33,487	\$35,281
1-1-92*	1.5% across the board increase					
	Police Officer Detective	\$28,509 \$38,887	\$30,336	\$32,162	\$33,989	\$35,810
1-1-93*	2.0% across the board increase					
	Police Officer Detective	\$29,079 \$39,665	\$30,943	\$32,805	\$34,669	\$36,526
1-1-94*	3.0% across the board increase					
	Police Officer Detective	\$30,999 \$42,285	\$31,871	\$33,789	\$35,709	\$37,622
1-1-95	3.5% across the board increase					
	Police Officer Detective	\$30,999 \$42,285	\$32,986	\$34,972	\$36,959	\$38,939
1-1-96	4.0% across the board increase					
	Police Officer Detective	\$32,239 \$43,976	\$34,305	\$36,371	\$38,437	\$40,497

*For the period of 1-1-91 through 12-31-94 the Union waives collection of wage increases in lieu of a one time lump sum bonus of \$4,000 for all employees (pro rated on a daily basis over the four (4) year period for employees hired after 1-1-91 or who left the bargaining unit before 12-31-94).

c) EMPLOYER'S LAST BEST OFFER:

January 1, 1991 - December 31, 1991

Members of the bargaining unit will receive a one-time only lump sum payment equal to one and one-half (1.5%) percent of the employee's base salary earnings in the period January 1, 1991 through December 31, 1991. The lump sum payment shall not be added to, or become part of, the employee's annual base salary. The payment will be made to current employees and retirees under the City's Retirement System who were employed and on the payroll during the above-designated period; a pro-rata payment will be made if not employed during the entire designated period.

January 1, 1992 - December 31, 1992

Members of the bargaining unit will receive a one-time only lump sum payment equal to one and one-half (1.5%) percent of the employee's base salary earnings in the period January 1, 1992 through December 31, 1992. The lump sum payment shall not be added to, or become part of, the employee's annual base salary. The payment will be made to current employees and retirees under the City's Retirement System who were employed and on the payroll during the above-designated period; a pro-rata payment will be made if not employed during the entire designated period.

January 1, 1993 - December 31, 1993

Increase the salary schedule by three (3%) percent at the 1, 2, 3, and 4 year steps, resulting in the following schedule:

SCHEDULE				
START	1 YEAR	2 YEARS	3 YEARS	4 YEARS
\$27,810	\$30,480	\$32,314	\$34,150	\$35,980

A retroactive payment will be made to current employees and retirees under the City's Retirement System who were employed and on the payroll during the above-designated period; a pro-rata payment will be made if not employed during the entire designated period.

January 1, 1994 - December 31, 1994

Members of the bargaining unit who were employed between January 1, 1994 and December 31, 1994 will receive a one-time only lump sum payment of One Thousand (\$1,000.00) Dollars. The lump sum payment shall not be added to, or become part of, the employee's annual base salary. The payment will be made to current employees and retirees under the City's Retirement System who were employed and on the payroll during the above-designated period; a pro-rata payment

will be made if not employed during the entire designated period.

January 1, 1995 - December 31, 1995

Members of the bargaining unit who were employed between January 1, 1995 and December 31, 1995 will receive a one-time only lump sum payment of One Thousand Two Hundred (\$1,2000.00) Dollars. The lump sum payment shall not be added to, or become part of, the employee's annual base salary. The payment will be made to current employees and retirees under the City's Retirement System who were employed and on the payroll during the above-designated period; a pro-rata payment will be made if not employed during the entire designated period.

January 1, 1996 - December 31, 1996

Increase the salary schedule by three and one-half (3.5%) percent across the board.

d) DISCUSSION:

The union asserted that the panel should not be overly influenced by the internal comparables on this issue. The union also maintained that its last best offer should be deemed conservative when one looks at the entire record on the issue of wages. The panel has agreed with the union that its "snapshot" approach in the presenting the wage comparisons is more useful than is the "annualized" salary approach used by the city. However, one cannot ignore the fact that the Pontiac police officers wage adjustments occur at the start of each calendar year while the officers in other cities do not receive their raises until mid-year and thus, the same salary increase for any particular year would produce a larger annual wage for the Pontiac police officers.

The union has set a goal of receiving a \$40, 497 base salary for a police officer in 1996. This figure is \$3,258 larger than the final base salary in the city's last best offer (\$37,239). The union has also sought a retroactive payment of \$7,843 while the city has offered only \$6,392 in retroactive pay. This represents a difference of \$1,451. The union's percentage of salary increase over the period from 01/10/91 through 12/31/96 would be 15%. The base rate would also be

increased by 15% under the union's proposal. The employer has offered salary increases of 9.5% over the six year term of the contract, but under this proposal, the base wage would be increased by only 6.5%. The employer has also offered a flat \$1000.00 cash payment to each active unit member in 1994 and a flat \$1,200 in 1995. The percentage impact of such a flat payment would vary by individual employee.

There is no question that the relative salary position of the Pontiac police officers has fallen dramatically in the last several years. The pay scale for these officers was once in the top three of the twenty comparable communities. They now rank at the bottom. The union's exhibit for 1995 shows this point clearly.

BASE SALARY 1-JUL-95				
	BASE SALARY	\$ INCREASE	PERCENTAGE INCREASE	BASE SALARY RANK
PONTIAC	\$34,932.00			21
BLOOMFIELD TWP	\$44,989.00	\$1,730.00	4.00%	2
CANTON TWP	\$40,842.00			13
CLINTON TWP	\$41,715.00			10
DEARBORN (CORPORAL)	\$41,944.00	\$1,418.00	3.50%	8
DEARBORN HEIGHTS	\$42,059.77	\$824.70	2.00%	6
FARMINGTON HILLS	\$39,750.00			18
LINCOLN PARK	\$40,891.90			12
LIVONIA	\$40,206.40			15
REDFORD TOWNSHIP	\$39,776.81	\$779.94	2.00%	17
ROSEVILLE	\$42,067.00			5
ROYAL OAK	\$40,984.00			11
ST. CLAIR SHORES	\$42,000.00	\$2,585.00	6.56%	7
SHELBY TWP	\$43,461.37			3
SOUTHFIELD	\$40,004.00			16

BASE SALARY 1-JUL-95				
	BASE SALARY	\$ INCREASE	PERCENTAGE INCREASE	BASE SALARY RANK
STERLING HEIGHTS	\$47,075.00	\$1,371.00	3.00%	1
TAYLOR	\$38,690.11			20
TROY	\$41,817.00			9
WATERFORD TWP	\$40,636.00	\$3,181.00	8.50%	14
WEST BLOOMFIELD TWP	\$43,352.00	\$1,667.00	4.00%	4
WESTLAND	\$39,361.00			19
AVG. PERCENTAGE INC.			4.20%	
C.P.I. INCREASE-1995 (INCLUDES MEDICAL)			4.1%	

SOURCE: COLLECTIVE BARGAINING AGREEMENT

However, this is not the case with internal comparables. The nine year history of wage increases for all Pontiac city employees is as follows:

CITY OF PONTIAC ACT 312 NINE (9) YEAR COMPARISON (P.P.O.A. CONTRACT TERM AT ISSUE IS 1/1/91 THRU 12/31/96)								
	2002	PMEA	SAEA	PPMA	NU	PPSA	PPOA	PFFU
1987	5%	5%	0%	2.5%	2.5%			0%
1988	0%	0%	0%	0%	0%	3%	3.5%	2%
1989	0%	\$787 B	\$1,574 B	\$787 B	0%	2%	2.0%	2%
1990	0%	2.5%	2.5%	2.5%	2.5%	2%	2.0%	1.5% B
1991	0%	0%	0%	0%	0%	1.5% B	0%*	1.5% B
1992	0%	0%	0%	0%	0%	1.5% B	0%*	4%
1993	0%	0%	0%	0%	0%	3.0%	0%*	\$1,000 B
1994	2.5% (1) \$6,000 B(1)	0%	0%	0%	0%	0%	0%*	\$1,200 B
1995	3% (2) \$2,000 B(2)	0%	0%	0%	0%	0%	0%*	3.5% (3)
1996						0%	0%*	

The city's wage offer to the PPOA is the same that it has agreed to pay in the PPSA agreement. It also duplicates the PFFU settlement in the years 1994, 1995 and 1996. If the union's proposal were adopted, it would almost double the overall wage increase received by the firefighters. In fact, the union's proposal virtually ignores the internal comparables. The union's wage increases for the police officers would seriously erode the existing rank differentials. The PPOA would roll 11.5% into the base salary. The PPSA settlement did not do this, and neither did the fire fighters, as these units both accepted lump sums, which did not increase the base.

The PPOA argues that the settlements of other units of city employees is irrelevant. This was not their position when seeking improvements in their fringe benefits. In those proposals, the police officers relied heavily on what was the level of compensation for their fellow city employees. In the area of wages, the union argued that the payments to comparable city's police officers should be the only relevant criteria. The problem with this is that the other cities do not have the same financial difficulties as does Pontiac. Further, the payments of the wages sought by the union would be a disaster for the city's labor relations and it would prompt immediate Act 312 arbitrations for the other uniformed units who would feel cheated by the PPOA getting a much larger increase than they did.

The panel also notes that the city must take steps to bring its expenditures under control. The police officers are entitled to be paid in keeping with the wage and benefit levels paid to fellow city employees. The city already pays more than \$14 million to run the police department. It already has one of the highest police expenditures - SEV ratio and the highest police cost per square mile. The union's wage proposal would cost the city more than \$2.7 million and that is an amount which is more than one million dollars larger than the city's wage offer. Additionally, the

union's proposal increased base wages and this results in higher costs for other wage driven fringe benefits. This makes the union's demands excessive and unrealistic in light of the city's financial condition. Finally, the union's high overall compensation position in comparison to other police units in nearby communities would be magnified out of proportion. That is especially true if we consider the high rate of overtime earnings by the Pontiac officers. The W-2 earnings of the unit personnel showed that the Pontiac officers had overall gross earnings in excess of \$47,000 in 1993 and \$49,000 in 1994.


The union's wage increase proposal infers that if we add up 1%, 1.5%, 2% and 3% increases from 1991-1994, the officers would receive an amount greater than \$4,000, but the union was willing to take that amount as a cash payment in lieu of the actual increase in salary. The fact is that the average police officer would have received only \$2,700 if the percentage increases had been applied. Thus, the "one time lump sum payment" is an increase of \$4,000 in the base salary (which is usually not done with a lump sum payment), and it is for an amount greater than the percentages shown. These are circumstances which weigh against the union's proposal.

e) **AWARD**

The panel has considered the various criteria of Section 9 of Act 312 and it has determined that the city's last best offer is the one which best satisfies those factors. The city's proposal is adopted.


Chairman Barry C. Brown


Joseph W. Fremont
Concur ☒ Dissent ☐


Thomas Schneider
Concur ☐ Dissent ☒

ISSUE 2) Article XIX - Sick leave (Section 19.1 Subsection B.)

(An economic issue)

a) EXISTING CONTRACT LANGUAGE:

B. Primary Bank. Employees may accumulate one hundred twenty (120) days sick leave in their primary bank.

1. Any employee having accumulated the maximum allowable number of sick days as provided for in this agreement and hereinafter called the "primary bank," shall be entitled to all rights and benefits provided for said primary bank.

b) UNION'S LAST BEST OFFER:

B. Primary Bank. Effective 1-1-96 employees may accumulate one hundred fifty (150) days of sick leave in their primary bank.

c) EMPLOYER'S LAST BEST OFFER:

Retain current contract language and add no additional contractual provisions on this issue.

Effective Date: January 1, 1991.

d) DISCUSSION:

The union asserted that increasing its maximum days accumulation in the primary sick leave bank to 150 is completely supported by the internal comparables. The union noted that its current cap on hours is 960 and that is the lowest of all city employees. The PPOA's proposal would place them at 1,200 hours which is in line with that provided to other units. The chart below shows the whole pattern of internal comparables on this issue:

	PRIMARY ACCUMULATION	SECONDARY ACCUMULATION	MAXIMUM PAYOUT AT RETIREMENT
PPOA	960 HOURS	UNLIMITED	480 HOURS
LOCAL 2002	1600 HOURS	NO BANK	750 HOURS
PFFU	1200 HOURS	UNLIMITED	600 HOURS (PRIMARY) 25 % OF DAYS (SECONDARY)
PMEA	1200 HOURS	UNLIMITED	600 HOURS
PPMA	1500 HOURS	UNLIMITED	750 HOURS

(Continued)	PRIMARY ACCUMULATION	SECONDARY ACCUMULATION	MAXIMUM PAYOUT AT RETIREMENT
PPSA	1200 HOURS	UNLIMITED	600 HOURS
SAEA	1200 HOURS	UNLIMITED	900 HOURS

The union also argued that this benefit impacts upon pensions because the sick leave payout is a FAC component. Therefore, the PPOA contended that the uniformed officers pension tied all the police and fire units together. Thus, the sick pay accumulation levels of the firefighters and the police command officers should be a strong consideration in support of this proposal. Further, the use of sick days at retirement is a strong motivator for the officers to avoid using sick days. The result for the city would be less absenteeism, less overtime, and an overall financial benefit.

The city notes that the increase in the maximum days of payout to 75 is much like the issue rejected in the Browning Act 312 panel. However, the previous panel made its decision in 1992 regarding a three year contract which began in 1988. The financial conditions for the city were the darkest then. Now, in 1996, we are considering a six year agreement and the future does seem brighter for the community. Additionally, the city has granted other internal units certain contractual improvements which it must have known would have the effect of spurring on other city units to seek similar contractual improvements. Further, the PPOA has had no benefit increases since the end of the predecessor contract in 1990. Thus, the fact that a similar benefit was sought and rejected in a prior Act 312 panel is not persuasive here.

The employer has also asserted that the benefit expansion sought by the union is out of proportion in comparison with external comparables. However, many communities provide a percentage payout of 50% or higher. Five other communities do include sick leave payout in their

FAC for pension purposes. While the external comparables are less supportive of the union's position in FAC inclusion, eleven do have a maximum of 1200 hours or more. The internal comparables (especially the uniformed units) are persuasive here. The city has convinced the panel that the internal comparables were the most determinative factor. The city has argued convincingly that the panel should not vary from established internal patterns. The city has demonstrated that it believes that it has the capacity to pay certain benefits because it has voluntarily granted them or it has not gained concessions in these areas in its settlements with other unions. Based on this reasoning, the panel finds the union's last best offer most comports with the criteria of Section 9 of Act 312 and it adopts that offer.

e) **AWARD:**

The union's last best offer is adopted.


Chairman Barry C. Brown


Thomas Schneider


Joseph Fremont

Concur ☒

Dissent ☐

Concur ☐

Dissent ☒

(ISSUE 3) Article XXIV, Section 24.3

(Orthodontic Rider)

a) **EXISTING CONTRACT LANGUAGE**

24.3 **Dental Insurance.** The city shall provide a dental insurance program to all bargaining unit employees and family based on a 50-50% co-payment, with a \$600 maximum per person per year. The above dental coverage will be improved July 1, 1983 to provide 100% of preventative and diagnostic dental care and 70% of class I and class II types of dental care, with a maximum payment of \$800 per family member per year.

A. Effective October 1, 1984, the city will pay full dental premiums to cover employees and their spouses at time of retirement for employees who retire on or after October 1, 1984.

b) UNION'S LAST BEST OFFER:

B. Effective the date of the arbitration award (MERC case no. D93 K-1457) an orthodontic rider having a 50-50% co-pay and a lifetime maximum of \$1,000 per family member will be added to the current dental insurance coverage for employees.

c) EMPLOYER'S LAST BEST OFFER:

Retain current contract language and add no additional contractual provisions on this issue.
Effective Date: January 1, 1991.

d) DISCUSSION:

Sixteen of the twenty external comparables provide orthodontic dental insurance. Three of these program provide a better level of compensation as shown below:

PPOA ACT 312 ORTHODONTAL COVERAGE		
	CLASS III ORTHODONTICS PROVIDED?	PERCENTAGE AND DOLLAR CAP PER INDIVIDUAL?
BLMFD TWP	YES*	75/25 - \$3,000 LIFETIME MAXIMUM
CANTON TWP	YES	50/50 - \$1,000 LIFETIME MAXIMUM
CLINTON TWP	NO	-0-
DEARBORN	YES	50/50 - \$800 LIFETIME MAXIMUM
DEARBORN HGTS	NO	-0-
FARM HILLS	YES	50/50-\$500 LIFETIME MAXIMUM
LINCOLN PARK	YES	50/50-\$1,000 LIFETIME MAXIMUM
LIVONIA	NO	-0-
REDFORD TWP	NO	-0-
ROSEVILLE	YES	50/50-\$1,000 LIFETIME MAXIMUM
ROYAL OAK	YES	50/50-\$1,500 LIFETIME MAXIMUM
SHELBY TWP	YES	50/50-\$800 LIFETIME MAXIMUM
SOUTHFIELD	YES	60/40-\$1,000 LIFETIME MAXIMUM

PPOA ACT 312 ORTHODONTAL COVERAGE		
(Continued)	CLASS III ORTHODONTICS PROVIDED?	PERCENTAGE AND DOLLAR CAP PER INDIVIDUAL?
ST. CLAIR SHORES	YES	50/50-\$1,000 LIFETIME MAXIMUM
STERLING HEIGHTS	YES	50/50-\$1,000 LIFETIME MAXIMUM
TAYLOR	YES	50/50-\$1,000 LIFETIME MAXIMUM
TROY	YES	50/50-\$1,200 LIFETIME MAXIMUM
W. BLOOMFIELD	YES	50/50-\$500 LIFETIME MAXIMUM
WATERFORD TWP	YES	50/50-\$600 LIFETIME MAXIMUM
WESTLAND	YES	80/20-\$1,000 LIFETIME MAXIMUM
PONTIAC	NO	-0-

PREPARED 06-95

SOURCE: UNION CONTRACTS AND TELEPHONE SURVEYS OF RESPECTIVE COMMUNITIES.

*CLASS IV SERVICE.

The internal comparables provide a similar picture. All units except the SAEA enjoy orthodontic coverage. Most programs provide coverage greater than that now sought by the PPOA. The internal unit orthodontal coverage is shown below:

PPOA ACT 312 ORTHODONTAL COVERAGE		
	Class III Orthodontal Coverage Provided?	Percentage and Dollar Cap Per Individual?
PPMA	YES	70/30%-\$1500 LIFETIME MAXIMUM
LOCAL 2002	YES	70/30%-\$1000 LIFETIME MAXIMUM

**PPOA
ACT 312
ORTHODONTAL COVERAGE**

	Class III Orthodontal Coverage Provided?	Percentage and Dollar Cap Per Individual?
PMEA	YES	70/30%-\$1000 LIFETIME MAXIMUM
SAEA	YES	(NEW CONTRACT)
PFFU	YES	50/50-\$1800 LIFETIME MAXIMUM
PPSA	YES	50/50-\$1000 LIFETIME MAXIMUM
PPOA	NO	-0-

This benefit was continued by the city to the firefighters in their recently settled agreement. The cost of providing this benefit to the police officers is \$8.49 per family per month. Further, a more recent contract settlement with the SAEA had awarded this benefit to that unit also. The city has argued that this benefit was sought before the Browning panel in 1992 and it was not awarded at that time. The city also contended that the award of this benefit would only add to the high level of the overall compensation to the members of this bargaining unit. The city also noted that the cost of this coverage has increased by 30% for a family in the last five years. For all of these reasons, the city has asserted that it must draw a line on these expenses.

The panel was most persuaded by the internal comparables. If the panel were to deny the union's request for this benefit, then the PPOA would be the only city unit without the orthodontic rider. The employer did not require the fire fighters to give up this benefit and it awarded this benefit to the supervisors unit. It would be inconsistent to not do the same for the police officers.

e) **AWARD:**

The panel determines that the union's last best offer best meets the criteria set out in Section 9 of Act 312. It, therefore, adopts the union's offer.


Chairman Barry C. Brown


Joseph W. Fremont


Thomas Schneider

Concur ☐

Dissent ☒

Concur ☒

Dissent ☐

ISSUE 4) Article XXVII, Section 27.2 (A) Pension/Retirement (post retirement escalator.)

(an economic issue)

a) **EXISTING CONTRACT LANGUAGE:**

27.2 Effective January 1, 1980, any member having at least twenty-five (25) years of credited service may retire on a service retirement annuity, at the member's option upon or after attainment of age (50).

A. Effective July 1, 1983, provide bargaining unit members retiring on or after July 1, 1983, annually, with 2% of their base retirement annuity. Such sum shall be cumulative for a maximum of twelve (12) years. The maximum cost of living total at the end of twelve (12) year shall be twenty-four (24) percent of the retiree's original retirement annuity, and one (1) percent additional for the thirteenth (13) year of retirement, a maximum of twenty-five percent. Such sum shall be paid annually (between December 1 and December 15 or each year).

b) **UNION'S LAST BEST OFFER:**

B. Effective January 1, 1991, employees retiring on or after January 1, 1991 shall receive, annually, two (2) percent of their base retirement annuity cumulative for twenty five (25) years, for a maximum of fifty (50) percent. Such sum shall be paid annually (between December 1 and December 15 of each year).

c) **EMPLOYER'S LAST BEST OFFER:**

Retain current contract language and add no additional contractual provisions on this issue.
Effective Date: January 1, 1991.

d) DISCUSSION:

The union has protested the city's position on this issue. The union noted that the city's counter proposal to the union's request is status quo, but in the city issues, the employer has proposed reductions in the escalator. The panel finds that the city cannot have two positions on the same issue. This would frustrate the last best offer requirements of Act 312. The city can't maintain a status quo position on the one hand and seek reductions on the other hand. Thus, the city's proposal here will be viewed as a status quo stance.

The internal comparables show that since 1984, the fire fighters and the police command officers have enjoyed the benefit now sought by the PPOA. In fact, all internal bargaining units enjoy a post retirement escalator as follows:

POST RETIREMENT ESCALATOR			
	Y/N	FORMULA	MAXIMUM
PPMA	Y	2% OF FAC TIMES (14) YEARS	28%
LOCAL 2002	Y	2% OF FAC TIMES (14) YEARS	28%
PMEA	Y	2% OF FAC TIMES (14) YEARS	28%
SAEA	Y	2% OF FAC TIMES (14) YEARS	28%
PPSA	Y	2% OF FAC TIMES (25) YEARS	50%
PPFU	Y	2% OF FAC TIMES (25) YEARS	50%
PPOA	Y	2% OF FAC TIMES (12 YEARS, AND 1% FOR (13) YEARS	25%

The 20 comparable communities are evenly split in providing this benefit and the variations are so great that a comparison is difficult. That comparison is shown as follows:

POST RETIREMENT ESCALATOR			
	Y/N	FORMULA	MAXIMUM
BLOOMFIELD TWP	Y	1% PER YEAR	
CANTON TWP	N		0
CLINTON TWP	N		0
DEARBORN	Y	1ST 10 YEARS - 0; THEN 2% PER YEAR	
DEARBORN HEIGHTS	N		0
FARMINGTON HILLS	N		0
LINCOLN PARK	N		0
LIVONIA	Y	\$240 INCREASE DURING 1ST 6 YEARS	\$1,440
REDFORD TWP	N		0
ROSEVILLE	Y	15% OF ORIGINAL BENEFIT AFTER 5 YEARS; 15% AFTER 10 YEARS	30%
ROYAL OAK	N		0
SHELBY TWP	N		0
SOUTHFIELD	N		0
ST. CLAIR SHORES	Y	\$1,300 PER YEAR BEGINNING WITH THE THIRD YEAR OF RETIREMENT \$700 EACH JANUARY	
STERLING HEIGHTS	Y	\$700 EACH JANUARY	
TAYLOR	N		0
TROY	N		0
W. BLOOMFIELD TWP	Y	UP TO 3% OF CURRENT BENEFIT BASED ON CPI	
WATERFORD TWP	N		0
WESTLAND	Y	ONE TIME INCREASE OF 5% OF PENSION AFTER SIX YEARS OF SERVICE	
PONTIAC	Y	2% TIMES 1ST 12 YEARS, AND 1% FOR 13 YEARS	25%
	Y/N	FORMULA	MAXIMUM
DETROIT	Y	2.25% OF ORIGINAL BENEFIT	

The union noted that in the two recent settlements, the city did not reduce the higher escalator figure for those units. The union noted that it was the city which decided that its employees would not participate in the social security program. In this way, the city saved 6.2%

payroll tax. The union argued that while the PPOA employees do save a like amount in FICA contributions, they also have no other retirement income through their city earnings, and so their pension plan must be substantial. The city contended that this issue should be controlled by the 10 communities who do not provide an escalator. The city asserted that when the various plans are calculated out in those communities with an escalator, it shows that the union proposal exceeds all others except two. The prior Act 312 panel had rejected this proposal, the city said, and any such change would increase the city's annual contribution by \$87,000.

The panel was again persuaded by the internal comparables. The city relied heavily on this factor in convincing the panel to adopt the city's last best offer on wages. It will again be the basis to make this change in the post retirement escalator. The panel has decided that the union's last best offer best meets the criteria set forth in Section 9 of Act 312.

e) AWARD:

The union's last best offer is adopted.


Chairman Barry C. Brown


Thomas Schneider

Concur ☒

Dissent ☐


Joseph Fremont

Concur ☐

Dissent ☒

ISSUE 5) Article XXVII - Pension/Retirement (Section 27.9)
Final Average Salary
(an economic issue)

a) EXISTING CONTRACT LANGUAGE:

27.9 Final average salary shall include: base salary, longevity, lump sum holiday pay, shift premiums, dispatcher bonus, patrol officer daily road pay and lump sum sick payment at time of retirement.

b) UNION'S LAST BEST OFFER:

27.9 A. Effective July 1, 1996, final average salary shall also include lump sum vacation pay at time of retirement, not to exceed two (2) years of accumulation (480 hours).

c) EMPLOYER'S LAST BEST OFFER:

Retain current contract language and add no additional contractual provisions on this issue.
Effective Date: January 1, 1991.

(d) DISCUSSION:

The city has argued that the union's pension program is already one of the most expensive among the comparables. The city has said that the number of years of service used to compute the final average compensation (FAC) in this unit is only three and this narrow window inflates the result as compared with those communities which use a longer time frame. The city said that here, the age and years of service requirements for the PPOA unit members are also more favorable. Finally, regarding the components in the FAC, the city contended that the PPOA members already enjoy a large number of earnings categories which are not counted in other communities. The union showed that thirteen external comparables currently count vacation bank payments in their FAC computations. The city asserted that this figure was lower. However, what the city did not note was that the FAC for this unit excludes overtime pay and those earnings are very significant, and they are included in the FAC calculations for several other units.

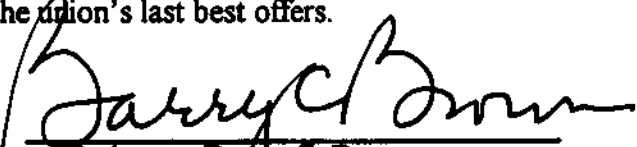


The internal comparables show that the Pontiac firefighters do have vacation time as a FAC component. The police and fire employees have their own pension program and the benefit programs are alike in most other respects. The city's cost projections seem to forecast the extreme result that all retirees would use no vacation time in the two years prior to retirement.

These projections show an additional \$120,000 under the pension plan's revised assumptions. However, the current trends in earned income may make these projections largely pessimistic. Again, using the internal comparable, especially in relationship to the fire fighters, the panel determines the union's offer to best satisfy the criteria of Section 9 of the act. The cost for this additional retirement benefit does not apply until 1996. If the cost were prohibitive, the employer would have not agreed to a like approach in the fire fighters contract.

Additionally, in all agreements, the unit members and their employer decide on where there will be an emphasis in their overall compensation program. At one time, Pontiac city employees held a leadership role in their hourly wages. That no longer seems possible because of the city's financial position. However, the parties seem to have opted to keep the pension program strong and in a leadership position with comparable communities. The cost for this benefit represents a lesser expense than increasing the base salary rate because that drives the cost of many other benefits. However, the improved pension does keep attractive the city jobs in Pontiac and it creates a very substantial reward for years of service.

e) **AWARD:**

The panel adopts the union's last best offers.

	
Chairman Barry C. Brown	
	
Joseph Fremont	Thomas Schneider
Concur <input type="checkbox"/> Dissent <input checked="" type="checkbox"/>	Concur <input checked="" type="checkbox"/> Dissent <input type="checkbox"/>

ISSUE 6) Article XXVIII - Residency
(an economic issue)

a) EXISTING CONTRACT LANGUAGE:

28.1 **RESIDENCY.** As of November 30, 1984, all new employees hires must before residents within (12) months from the date of hire and remain residents thereafter. Upon a specific finding that the interests of the city and its residents would be best served in a given case by granting relief from this section, 5 members of the city council, subject to the mayoral veto contained in section 3.112 (F), may grant appropriate relief.

b) UNION'S LAST BEST OFFER:

28.1 **RESIDENCY.** Effective on the date of the arbitration award (MERC case no. D93 K-1457) all employees shall be required to reside within the boundaries of Oakland County, Michigan within one (1) calendar year after date of hire. Upon a specific binding that the interests of the city and its residents would be best served in a given case by granting relief from this section, five (5) members of the city council, subject to the mayoral veto contained in section 3.112 (F), may grant appropriate relief.

c) EMPLOYER'S LAST BEST OFFER:

Retain current contract language and add no additional contractual provisions on this issue.
Effective Date: January 1, 1991.

d) DISCUSSION:

The union had argued that this was a non-economic issue. The panel found, however, that this issue had economic consequences to both the officers and the city. The union's witness testified about his additional expense to send his children to a private school. Though this choice is not mandated by city residency, the PPOA position was that private schooling was required for an officer to gain an education for his children superior to that offered in the Pontiac Public Schools. On the other hand, the presence of police officers in the city does enhance the neighborhoods in which they reside and the loss of police officers as residents would lower property values and decrease both real and income tax revenues. The panel was also convinced that the presence of police officers in the community does discourage criminal activities in their neighborhoods and this also enhances property values. For all of these reasons, this issue was

designated as economic.

The panel notes that the current contract language does create two classes of employees. However, in 1984, the existing employees had to be grand fathered in for this provision to be adopted. As time passes and as senior officers leave the unit, the remaining employees will be more uniformly covered by the residency requirement. The union's county-wide standard would raise real questions about response time for the far away residents (e.g. the Holly area) and it would certainly end any police officers involvement in the community affairs of the City of Pontiac. The employees hired after 1984 clearly knew the conditions of their employment and their efforts now to negate the residency requirement seems a contradictory and unreasonable act.

The union has argued that the city cannot attract and retain competent police officers if new hires are required to live in the city of Pontiac and the necessity of living in the city is a very onerous requirement. Whatever the difficulties, the city has been able to recruit many new officers since 1984 and these men and women have been competent. It must be noted that if there ever are insufficient new candidates, then the city may have to increase wages so that the job is more attractive. Additionally, even though the city does have a high turnover rate among its least senior officers, it is not certain that this is due solely to the residency requirement. Some officers cannot handle the stress and pressures of patrol duty in a high crime area. Others seek to gain experience in a big city so that they can be hired as experienced officer in a less urban are. Finally, the police officers who testified about how they were involved in crime situations by their neighbors has proven the city's point about the effectiveness of residency. The panel was not convinced that neighborhood involvement and reliance by neighbors was an undesirable result.

The city has shown that all other city employees are required to be residents. The union

has argued strongly that internal comparables should be the prime guideline in other areas of contract language and that argument would also seem to apply here. This provision was adopted as a result of a vote of the people of the city in 1981. It is supported by a city ordinance. This clause was adopted voluntarily by the PPOA as part of a package which included some major economic improvements (22.3% wage increase 1984 to 1987). The union's agreement to adopt a short term affirmative action program was due more to a pending lawsuit than it was an exchange for other benefits. There are residency requirements in 14 of the 20 comparable communities. In some communities (e.g. Bloomfield Twp.), there may not be affordable housing for the township employees. Many larger, older cities (Lincoln Park, Livonia, Taylor, and Detroit) do require residency within the city. The panel is convinced that lawlessness would increase in Pontiac if it were policed by an absentee force. Residency out of town would also negatively impact the attitude and performance of the city's police officers in that they would develop a disdain for the city and its residents.

An Act 312 panel functions best when it is required to review comparables and overall compensation and to evaluate demands in the context of existing contractual practices in comparable communities. Thus, where residency requirements are prevalent, it would be a marked departure to go to a virtually limitless county-wide requirement from an in-city requirement. A residency requirement has many political over tones and it is best achieved by bargaining and trade offs. Certainly, this panel has insufficient data to determine what residency requirement would be appropriate if extended beyond the city limits. For all of these reasons, the panel adopts the last best offer of the city.


e) **AWARD:**

The last best offer of the City of Pontiac best meets the criteria of Section 9 of Act 312.

The panel adopts the city's offer.


Chairman Barry C. Brown


Thomas Schneider


Joseph Fremont

Concur ☐ Dissent ☒

Concur ☒ Dissent ☐

B) **CITY ISSUES:**

ISSUE 1) Article XI - Promotions

(a non-economic issue)

a) **EXISTING CONTRACT LANGUAGE:**

11.1 **EXAMINATIONS.** A promotional list will be made in order of final scores on examinations and promotions will be made in accordance with provisions in this collective bargaining agreement.

Departmental promotions for the positions of detective and sergeant shall be made by competitive examination which shall consist of the following components:

A. Written Examination

B. Oral Interview

C. Seniority

1. The written test will be administered by the personnel department to those applicants meeting the minimum qualifications and submitting an application during the prescribed filing period.

A. The detective written exam shall be held on the second (2nd) Saturday in September.

B. The sergeant written exam shall be held on the third (3rd) Saturday of September.

C. There shall be no makeups of written examinations except in the event where the employee is unable to attend the scheduled examination due to the employee's hospitalization and/or death in the family.

D. The union has the right to be present and observe the conduct of the written exam.

2. Component Scoring weights shall be as follows:

A. Written examination 45%

(A minimum passing score of 70% will be required
To continue the examination process.)

B. Oral interview 45%

C. Seniority 10%

(Seniority points shall be computed on a basis of .666% for each year of service to a maximum of fifteen (15) years. At fifteen (15) years of service and thereafter, seniority shall have an assigned weight of 10%. Seniority will be prorated at 1/12 of .666 % per full month between employee's anniversary date and the effective date of the promotional list.

D. An overall score of sixty-five (65) percent must be achieved in promotional examinations in order for a candidate to be certified as having passed.

E. Fail Probation. Upon failing to satisfactorily complete the promotional probationary period of

six (6) months, an employee who has been promoted will be returned to his/her former position.

F. Content of Test. The city will furnish a bibliography and outline covering the contents of the proposed written examinations for detective and sergeant. This bibliography and outline will be given to the association at least six (6) months prior to the examination date.

G. Oral Interview

1. An employee will receive notification thirty (30) days prior to the oral interview.

2. The oral interview board shall consist of three (3) sworn police officers from cities similar to Pontiac.

3. The union and the personnel department will be present to observe the oral interview process. The union observer will be the president of the union or his/her designee.

11.2 EXAMINATIONS will be conducted for certified candidates. Promotional examination announcements shall be posted at least sixty (60) days prior to examination date.

11.3 CONFIDENTIAL. Examinations shall be confidential except that a candidate and his/her association representative, at the request of the candidate, may inspect the completed examination of the candidate but may not copy questions nor take notes during such inspections. Inspection of written exam results are to be conducted as soon as practical after exam is corrected.

11.4 GRIEVANCES pertaining to the nature and content of examinations must be filed at the third (3rd) step within twenty (20) working days after the date of examinations. Other grievances are barred twenty (20) working days after the posting of examination results.

11.5 ELIGIBILITY LISTS - QUALIFICATIONS. The names of employees who have

qualified in a given promotional examination will be placed on an eligible list. An eligibility list shall remain in force for two (2) years from the date the last eligibility list was established or until the names on the list have been exhausted, whichever occurs first.

A. **QUALIFICATIONS.** In order to participate in the promotional examination for detective, an applicant shall have served four (4) years as a sworn Pontiac police officer. To participate in the promotional examination for sergeant, an applicant shall have served five (5) years as a sworn Pontiac police officer. An applicant will be given credit for their seniority of time in service as of the effective date of the promotional list.

B. **List.** The names of qualifying employees will be placed on the list in order of final scores. In the case of a tie, names will be ordered according to seniority. If a tie still exists, names will be ordered according to badge numbers.

11.6 **POSITIONS VACATED** by retirement, resignation, or death shall be filled from eligible lists within a period of ninety (90) days provided that the Chief of Police shall have the discretion of determining if such vacated position or positions shall be filled.

11.7 **TEMPORARY PROMOTION** to a position of higher pay shall not exceed ninety (90) days except in filling a temporary vacancy created as a result of illness, injury, or training, in which event the temporary promotion shall not exceed six (6) months. A temporary promotion to a permanent vacancy shall not exceed sixty (60) days. Nor shall successive temporary promotions be made to the same position. Patrol officers and detectives performing duties in such positions of higher pay shall receive the rate of pay for such duties that they would receive if promoted to such positions of higher pay.

b) EMPLOYER'S LAST BEST OFFER:

11.1 All promotion evaluations will be administered by an outside assessment center. The selection of the assessment center will be determined by the City.

11.2 A promotional list will be made in order of final scores on examinations, and promotions will be made in accordance with provisions in this collective bargaining agreement. Departmental promotions for the positions of Detective and Sergeant shall be made by competitive process which shall consist of the following components and corresponding weights:

A. Assessment center examination 100%

11.3 The examination will be administered by the Personnel Department to those applicants meeting the minimum qualifications and submitting an application during the prescribed filing period.

- A. There shall be no makeup of examinations except in the event where the employee is unable to attend the scheduled examination due to the employee's hospitalization and/or death in the family.
- B. The Union has the right to observe the administration of the examination.

11.4 An overall score of sixty-five (65%) percent must be achieved in promotional examinations in order for a candidate to be certified as having passed.

11.5 Fail Probation. Upon failing to satisfactorily complete the promotional probationary period of six (6) months, an employee who has been promoted will be returned to his/her former position.

11.6 Examinations will be conducted for certified candidates. Promotional examination announcements shall be posted at least sixty (60) days prior to examination date.

11.7 Confidential. Examinations shall be confidential except that a candidate and his/her association representative, at the request of the candidate, may inspect the completed examination of the candidate but may not copy questions nor take notes during such inspections. Inspections of exam results are to be conducted as soon as practical after the exam is corrected.

11.8 Grievances pertaining to the nature and content of examinations must be filed at the third (3rd) step within twenty (20) working days after the date of examinations. Other grievances are barred twenty (20) working days after the posting of examination results.

11.9 Eligibility Lists - Qualifications. The names of employees who have qualified in a given promotional examination will be placed on an eligible list. An eligibility list shall remain in force for one (1) year from the date the last eligibility list was established, or until the names on the list have been exhausted, whichever occurs first.

- A. Qualifications. In order to participate in the promotional examination for Detective, an applicant shall have served four (4) years as a sworn Pontiac Police Officer. To participate in the promotional examination for Sergeant, an applicant shall have served five (5) years as a sworn Pontiac Police Officer. An applicant will be given credit for their seniority of time in service as of the effective date of the promotional list.
- B. List. The names of qualifying employees will be placed on the list in order of final scores. In the case of a tie, names will be ordered according to seniority. If a tie still exists, names will be ordered according to badge numbers.

- C. When hiring or promoting in those job classifications in which minorities are under-represented, the parties agree to remedy the under-representation by utilizing demographics of the City, as cited by the 1990 Census, as goals to be achieved within the Pontiac Police Department:

48% White
52 % Black, Hispanic and Other

As a result of these demographics, the City will take affirmative steps to place qualified minority applicants.

The word "minority" or "minorities" is defined as all persons classified as Black (not of Hispanic origin), Hispanic, Asian or Pacific Islander, American Indian, Alaskan Native. Included in this definition is female.

To accomplish this objective, two (2) promotional lists will be maintained:

1. Regular List. This list shall include all employees who had a passing score as outlined in the collective bargaining agreement and their names shall appear in order of their total score: highest score first, next highest score following. Promotions from this list shall be made in order of placement on the list: starting at the top and going toward the bottom.
2. Special List. Minorities who had a passing score as outlined in the collective bargaining agreement shall be placed on this list in addition to the regular list. They shall be placed in order of their total score: highest score first, next highest total score following. Promotions from this list shall be made in order of placement on the list: starting at the top and going toward the bottom.
3. Use and Conditions of the Two (2) Lists.
 - a. Promotions to Sergeant. For every one (1) promotion made from the regular list, one (1) promotion shall be made from the special list.

b. Promotions to Detective. For every one (1) promotion made from the regular list, one (1) promotion shall be made from the special list.

4. Dual Lists. The initial promotion will begin with the regular list.

Notwithstanding any of the above, if any person who is on both the regular and special list is promoted from the regular list, that person shall count as a minority promotion and shall cancel the need to promote anyone from the special list during that cycle.

11.10 Positions Vacated. A position vacated by retirement, resignation or death shall be filled from eligible lists within a period of ninety (90) days provided that the Chief of Police shall have the discretion of determining if such vacated position or positions shall be filled.

11.11 Temporary Promotion. A temporary promotion to a position of higher pay shall not exceed ninety (90) days except in filling a temporary vacancy created as a result of illness, injury or training, in which event the temporary promotion shall not exceed six (6) months. A temporary promotion to a permanent vacancy shall not exceed sixty (60) days. Nor shall successive temporary promotions be made to the same position. Patrol Officers and Detectives performing duties in such positions of higher pay shall receive the rate of pay for such duties that they would receive if promoted to such positions of higher pay.

Effective Date: July 1, 1996.

c) **UNION'S LAST BEST OFFER:**

(STATUS QUO)

d) **DISCUSSION:**

The city proposes that the department's Affirmative Action Program be incorporated into the collective bargaining agreement. Basically, under this plan, the current list would be expanded to two promotional lists. The new list would be maintained for the minority officers eligible for promotion. Under this plan, there would be a one-for-one promotional procedure from each list

to the ranks of detective and sergeant. The union position is to preserve the status quo and to reject the city's proposal. Though this is shown as a non-economic issue, neither party offered any guidelines for the panel to reach a middle ground regarding promotions.

The union characterized the changes proposed as drastic and very subjective. It noted that the city had completely abandoned written tests, oral examinations, seniority points and performance evaluations. The new "assessment center" was not fully explained but it is a far more subjective approach to determining qualifications, the union argued, and the city did not explain or support the need for this change. The PPOA charged that the city did not meet its burden of proof in support of its proposal.

The PPOA acknowledged that there had been a previous letter of understanding between the parties on the topic of affirmative action. The union explained that that understanding expired in 1987 and there has been no need for a renewal. The union also charged that the city has not hired significant members of minorities, but in spite of that, it has sought to give minority officers assignments in circumvention of the contractual rights of other officers.

The city maintains that the first affirmative action program for this unit was the result of a consent judgement. The employer stated that its current proposal is very much like that original agreement. The goal of that plan was that the percentage of minorities in the department would reach the minority proportion of the general population of the city (42% in 1989) and that goal has not yet been achieved. The city argued that minorities are grossly under represented in both the detective and sergeant categories and so a real need for affirmative action continues in the Pontiac Police Department.


A comparison with other city departments show that they also have a substantial under-


representation of minorities. The city government will not have credibility in the community unless it can take affirmative action to correct racial imbalance in its employment. The agreement with the firefighters contains elements of objective selection sought by the union but it also does establish an affirmative action program. The panel would adopt this plan if it was known if it would also be appropriate for the police department, but such a program is better negotiated than imposed by outsiders.


The panel opts for the union's last best offer of status quo because the city's plan varies sufficiently from the old affirmative plan to create doubts of its effectiveness. Further, recent court discussions have cast doubt on the viability of similar affirmative action plans and this doubt was sufficient to not risk ordering the adoption of a plan which does not meet the new criteria of today's judicial edits.

e) **AWARD:**

The panel determines that the union's last best offer best comports with the criteria of Section 9 of Article 312.


Chairman Barry C. Brown


Joseph Fremont


Thomas Schneider

Concur ☐

Dissent ☒

Concur ☒

Dissent ☐

ISSUE 2) Article XVIII - Personal Leave Day (Section 18.1)
(an economic issue).

a) EXISTING CONTRACT LANGUAGE:

18.1 Effective July 1, 1984, employees shall earn personal leave days per fiscal year in accordance with the following schedule.

Start thru 5 years of service	1 day
6 thru 9 years of service	2 days
10 years and over	3 days

Personal leave days must be used in the fiscal year or lose them. The procedure for approval and use of personal leave days shall be as set forth in the departmental procedures.

b) CITY'S LAST BEST OFFER:

18.1 Employees shall earn personal leave days per fiscal year in accordance with the following schedule:

Start - 5 years of service	1 day
6 years and over of service	2 days

Personal leave days must be used in the fiscal year or will be forfeited. The procedure for approval and use of personal leave days shall be as set forth in the departmental procedures.

Effective Date: July 1, 1996.

c) UNION'S LAST BEST OFFER:

(STATUS QUO)

d) DISCUSSION:

The city proposes a reduction in the number of personal leave days an officer may be granted in a year. This reduction from three personal leave days to two is one of several "take backs" proposed by the city in an effort to save money. Very little evidence was provided by the city to support this change except to note that few cities provide days expressly dedicated to "personal" leave. However, as the union pointed out, the police officers in several communities

would still be granted a paid day off for personal reasons but it would be charged to sick leave. A review of the external comparables shows only two of twenty communities have less than the three days enjoyed by the PPOA employees after 10 years of service. Nine have the same level of benefits in this area and four have more personal leave days. These comparisons do not support the city's claim that the PPOA personal leave day benefit is excessive and out of line.

The internal comparables shows that the police command officers enjoy the same benefit level on personal leave while the fire fighters have two twenty-four hour days which is certainly comparable to the PPOA's three eight hour days. The non-uniformed units all have a maximum of two personal leave days. This mixture of internal comparables does not show a circumstance which justified a concession on this benefit. The city did not report any substantial cost impact by the use of a third personal business day by police officers in the recent past. On balance, the panel found no reason to grant the decrease in benefits sought by the city.

e) **AWARD:**

The panel determines the union's last best offer best meets the criteria set forth in Section 9 of Act 312. The panel adopts the union's last best offer


Chairman Barry C. Brown


Thomas Schneider


Joseph Fremont

Concur ☒

Dissent ☐

Concur ☐

Dissent ☒

ISSUES 3) Article XXIV - Health Insurance Premium Co-pay (Section 24.1)

(an economic issue)

a) EXISTING CONTRACT LANGUAGE:

24.1 HEALTH INSURANCE: The city shall provide all bargaining unit employees and family with full paid blue cross/blue shield M.V.F. 1, master medical health insurance with a two (2) dollar deductible prescription drug rider or comparable insurance coverage. Effective January 1, 1985, the city will provide to each employee and family the following blue cross/blue shield riders or comparable insurance riders necessary for reciprocity ML, VST and FAE/RC and for employees who retire on or after October 1, 1984.

b) CITY'S LAST BEST OFFER:

24.1 HEALTH INSURANCE: _____. Effective July 1, 1996, employees and retirees covered by this Agreement shall contribute ten (10%) percent of total health insurance premium increase on the anniversary date of the coverage.

Effective Date: July 1, 1996.

c) UNION'S LAST BEST OFFER

(STATUS QUO)

d) DISCUSSION:

The city proposed that all employees, and retirees would pay ten percent (10%) of the 1996 total health insurance premium increase and that new hires would pay ten percent (10%) of total insurance premium costs after 07/01/96.

The city argued that the great increases in the cost of health insurance should be borne in part by the employees and therefore, it had made this proposal. The employer noted that there had been a 54% increase in the Blue Cross premium in the last seven years. The city explained that six of the twenty comparable communities require retirees to co-pay increases in health insurance premiums and five comparable municipalities require some contribution toward health insurance premiums by their employees. The union asserted that this proposal was never addressed by the parties in negotiations and no internal comparable unit has been asked to co-pay

on health insurance premiums.

The panel finds it inappropriate to first introduce a new issue at the level of an Act 312 hearing. The parties should have a full opportunity to discuss issues and to seek the help of a mediator on issues prior to these matters being placed before an Act 312 panel. Here, there were no cost savings attributed to these proposals and no internal comparables were shown to support this change. Indeed, both labor contracts with other units settled by the city in 1995 did not contain a similar provision. For all of these reasons, the panel was not persuaded to adopt the city's proposal on issues 3 and 4.

e) AWARD:

The panel adopts the union's last best offer.


Chairman Barry C. Brown


Joseph Fremont


Thomas Schneider

Concur ☐

Dissent ☒

Concur ☒

Dissent ☐

ISSUE 4) Article XXIV - Health Insurance (Section 24.1)

(an economic issue)

a) EXISTING CONTRACT LANGUAGE:

(See Issue 3 above)

b) CITY'S LAST BEST OFFER:

____. Effective July 1, 1996, new employees hired after July 1, 1996 shall contribute ten (10%) percent of total insurance premium cost.

Effective Date: July 1, 1996.

c) **UNION'S LAST BEST OFFER:**

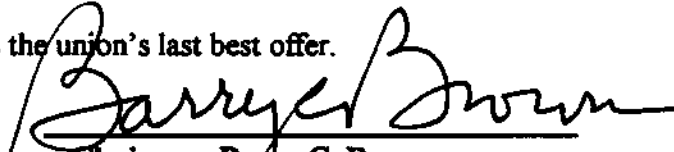
(STATUS QUO)

d) **DISCUSSION:**

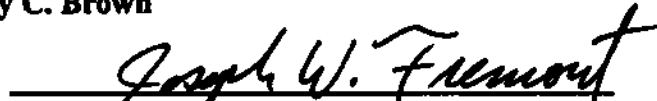
(See discussion in city issue 3)

e) **AWARD:**

The panel adopts the union's last best offer.


Chairman Barry C. Brown


Thomas Schneider


Joseph Fremont

Concur ☒

Dissent ☐

Concur ☐

Dissent ☒

ISSUES 5) Article XXIV - Health Insurance (Section 24.1)

(an economic issue)

a) **EXISTING CONTRACT LANGUAGE:**

(See Issue 2 above)

b) **CITY'S LAST BEST OFFER:**

Effective July 1, 1996, a deductible of \$200.00 per individual, \$400.00 per family, will be applied each calendar year.

Effective Date: July 1, 1996.

c) **UNION'S LAST BEST OFFER:**

(STATUS QUO)

d) **DISCUSSION:**

In these issues, the city seeks to lessen its health insurance costs by increasing the

deductible to \$200 per person and \$400 per family (issue 5), by requiring a second opinion in non-emergency surgical operations (issue 6), and by increasing the prescription drug rider to \$5.00 (issue 7). Each of these proposals are reasonable and if taken all together, a cost savings would be realized. The union seemed willing to negotiate the sort of deductions, co-pay, etc. proposed by the employer but this matter had not been fully discussed in negotiations. While all of the city's health insurance proposals are viable, they should be considered and adopted as a package where the maximum impact on cost reduction would be achieved. The external comparables show that there is a trend toward these deductibles/co-pays, but so far, neither the majority of internal or external comparables have adopted these features in their health care programs. Most internal and external deductibles are \$100/\$200 when adopted. The majority of the internal units are still at the \$2.00 level for prescription drug co-pay. Only the firefighters have recently adopted the second opinion feature and no other internal units have this. The union showed that each of these proposals would result in only minor savings and its spokesmen presented a new overall program which it said could result in thousands of dollars of annual savings. The panel expects that this sort of approach will be fully discussed in the parties next negotiations.

e) **AWARD:**

The panel finds that the city's issues 5, 6 and 7 were not supported by the evidence. The criteria of Section 9 of Act 312 were not satisfied and so the union's last best offer of status quo is adopted by the panel.


Chairman Barry C. Brown


Joseph Fremont


Thomas Schneider

Concur ☐

Dissent ☒

Concur ☒

Dissent ☐

ISSUE 6) Article XXIV - Health Insurance (Section 24.1)

(an economic issue)

a) EXISTING CONTRACT LANGUAGE:

(See issue 2 above)

b) EMPLOYER'S LAST BEST OFFER:

Effective July 1, 1996, fully paid, mandatory second opinion will be required for non-emergency surgical operations. Without the second opinion, payment will be 80% of surgical cost. If the second opinion is obtained, reimbursement is 100%. In addition, the City will pay for a third opinion if the first two are at odds. Employee will not be penalized if he/she has the operation despite a negative second opinion.

Effective Date: July 1, 1996.

c) UNION'S LAST BEST OFFER:

(STATUS QUO)

d) DISCUSSION:

(See discussion in city issue 5 above)

e) AWARD:

The panel finds that the city's issues 5, 6 and 7 were not supported by the evidence. The criteria of Section 9 of Act 312 were not satisfied and so the union's last best offers of status quo is adopted by the panel.


Chairman Barry C. Brown


Thomas Schneider


Joseph Fremont

Concur ☒

Dissent ☐

Concur ☐

Dissent ☒

ISSUE 7) Article XXIV - Health Insurance (Section 24.1)

(an economic issue)

a) EXISTING CONTRACT LANGUAGE:

(See issue 2 above)

b) CITY'S LAST BEST OFFER:

Effective July 1, 1996, employees shall contribute an additional three (\$3.00) dollars to the prescription drug rider (i.e., a five [\$5.00] dollar deductible prescription drug rider shall be in effect).

Effective Date: July 1, 1996.

c) UNION'S LAST BEST OFFER:

(STATUS QUO)


d) DISCUSSION:

(See discussion in city's issues 5 and 6 above)

e) AWARD:

The panel finds that city's issues 5, 6 and 7 were not supported by the evidence. The criteria of Section 9 of Act 312 were not satisfied and so the union's last best offers of status quo is adopted by the panel.


Chairman Barry C. Brown


Joseph Fremont


Thomas Schneider

Concur ☐

Dissent ☒

Concur ☒

Dissent ☐

ISSUE 8) Article XXIV - Life Insurance (Section 24.2)

(an economic issue)

a) EXISTING CONTRACT LANGUAGE:

24.2 LIFE INSURANCE. The city shall provide all bargaining unit employees with full paid double indemnity Aetna life insurance coverage, or comparable coverage, the amount of which will be forty thousand (\$40,000) dollars effective January 1, 1985. For employees retiring after October 1, 1984, the life insurance will be \$20,000.

b) EMPLOYER'S LAST BEST OFFER:

____. Effective July 1, 1996, employees and retirees affected by this Agreement shall contribute ten (10%) percent of total insurance premium increase on the anniversary date of the coverage.

Effective Date: July 1, 1996.

c) UNION'S LAST BEST OFFER:

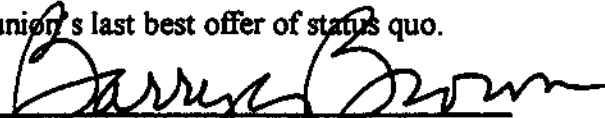
(STATUS QUO)

d) DISCUSSION:

In the life insurance proposals, the city seeks to gain employee and retiree contributions for ten percent of the total life insurance premium increases in the future (issue 8), and to gain a full ten percent payment on the total premium paid on life insurance for new employees (issue 9). The union argued that neither of these proposals has been adopted for any internal bargaining unit and only one external unit required co-payment by a retiree or an active employee or a new employee. The city acknowledges that the employer and retiree contributions will be small but it would represent some employee contribution to assist in the cost of one of the best life insurance benefits among the external comparables. The panel found the union's arguments to be more persuasive in these issues.

e) **AWARD:**

The panel holds that the city's proposals 8 and 9 did not meet the criteria of Section 9 of Act 312 and so it adopts the union's last best offer of status quo.


Chairman Barry C. Brown


Thomas Schneider

Concur ☒ Dissent ☐


Joseph Fremont

Concur ☐ Dissent ☒

ISSUE 9) Article XXIV - Life Insurance (Section 24.2)

(an economic issue)

a) **EXISTING CONTRACT LANGUAGE:**

(See issue 8 above)

b) **EMPLOYER'S LAST BEST OFFER:**

____. Effective July 1, 1996, new employees shall contribute ten (10%) of total insurance premium cost.

Effective Date: July 1, 1996.

c) **UNION'S LAST BEST OFFER:**

(STATUS QUO)

d) **DISCUSSION:**

(See discussion in city issue 8 above)

e) **AWARD:**

The panel holds that the city's proposals 8 and 9 did not meet the criteria of Section 9 of Act 312 and so it adopts the union's last best offer of status quo.


Chairman Barry C. Brown


Joseph Fremont


Thomas Schneider

Concur ☐

Dissent ☒

Concur ☒

Dissent ☐

ISSUE 10) Article XXIV - Dental Insurance (Section 24.3)

(an economic issue)

a) EXISTING CONTRACT LANGUAGE:

24.3 DENTAL INSURANCE: The city shall provide a dental insurance program to all bargaining unit employees and family based on a 50-50% service co-payment, with a \$600 maximum per person per year. The above dental coverage will be improved July 1, 1983 to provide 100% of preventative and diagnostic dental care and 70% of class I and class II types of dental care, with a maximum payment of \$800 per family member per year.

b) EMPLOYER'S LAST BEST OFFER:

____. Effective July 1, 1996, employees and retirees covered by this Agreement shall contribute ten (10%) percent of total insurance premium increase on the anniversary date of the coverage.

Effective Date: July 1, 1996.

c) UNION'S LAST BEST OFFER:

(STATUS QUO)

d) DISCUSSION:

The city cited the significant increases there has been in the cost of dental insurance. The employer maintained that because of its critical financial condition, it must secure help in dealing with this ever increasing cost. It proposed that current employees and retirees absorb 10% of the increased cost of dental insurance (issue 10) and that new employees absorb 10% of the total cost of dental insurance. (Issue 11).

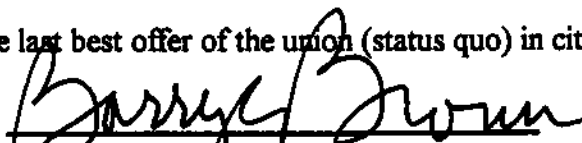
The city's exhibit showed that all 20 comparable communities provided dental insurance

for its employees, but only two of these employers required employee contribution toward premiums. Dental insurance was provided for retirees in only three external units and in one, there was a retiree contribution towards premium payments. Internally, only the AFSCME retirees make a similar contribution and no employees in other internal units contribute toward their dental insurance premium. The city acknowledged that the employee contributions would be small under these proposals but they said it would be a start toward shared cost to help the city better manage its expenditures. The PPOA charged that the city's proposals here were entirely unsupported by the record and it claimed that these proposals were but a sham to "offset" the union's demands and to cloud the real issues.

The panel respects the position of both sides as legitimate and sincere. The city has some very real financial problems and some areas of co-pay and premium sharing may have to be developed to try to gain control over benefit insurance costs. The city's dental insurance proposals are not appropriate now because they do not meet the criteria of Section 9 of Act 312.

e) AWARD:

The panel adopts the last best offer of the union (status quo) in city issues 10 and 11.


Chairman Barry C. Brown


Thomas Schneider


Joseph Fremont

Concur ☒

Dissent ☐

Concur ☐

Dissent ☒

ISSUE 11) Article XXIV - Dental Insurance (Section 24.3)
(an economic issue)

a) **EXISTING CONTRACT LANGUAGE:**

(See issue 10 above)

b) **EMPLOYER'S LAST BEST OFFER:**

____. Effective July 1, 1996, new employees shall contribute ten (10%) percent of total insurance premium cost.

Effective Date: July 1, 1996.

c) **UNION'S LAST BEST OFFER:**

(STATUS QUO)

d) **DISCUSSION:**

(See discussion in city issue 10 above)

e) **AWARD:**

The panel adopts the last best offer of the union (status quo) in city issues 10 and 11.


Chairman Barry C. Brown


Joseph Fremont


Thomas Schneider

Concur ☐

Dissent ☒

Concur ☒

Dissent ☐

ISSUE 12) Article XXVII - Pension (Section 27.2)

(an economic issue)

a) **EXISTING CONTRACT LANGUAGE:**

27.2 Effective January 1, 1980, any member having at least twenty-five (25) years of credited service may retire on a service retirement annuity, at the member's option, upon or after attainment of age fifty (50).

A. Effective July 1, 1983, provide bargaining unit members retiring on or after July 1, 1983, annually, with 2% of their base retirement annuity. Such sum shall be

cumulative for a maximum of twelve (12) years. The maximum cost of living total at the end of twelve (12) years shall be twenty-four (24) percent of the retiree's original retirement annuity, and one (1) percent additional for the thirteenth (13th) year of retirement, a maximum of twenty-five (25) percent. Such sum shall be paid annually (between December 1 and December 15 of each year).

b) EMPLOYER'S LAST BEST OFFER:

B. Effective July 1, 1996, the City will provide bargaining unit members hired on or after July 1, 1996, annually, with two (2%) percent of their base retirement annuity. Such sum shall be cumulative for a maximum of five (5) years. The maximum cost of living total at the end of five (5) years shall be ten (10%) percent of the retiree's original retirement annuity, and one (1%) percent additional for the sixth (6th) year of retirement, with a maximum of eleven (11%) percent. Such sum shall be paid annually between December 1 and December 15 of each year.

Effective Date: July 1, 1996.

c) UNION'S LAST BEST OFFER:

B. Effective January 1, 1991, employees retiring after January 1, 1991 shall receive, annually, two (2) percent of their base retirement annuity cumulative for twenty-five (25) years, for a maximum of fifty (50) percent. Such sum shall be paid annually (between December 1 and December 15 of each year).

d) DISCUSSION:

The union has argued that the city's position for the post-retirement escalator and the final average salary has already been stated as status quo in response to the union's proposals on these same issues. It was argued that the employer cannot take a status quo stance in comparison to a union issue and then propose a change in the status quo in its own proposal. If the panel were to grant the union's proposal on an issue (such as the post-retirement escalator) that would mutually exclude the granting of the city's proposal. Thus, for purposes of clarity and fairness, each party should be allowed only one position on each issue to meet the last best offer requirements of Act 312.

The panel has already ruled favorably on the union's proposal in the two pension issues


identified above. Thus, the rationale and supporting evidence would be redundant here. The panel has adopted the union's proposals and that forecloses the employer's last best offers on these issues.

e) **AWARD:**

The city's position on city issues 12 and 14 was in conflict with its earlier positions on union issues 3 and 4. The panel's award of the union's position on these issues forecloses the city's proposals.


Chairman Barry C. Brown


Thomas Schneider


Joseph Fremont

Concur ☒

Dissent ☐

Concur ☐

Dissent ☒

ISSUE 13) Article XXVII - Calculation of Retirement Annuity (Section 27.3)
(an economic issue)

a) **EXISTING CONTRACT LANGUAGE:**

27.3 Effective January 1, 1980, upon retirement from service, a member shall receive an annuity calculated in the following manner: for the first twenty (20) years of service, three (3) percent of final average salary, for each year of service. For the next five (5) years of service, two (2) percent of final average salary, for each year of service. For the next five (5) years of service, one (1) percent of final average salary; for each year of service. Subject to a maximum of seventy-five (75) percent of final average salary. A fractional period of service of less than a full year shall be considered in the calculation of the annuity.

A. Effective July 1, 1984, any member of the bargaining unit having at least twenty-five (25) years of credited service may retire on a service retirement annuity, at the member's option, regardless of age.

B. Effective July 1, 1984, any member of the bargaining unit having reached the age of fifty (50) and having at least twenty (20) years of credited service may retire on a service retirement annuity at the member's option.

b) EMPLOYER'S LAST BEST OFFER:

C. Effective July 1, 1996, a member, hired on or after July 1, 1996, shall receive, upon retirement of service, an annuity calculated in the following manner: For the first twenty (20) years of service, two and one-half (2.5%) percent of final average salary for each year of service. For the next five (5) years of service, two (2%) percent of final average salary for each year of service. For the next five (5) years of service, one (1%) percent of final average salary for each year of service. Subject to a maximum of sixty-two and one-half (62.5%) percent of final average salary. A fractional period of service of less than a full year shall be considered in the calculation of the annuity.

Effective Date: July 1, 1996.

c) UNION'S LAST BEST OFFER:

(STATUS QUO)

d) DISCUSSION:

The city proposed a new subsection which would apply to employees hired after July 1, 1996 and it would reduce the annuity payment for the first 20 years from 3% of FAS to 2.5% and it would reduce the maximum from 75% of FAS to 62.5%. The city noted that the PPOA members receive one of the highest annuity adjustment amongst the comparables. The employer asserted that its proposal for reducing this benefit for new members would eventually save more than \$300,000 for the whole unit. The union argued that the 75% and 3% received by the PPOA members is consistent with that received by the fire fighters and police command officers. The internal comparisons are shown below:

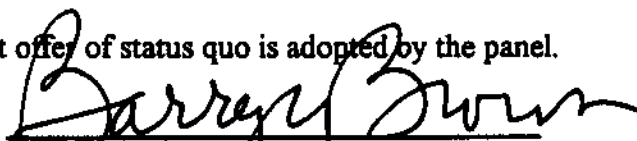
OCU MULTIPLIER FORMULAS		
	MULTIPLIER FORMULA	MAXIMUM BENEFITS
PPMA	2.25% OF FAE TIMES YEARS OF SERVICE	67% 6/85 60% AFTER
LOCAL 2002	2% OF FAE TIMES YEARS OF SERVICE	60%

OCU MULTIPLIER FORMULAS		
(Continued)	MULTIPLIER FORMULA	MAXIMUM BENEFITS
PMEA	2% OF FAE TIMES YEARS OF SERVICE	60%
SAEA	2% OF FAE TIMES 30 YEARS OF SERVICE	60%
PPSA	3% OF FAE 1ST 20 YEARS OF SERVICE, 2% NEXT 5 YRS., AND 1% THEREAFTER	75%
PFFU	3% OF FAE TIMES 20 YEARS OF SERVICE, 2% NEXT 5 YRS., AND 1% THEREAFTER	75%
PPOA	3% OF FAE TIMES 1ST 20 YEARS OF SERVICE, 2% FOR NEXT 5 YRS., AND 1% THEREAFTER	75%

The PPOA also contended that five of the external comparables have equal or better benefits in this area. The union also noted that if the city's proposal were to be adopted, the PPOA would be lower than all external comparables except one. This reduction would be drastic, it was said, and the cost savings suggested by the city would take years to be realized. The panel agrees with the union's analysis and it finds that the city's proposal does not satisfy the criteria of Section 9 of Act 312.

e) AWARD:

The union's last best offer of status quo is adopted by the panel.


Chairman Barry C. Brown


Joseph Fremont


Thomas Schneider

Concur ☐

Dissent ☒

Concur ☒

Dissent ☐

ISSUE 14) Article XXVII - Pension (Section 27.9)

(an economic issue)

a) EXISTING CONTRACT LANGUAGE:

27.9 Final average salary shall include: base salary, longevity, lump sum holiday pay, shift premiums, dispatcher bonus, patrol officer daily road pay and lump sum sick payment at time of retirement.

b) EMPLOYER'S LAST BEST OFFER:

27.9 Effective July 1, 1996, final average salary shall include: base salary, longevity, lump sum holiday pay, shift premiums, and dispatcher bonus.

c) UNION'S LAST BEST OFFER:

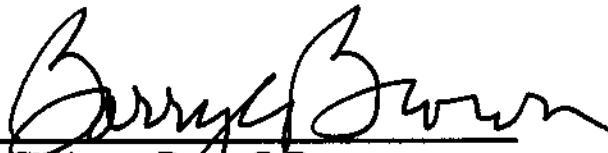
27.9A. Effective July 1, 1996, final average salary shall also include lump sum vacation pay at time of retirement, not to exceed two (2) years of accumulation (480 hours).

d) DISCUSSION:

(See discussion in city issue 12 above)

e) AWARD:

The city's position on city issues 12 and 14 was in conflict with its earlier positions on union issues 3 and 4. The panels award of the union's position on these issues forecloses the city's proposals.


Chairman Barry C. Brown


Thomas Schneider


Joseph Fremont

Concur ☒

Dissent ☐

Concur ☐

Dissent ☒

ISSUE 15) Article XXVII - Pension (Section 27.10)

(an economic issue)

a) EXISTING CONTRACT LANGUAGE:

New provision

b) EMPLOYER'S LAST BEST OFFER:

27.10 Pension Contribution. Employees shall contribute an additional two and one-half (2.5%) percent towards pension costs.

Effective Date: July 1, 1996.

c) UNION'S LAST BEST OFFER:

(STATUS QUO)

d) DISCUSSION:

The city has proposed that the PPOA members contribute an additional 2.5% toward pension costs. The union currently contributes 2.5% and so the new contribution rate would be 5.0%. The union maintains that the current 2.5% rate is consistent for all of Pontiac public safety units and all other internal comparables pay nothing toward their pensions. The PPOA particularly noted that the supervisory and upper management groups got the same raises as now will the PPOA and they were not required to make any pension contributions. The union also asserted that it would be particularly unfair to burden the PPOA unit members with a 2.5% real wage reduction when the employer settled two public safety employee labor agreements in 1995 and it did not require like contributions in either of those contracts.

The city maintained that ten external units have employee pension contributions of 5.0% or higher. Only six had contributions less than the PPOA rate of 2.5%. The average for all 20 communities was 3.14%. The city explained that it pays far more than the pension contribution pattern found in the comparable communities and thus, the union carries a disproportionately smaller share.

The panel finds the union's arguments concerning the internal units to be the more

persuasive. The panel has observed previously that, in the past, these parties have placed their emphasis on the pension/retirement plan. This plan continues in its leadership role and the panel has adopted the union's pension proposals and the city's wage proposal. Throughout, the emphasis has been on internal comparables and that is especially true here.

e) AWARD:

The panel adopts the last best offer of the union (status quo) on city issue 15.

Barry C. Brown
Chairman Barry C. Brown

Joseph W. Fremont
Joseph Fremont

Thomas Schneider
Thomas Schneider

Concur ☐ Dissent ☒

Concur ☒ Dissent ☐

X. SUMMARY:

SUMMARY	LAST BEST OFFER ADOPTED
UNION ISSUES:	
1. Orthodontic Insurance	UNION
2. Sick Leave Accumulation	UNION
3. Post-retirement Escalator	UNION
4. Add Vacation Payout to FAC	UNION
5. Modify Residency Requirement	CITY
6. Wages (1991-1996)	CITY
EMPLOYER ISSUES:	
1. Promotions (Affirmative Action)	UNION
2. Personal Leave Days	UNION
3. Health Insurance (All Employees) 10% Contribution	UNION
4. Health Insurance (New Employees) 10% Contribution	UNION

SUMMARY (Continued)	LAST BEST OFFER ADOPTED
EMPLOYER ISSUES: (Continued)	
5. Health Insurance (Deductibles)	UNION
6. Health Insurance (Second Opinion)	UNION
7. Health Insurance (Prescription Drug Co-Pay)	UNION
8. Life Insurance (All Employees) 10% Contribution	UNION
9. Life Insurance (New Employees) 10% Contribution	UNION
10. Dental Insurance (All Employees) 10% Contribution	UNION
11. Dental Insurance (New Employees) 10% Contribution	UNION
12. Post Retirement Escalator	UNION
13. Retirement Annuity Adjustment	UNION
14. Delete Road Pay and Sick Time Payout From FAC	UNION
15. Pension - Employee Contribution	UNION

CONCLUSION

The city and union delegates and panel members sign this overall award with the caveat that they have shown their dissent or concurrence on the individual issues and that their adoption of the award does not change their position on any of those issues, but rather, it is a recognition that a majority of the arbitration panel did support each award on each separate issue. The panel met in executive session and the panel discussed the award in conference telephone calls. The findings and awards were reached after a full consideration of the facts in evidence and the factors enumerated in Section 9 of Act 312.


Barry C. Brown, Chairman


Joseph Fremont, City's Delegate


Thomas Schneider, Union's Delegate

April 18, 1996