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STATE OF MICHIGAN  
DEPARTMENT OF LABOR

EMPLOYMENT RELATIONS COMMISSION

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STATE OF MICHIGAN  
BUR. OF EMPLOYMENT RELATIONS  
DETROIT OFFICE

In the Matter of the Arbitration  
between:

CITY OF PORTAGE

Case No. G83 L-1721

and

INTERNATIONAL ASSOCIATION OF  
FIREFIGHTERS LOCAL NO. 1467,  
AFL-CIO

OPINION AND AWARD OF  
ARBITRATION PANEL

A p p e a r a n c e s :

For the City:

For the Union:

Douglas L. Callander,  
Attorney

Dennis S. McCune, Attorney

Arbitration Panel Members:

Michigan State University  
LABOR AND INDUSTRIAL  
RELATIONS LIBRARY

Robert G. Howlett, Chairman  
Philip R. Carey, for the City  
Richard Adams, for the Union

Portage, City of

LOCAL NO. 1467 OF THE INTERNATIONAL ASSOCIATION OF FIREFIGHTERS,  
AFL-CIO, also known as the Portage Firefighters Association, (Union)  
represents full-time uniformed employees of the Fire Department,  
excluding the Fire Chief, of the CITY OF PORTAGE (City).

The City and the Union have engaged in collective bargaining  
to replace the contract between the parties which covered the  
period from July 1, 1982, to 12:01 a.m. July 1, 1983. The City  
and Union reached impasse on several subjects of bargaining.  
Thereupon, the Union filed an application under the Michigan

Police/Fire Fighter Arbitration Act for arbitration of labor disputes in municipal police and fire departments (MCLA 423.201 et seq.; MSA 17.455[31] et seq.), commonly known as Act 312.

A prehearing conference was held on February 21, 1984, at the Portage City Hall, Portage, Michigan, at which the representatives of the City and Union and the members of the Panel discussed the unresolved issues. Counsel for the parties agreed that bargaining would continue in order to reduce the number of issues before the Panel.

The Chairman of the Panel requested that counsel attempt to agree on the communities which will be used for comparison purposes prior to the first formal hearing. The parties agreed on Bay City, Battle Creek, East Lansing, Holland, Jackson, Midland, Muskegon, and Port Huron. In addition, the City proposed that the city of Kentwood be used for comparison purposes, and the Union proposed that the city of Kalamazoo be used for comparison purposes.

The Union did not submit data concerning Kalamazoo, apparently because the City of Kalamazoo is in the process of combining its police and fire departments, hence the data appears not to have been relevant. Although the City did submit data with respect to the city of Kentwood, it has not been used in the Panel decision.

Intra-city comparisons for the City of Portage were also / presented.

At the prehearing conference it was agreed that the hearings would commence on April 30, 1984, at the Portage City Hall. It was not possible to complete the hearing at that time, because one of the essential witnesses for the Union had been hospitalized.

Consequently, a second hearing was held on May 29, 1984, at the Portage City Hall.

The issues remaining after the bargaining following the prehearing conference were Life Insurance, Improved Benefits for Retired Employees, Wages and Cost of Living, and a Bonus for Basic Paramedics.

A summary of the positions of the parties at the close of the hearing follows.

#### Life Insurance

Currently, employees in the Fire Department receive \$10,000 in life insurance, the premiums for which are paid by the City. Each employee has an option to purchase an additional \$10,000 worth of insurance at the employee's expense. The Union proposed that the amount of life insurance for which the City pays the premiums be increased to \$30,000, and that each employee has an option to purchase an additional \$30,000 worth of insurance at his/her own expense.

#### Improved Benefits for Retired Employees; Wages and Cost of Living

The proposals with respect to Benefits for Retirees and Wages and Cost of Living are combined, because of the City and Union proposals. The City proposed an across-the-board increase of four percent of current salaries in effect at the end of the contract of July 1, 1981, for each of the two years beginning July 1, 1983, and July 1, 1984, and that the cost of living contract provision (Appendix B of the July 1, 1981, contract) be eliminated. The Union proposed that there be no wage increase during the two-year period commencing July 1, 1983, and no cost of living payments during that period, but that the cost of living allowance provision

of the contract remain in the contract. Thus, the cost of living allowance would be frozen as of July 1, 1983, but could be reactivated as of July 1, 1985, in the event the contract continued under Article XVII of the contract, the duration clause.

In return for the freezing of wages and cost of living at the June 30, 1983, amounts, the Union proposed ten improvements in the current retirement program, two of which were combinations of others. Following the hearing, the Union dropped six of the proposals, leaving four remaining, as follows:

1. Medical and dental benefits to be paid by the City for all retirees.

2. The monthly pension benefit to be the greater of 50 percent of salary or 75 percent of salary less social security, rather than the lesser of the foregoing.

3. The pension benefit be based on each employee's highest salaries in three of the last five years, rather than the current program of the highest salaries of five of the last ten years.

4. Retirement to be based on age 50 with 20 years of service, rather than age 55 with 25 years of service as is the current provision.

#### Bonus for Basic Paramedics

Currently, six Advanced Paramedic employees who operate the emergency service equipment receive \$1,200 per year in addition to their salaries. These employees have received specified training at the college level. There are four Basic Paramedics who also are required to have some training; they receive no payment in addition to their salaries. The Union proposed that the Basic Paramedics receive \$600 per year in addition to their

salaries. The City proposed no change in payments.

#### STATUTORY STANDARDS

Section 9 of Act 312 specifies the factors on which the Panel is required to base its findings, opinions, and order as such factors are applicable. The factors are as follows:

- (a) The lawful authority of the employer.
- (b) Stipulations of the parties.
- (c) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.
- (d) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
  - (i) In public employment in comparable communities.
  - (ii) In private employment in comparable communities.
- (e) The average consumer prices for goods and services, commonly known as the cost of living.
- (f) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
- (g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- (h) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation,

fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

(MCLA 423.239; MSA 17.455[39])

This opinion is written by the Chairman of the Arbitration Panel.

The parties have submitted their last offers, which are quoted below.

The Union's last offer:

I. TERM OF CONTRACT:

A. Two (2) years effective July 1, 1983, through July 1, 1985.<sup>1</sup>

II. ECONOMIC PROPOSAL:

A. Increase Life Insurance by Ten Thousand (\$10,000.00) Dollars, from Ten Thousand (\$10,000.00) Dollars to Twenty Thousand (\$20,000.00) Dollars with an option for the individual to purchase an additional Ten Thousand (\$10,000.00) Dollars at his own expense.

B. Medical and Dental Benefits to be paid by the City for retirees.\*

C. Monthly Pension Benefit to be greater of fifty (50%) per cent [sic] provision and seventy-five (75%) per cent [sic] Social Security

D. Retirement at age fifty (50) with twenty (20) years service.

E. Best three (3) out of five (5) as opposed to five (5) out of ten (10) years for pension calculation.

\* The aforementioned [sic] Pension and Life Insurance improvements are proposed in lieu of any wage increase for 1983-1984. In addition, Local 1467 is willing to suspend cost-of-living payment per the contractual

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1. The parties are not in disagreement with respect to the term of the Contract.

COLA formula, but the COLA language and formula are to remain as a part of the Contract. Any award issued by the Arbitrator should not affect previous Decision of the Court of Appeals, Case # C 79 I-268, by and between the same parties. Retroactivity of Pension Benefits should be from July 1, 1983 forward. The last, best offer does not contemplate benefits for employees who retired before that period. Since submission to Act 312 Arbitration, Local 1467 has had one (1) employee retire. That employee should be entitled to any Pension improvements.  
(emphasis in text)

The City's last offer:

- 1) E.M.T. Bonus - No change
- 2) Life Insurance - \$20,000 per year with option to purchase an additional \$20,000.00
- 3) Wages - COLA - Pension:

Wages - July 1, 1983 all wages will increase 4%

July 1, 1984 all wages will increase 4%

COLA - Inoperable

Pension - No change

#### BONUS FOR BASIC PARAMEDICS

The Union made no proposal with respect to the E.M.T. bonus. During the hearing, it appeared that this matter might become "moot," as it was stated that another entity in the County may take over the E.M.T. program for the entire County. As the Union made no proposal with respect to the bonus for basic paramedics, the award will not cover this issue.

#### LIFE INSURANCE

Both parties are in agreement that employees in the bargaining unit shall receive from the City life insurance in the

sum of \$20,000.00 per year with an option to purchase an additional \$20,000.00. As the parties are in agreement, there is no need to issue an award on this issue.

IMPROVED BENEFITS FOR RETIRED EMPLOYEES;  
WAGES AND COST OF LIVING

The City proposes this issue as a "package," i.e., an increase of four percent during each of the two years of the Contract, no COLA, and no change in the current pension program. The Union has proposed each of the four items as separate items, although the asterisk after item B suggests that items A and B are a "package" and that the other three items are separate.

During the meeting of the Panel following the hearing, I suggested that the proposals for retirees benefits be submitted separately rather than as a "package." The City Panel member objected on the ground that the issue of wages versus benefits for retirees had been treated during the bargaining as a "package," i.e., either all benefits proposed by the Union or the wages proposed by the City.

On August 30, 1984, I wrote to the two Panel members. In my letter I included the following statement:

As I stated to the panel members at our meeting of July 12, it is my ruling that the several proposed improved benefits for retired employees (six of the proposals were dropped during the hearing) be presented as separate proposals rather than as a package. If both of my panel colleagues disagree with this ruling, I request that they advise me promptly.

Under date of September 13, 1984, I received a letter from Panel member Carey, which reads in part,

I then note in your next to the last paragraph that you intend to treat any of a number

of proposed improved benefits for retired employees as separate issues. This casts the proceedings in an entirely new light and makes difficult formulation of the last best offer until this matter is clarified.

Throughout the negotiations in these proceedings, the Union has taken the position that it is willing to freeze wages and cost of living adjustment provisions in the contract in return for improved pension benefits. In your letter of February 23, 1984 to the parties, you outlined the economic issues to be heard in the following order:

Wages, COLA and pensions

Sick leave

Life insurance

Bonus for EMT employees

Funeral leave

Subsequently, the sick leave and the funeral leave issues were resolved, leaving the remaining three.

As indicated above, you reiterated in your letter of August 30 that the remaining three issues were life insurance, improved benefits for retired employees, and bonus for paramedics. If the various proposed improved benefits for retired employees are now going to be treated as separate issues, we are no longer in a position to know how many issues exist between the parties and whether or not the Union is still proposing a freezing of wages and COLA in return for improved retiree benefits. Throughout these proceedings and negotiations leading up to them, the parties have treated wages, cost of living and pension improvements as trade-offs against each other rather than individual issues. In all fairness, it seems that the Union should be required to play by the rules established in your letter of February 23 and develop a proposal on the issue of improvements for retiree benefits that would prevail over an offer by the City in the same

area or improvement in wages and/or continuation of cost of living.<sup>2</sup>

At the meeting of the Panel, I advised the Panel members that it seemed to me the City would do well to make a start toward granting additional benefits for retirees.

The Panel members agreed to discuss my proposal for a resolution of the dispute with the representatives of the Union and City without the necessity of an opinion and award. The parties did not so agree. Consequently, an award is necessary.

As I read the record, I reached the conclusion that during bargaining, the parties had treated the proposed benefits for employees as a "package," although it did not necessarily follow that the Union would not have eliminated some of the items (as the Union did before the last offer) in return for a freeze in wages and a granting of some of the benefits for retirees.

As I read the record, I reached the conclusion (contrary to my statement in the letter of August 30, 1984) that the two last offers should be treated as a "package," i.e., the City last offer of wages and COLA versus the Union's last offer of pension improvements and COLA. As Panel member Carey noted in his letter of September 13, 1984, this is consistent with my letter of February 23, 1984.

However, whether the Union last offer is treated as a "package" or as separate items, the evidence as applicable to the

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2. In my letter of February 23, 1984, I stated, "The economic issues will be heard in the following order ...." The issues were listed: Wages, COLA, and pensions; Sick leave; Life insurance; Bonus for EMT employees; and Funeral leave.

Section 9 factors does not persuade that any of the Union pension proposals may be granted.

The parties presented evidence of comparative wages and other conditions of employment in the cities listed above (Section 9[d][i] of Act 312) and the overall compensation presently received by employees in the bargaining unit here involved and by other City employees (Section 9[f] of Act 312). There was also evidence concerning prospective increases in the prices for goods and services, commonly known as the cost of living, as applicable to pension costs (Section 9[e] of Act 312).

Section 9(b) of Act 312 has been considered by the Panel, i.e., the stipulations of the parties that they are in agreement on the increase in life insurance.

Section 9(h) of Act 312 has been considered. It supports the chairman's opinion that the proposal for medical and dental benefits (see discussion below) should not be treated as a separate item.

In addition, the parties presented expert witnesses who testified on the funding of the pension plan and the expected return from investments.

No issue was raised concerning the lawful authority of the employer (Section 9[a] of Act 312), or of the financial ability of the City to meet costs (Section 9[c] of Act 312), and there were no changes in circumstances of which the Panel is aware during the pendency of the arbitration proceedings (Section 9[g] of Act 312).

An analysis of the evidence as related to factors (d)(i) and (f) of Section 9 of Act 312 leads to the conclusion that the last

offer of the City on the pension/wages issue more nearly complies with the applicable factors prescribed in Section 9 than the Union last offer, whether treated as a "package" or as separate items.

The opinion will discuss the comparison evidence on each of the four Union proposals for improvement in benefits for retirees, compensation for bargaining unit employees, and the evidence of the expert witnesses.

Medical and Dental Benefits to be Paid  
by the City for All Retirees

Of the eight comparison cities, five cities pay medical benefits and three cities pay dental benefits for retirees. One city does not pay medical benefits, and five cities do not pay dental benefits for employees. Two cities pay medical benefits with limitations. No retired City employees receive medical or dental benefits, except retired department managers, whose premiums for medical insurance are paid.

This is one item on which the Chairman hoped the parties might agree. It seems "equitable" that the medical and dental insurance premiums of retired employees be paid by the City. It is the one part of the Union proposal which has some comparative data support. However, the fact that the City retired employees (except retired department managers) do not receive these payments leads to the conclusion that, on balance, the Panel may not grant this Union proposal as a separate item. Both factors 9(f) and 9(h) support the City position that this item should not be granted. The fire fighters are well compensated both in comparison to fire fighters in the comparable communities in direct wage compensation and benefits. Granting medical and dental benefits

to the fire fighters would inevitably result in deciding the issue for the police, and perhaps for other employees also.

The cost of the item exceeds somewhat the cost of the four-percent increase offered by the City; that is a factor in the Chairman's decision.

The Chairman doubts that department managers should be considered as a factor in decision. I note that they receive premiums for medical insurance only, not for dental insurance. The offer, whether part of a "package" or treated separately, combines<sup>3</sup> medical and dental benefits.

#### Pension Based on Average of Salary

Two comparison cities base pensions on three out of last five years, three cities on three out of last ten years, and three cities on five out of last ten years. City nonbargaining unit employees' pensions are based on three out of last five years; Police Department (both command and officers), five out of last ten years; clerks/office personnel units (represented by the Teamsters union), five out of last ten years; and DPS/foremen, three out of last five years.

Neither the evidence of the practice in the comparison cities nor the evidence of the practice in the City, when coupled with the other three items, leads to a conclusion that the statutory

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3. It should be noted that the cost of medical and dental insurance for retirees is greater for uniformed employees than for non-uniformed employees, as they retire at an earlier age and employment of police and fire fighters tends to be more stable than that of non-uniformed employees. The fact that uniformed employees retire at an earlier age is a legitimate argument to support their receiving payment of premiums for medical (if not for dental) service, as generally several years elapse between a uniformed employee's retirement and his entitlement to Medicare benefits.

factors warrant the acceptance of the Union last offer as a separate item.

#### Retirement Age

Seven cities provide for retirement at age 55 with 25 years of service; and one city, 25 years of service. City nonbargaining unit employees retire at age 62; police (both command and officers), 55 years with 25 years of service; clerks and office personnel units (represented by Teamsters union), age 62; DPS/foremen, 62.

No evidence supports the Union position that there should be any change in the retirement age. To the contrary, the evidence discloses that the present retirement program is as advantageous to the fire fighters as any of those in the comparison cities (with the possible exception of the one city where an employee might retire after 25 years of service before reaching the age of 55) and is as favorable as any of the other retirement programs administered by the City.

Pension to be Based on the Greater Rather Than the Lesser  
of the Percent of Final Average Compensation of 50 Percent  
of Final Average Compensation or 75 Percent of Final Average  
Compensation Less Social Security

No data was presented with respect to the practice in other cities.

The Union presented as its principal witness Dr. Michael H. Ross, Professor of Economics at Western Michigan University. The Company presented as its principal witness Lawrence Farrell, Executive Vice President of Pension and Group Services, which administers the City retirement plan for fire fighters. Farrell is an enrolled actuary; Ross is not.

The Union presented as Union Exhibit 4 the estimated cost per year of the four proposals in the Union last offer.<sup>4</sup> The estimated costs disclosed on Union Exhibit 4 follow.

<u>Item</u>	<u>Cost of Proposed Benefit (Additional cost per year)</u>	<u>Average Cost/ Employee</u>	<u>Percent of Average Salary</u>
Medical and Dental Benefits for Retirees (Current rates)	\$ (This part of the exhibit did not disclose an amount)	\$ 2,176.	8.6 %
Monthly Pension Benefit to be Based on Greater Rather Than Lesser of 50% of Final Average Compensation or 75% of Final Average Compensation Less Social Security	23,945.	855.	3.4
Pension Based on Average of 3 of Last 5 Years Rather Than 3 Out of Last 10 Years	5,654.	202.	.8
Retirement Based on Age 50 with 20 Years of Service	57,881.	2,067.	8.1

The City presented City Exhibit 4 through witness Farrell, which estimated the cost of medical and dental benefits for retirees under two methods of computation. Under one method, the cost would be 8.2 percent of salary; under the other method, 9.5

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4. The record does not disclose that Union Exhibit 4 was received in evidence. It is, however, based on data received from the City or Pension and Group Services and is, the evidence discloses, supported by correct data.

percent of salary. Thus, the City's computation is not substantially different than the Union result of 8.6 percent of salary.

It appears from the evidence, particularly City Exhibit No. 5, that the City agrees with the computation disclosure in Union Exhibit No. 4 with respect to the costs of the remaining three benefits for retirees. It is evident from the presentations of both the City and the Union that the cost of the Union's proposals for retirees is substantially greater than the two four-percent increases in salary proposed by the City and the cost of medical and dental benefits alone is slightly higher.

The Union's argument that its last offer for increased benefits to retired employees should be accepted is based primarily on the testimony of Dr. Ross that the pension fund will, in the future, earn sufficiently more money to pay for the increased costs of the benefit.

Dr. Ross' testimony did not furnish the Panel with a basis to warrant adoption of the Union's last offer. His testimony consisted of his opinion that the City's pension fund would receive a greater percentage of return on the investments than the percentage Pension and Group Services has used during the eight or nine years it has administered the pension fund to determine the amounts necessary to fund the pension program. Based on this estimated greater return, the City is able, the Union asserts, to grant additional benefits to retirees.

Dr. Ross also testified that a different "mix" of investments would result in a greater return.

In a letter from Union counsel to Company counsel, the Union said,

[W]e believe the "cost" may be greatly affected (over a thirty [30] year period) if instead of:

- 1) a 6-1/2% rate of return, either a 7, 7-1/4 or 7-1/2 rate of return were used as an assumption;
- 2) as opposed to a 30/60/10 proportionate split for corporate bonds, mortgages and common stock, given the national trend to trade mortgages with an approximate yield of 11% that the internal management should reflect a higher percentage investment in mortgages;
- 3) The 20.8 years at age 55, or 249.6 months, is a national life expectancy, which is at variance with the tables utilized by Michigan courts as per statute, to wit:  
MCLA 500.834, which by law sets the life expectancy at age 55, at 19.71 years, as opposed to 20.8 years, i.e. a one (1) year difference. Moreover, we are in the process of compiling studies which affirmatively establish that firefighter's life expectancy is substantially less than the national average;
- 4) While medical costs were not factored into the "cost", we believe they should be. Moreover, we suspect that the "cost" of Travelers currently experienced by the City of Portage, is not necessarily that which the future will bring. It appears that "HMOs" are on the rise, and that we may have reached the apex of rising medical care costs;
- 5) With regard to Social Security, the amount of benefits will rise, thereby reducing the amount of benefit the City would be required to pay in arriving at the amount of pension, as per our proposal.

For those reasons, we believe that the "costs" of the package proposed by Local 1467 should be refigured, utilizing the variables recited above.

The City did not comply with the request of Union counsel.

During cross-examination, it was disclosed that Dr. Ross is an economist, but has had no experience in managing investment funds for either institutions or individuals, and that he is not, as noted above, an actuary.

Dr. Ross' opinion that the additional benefits for retirees sought by the Union could be paid for by increased earnings of the pension fund was not persuasive. It was a prophesy of the future without supporting objective data.

Lawrence Farrell, the City expert witness, has been with the Pension and Group Services for 13 years and executive vice president for 7 years. He is the senior actuary and supervisor of three other actuaries, "all with basically the same qualifications" as Farrell.

Farrell testified:

Pension and Group Services has annually "costed" the plan from an actuarial standpoint. He described in detail the procedures used. Among other things, Pension and Group Services determines on a projected basis each employee's retirement benefits at the expected retirement age and applies "actuarial assumptions" which the Group expects "to be reasonable." The Group then determines a "reasonable funding level" for the City for annual funding "rather than having to come up with the money all at one time when an individual retires." By proper funding, each employee has the security of knowing that the funds will be available at and during retirement.

He explained the reason it is necessary to fund medical and dental benefits for retirees, noting the City of New York as an example of a city which failed to fund for retirement benefits.

He presented City Exhibit No. 3, which discloses that under the present program, for a fire fighter retiring at age 55 after 25 years of service, there is an accrued liability of \$840,036, which requires a "normal" payment of

\$39,732 per year. However, the contribution for June 30, 1983, was \$70,679, because the plan was not funded at that time. He noted that there "was a time when there was no funding at all of unfunded liabilities in municipals, and as a consequence of that, you've got some real disasters in pension plans.

To provide that retirees receive the greater, rather than the lesser, of the 50/75 program would increase the accrued liability as of June 30, 1983, to \$994,256, for a normal cost of \$50,147. The contribution for June 30, 1983, would have been \$94,624. To lower the normal retirement age to 50 after 20 years of service with contributions as the lesser of the 50/75 basis would increase the accrued liability to \$1,246,990 with a normal cost of \$62,219 and a contribution due on June 30, 1983, of \$128,560. Data was presented with respect to the other alternatives proposed by the Union, each of which resulted in substantial increased cost for the City.

Pension and Group Services estimates a rate of return of six and one half percent. The amount is determined by considering the experience of the fund and "anticipation" of "what (the actuary) expect(s) the future experience of the fund to be." Experience is based on a period of the last 10 to 15 years with some adjustments for the future. The low turnover among the fire fighters is an experience which "has to be factored into the overall viewing of the cost of this plan." It is necessary to recompute the funding requirements as salaries are increased.

On cross-examination, Farrell explained that Pension and Group Services recommends that if there were health and medical insurance for retirees, the amount should be funded over pre-retirement years, and the payments funnelled through the pension fund. Otherwise, the City would be required to pay increased amounts during the employees' years of retirement.

Counsel for the Union on cross-examination inquired as to the possibility of increased earnings from the fund and whether

that would not, in fact, "reduce the unfunded liability." Farrell reported, correctly, that it would do so if fund earnings increased. He stated that Pension and Group Services, in its computations, is on the "conservative side."

No evidence was offered to persuade that the fund may earn in future years a sufficient amount to offset the costs of the Union's pension proposals or to offset the difference between the two increases of four percent for the two years which the City has offered and the cost per year of the Union's pension proposals.<sup>5</sup> The Chairman is in accord with the Pension and Group Services program of conservatively estimating future earnings. This is sound "business" for any city government.

The evidence of salaries received by fire fighters in the comparison cities discloses that the City fire fighters are well paid in comparison with those in the other eight cities.

The salaries as of July 1, 1983, of the top-step fire fighters in the eight comparison cities and the City follow:

Bay City	\$27,664
Portage	25,191
Midland	24,895
Port Huron	24,845
Battle Creek	24,609
Muskegon	23,761
East Lansing	23,378
Jackson	23,368
Holland	22,714

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5. If only medical and dental benefits for retirees were to become part of the contract, the cost would be slightly more than the City offer of four percent for each of the two contract years. However, for reasons stated in the text above, the Chairman is of the opinion that the statutory standards do not authorize the imposition of medical and dental benefits for future retirees.

Four percent as of July 1, 1983, increases the top-step fire fighter from \$25,191 to \$26,199. Thus, as of July 1, 1983, the City fire fighters would continue to be second among the comparison cities, but would be approaching the amount received by Bay City fire fighters.

Evidence was presented concerning the total amounts received by "a composite fire fighter," i.e., a fire fighter who has 11.4 years of service as of his next anniversary date. City Exhibit No. 12 listed base pay of a top-step fire fighter as of July 1, 1983, plus 88 hours of overtime, longevity pay, food allowance, and (in the City only) a college incentive payment paid to those employees who do attend college. The totals follow:

<u>Comparable Community</u>	<u>7/1/83 Base Pay Top Step Firefighter</u>	<u>Overtime at 88 Hrs.</u>	<u>Longevity 11.4 Yrs.</u>	<u>Food Allowance</u>	<u>College Incentive</u>	<u>Total Compensation</u>
Portage	\$ 25,191	\$ 1,174	\$ 450	\$ 300	\$ 136	\$ 27,952
Holland	22,714	1,068	400	---	---	24,182
Jackson	23,368	1,098	---	432	---	24,898
Muskegon	23,761	1,117	220	200	---	25,298
East Lansing	23,378	1,099	480	475	---	25,432
Battle Creek	24,609	1,157	300	450	---	26,516
Midland	24,895	1,170	875	---	---	26,938
Port Huron	24,845	1,126	1,242	425	---	27,638
Bay City	<u>27,664</u>	<u>1,300</u>	<u>480</u>	<u>400</u>	<u>---</u>	<u>29,844</u>
Average Comparable	\$ 24,376	\$ 1,141	\$ 488	\$ 265	\$ ---	\$ 26,720

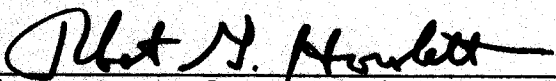
In summary, taking into consideration the Section 9 factors applicable to the Union and Company last offers, the evidence does not support the Union position. The City last offer more nearly meets the Section 9 factors.

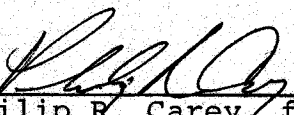
6. There was no evidence as to whether any of the top-step fire fighters' salaries were still subject to negotiation or Act 312 arbitration.

The Panel notes that in the City's last offer it proposed that COLA be "inoperable." The Panel reads this to mean that the provision in the Collective Bargaining Contract for 1983-85 will remain in the Contract, but no COLA will be paid during the two-year period.

A W A R D

The Panel adopts the last offer of the City of Portage.

  
Robert G. Howlett, Chairman

  
Philip R. Carey for the City of  
Portage

Richard Adams, for the International  
Association of Firefighters Local  
No. 1467, AFL-CIO, Dissenting

Issued at Grand Rapids,  
Michigan  
March 20, 1985