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LABOR AND INDUSTRIAL  
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DRB 6-12-89

STATE OF MICHIGAN  
DEPARTMENT OF LABOR  
BUREAU OF EMPLOYMENT RELATIONS

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In the Matter of Statutory Arbitration Between:

CITY OF RIVER ROUGE,

Employer,

-and-

INTERNATIONAL ASSOCIATION OF FIREFIGHTERS,  
LOCAL 517, AFL-CIO,

Union.

MERC Case No. D87 F-1706

FINDINGS, OPINION AND ORDERS  
OF  
THE ARBITRATION PANEL

Benjamin A. Kerner, Neutral Arbitrator  
~~Angelo A. Plakas,~~ Employer Delegate  
Bernard Feldman, Union Delegate

DATED: June 12, 1989

*River Rouge City of*

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MERC Case No. D87 F-1706

Hearings: February 21, 22, 23, 1989

Briefs filed & record closed on : May 12, 1989.

Appearances:

For the Employer: Angelo A. Plakas,  
with James Dimitriou,  
Bokos & Plakas, P.C.

For the Union: Bernard Feldman  
Gallon, Kalniz & Iorio

FINDINGS, OPINION AND ORDERS

OF THE ARBITRATION PANEL

Benjamin A. Kerner, Neutral Arbitrator  
Angelo A. Plakas, Employer Delegate  
Bernard Feldman, Union Delegate

INTRODUCTION.

This case was initiated by the International Association of Firefighters, Local 517, AFL-CIO, by the filing of a petition dated September 22, 1988, in which the Union identified eleven issues then in dispute between the parties. On November 17, 1988, Benjamin A. Kerner was selected and appointed Neutral Arbitrator by the Michigan Employment

Relations Commission, in accordance with the procedures of the statute applicable in cases of labor disputes between public safety officers and their public employers, MCL 423.231 [hereafter referred to as Act 312 or the Act].

Thereafter, the Neutral Arbitrator set a pre-hearing date, the observance of which was thwarted by the City's having changed labor counsel on two separate occasions. After Mr. Plakas was nominated by the City as its labor counsel, a pre-hearing conference was scheduled on February 21, 1989. The parties' representatives have stipulated that the following issues remain in dispute between the parties:

1. Wages, 1st year--July 1987-- June 1988
2. Wages, 2nd year--July 1988--June 1989
3. Wages, 3rd year--July 1989--June 1990
4. Residency
5. Emergency Medical Technicians' Pay
6. Duration of Contract
7. Pension Plan-- Multiplier and Maximum Benefits
8. Pension Plan--prior service credit
9. Pension Board Composition

Other issues having been negotiated to a conclusion, otherwise compromised, or withdrawn, the Arbitration Panel composed of the above-named members proceeded to hear the evidence on February 21, 22, and 23, 1989. Each party was afforded the right to call any and all witnesses it chose to present; both parties were afforded ample opportunity to cross-examine all witnesses; and both parties were given the opportunity to argue their respective positions in briefs, which were filed on or before May 12, 1989.

With respect to the timeliness of the dates of hearing, and the filing of briefs in this matter, the parties have

mutually agreed to waive their respective statutory rights, notwithstanding the fact that the total time elapsed is more than that contemplated by the Act. The Arbitration Panel met in executive session on June 7, 1989, to discuss its findings and Orders, and has arrived at the following Orders:

**ORDER 1**

The last best offer of the City is accepted. The contract to be formed by the parties herein shall reflect that the wages of firefighters for the first year of the contract shall not be increased.

**ORDER 2**

The last best offer of the Union is accepted. The contract to be formed by the parties herein shall reflect that the wages of firefighters for the second year of the contract shall be increased by 2.0%.

**ORDER 3**

The last best offer of the Union is accepted. The contract to be formed by the parties herein shall reflect that the wages of firefighters for the third year of the contract shall be increased by 5.5%.

**ORDER 4**

The last best offer of the City is accepted. The contract to be formed by the parties herein shall indicate NO CHANGE in the condition of employment regarding residency.

**ORDER 5**

The last best offer of the Union is accepted. The

contract to be formed by the parties herein shall be amended to indicate: Commencing January 1, 1990, and continuing each July 1st and January 1st thereafter, each fully licensed emergency medical technician who is a member of the bargaining unit shall be paid \$200.00.

**ORDER 6**

The last best offer of the Union is accepted. The contract to be formed by the parties herein shall be for a term of three years, commencing July 1, 1987, and continuing through June 30, 1990. Dates indicated in the last collective bargaining agreement shall be amended appropriately to reflect the new three-year contract term.

**ORDER 7**

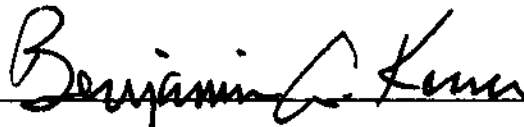
The last best offer of the City is accepted. The contract to be formed by the parties herein shall reflect NO CHANGE in the pension plan with respect to the pension multiplier and the maximum benefit payable.

**ORDER 8**

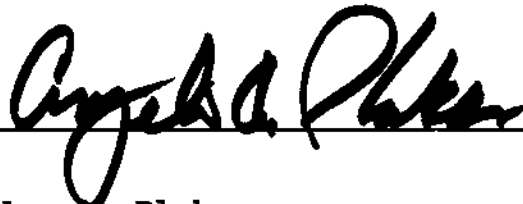
The last best offer of the Union is accepted. The contract to be formed by the parties herein shall reflect that the pension plan shall be amended as follows: Members who have employment time with the City of River Rouge prior to becoming firefighters in the City of River Rouge may purchase service time for firefighter retirement purposes at the rate of 5% of their pay at the time application is made therefore for each year of service. This provision shall be effective as of July 1, 1989.

ORDER 9

The last best offer of the City is accepted. The contract to be formed by the parties herein shall reflect NO CHANGE in the composition of the Police/Fire Retirement Board of Trustees.

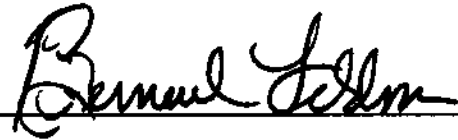
  
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Benjamin A. Kerner, Neutral Arbitrator

  
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Angelo Plakas,  
Employer Delegate

Concurring as to Issues 1, 4, 6, 7, 9  
Dissenting as to Issues 2, 3, 5, 8

  
\_\_\_\_\_

Bernard Feldman,  
Union Delegate

Concurring as to Issues 2, 3, 5, 6, 8  
Dissenting as to Issues 1, 4, 7, 9

## DISCUSSION OF PRELIMINARY MATTERS:

### (A) COMPARABLE COMMUNITIES

Decisions under Act 312 are required to be in conformity with the several factors enumerated under Section 9 of the Act. Orders of the Panel cannot be premised on the Neutral Arbitrator's own personal predilections, but can be made by the Panel:

only after taking consideration those factors deemed relevant by the Legislature and codified in Section 9. Since the Section 9 factors are not intrinsically weighted, they cannot of themselves provide the arbitrators with an answer. It is the Panel which must make the difficult decision of determining which particular factors are more important in resolving a contested issue under the singular facts of a case, although, of course, all "applicable" factors must be considered.

City of Detroit v Detroit Police Officers Association,  
408 Mich 410, 484 (1980).

The parties have different ideas as to what are applicable factors on some of the issues in dispute. But in each case, one of the factors deemed relevant by the parties is factor 9(d)(i) of the Act: "A comparison of the wage, hours, and conditions of employment of the employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees performing similar services with other communities generally: (i) in public employment in comparable communities." The parties also have different ideas as to what constitute comparable communities.

The Union has utilized a group of communities in the Downriver area of the Detroit metropolitan area, namely those communities within the Mutual Aid Pact that have full-time



fire departments. The Mutual Aid Pact was established by the several municipalities' fire departments for their mutual aid in responding swiftly to fire emergencies. These eight communities are also the ones which have been used in prior collective bargaining between the parties. (Ecorse, Melvindale, Taylor, Trenton, Allen Park, Southgate, Lincoln Park, Wyandotte).

The City has performed a complex analysis of the relevant factors deemed by it to be relevant to setting wages and conditions of work. These factors include size of city in square miles, population, state equalized value of realty in the community, housing statistics, employment statistics, fire department activity, and city financial characteristics. The City's universe of analysis was all of Wayne County. All communities in Wayne County were compared on a list of 34 variables, which included specific variables within the general framework of the above-listed factors. The City then defined data which was plus or minus a given percentage (from the data for the City of River Rouge on that variable) as indicating that another community was roughly comparable on that variable to the City of River Rouge. The Employer then assembled a list of all cities in Wayne County showing the number of variables on which they were roughly comparable to the City of River Rouge. The Employer sought to define as truly comparable only those communities which were roughly comparable on 17 out of the 34 initially analyzed variables.

The results of this analysis were that only 4 cities were

deemed comparable on 17 or more variables out of the 34 which the Employer analyzed. The Employer's "short list," thus developed, consisted of Melvindale, Ecorse, Hamtramck, and Highland Park.

The Arbitration Panel, of course, is not bound to accept either party's definition of what constitutes a comparable community. Regarding the Downriver grouping of communities, there are relatively large differences in geographical size and population, as well as significant differences in wealth, employment, size of the fire departments, and other relevant characteristics. However, all nine communities are members of a Mutual Aid Pact for purposes of fire response, all nine communities have full-time paid fire departments, and all nine communities have been compared in previous bargaining efforts between these parties. The Panel considers these facts to be paramount in selecting a list of comparable communities. Thus, the Panel considers the Union's proposed list of comparables as the appropriate standard for comparison, to the extent that comparability is a relevant factor to the decision on each issue.

Additional factors that are deemed by the Arbitration Panel to be relevant to each issue in dispute will be reviewed under the headings for each issue. Where not specified, "comparable communities" means the listing of comparable communities identified above.

(B) PARITY.

The Employer argues that the firefighters have an unfair advantage in these proceedings, because the award of the Panel will not be final, if ultimately, the award of another Act 312 Arbitration Panel in the police officers' case results in a better economic package being awarded to the police officers. The Employer reasons that because the contracts of the parties call for parity between the wages of police officers and those of firefighters, that the firefighters, in effect, will get "two bites at the apple" through these proceedings. As remedy, the Employer asks this Arbitration Panel to "break parity."

The Panel has considered the Employer's request and position statement, and finds that parity was not presented to this Panel as an issue in dispute. There is no indication that the parties ever bargained specifically on this subject and there was no evidence presented at hearing on the issue, other than the bare statement of the contract provision on the subject [Article XXVIII].

The Employer's position statement, on the other hand, as it may relate to the appropriate disposition of a bona fide issue is received and credited. Certainly, the parity relationship between police officers and firefighters is a "traditional factor" frequently taken into consideration in setting wages, hours, and conditions of employment in voluntary collective bargaining, and is thus one of the appropriate factors for this Panel to study under Section 9(h)

of the Act. Therefore, when appropriate in the specific discussion on issues in dispute, we will reference the parity relationship between police and firefighters, as evidenced in Article XXVIII of the most recent firefighters' contract.

As to the Employer's argument that the firefighters here get two bites at the apple, it would be likely that the parity article of the firefighters contract has a corresponding article in the police contract. It would be our opinion only, and not an order of this Panel, that to the extent that parity factors need to be preserved under the applicable provisions of Article XXVIII or the corresponding article in the police contract, the Arbitration Panel that issues its award first may have some impact on the opinion, findings, and orders of any Panel which subsequently considers conditions of employment for police or firefighters in the City of River Rouge. Thus, the Arbitration Panel currently considering the wages and conditions of employment for police officers may wish to take into account as a datum the Orders of this Panel. Or, the collective bargaining representative of the police officers and the City may choose to bargain a disposition of some economic issues, which disposition takes into account the Orders of this Panel.

However, the mere possibility of such an outcome in the police arbitration, or in bargaining between the police officers' representative and the City, does not elevate parity to the status of an issue in dispute here. The parity relationship has not been called into question here. It is

not an issue. And to the extent that it enters into our thinking on any specific issue, that fact will be made clear in the decision on that issue.

### ISSUE 1: FIRST YEAR WAGE.

#### POSITIONS OF THE PARTIES; APPLICABLE FACTORS.

Extensive testimony and documentary evidence was produced in this case concerning a number of factors relevant to the setting of wages. The positions of the parties as to the applicable factors can be briefly summarized as follows:

The Employer argued that the City is facing the equivalent of municipal bankruptcy and that the City's ability to pay its workers is limited by the dire financial condition of the City. Secondly, the Employer argued that there is a traditional parity relationship between the wages of police officers and the wages of firefighters, such that these firefighters will get "two bites at the apple," as discussed above.

Thirdly, argues the Employer, the total compensation package of the firefighters in this City should be examined carefully, in accordance with Section 9(f) of the Act. The total compensation package includes Blue Cross and Blue Shield health insurance, optical insurance, dental insurance, and life insurance. The pension contribution made by the City on behalf of the typical firefighter is 22% of wages, or approximately \$6000 per year. In addition, each firefighter receives 14 paid holidays, double time if he works a holiday, and 15 paid sick days per year. The Employer estimates, in sum, that the total compensation package for the typical firefighter of the City of River

Rouge is worth over \$45,000. The Employer also argues that the firefighters' compensation package compares favorably to the median income of all households in River Rouge.

The Union argues that there are two relevant standards applicable to setting wages in this case: One is the wage rate paid to firefighters in comparable communities. That wage rate, says the Union, would require a 4.2 % adjustment in the first year of the contract to bring River Rouge firefighters up to the average; a 2.8 % wage increase in the second year of the contract, and a 2.4 % wage increase in the third year of the contract.

Taking into account the negative fund balance of the City in the current fiscal year, the Union has structured its last best offer on the three related issues of wages so that the best part of the desired wage increase sought for the members of the bargaining unit would be achieved in the last year of the contract, thus benefiting the City by not requiring retroactive payments out of a negative fund balance. Under the Union's proposals on these three issues, a fully paid firefighter would earn \$31,368 at the end of the third year of this contract, compared to the average of \$31,344 for all other comparable Downriver communities. (Achieving fully-paid status in River Rouge requires 4 years of service.)

The second factor deemed important by the Union is the cost of living. The measure of cost of living, as presented in the Union's data on this subject, is the Bureau of Labor

Statistics information for all urban consumers or for all workers in the Detroit Metropolitan Statistical Area. According to the Union's argument, the cost of living for Detroit rose 3.6% in 1987, and 4.4% in 1988. Assuming that the cost of living continues to rise at the rate of 4--5% for 1989-90, "River Rouge Firefighters will in fact lose purchasing power even if the Union's last offer of settlement was to be accepted in whole with respect to wages," according to the Union.

#### FINDINGS ON RELEVANT FACTORS.

(1) The Employer's evidence relevant to the factor of the interests and welfare of the public, and the financial ability of the unit of government to meet those costs reveals that the City has been in a deficit situation for several years. At the end of the 1987--88 fiscal year, the City of River Rouge had a fund balance deficit of \$2.6 million; by the end of the current fiscal year (1988-89), the City will have a fund balance deficit of \$4.4 million. The origin of these problems was shown on this record to include instances of fiscal mismanagement, possible embezzlement, and lack of attentiveness to the requirements of sound management. This history is relevant only to the extent that it would support a conclusion that the poor financial condition of the City is not due in any part to excessive firefighters' salaries, or to excessive pension expenditures, or to excessive benefit costs for the firefighters of the City of River Rouge.



Elementary public administration teaches that the tax dollars available to a municipality are a function of two basic factors: the tax base and the tax rate. Here, the tax base has been steadily eroding, due to the depreciation of facilities and equipment at the Great Lakes Steel plant located in River Rouge; the lack of any new construction to replace those facilities; and the lack of other new industrial or residential development. Mr. Doescher, an expert on municipal finance and a partner in the municipal finance department of Plante & Moran, who has been working with City officials on current problems, testified that since 1983, there has been a drop of \$43 million in the assessed valuation of River Rouge properties. If this amount were retained on the tax rolls, the City would have available to it another \$1 million in revenues not currently available.

The tax rate is governed by state law and local charter limitations. The City is currently levying taxes at the maximum rate allowed under State law, 20 mills per thousand. Therefore, no new dollars are available from this traditional basic source of municipal financing.

Secondly, there has been a reduction in other sources of available revenues: both federal revenue sharing and State revenue sharing dollars have declined in the last three fiscal years. The federal reduction was dramatic, in response to national policy, from \$356,900 in 1986 to 66,100 in 1987 and then to 0 in 1988. State revenue sharing

dollars are computed from a statutory formula that is based on population. From 1970 to 1980, the Census Bureau's recorded population for the City of River Rouge dropped by approximately 3000 people. This caused a reduction of approximately \$293,000 in recognized state revenues. The likelihood is, based on current projections, that the 1990 Census will confirm a further drop in the population of the City of River Rouge, resulting in a further drop in State revenue sharing monies.

So serious is the distressed financial condition of this municipality that the State Treasurer's Office has conducted a preliminary review, utilizing its authority under 1988 Public Act 101, MCL 141.1101 et. seq. to determine whether a serious financial problem exists. The Mayor of River Rouge, Daniel Cooney, testified that he responded to the threat of further action by the State Treasurer, by taking voluntary steps permitted under the statute, including revamping the City's financial plan to meet State requirements. As a result of steps already taken by the City at the time of the hearings in this case, the City was close to working out a consent agreement with the State Treasurer, as envisioned by the statute under Section 6(1)(c).

Further steps are possible, and contemplated by the statute, if the financial plan agreed to is not workable, or is not in fact executed by City officials. The second step under the statutory scheme is for a review team from the

State Treasurer's office to determine, on behalf of the Governor, if a local financial emergency exists. If the Governor ultimately determines that a financial emergency exists, then the local emergency financial assistance loan board is authorized to appoint an emergency financial manager for the City. The emergency financial manager is vested with plenary powers under the statute to institute, complete, or correct a financial plan for the insolvent city, and to take such actions as are necessary to achieve that plan. See Section 13 of the Local Government Fiscal Responsibility Act, MCL 141.1113. For instance, the emergency financial manager can require involuntary cuts in service, mandatory accounting reformatations, major changes in City management procedures, and can "exercise all of the authority of the local government to renegotiate existing labor contracts and act as an agent of the unit in collective bargaining with employees or representatives and approve any contract or agreement." Section 13(h).

As indicated above, the City was in the process of developing a new financial plan when the hearings in this case concluded. The precise fate of these efforts is not known to the Neutral Arbitrator, but the basic fact that the City was facing a fiscal crisis was made clear on this record, and the Panel so finds.

(2) Another factor on which the Panel received evidence, and which we deem relevant to the setting of wages for the first year under the new contract is cost of living for wage

earners in the Detroit Metropolitan Statistical area. The Union claimed that the cost of living rose approximately 3.6% in the 1987 and 4.4% in 1988. The Employer argued in its brief that these figures must be considered high in view of their inclusion of medical costs, which are paid by the Employer in this instance. In other words, because a major component of the cost of living to consumers, namely medical costs, is not a factor for employees under consideration here, the cost of living as shown by the Bureau of Labor Statistics and as reported in Union exhibits is not an accurate measure of the cost of living, says the Employer.

Although precise figures were not presented on this point, the Panel can determine based on the fact that the Bureau of Labor Statistics' "market basket" for the Detroit metropolitan area counted medical costs as 4.7% of the cost of living, that the actual cost of living experienced by River Rouge firefighters was, at most, only 4.7% different than the cost of living experienced by other urban wage earners. Since most wage earners have some form of health insurance, and since health insurance costs are only one of many potential out-of-pocket expenses which a family might have under the heading of medical costs, it is likely that 4.7% overstates the difference between River Rouge firefighters' cost of living and other urban wage earners' cost of living. Thus, in sum, the Panel finds that it might be appropriate to adjust the Union-provided cost of living figures in some small way due to medical costs, but that the

exact amount of such an adjustment cannot be determined from this record, and that the size of such an adjustment must be small, in any event.

In regard to the appropriateness, generally, of using Bureau of Labor Statistics information, the Panel notes that we have no other measurement of the cost of living applicable to River Rouge firefighters. What's more, this information is the type that is frequently utilized in collective bargaining, is readily available to interested members of the general public, and is generally considered reliable for many economic purposes. In view of the state of the record, and in view of the generally recognized validity of Bureau of Labor Statistics data as an estimate of changes in the cost of living actually experienced by wage earners and consumers, we think it is reasonable to base our findings on this data.

We find that the cost of living for River Rouge firefighters changed as follows for the years 1987 and 1988, in accordance with the Bureau of Labor Statistics CPI-W Index for the Detroit area (without making any adjustment for medical costs), shown utilizing the new index [1982/83/84=100]:

February 1987	106.3
June 1987	107.3
December 1987	108.6
Average for 87	107.9
February 1988	110.9

June 1988	112.7
December 1988	115.7
Average for 1988	113.3

The change in the Index from June 1987 to June 1988 divided by the base index figure for June 1987 represents the percentage change between those two dates. It is 5.03%. The percentage change between February 1987 and February 1988 is 4.3%. The percentage change between the 1987 average and the 1988 average is 5.0%.

(3) Another factor applicable to our conclusions on the issue of an appropriate Order for the first year wages under the new contract is the **average salary** paid to full-paid firefighters, sergeants, and captains in **other Downriver communities** with full-time fire departments.

We find, in this regard, that the Union's proposal for full-paid firefighters would result in a salary of \$29,150 for 1987-88, compared to an average salary of \$29,626 for the other 8 comparable communities. The Employer's proposal would result in a salary of \$28,579.

For sergeants, we find that the Union's proposal would result in a salary of \$30,497 for 1987-88, compared to an average salary of \$32,583 for the other 8 comparable communities. The Employer's proposal would result in a salary of \$29,899.

For lieutenants, we find that the Union's proposal would result in a salary of \$31,800, compared to an average salary of \$34,325 for the other 8 comparable communities.

The Employer's proposal would result in a salary of \$31,176.

For captains, we find that the Union's proposal would result in a salary of \$33,171 compared to an average salary of \$35,490 for the other 7 comparable communities. [Southgate does not have a captain's rank.] The Employer's proposal would result in a salary of \$32, 521.

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NOT RELEVANT:

The Panel has considered the position of the Employer on factor 9(f) that the total compensation package for these employees should be a factor taken into account in making a decision on wages. The Panel has analyzed the data in the extensive tables provided by the Employer and the Union, as well as the testimony of all witnesses. We cannot find any factual basis to conclude that the total compensation package of firefighters is either too high or too low, by any relevant standard. While it is true, as the Employer asserts, that the firefighters enjoy an extensive benefit package, the data from other firefighter contracts would indicate that the benefit package is not excessive by standards applicable to firefighters employed by Michigan municipalities. If the Employer intended to argue that the benefits package is excessive, it would be required to affirmatively show the facts constituting the basis for such an opinion. The present record does not allow such a finding.

The Employer also argues that the benefit package is

overly generous by comparison to the benefit package of other employees who work in [not for] the City of River Rouge. While this may be true, once again, no evidence has been placed on this record to support such a conclusion, other than the median income of households in River Rouge, which is \$14,248. [Employer Exhibit 22.] Absent further evidence, the Panel is not at liberty to surmise or suppose the true facts of a situation.

For these reasons, the Panel has decided it will not use the overall compensation presently received by the employees as a factor in determining the wage issues in this case.

#### CONCLUSIONS OF THE PANEL ON ISSUE 1.

The Panel has concluded that the existence of a financial crisis in the current fiscal period is a factor of preeminent importance in determining appropriate wages for the first year under the new collective bargaining agreement. The wages of River Rouge firefighters for 1987-88 cannot be set today in a vacuum, as though the insolvency of the neighboring City of Ecorse had never occurred, as though the Legislature had not responded with political action identifying a specific mechanism for dealing with municipal insolvency; as though the City of River Rouge had not elected a Mayor on a reform platform; as though the State Treasurer had not taken definitive steps to exercise State authority under the newly passed statute; as though a fiscal crisis does not currently exist; and as though the



locally elected administration has not taken forthright steps to deal with that crisis. These are all real, relevant facts not all of which pertained at the beginning of 1987.

Given the mostly-unavoidable and significant timing features of this case, we must take the facts as we find them now--not as they would appear to a neutral observer, or to the parties themselves, in June 1987, but as they were presented to the Arbitration Panel at hearings in February 1989. The facts presented at that time indicated that the City of River Rouge in February 1989 was facing a fiscal crisis of major proportions. We can debate its causes; we can argue its cures. But the bare fact of the existence of this crisis must be paramount in the mind of any fair and informed observer when the wages must be paid from current funds.

The Panel must grant either no salary increase for the 1987-88 contract year, as proposed by the Employer, or a 2% wage increase, as proposed by the Union. To grant a 2% salary increase in the first year of this contract, concludes a majority of the Panel, would work a significant public hardship and would have a major adverse impact on the interests and welfare of the public, including the ability of the unit of government to bear the cost of those increases.

We are not concluding, by this Order, that other factors are not important. We are not concluding that other

factors do not have relevance to the setting of wages. We are concluding that the above-cited factor is the most important factor for purposes of setting 1987-88 wages.

Looking at the cost of living factor by itself, the Panel would have to conclude that a 2% wage increase was warranted. Looking at the comparability factor by itself, the Panel would have to conclude that a 2% wage increase was warranted. But the Panel is charged with the task of looking at all applicable factors. In our view, and after balancing the relative importance of the various factors on which we have made findings, we must conclude that factor 9(c), the interests and welfare of the public as defined above, must have governing importance in the setting of first year wages for this contract. Accordingly, the Panel has decided to accept the City's last best offer on issue 1.

#### ISSUE 2: SECOND YEAR WAGE.

The Panel must accept one of the last best offers, 2% or 0%, for the 1988-89 year. The Panel finds that the factors summarized above apply to the second year wage question.

The Panel is persuaded, however, that the factors should be weighted differently than in our decision on the first year wage question. The reasons are complex, and the Neutral Arbitrator will attempt to define those reasons below. Perhaps the overriding consideration is the judgment that the City must pay its public safety employees an adequate wage increase, regardless of the continually grave financial crisis it faces: the wage increase due, on account of the march of other wage determinants--comparable

wages and cost of living--cannot be indefinitely deferred because the City is in a financial crisis. One could argue that the misfortunes of the City should be shared by all city workers for a limited period of time, for instance by foregoing any wage increase for one year. But, after such a grace period, the City has an obligation to pay an adequate wage increase to its public safety personnel. The fact is that by deferring any wage increase to firefighting personnel, the City has understated its indebtedness.

An adequate wage increase must be defined with reference particularly to the cost of living. The relevant time period here is June 1988 through June 1989. The reported cost of living for this period is as follows:

June 1988	112.7
August 1988	114.6
December 1988	115.7
Average 1988	113.3
February 1989	117.3
April 1989	119.0

The reported cost of living for June 1988 compared to April 1989 indicates a gain of 5.6% in the 10-month period. Even in the best of scenarios, the expected rise in the cost of living for the City's fiscal year, 1988-89, will be 6%. In view of these figures, a wage increase of 2% for the period is warranted. Even when viewed against the backdrop of a serious fiscal crisis, the awarding of a 2% wage increase can be said to be fiscally responsible, indeed conservative.

It is for these reasons that the Panel has decided to adopt the Union's last best offer on wages for the second year of the new contract.

ISSUE 3: THIRD YEAR WAGE.

The same factors analyzed above apply to the third year wage question.

The Panel must award either the 3% offered by the Employer or the 5.5% demanded by the Union. Our decision on the third year wage issue is based on the following factors.

(1) An increase of 5.5% in 1989-90 wages will not bring River Rouge firefighters in any category up to the average of firefighters in comparable communities. The salaries for full-paid firefighters at the end of contract year 1990 will be \$30,754, which is 2.8% less than the average will be for comparable communities' firefighters in 1989-90. (Their average for 1989-90 will be \$31,645.) The salary of a sergeant at the end of contract year 1990 will be \$32,174, which is 5.0% less than the average will be for comparable communities' firefighters in 1989-90. (Their average for 1989-90 will be \$33,857.) The salary of a lieutenant at the end of contract year 1990 will be \$33,549, which is 5.4% less than the average will be for comparable communities' firefighters in 1989-90. (Their average for 1989-90 will be \$35,464.) The salary of a captain will be \$34,996, which is 2.4% less than the average will be for comparable communities firefighters' in 1989-90. (Their average for 1989-90 will be \$35,850).

How do these final salaries of River Rouge firefighters in 1990 compare to their relative position in 1986? The salaries of River Rouge firefighters during the base year of 1986-87 used in the Union's comparison charts were lower than the average. But in that year, the salary of a full-paid firefighter was only 0.3% less than the average. The salary of a sergeant was 5.5% lower than the average. The salary of a lieutenant was 6.9% lower than the average. And the salary of a captain was 7.3% lower than the average. Under the final Orders of the Panel in the instant case, the relatively low-paid position of the River Rouge firefighters in the community of comparables will not change: but it will not deteriorate further, and the discrepancies in the higher ranks (between River Rouge and comparable communities) will be reduced.

(2) Changes in the cost of living have been shown in the above tables. Recent changes in cost of living information, as reported above, are appropriate for us to consider under Section 9(g) of the Act. In view of these changes, it would be only prudent to conclude that the increase in the cost of living for Detroit in 1989 will be in the neighborhood of 5%--6%.

(3) The Panel is cognizant of the continuing crisis in the fiscal administration of the City of River Rouge. However, there is another side to the public interest: the continued vitality of the community depends in some measure on the esprit de corps among the workers of the City. To deny

workers who place their lives on the line daily, in the service of the public interest, an adequate wage increase would be to go a long way towards destroying that esprit de corps. An "adequate" wage increase must reflect real rises in the cost of living, so that an individual employee can maintain his or her family's accustomed standard of living.

In this regard, and in particular reference to the Employer's main argument that it cannot afford to pay more than its last best offer, the Panel is reminded of the words of Neutral Arbitrator Charles Killingsworth, in similar proceedings held 19 years ago, involving the County of St. Clair:

The County's dilemma is not very different from the dilemma of the ordinary consumer who finds that the price of bread has gone up. He is not likely to have much success pleading with the grocer that he should not pay the higher price because his ability to pay for bread has not increased (and indeed may have decreased); he is faced by the necessity to make a choice--buy less bread or less of something else or less of both. This Panel has not been presented with any evidence that the County has been exempted from the general price increases that have taken place for automobiles, tires, borrowed money, medical care and virtually all other goods and services, on the ground that the County's income has not increased commensurately. It would be discriminatory and illogical to insist that the County employees who are involved in this case must forego wage increases which would otherwise be justified simply because the County has serious financial problems. In the long run, and possibly to some extent in the short run as well, the interests and welfare of the public would be damaged by such a policy, because the better-qualified and more desirable workers would obviously shun public employment.

[Panel Opinion, p. 24]

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Accordingly, and because the public interest demands it, as well as because the evidence on cost of living, changes in the cost of living, and comparable wages support it, the Union's proposal on issue 3 is adopted.

#### **ISSUE 4: RESIDENCY**

##### **POSITIONS OF THE PARTIES; SUMMARY OF EVIDENCE PRESENTED.**

The Employer has a complement of 20 fire fighters who have been required by City ordinance and, more significantly, by the terms of prior collective bargaining agreements, to live within the boundaries of the City of River Rouge. The Employer wishes to continue this condition of employment; the Union proposes to change it by permitting the firefighters to live outside the boundaries of the City of River Rouge, presumably within some reasonable near-by distance.

The evidence on this issue consisted of voluminous presentations of statistics on the subject of crime, school achievement, and housing values. In addition, the Arbitration Panel heard testimony from Firefighters Andy Martin and Thomas Tomaszewski; Chief Norbert Danieszewski; from Mayor Daniel Cooney; from community witnesses Isaac Lane and Paul Robinson, as well as from Elaine Hayes, a long-time real estate salesperson in the community and Seth Hirshorn, a professor of public administration at the University of Michigan, Dearborn. The testimony ranged over a variety of subjects deemed by one party or the other to be relevant to the issue of residency. Without evaluating the relevance of each such subject for the moment, the Panel has decided to summarize the evidence on this issue under the following headings:



### HOUSING

The housing stock in the City of River Rouge is generally moderate to low-income in character, as established by real estate sales agent Elaine Hayes. The housing values in many surrounding Downriver communities has gone up consistently four or five percent per year. In a few communities, such as Wyandotte, Trenton, and Allen Park, the average yearly appreciation in housing values has been six or seven percent. In River Rouge, the housing values have stayed flat over the last four or five years.

### QUALITY OF SCHOOLS

The Union presented statistical evidence bearing on the quality of schools as measured by one standardized State-wide test known as M.E.A.P. [Michigan Educational Assessment Program]. The statistics indicate that River Rouge students make consistently low grades as compared to other Western Wayne County students.

The Union presented anecdotal evidence regarding the undesirable quality of the schools. The Union also presented an exhibit showing that sixteen children of River Rouge firefighters are of school age; however, but only seven of those children now attend River Rouge Schools, presumably by choice of their parents to have them attend some other public or private educational institutions.

## CRIME

The Union presented information showing that River Rouge suffers a higher crime rate than many of the surrounding communities. Utilizing the Uniform Report on Major Crimes, as compiled by the F.B.I. (and supplemented by information provided by the Employer on the major crime of arson), the modified crime index indicates a range from 29 per 1000 population for the City of Trenton, to maxima of 103 per 1000 for Ecorse and 107 per 1000 for River Rouge. The average for the Downriver group of 17 communities was 64.7 major crimes per 1000 population.

Incidental to crime statistics, the Union presented evidence that the cost of auto insurance is higher in River Rouge than in several surrounding communities. It appears, moreover, that the quotes obtained by Firefighter Tomaszewski for his own personal car, reflecting different costs as though it were insured in different communities, are part of a general trend: The highest rates in the State are in Detroit, and as one moves further from Detroit City limits the rates decrease. River Rouge, being nestled under Detroit's southwestern wing, has relatively high crime rates and thus high auto insurance costs.

## GENERAL DESIRABILITY OF LIVING IN THE CITY

The net effect of the several factors which have been summarized is that in the perception of some River Rouge fire-fighters, including several who have been long term residents and natives of the City, the City is no longer a desirable

place to live. There was a general recognition that cut-backs in the mid-1980's at Great Lakes Steel plants in Ecorse and River Rouge have had a devastating impact on the economy and social fabric of the City, changing it from a healthy, vibrant, blue-collar community to a graying, derelict reflection of its former glory.

#### RESPONSE TIME

Testimony on this factor was elicited from Chief Danieszewski indicating that response time is a factor in the serviceability of a firefighting force. The Chief testified that his men, who all currently reside within the City limits of the City of River Rouge, can respond to a fire within several minutes, whereas firefighters from the neighboring community of Ecorse, many of whom do not live within the City limits of Ecorse, cannot respond to a fire within five minutes. On the other hand, as stated by Professor Hirshorn, the key to response time is actual drive time to the station or the scene of the fire, not distance. A "catchment area" could be designated for residency which extends outside the city limits, without grossly affecting response time.

#### KNOWLEDGE OF THE COMMUNITY

Several witnesses identified this factor as a significant factor quite aside from response time in the effectiveness of any public safety force. Along with knowledge of the physical structures, the highways and by-ways of the City comes familiarity with its people. Thus a firefighter fighting to save a neighbor's house may be just slightly better motivated

than a firefighter doing the same job, but coming from a different town.

#### **PUBLIC TRUST**

The witnesses all agreed that the level of public trust in public safety officers of the City of River Rouge is currently high. However, according to community witness Lane, "even mere discussion of the issue" of non-residency raises the spectra of distrust, particularly among the large elderly segment of the population. The current high level of public trust is strengthened by the fact that the social fabric of the community is tight-knit. In several major fires, city residents pitched in along with other city workers to assist the firefighters in their work.

#### **TRADITIONAL POLICY**

The status quo in the City of River Rouge has been to insist upon residency, not only for firefighters, but also for employees in the other three bargaining units, the police officers unit, the supervisors' unit, and the clerical/maintenance workers' unit. Presumably, the other units would demand the same treatment as firefighters receive in regard to residency. Thus, in the Employer's view, there would be significant disruptions if this Arbitration Panel were to award non-residency to the firefighters.

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This evidence has been exhaustively stated because the Panel wishes all interested citizens, firefighters and taxpayers alike, to know that it has considered every bit of

evidence presented and has searched for a solution that will authoritatively resolve this contentious issue.

**APPLICABLE FACTORS; CONCLUSIONS OF THE PANEL ON ISSUE 4.**

When all factors are weighed, there are two which predominate. One is a traditional factor [per subsection 9 (h) of the Act, "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."]; the other is a factor contained within the phrase, "the interest and welfare of the public," [per subsection 9(c) of the Act.]

The first factor is that residency by tradition has been required for all employees of this municipality. Not only have firefighters been required to live within City boundaries, but also police officers, and employees in the maintenance/service classifications and others have been required to live within City boundaries. The testimony is convincing that various segments of the community, including the elderly, would react negatively to any change in this condition of employment at this time.

Secondly, the evidence would support a conclusion that any change in the current residency policy would have several "ripple effects" to the detriment of the public welfare. (a) There would be a ripple in terms of the demands of other

bargaining units for a non-residency provision in their collective bargaining agreements. (b) There would be a direct effect in terms of potential tax losses. (c) There would be a ripple in terms of the spending patterns of firefighters who might migrate out of the City. Where do people spend their consumer dollars? Typically in the community where they live. (d) There would be a ripple, in terms of public confidence in the efficiency and commitment of the firefighting force. Professor Hirshorn testified, "To build public trust is a crucial part of our responsibility." He was speaking as an outsider, an expert in public affairs, a paid consultant and teacher, but one who evidently has a strong commitment to rebuilding the urban fabric of the communities in which his studies take him. He pointed out that the urban fabric in many American communities is fragile. It is particularly so in a community that has undergone major recent job dislocations from traditional strongholds of industrial employment to a potpourri of lower paid service-based jobs. This description fits the evidence we have seen concerning the City of River Rouge in this case.

In sum, the perceived lack of educational opportunities for their children, the relatively bad crime situation, the depressed housing values are all features of life in this municipality that are shared by all who live there. The Arbitration Panel can understand the desires of some public safety personnel to have an option to live in other adjacent communities. However, in the judgment of the Panel, to permit

firefighters this new condition of work at this time would be to run directly counter to the best interests and welfare of the public of the City of River Rouge. This phrase must be interpreted to include a due regard for the financial and social well-being of the City, its neighborhoods, and its residents. If the citizenry were to be persuaded that its esteemed public safety officers were leaving the City because it is no longer an acceptable place to live and to rear a family, we could expect that such attitudes would be accompanied by increased fear, social disintegration, and lack of confidence in the local administration's ability to manage city affairs effectively. Such a sequence of events would not be beneficial for the community. Such a result must be avoided at all costs in this difficult moment in the City's history.

Thus, for the reasons cited above, including the factor that all employees of the City have traditionally been required to live within City boundaries; as well as the predictable and negative impact on the public welfare that any change in the established condition of employment would produce at this time, the Panel has determined that this is not a good time to change the residency requirement. Accordingly, the City's last best offer on this subject has been adopted.

## ISSUE 5: EMERGENCY MEDICAL TECHNICIANS' PAY

### POSITIONS OF THE PARTIES: APPLICABLE FACTORS.

The Employer proposes that beginning in fiscal year 1989-1990, all employees of the firefighting division who are state licensed basic emergency technicians will receive an E.M.T. bonus in the amount of Two Hundred Fifty (\$250.00) Dollars per year. Payment of the bonus shall be made on the first pay period in August for the following year. Employees leaving city employment before the end of the fiscal year shall reimburse the city on a prorated basis for E.M.T. monies received.

The Union proposes that commencing January 1, 1990 and continuing each July 1st and January 1st thereafter, each fully licensed emergency medical technician who is a member of the bargaining unit shall be paid \$200.00. In other words, the Union's proposal would pay licensed E.M.T.'s an annual premium of \$400 for their skills and services as emergency medical technicians.

The Panel received evidence on the following factors and each is deemed applicable to the decision on this issue:

(1) The practices and contract provisions of comparable communities: The evidence would support a finding that 6 comparable communities provide some level of premium for E.M.T. training and service. The level of the benefit ranges from \$1000 per annum in Ecorse to \$200 per annum in Taylor. The average of these benefits is \$457. Two



communities in the comparable group do not pay premiums for E.M.T. training and service (Allen Park and Wyandotte).

The Panel finds that averaging the 2 comparables which do not pay any premium for E.M.T. services together with the 6 comparables which do, the overall average of the 8 comparable communities is \$342.50.

(2) **The interests and welfare of the public** and the ability of the unit of government to pay: The Employer cites its general data on the City's financial condition, as summarized above, as justification for the level of the benefit offered here. The Union argues that its last best offer on this subject is favorable to the City in terms of its immediate financial impact (disregarding the long run increase in cost). That is because the Union's offer would require only one payment of \$200 during the term of the contract (on January 1, 1990). Thereafter, of course, the condition of employment would be required to be maintained, as defined in the proposed contract clause, until changed by bargaining or statutory arbitration.

The Panel finds that the Employer's offer, likewise, would require only one payment during the term of the proposed contract, on August 1, 1989, in the amount of \$250. Thereafter, an annual payment of \$250 would be required on successive August 1st.

(3) The Employer cites **the overall compensation package** as a reason to prefer the lower level of the benefit offered here. The total compensation of the firefighters currently

employed, on average, is more than \$45,000, according to the Employer; the additional sums demanded in the Union's proposal on this subject are therefore not justified, says the Employer.

#### CONCLUSIONS OF THE PANEL ON ISSUE 5.

The Panel is persuaded that the practices and contract provisions of comparable communities is the most significant factor to be considered here. A solid majority of those communities currently pay a premium for E.M.T. services which is in the neighborhood of \$400. Even including the two comparable communities which do not pay any such premium, the average premium is close to the Union's proposal. In addition, the Panel notes that the improvement in morale which one would expect to be realized by the higher level of payment here ordered should be worth the relatively small additional cost to the City. Thus, the last best offer of the Union has been accepted on this subject.

#### ISSUE 6: TERM OF CONTRACT.

The parties initially disagreed as to the term of contract, the Employer proposing a two year contract, the Union proposing a three year contract. This issue was resolved by taking all proofs on the subject and having both parties brief the issue before submission of final best offers on the other issues. The Panel then concluded that a three year contract term was the only reasonable alternative available under the circumstances of this case. Those

circumstances include:

--the fact that bargaining for the current contract has occupied more than 18 months of time since the termination of the last contract;

--the fact that the costs of Act 312 arbitration are significant to both parties, and, especially in view of the financial condition of the City, should not be incurred more often than is necessary;

--the fact that stable labor relations and predictable wages and conditions of employment are necessary for the smooth functioning of the public safety operation of this Employer, and could not realistically be achieved if the Panel were to order a two-year contract which would terminate on June 30, 1989.

For these reasons, the Panel confirms its award of a three-year term of contract and adopts the last best offer of the Union on this subject.

ISSUE 7: PENSION PLAN--MULTIPLIER AND MAXIMUM BENEFITS.

POSITIONS OF THE PARTIES; APPLICABLE FACTORS.

The Employer proposes that there be no change in existing language, its application or practice, there be no change in the status quo, and that the pension multiplier be maintained at its present level of 2.0% to a maximum to 75% of final average compensation.

The Union proposes that the pension multiplier utilized for the computation of all retirement allowances shall be 2.5% with a 70% maximum pension retroactive to July 1, 1987.

The Union argues that, "This is a typical benefit provided by most comparable communities....It would not add inordinate cost to the employer's payroll." [Brief, p. 26]. In citing the evidence presented, the Union argues that the payroll costs of the City of River Rouge are in the ballpark of other comparable communities, the River Rouge payroll being 22.2 % of operating costs, compared to Lincoln Park, which is at 27.0%; Trenton, which is at 25.5%; Wyandotte, which is at 25.6%. The evidence on this subject also indicates that, provided the City amortizes costs over 30 years, the per annum payroll cost of this additional benefit would be \$20,101.

The Employer argues that the Union's estimates are wrong, because they assume a 65%-of-F.A.C. maximum benefit, whereas the Union is requesting a 70%-of-F.A.C. maximum benefit. [F.A.C. will be used to refer to final average compensation.] Such a change, argues the Employer, would

change the basis for the actuarial computations, and result in a higher per annum cost to amortize this benefit than the Union estimates. The Employer's figures estimate per annum additional payroll costs based on 2.5% of payroll and assuming a maximum benefit of 75% of F.A.C., which is, as noted above, greater than the last best offer requested by the Union. The Employer's figures show that the first year payroll increase would be \$45,636. The Employer, in its brief, suggests that splitting the difference between the Union's and the Employer's estimates would provide a reasonable estimate of the actual payroll costs of the 2.5% contribution with a cap of 70%-of-F.A.C. Thus, the figure suggested by the Employer would be \$32,868 [i.e., the average of \$20,101 and \$46,636].

Additionally, the Employer argues that the parity factor comes into play here. If firefighters are granted this benefit, the parity clause in the police officers' contract would require that police officers likewise be granted this benefit. Thus, according to the Employer, the total cost of this benefit should take account of additional payroll costs to be incurred among the police officers.

The Employer, in computing the cost of this benefit for police officers, again utilized different assumptions than those contained in the Union's last best offer. Based on the Employer's assumptions [2.5% of payroll, with 75%-of-F.A.C. maximum benefit] the estimated actuarial first year cost to the Employer of providing this benefit to its police

officers would be \$92,778. The Employer in its brief recognizes that it may be appropriate to discount the cost of the police officers benefit, perhaps as much as one-half. Thus, the overall cost to the Employer of the new benefit, even discounting the police portion of the costs by half, would be \$79,257 [the firefighters' portion, \$32,868, plus the police portion,  $1/2 \times \$92,778$ ]. This, argues the Employer, is an excessive cost to impose on this City under even the best of circumstances.

Finally, argues the Employer, the pension plan currently offered is comparable to the pension plan offered in most of the comparable communities, and is "very generous" by that standard.

#### CONCLUSIONS OF THE PANEL ON ISSUE 7:

The Panel is persuaded that the comparable communities offer pension plans which are as generous as, but not more generous on average than the current River Rouge pension plan for police and firefighters. Some are less generous: Trenton and Melvindale offer 2.0% employer contributions, both with a cap of 50% of F.A.C. Some are more generous: Lincoln Park and Allen Park both offer 2.5% employer contributions (with limitations) both with a cap of 70% of F.A.C.

Additionally, there are variations on a theme as to what elements of wages are included in F.A.C., a key element in determining an employee's ultimate pension benefits. River Rouge currently has one of the best plans in this

regard, whereby new hires have sick days, longevity, and holiday pay included in their F.A.C. Many comparable communities allow fewer items to be included in calculating F.A.C.

Overall, in view of the financial crisis now confronting this City, and in view of the lack of a clear-cut showing that comparable communities, on average, provide superior pension plans, the Union's case for an improvement in this benefit falls short of being convincing.

The Panel is also persuaded that the parity factor is significant here, in that the total cost to the Employer of changing this benefit must reflect the cost of adding the new benefit to the police officers' contract. Although exact figures are not readily deducible from this record, the record is sufficient to indicate that the additional payroll costs of the Union-proposed changes in the pension plan would be on the order of magnitude of \$80,000 per annum, covering both the police and the firefighters (i.e. \$50,000 - \$100,000 per year). Considering all relevant factors, these additional costs cannot be justified at this time. Therefore, the Panel has decided to adopt the City's last best offer on this subject.

ISSUE 8: PENSION PLAN-- PRIOR SERVICE CREDIT.

POSITIONS OF THE PARTIES; APPLICABLE FACTORS.

The Union proposes that members shall have the option to purchase City of River Rouge employment time that they have accumulated prior to becoming firefighters in the City of River Rouge as service time for firefighter retirement purposes at the rate of 5% of their pay at the time application is made for each year of service. This provision shall be effective July 1, 1989.

The City proposes that there be no change in existing language, its application or practice; that there be no change in the status quo; and, that no pension credit be granted for City employment outside of the fire department.

The facts marshalled in support of the proposed change by the Union included the fact that only 3 firefighters would be affected by this change, and for them, the new benefit would constitute an equity adjustment. The desire to do justice for all members of the bargaining units in one of the traditional factors utilized in bargaining. Further, says the Union, the cost to the City would be extremely small, estimated by the City's own actuary to be \$6,240 in the first year of the new benefit. Among the comparables, the cities of Allen Park, Ecorse, and Wyandotte offer this benefit. Finally, argues the Union, "The employee would be making a contribution himself" thus making the benefit all the more valuable to him.

The Employer argues that granting this new benefit,



applicable to only 3 employees, is unnecessary and unfair. The Employer argues further that the comparable communities generally do not provide this benefit.

#### CONCLUSIONS OF THE PANEL ON ISSUE 8.

The Panel is persuaded that the low cost and high benefit of this item, as an equity adjustment, even though applicable to only a few firefighters, justifies its being granted. The personal situation of those three individuals who have accumulated service time in the City's employ, but have not had it credited to their retirement accounts is a decisive factor in this instance. The Panel concludes that traditional factors normally taken into account in bargaining, including the desire to deal equitably with all bargaining unit members is the key factor in support of this proposal. Therefore, the Panel had adopted the last best offer of the Union on this subject.

#### ISSUE 9: PENSION BOARD COMPOSITION

##### POSITIONS OF THE PARTIES; APPLICABLE FACTORS.

The Union demands that the current retirement system be amended to provide that retired policemen and firemen shall have the right to elect from among their members one delegate who shall sit on the Board of Trustees of the Retirement System the same rights and obligations as all current members of the Retirement System.

The Employer proposes that there be no change in existing language, its application or practice, that there be no change in the status quo, and that there be no new

members added to the Board of Trustees of the Retirement System.

The Union's primary contention on this issue is that retirees as a matter of democratic right and equity should be represented on the Retirement Board which determines the way in which retirement benefits are administered. Currently, the Board is composed of three members appointed by the Mayor and two members appointed by the public safety employees. The Union supports its position on this subject with the observation that Retirement Boards in at least three comparable municipalities, Melvindale, Southgate and Wyandotte, are structured to include a retiree. In the Union's observation, the proper functioning of these Retirement Boards has not been impeded by the presence of a retiree on the Board. In terms of costs, this issue is without financial burden to the City, says the Union.

The Employer takes the position that currently the membership of the Board of Trustees creates a working balance between the Employer representatives and the Union representatives. The Employer argues that if this balance were disturbed, there would be two potential negative effects. The first effect would be loss of control by the City of the administration of retirement funds. The second effect would be a potential stalemate between members of the City Administration and Pension Fund Board Members, resulting in a log jam in the proper functioning of the Pension Board as the fiduciary for the members' retirement

funds. Finally, the Employer argues that the presence of a retiree on the Pension Board of Trustees would create an unhealthy situation in which the Pension Board might orient benefits to current retirees at the expense of future retirees. For these reasons, argues the Employer, the status quo should be maintained with effective control residing with the Employer, through the appointees of the Mayor.

In summary, then, it appears to the Panel that the applicable factors on this issue are the practices in comparable communities, and traditional factors normally taken into account in bargaining, such as the equities of having retirees participate on a Pension Board, and the propriety of the Employer's retaining control over the administration of a pension system which is funded in large part with Employer funds.

#### CONCLUSIONS OF THE PANEL ON ISSUE 9.

The Panel has considered the various factors identified with each party's position on this issue. The Panel is simply not persuaded that the current administration of the Pension Board is inequitable or requires reform or necessitates change of any sort. In other words, the Union's desire to democratize the Pension Board by including a retiree representative, although laudable on its face, is not supported by sufficient evidence to justify a change in the status quo. The propriety of the Employer's retaining control over the administration of the Pension Board is a

factor which is recognized in the practices of comparable communities. For these reasons, the Panel adopts the last best offer of the Employer on this issue.


ACKNOWLEDGMENTS.


The Panel has had the benefit of excellent cooperation from all witnesses, including the following individuals:


Daniel Cooney  
Norbert L. Daniszewski  
Tom Doescher  
Elaine Hayes  
Seth I. Hirshorn, Ph.D.  
Isaac H. Lane  
Andrew Martin  
Milton K. Nixon  
Paul Robinson  
Barbara Sawyer  
John Thomas  
Dan Tomaszewski

The Neutral Arbitrator is especially appreciative of the diligent efforts of counsel and co-Panelists Angelo Plakas and Bernard Feldman, first in presenting their clients' views with power and purpose; and secondly, in providing prompt and generous assistance as co-Panelists in finalizing the Orders and editing the Opinion in this difficult case.

The Panel hopes that acceptance of these Orders as a whole by both parties and all concerned individuals will result in an overall gain to both parties that far outweighs any particularized sense of loss on individual issues.

  
BENJAMIN A. KERNER, Neutral Arbitrator

  
ANGELO PLAKAS  
Employer Delegate  
Concurring as to Issues 1, 4, 6, 7, 9  
Dissenting as to Issues 2, 3, 5, 8

  
BERNARD FELDMAN  
Union Delegate  
Concurring as to Issues 2, 3, 5, 6, 8  
Dissenting as to Issues 1, 4, 7, 9