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ARB

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IN THE MATTER OF ARBITRATION BETWEEN:

CITY OF RIVERVIEW

-and-

RIVERVIEW COMMAND OFFICERS  
LODGE 154, FRATERNAL ORDER  
OF POLICE

Act 312 - COMPULSORY ARBITRATION

CITY OF RIVERVIEW

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STATE OF MICHIGAN  
BUR. OF EMPLOYMENT RELATIONS  
DETROIT OFFICE

J. R. Dempsey  
Arbitrator

Feb 11, 1981  
Date

Dempsey, Fr., Joseph R.

Michigan State University  
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Act 312 of the State of Michigan sets out the law which must be observed by those appointed to a panel of arbitrators to judge police and fire disputes. Section 9 of this Act in (a) through (h) sets out the basis for the findings, opinions and order which the panel is entitled to make and which the panel is following in its decisions in this case.

In this dispute, the final offers of the parties were submitted to the panel on December 19, 1980. Briefs were submitted on January 16, 1981 and panel met to discuss the briefs and evidence on February 4, 1981. A copy of the final offer from each side is appended to this decision. It was agreed that all matters not submitted to the panel would be considered by the panel as agreed to by the parties and would be considered as part of the decision reached by the panel. The issues which are considered as being before the panel and unsettled are the following:

1. Pensions (Social Security Offset)

At the present time all city employees are under a combination of the Federal Social Security System and a city financed system. There were no arguments presented by the Command Officer's Union which convinced the majority of the panel that this unified system should be broken in favor of the Command Officer's offer to set up a separate system without the Social Security offset. The hearings before the Arbitration panel did nothing to change the thrust of the report made by the Social Security Review Committee. The Committee report stated:

Simple withdrawal from Social Security and/or replacing it would result in an immediate increase in take home pay of 6.13% to employees and a reduction in benefit costs to the City of Riverview of about \$80,000/annum. Such an analysis ignores the benefits provided by Social Security and is not the most logical.

(Union Exhibit 24, page 4.)

The union was unable to show evidence that the Command Officers as a group are in an intolerable situation because of their presence in the Social Security System by pointing to reduced benefit levels due to retirees under the system. The union tried to show that there are disadvantages in the present system for officers who die or are disabled in the line of duty. The union also tried to show that officers who work at other employment to age 65 after retirement at age 50 from the police department suffer some disadvantage. This evidence was not entirely convincing especially because of inflation indexing contained in the Social Security System. On the other hand, the city produced Gregg Kobacinski, an actuary for the City of Riverview retirement system. It was abundantly clear from this expert witness's testimony and City Exhibits 1, 22, and 23 that Riverview retirees will realize higher pension benefits under the Riverview plan than retirees in 9 of the 13 other Downriver Communities in the mutual aid pact. This is due essentially to the integration of Social Security and the City plan.

The union simply was not able to present any convincing argument that the 8 Command Officers in Riverview should be removed from the present system based on any inequities inherent in the system. The union argument that the 6.23% Social Security payroll tax paid by members could be better spent elsewhere simply was not proved. Even the Social Security Review Committee pointed out this difficulty in their

report:

During the information gathering phase the Committee encountered one serious obstacle which it was unable to overcome. Despite numerous attempts the Committee was unable to locate representatives from the Insurance industry that were willing to discuss the possibility of the City withdrawing from Social Security and replacing it with a comparable private insurance package. (Union Exhibit 24, page 3.)

## 2. Pensions (Final Average Compensation)

The union argument that in the computation of final average earnings, it should be on the basis of the highest three (3) of the final five (5) years, is unconvincing. As indicated in City Exhibit 2, nine (9) of the fourteen (14) cities (including Riverview) listed in the survey of Downriver Police/Fire Retirement Systems compute final average compensation on the basis of five (5) rather than three (3) years. Only four (4) cities calculate an officer's final average compensation on the basis of three years. The union argued that inflation protection was contained in using three (3) of five (5). But that protection is contained in the fact that Social Security payments are indexed and tax free.

## 3. Wages

The Command Officers contract is the last labor contract to be settled in Riverview. The Patrolmen settled at 9.49% for three (3) years, the D.P.W. at 7.52% for three (3) years, the clerical settlement was 9% for three and one-half ( $3\frac{1}{2}$ ) years, the administrators settled at 9% for two (2) years. The union offer for sergeants was 12.38% in the first year, 11% in the second and 9.93% in the third. This averages out to 11% over three years. The city offer was 12.22 in the first year,

8.67% in the second and 8.18% in the third. This averages to 9.69% over the three (3) years. For lieutenants, the union offer was 12.52% for the first year, 11.12% in the second and 10.01% in the third. This averages to 11.2% for the three (3) years. The city offer was 12.68% in the first year, 8.13% in the second and 7.71% in the third. This averages to 9.5% for the three years.

In the first year, both offers are in the 12+% range. This moves Riverview from 9th place to 6th place among the fourteen (14) Downriver mutual and cities. The union's offer in the second year moves Riverview probably into 5th place. The picture is not clear in the third year because there have not been enough settlements in the area for 1981-82 as of yet.

The Chairperson of the panel therefore accepts the union's offer for the first two years of the contract on the basis of comparisons with other Downriver cities. The union offer is close to the mode of the Downriver area. However, he accepts the City offer in the third year because this offer will keep the total package within a more reasonable range of the City of Riverview's settlements with its other employees, and especially its patrolmen, since the total package would average out to 10.5%.

The union offer for sergeants was:

79/80 - 22,533  
80/81 - 25,016

The city offer for sergeants was:

81/82 - 26,450

The union offer for lieutenant was:

79/80 - 23,966  
80/81 - 26,632

The city offer for lieutenant was:

81/82 - 27,950

This scale maintains, within reason, the traditional dollar differential between sergeants and lieutenants.

4. Hospitalization

The union accepts the city offer and asks for an early effective date (30 days after the date of the award). The chairman accepts this settlement but asks the city to make the effective date as soon as it can with all deliberate speed.

5. Dental

The offers between the parties are close. The chairman accepts the city's offer because it is identical to the coverage enjoyed by the patrolmen. This facilitates the purchase of group coverage by the city. Furthermore, the chairman sees no need to differentiate the dental care available to patrolmen and command officers.

6. Educational Incentive

This is a "new fringe" benefit for command officers. The present educational pay for police in Riverview is one of the most generous provisions in the Downriver area for police. The chairman does not see any strong reason for granting the command officers any more incentive than has already been given to the patrolmen.

7. Bonus Pay

Members of the bargaining unit, i.e., patrolmen and lieutenants, have already been paid this bonus. The chairman can see no reason why the sergeants should not be given this similar bonus at this time.

Signatures signifying agreement with the last offer.

1. Pension (Social Security Offset)

City 1) Director 2) J.R. Dempsey 3) \_\_\_\_\_  
 Union 1) \_\_\_\_\_ 2) \_\_\_\_\_ 3) \_\_\_\_\_

2. Pension (F.A.C.)

City 1) Director 2) J.R. Dempsey 3) \_\_\_\_\_  
 Union 1) \_\_\_\_\_ 2) \_\_\_\_\_ 3) \_\_\_\_\_

3. Wages

1st Year

City 1) Director 2) \_\_\_\_\_ 3) \_\_\_\_\_  
 Union 1) Chas. W. Wither 2) J.R. Dempsey 3) \_\_\_\_\_

2nd Year

City 1) Director 2) \_\_\_\_\_ 3) \_\_\_\_\_  
 Union 1) Chas. W. Wither 2) J.R. Dempsey 3) \_\_\_\_\_

3rd Year

City 1) Director 2) J.R. Dempsey 3) \_\_\_\_\_  
 Union 2) \_\_\_\_\_ 2) \_\_\_\_\_ 3) \_\_\_\_\_

4. Hospitalization

City 1) Director 2) \_\_\_\_\_ 3) \_\_\_\_\_  
 Union 1) Chas. W. Wither 2) J.R. Dempsey 3) \_\_\_\_\_

5. Dental

City 1) Director 2) J.R. Dempsey 3) \_\_\_\_\_  
 Union 1) \_\_\_\_\_ 2) \_\_\_\_\_ 3) \_\_\_\_\_

6. Educational Incentive

City 1) Director 2) J.R. Dempsey 3) \_\_\_\_\_  
 Union 1) \_\_\_\_\_ 2) \_\_\_\_\_ 3) \_\_\_\_\_

7. Bonus Pay

City 1) Director 2) \_\_\_\_\_ 3) \_\_\_\_\_  
 Union 1) Chas. W. Wither 2) J.R. Dempsey 3) \_\_\_\_\_