

STATE OF MICHIGAN  
EMPLOYMENT RELATIONS COMMISSION  
ACT NO. 312 ARBITRATION PROCEEDING  
HERBERT BURDICK, IMPARTIAL ARBITRATOR  
DETROIT, MICHIGAN

In The Matter of:

CITY OF ROCKWOOD,

Public Employer,

Act No. 312

MERC No. D87 J-2209

-and-

MICHIGAN FRATERNAL ORDER  
OF POLICE,

Public Employees.

OPINION AND AWARD OF THE ACT 312 PANEL

Panel Members:

Herbert Burdick - Chairman  
Richard Weiler - Union Delegate  
Angelo A. Plakas - City Delegate

Appearances:

For the City:

Angelo A. Plakas, Attorney  
Richard Czopp, City Administrator, City of Rockwood  
Gerald Norrix, Police Chief, City of Rockwood  
Mark E. Chmielewski, CPA, Plante & Moran  
James Dimitriou II, Attorney

For the Union:

Kenneth W. Zatkoff, Attorney  
Nancy Ciccone, Labor Research Analyst, FOP  
Dennis Kazole, Police Officer, President of Union

The Agreement between the Union and the City expired on December 31, 1987. Negotiations ensued, and the parties were unable to negotiate a successor contract to the January 1, 1986 to December 31, 1987 agreement. Mediation took place on January 12, 1988, but the parties again failed to reach agreement.

On or about January 14, 1988, the Union petitioned the Michigan Employment Relations Commission for Arbitration under Act 312. MERC appointed Herbert Burdick as the Chairman of the Arbitration Panel. The Union chose Richard Weiler as its delegate to the Panel and the City of Rockwood chose Angelo A. Plakas as its delegate to the Panel. On April 28, 1988, a pre-hearing conference was held at MERC. At the pre-hearing, the parties stipulated to waive all the limits set forth in Act 312. Because of the large number of unresolved issues, and the apparent willingness of the parties to engage in further collective bargaining, the Chairman remanded the parties for further negotiations. The Union and the City then commenced negotiations during the interim. The parties were not successful in negotiating a full and complete contract, but were successful in reducing the number of issues in dispute to be heard by the 312 Panel.

A second pre-arbitration hearing was scheduled October 24, 1988. At that time the parties presented to the Panel a written list of tentative agreements. The parties agreed on the record to incorporate all of the tentative agreements into the award and also agreed that the contract before the Panel would cover the period of January 1, 1988 through December 31, 1990.

At the pre-hearing conference, the parties also presented to the Chairman, and incorporated into the record, an agreed upon list of the remaining outstanding issues to be decided by the Panel. It was stipulated that all the issues were economic. Those issues were:

Issue I: Promotions for Patrolmen - Article XII (New Section)

Issue II: Wages for Patrolmen, Sergeants and Detectives Effective 1-1-88 - Appendix A, Article A-1, Section 1(a)

Wages for Patrolmen, Sergeants and Detectives Effective 1-1-89 - Appendix A, Article A-1, Section 1(b)

Wages for Patrolmen, Sergeants and Detectives Effective 1-1-90 - Appendix A, Article A-1, Section 1(c)

Issue III: Longevity Pay for Patrolmen, Sergeants and Detectives 1-1-88 through 12-31-88 - Appendix A, Article A-6, Section 1(a)

Longevity Pay for Patrolmen, Sergeants and Detectives 1-1-89 through 12-31-89 - Appendix A, Article A-6, Section 1(b)

Longevity Pay for Patrolmen, Sergeants and Detectives 1-1-90 through 12-31-90 - Appendix A, Article A-6, Section 1(c)

Issue IV: Sick Leave for Patrolmen, Sergeants and Detectives - Appendix A, Article A-11, Section 4

Issue V: Wages for Part-Time Dispatchers Effective 1-1-88 - Appendix B, Article B-1, Section 1(a)

Wages for Part-Time Dispatchers Effective 1-1-89 - Appendix B, Article B-1, Section 1(b)

Wages for Part-Time Dispatchers Effective 1-1-90 - Appendix B, Article B-1, Section 1(c)

Issue VI: Vacations for Part-Time Dispatchers - New Article

Issue VII: Sick Leave for Part-Time Dispatchers - New Article

Issue VIII: Hospitalization and Medical Insurance for Part-Time Dispatchers - New Article

Issue IX: Hospitalization and Medical Insurance for Patrolmen, Sergeants and Detectives - Appendix A, Article A-13, Section 1

At the pre-arbitration hearing, rules of procedures governing the hearings were also discussed, agreed to, and then placed on the record.

Prior to the start of the hearings, the parties exchanged exhibits. Hearings were held before the 312 Panel at the offices of MERC in Detroit, Michigan, on January 17, 18 and 19, February 2 and 27, and March 2, 1989. Following the submission of last best offers, the Panel met in executive session on April 19, 1989.

The Chairman takes this opportunity to thank the Panel delegates and the attorneys of the City and the Union. They cooperated with the Chairman in every respect. The attorneys for the City and the Union were well prepared, and the delegates did a good job of advocating the positions of the City and the Union.

At the hearings, the parties presented many exhibits, testimony from witnesses and arguments with respect to all of the issues. The testimony was lengthy. It is not considered necessary to restate the testimony of the witnesses presented, nor to quote from and refer directly to many exhibits received and accepted into evidence, as the testimony and exhibits are all part of the record of the proceedings in this case.

Both the City and the Union attempted to demonstrate through the testimony of witnesses and exhibits how their respective positions most nearly complied with the applicable factors prescribed in Section 9 of Act 312. Section 9 of the Act prescribes the following:

"Where there is no agreement between the parties, or where there is an agreement but the parties have begun negotiations or discussions looking to a new agreement or amendment of the existing agreement, and wage rates or other conditions of employment under the proposed new or amended agreement are in dispute, the arbitration panel shall base its findings, opinions and order upon the following facts, as applicable:

- (a) The lawful authority of the employer.
- (b) Stipulations of the parties.
- (c) The interests and welfare of the public and the financial ability of the unit of government to meet 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 facts, 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 Union and the City took the position that not all the communities, in what is generally referred to as the "Downriver Area" were comparable to the City of Rockwood. The Union and the City each then put forth certain cities for the Panel's consideration that they each believed to be comparable.

The Union chose:

Flat Rock  
Gibraltar  
Grosse Ile  
Huron Township  
Riverview  
Woodhaven

The Union argued that there are 12 characteristics inherently common to be used for the basis of comparability:

1. Population (Growth, Density and Composition)
2. Land Area/County
3. Department Composition
4. Officers Per Square Mile
5. Officers Per Capita
6. State Equalized Valuation
7. Per Capita State Equalized Valuation (Wealth)
8. Crime Statistics

9. Offenses Per Officer
10. Taxes
11. Housing
12. Median Household Income/Value.

The City, on the other hand, argued that the following cities were comparable to Rockwood:

Belleville  
Gibraltar  
Grosse Pointe  
Keego Harbor  
Luna Pier  
Milan  
Pleasant Ridge  
Sylvan Lake

The City likewise attempted to substantiate its position on the basis of certain characteristics such as:

1. Size in square miles
2. Population
3. Crime Statistics
4. SEV
5. Legal Entity
6. Size of Department.

These six categories were further subdivided by the City into a total of eighteen sub-categories. To qualify as comparable, Rockwood argued nine of the eighteen sub-categories had to be met.

In resolving the question of comparability, the Panel Chairman started with Gibraltar, the one city that the parties agreed to be comparable, and attempted to use that city to establish a range against which to consider the disputed comparables. The Panel Chairman encountered some difficulty in

applying all of the factors on which data was provided to the various communities advocated by each side because both parties were attempting to use some communities whose collective bargaining agreements expired before 1990, even though the term of the contract before this Panel would run to December 31, 1990. Only Gibraltar and Milan have existing contracts through 1990.

After reviewing the communities and the various factors put forth by the Union and the City, the Chairman first determined which communities stood sufficiently apart from the City of Rockwood. On that basis, the charter townships and general law townships were excluded, as were communities that had public safety departments, or who did not have a collective bargaining agreement in effect at least through the first year of the contract in dispute in this case.

Notwithstanding the foregoing, it should also be mentioned that the Chairman was mindful of the fact that Rockwood's economic base, or lack thereof, sets it sufficiently apart from many of the communities put forth by both sides.

After reviewing the other factors in combination, it was determined that for the purposes of this particular 312 Arbitration between the parties, the following communities were comparable:

Flat Rock  
Gibraltar  
Milan  
Belleville

Out of all the cities, the Rockwood Police contract was the only one that ran on a calendar basis in lieu of a fiscal basis. Because of the foregoing, all the figures that the



parties submitted had to be closely evaluated and in some instances recomputed in order to more precisely compare wages and benefits.

Rockwood is a city 2.7 square miles in size with a population of slightly over 3,000. In 1986, Rockwood had recorded 72 index crimes and 128 non-index crimes. In 1987, Rockwood again recorded 72 index crimes and 108 non-index crimes.

The Rockwood Police Department is made up of eight sworn officers including the Chief of Police. All of the officers are employed by the City on a full-time basis. The Chief is the administrative head of the department and sometimes assists officers as incidents may occur and sometimes is called upon to act as backup. Under the Chief, there is one Detective-Sergeant and six Patrolmen. The Department also has four part-time civilian dispatchers. The civilian dispatchers work on an average of 30 hours per week and are hired without any specialized skills, except perhaps for some typing ability. There is another employee who is part of the Department who is known as a Secretary-Clerk-Dispatcher. This employee is a member of the AFSCME Union. The Secretary-Clerk-Dispatcher acts as the Chief's secretary and has various duties and responsibilities above and beyond those duties and responsibilities carried out by the dispatchers.

The Chief of Police was hired in 1960, one officer in 1968, one in 1973, two in 1978, one in 1979, one in 1984, and one in 1987. In 1988, the Chief's W-2 reported compensation in the amount of \$38,611, while W-2's for three Patrolmen reported

compensation in the amounts of \$37,579, \$37,108, and 37,049, and W-2's for another two of the Patrolmen reported compensation in the amounts of \$36,833 and \$36,649.

In addition to annual base salary, the Rockwood officers are also paid shift differential, clothing and cleaning allowance, holiday pay, longevity pay, and for Court time. The shift differential paid to the Rockwood officers for working the afternoon and midnight shifts is very high given either party's list of comparable communities.

The City provides, at no cost to the employees, hospitalization insurance, life insurance, dental insurance, and optical insurance. The City also contributes to a pension and retirement plan for the officers.

The City also provides the officers with various forms of paid leave time, such as vacation leave, funeral leave, and sick leave. The officers may accumulate up to 100 days of sick leave, which leave may also be used for attendance of a sick spouse or child. At the time of retirement, an officer is entitled to full pay for up to 65 accumulated sick days. Seven officers have accumulated in excess of 268 days of sick leave. Not counting the newest officer who hasn't had the opportunity to accumulate as much sick time as the others because of his short tenure in office, the six most senior officers have accumulated 260 days, for an average of 37 days each of accumulated unused sick time.

Both the City Administrator, Richard Czopp, and Mark E. Chmielewski, CPA, of Plante & Moran, explained the current and prospective financial condition of the City of Rockwood. While the City is not operating with a deficit, it is a City that is hampered by very limited resources. The record is quite clear that the City has experienced a substantial increase in the cost of providing medical and health insurance to City employees over the past few years. The City has attempted to expand its financial base by promoting financial growth; however, the City's efforts have resulted in only a very small industrial park that is not completed and will not be the panacea as may be hoped for by some of the parties.

In 1987, Rockwood had a SEV for real property in the amount of \$24,448,570, and a total SEV of \$29,204,360. In 1988, the SEV for real property was \$25,391,260, and the total SEV was \$30,167,440.

There was a very modest growth in the City of Rockwood in the SEV, and significantly lower than other communities. The license and permit records of the City in the eleven year period from 1978 to 1988 demonstrated that the City enjoyed only seventeen new housing starts, the construction of two duplexes - 57 unit additions - not apartment buildings, and 13,000 square feet of commercial development. This averaged less than two housing starts a year.

The total property tax revenues in Rockwood have remained relatively constant, but the property tax revenues allocated to operations have increased. In 1984, 15.7 operating mills were levied and the balance for debt; however, in 1989,

the current fiscal year, the City is levying 18.65 mills for operations and only 7 percent of the millage goes for debt. Over a seven year period, the amount of millage going for operations or required to fund operations has increased from 15.3 mills to 18.65 mills which is a 19 percent increase in the proportion of property taxes used to fund operations. All but 1.35 mills are currently used for operations. Because of this, the City has not been able to spend any significant amount of money on the improvements to the infrastructure of the City.

The State of Michigan, Department of Treasury, publishes a RTE figure, "Relative Tax Effort," for cities in the State of Michigan. This RTE factor is the allocation of certain State-shared revenues. The relative tax effort represents the millage equivalent of a community's self-imposed taxes. It is a weighted average, so that a larger community that levies 10 mills could count for more than a small community levying 20 mills. The intention of the factor is to define what the average community levies for taxes so to give certain State-shared revenues on the basis reflecting the self-imposed tax burden of the community. Over the last six fiscal years the State's RTE, or the average amount of property taxes levied by communities in the State of Michigan, has been 13.77 mills. Over that period of time, the City of Rockwood has levied 20 mills each year. The City of Rockwood has a self-imposed property tax burden of 45 percent above the State average. In other words, the citizens of the City of Rockwood, on their property, pay a millage rate of approximately 150 percent of the State norm. It should be noted

that the City is taxing at its legal Charter limit. It is also noteworthy that the community has levied a full 20 mills for a number of years, and that the community has not rolled back taxes for either truth-in-tax or Headlee limitations.

A mill in Rockwood represents approximately \$30,000. More and more of Rockwood's millage has been going to operations. The City has a very modest amount of millage currently allocated to debt retirement, and that has been decreasing every year. Because the SEV in the community has stayed somewhat flat, the only way that the City can increase the dollar amount coming in to the City coffers to be used for operations, such as funding the Police Department, is to keep allocating more and more of the revenues raised exclusively from the millage for operations. Such a course would not allow the City, given the current situation, to maintain any meaningful program toward capital improvements.

In terms of actual expenses of the City of Rockwood in the general fund, the expenditures for the police department, including fringes, is clearly one of the largest expenditure areas of the City. The expenditures for the Police Department, as a percentage of total expenditures, has grown faster than other areas, for example, the DPW. In conjunction with the foregoing, it should be noted that while the expenditures for the Police Department, as a percentage of total expenditures, has grown faster than other areas, the manpower, that is, the head count in the department, has not changed over the past five years.

From a point of internal comparability, it should be noted that the City Administrator and the Police Chief, along with the members of the other bargaining unit in the City, received only a three percent raise for the year covering the first year of this contract.

The average salary of the comparable communities for the first year of the contract is \$26,914. Thus, the City's first year is more in line with the comparable cities and totally consistent with the internal comparables.

The average salary of the comparable communities for the second year of the contract is \$28,461, and the City's offer for Patrolmen and Detectives' salaries would be \$28,471. In the third year, the average salary of the comparable communities is \$29,025, and the City's offer for Patrolmen and Detectives' salaries would be \$29,752. In both the second and third year, the City's offer is more in line with the comparable cities.

The Panel, in making its determination and award, went through issue by issue and year by year, and based on the evidence presented and on the applicable factors prescribed in Section 9 of Act 312, finds as follows:

ISSUE I  
PROMOTIONS

The Union withdrew its demand on this issue; therefore,  
there is no necessity to issue an award.

ISSUE II

WAGES

Patrolmen, Sergeants and Detectives

Last Final Offer

Appendix A, Article A-1, Section 1

<u>Union</u>		<u>City</u>	
1-1-88	7%	1-1-88	3%
1-1-89	6%	1-1-89	4%
1-1-90	6%	1-1-90	4.5%

Determination/Award:

The City's last final offer as to the year commencing January 1, 1988, is accepted. The City's delegate concurs.

The City's last final offer as to the year commencing January 1, 1989, is accepted. The City's delegate concurs.

The City's last final offer as to the year commencing January 1, 1990, is accepted. The City's delegate concurs.

Dissent:

The Union's delegate dissents to the award for the year commencing January 1, 1988.

The Union's delegate dissents to the award for the year commencing January 1, 1989.

The Union's delegate dissents to the award for the year commencing January 1, 1990.



ISSUE III

LONGEVITY

Patrolmen, Sergeants and Detectives

Last Final Offer

City:

Appendix A, Article A-6, Section 1

(a) 1-1-88 through 12-31-88. The City proposes there be no change in the status quo.

(b) 1-1-89 through 12-31-89. The City proposes there be no change in the status quo.

(c) 1-1-90 through 12-31-90. The City proposes there be no change in the status quo.

Union:

Effective 1/1/88: Longevity and Article A-6, Section 1 to read as follows:

Employees upon completion of the below indicated years of service shall receive the following amounts of longevity pay. Payments shall be received as in the past:

After 4 years - \$200 per year

After 10 years - \$400 per year

After 15 years - \$600 per year

After 20 years - \$800 per year

Effective 1/1/89: Longevity schedule modified to read as follows:

After 3 years - \$300 per year

After 5 years - \$500 per year

After 10 years - \$700 per year

After 15 years - \$800 per year

Effective 1/1/90: Same offer as 1/1/89

Determination/Award:

The Union's last final offer as to the year commencing January 1, 1988, is accepted. The Union's delegate concurs.

The City's last final offer as to the year commencing January 1, 1989, is accepted. The City's delegate concurs.

The City's last final offer as to the year commencing January 1, 1990, is accepted. The City's delegate concurs.

Dissent:

The City's delegate dissents to the award for the year commencing January 1, 1988.

The Union's delegate dissents to the award for the year commencing Janaury 1, 1989.

The Union's delegate dissents to the award for the year commencing Janaury 1, 1990.

ISSUE IV

SICK LEAVE

Patrolmen, Sergeants and Detectives

Last Final Offer

City:

Appendix A, Article A-11, Section 4:

The City proposes there be no change in the status quo.

Union:

Appendix A, Article A-11, Section 4.

Effective 1/1/88: Section 4 to read as follows:

Up to three (3) personal business days shall be granted to each officer.

Effective 1/1/89: Same offer as 1/1/88

Effective 1/1/90: Same offer as 1/1/88

Determination/Award:

The City's last final offer is accepted. The City's delegate concurs.

Dissent:

The Union's delegate dissents.

ISSUE V

WAGES - PART-TIME DISPATCHERS

Last Final Offer

City:

Appendix B, Article B-1, Section 1

(a) Base Salary Effective 1-1-88. The City proposes that the base wages for the contract period be increased by three (3%) percent from the 1-1-87 through 12-31-87 level.

(b) Base Salary Effective 1-1-89. The City proposes that the base wages for the contract period be increased by four (4%) percent from the 1-1-88 through 12-31-88 level.

(c) Base Salary Effective 1-1-90. The City proposes that the base wages for the contract period be increased by four and one-half (4.5%) percent from the 1-1-89 through 12-31-89 level.

Union:

Appendix B, Article B-1, Section 1

Effective 1/1/88: Increase in current ase salary by fifty cents (50¢) per hour.

Effective 1/1/89: Increase in current ase salary by fifty cents (50¢) per hour.

Effective 1/1/90: Increase in current ase salary by forty-five cents (45¢) per hour.

Determination/Award:

The City's last final offer as to the year commencing January 1, 1988, is accepted. The City's delegate concurs.

The City's last final offer as to the year commencing January 1, 1989, is accepted. The City's delegate concurs.

The City's last final offer as to the year commencing January 1, 1990, is accepted. The City's delegate concurs.

Dissent:

The Union's delegate dissents to the award for the year commencing January 1, 1988.

The Union's delegate dissents to the award for the year commencing January 1, 1989.

The Union's delegate dissents to the award for the year commencing January 1, 1990.

ISSUE VI

VACATIONS - PART-TIME DISPATCHERS

Last Final Offer

City:

New Article

Section 1.

(a) Effective 1-1-88 through 12-31-88. The City proposes there be no change in the status quo.

(b) Effective 1-1-89. For the purpose of computing vacation eligibility and amount, current vacations shall be earned in the preceeding calendar year of January 1 through December 31, inclusive. Each dispatcher shall receive a vacation, fully paid, according to the following schedule of hours worked during the preceding year:

1350 - 1560 hours	5 days
1200 - 1350 hours	4 days
1050 - 1200 hours	3 days
780 - 1050 hours	2 days

Section 2. Each dispatcher shall take the earned vacation days prior to the end of the calendar year in accordance with the schedule set forth in Section 1(b) above.

Section 3. Requests for vacation must be submitted to the department head at least sixty (60) days prior to the proposed date of commencement of the vacation.

Union:

Effective 1/1/88: The Union is requesting the following vacation schedule for dispatchers:

1 - 3 years of service - 10 days vacation

4 - 6 years of service - 15 days vacation

Effective 1/1/89: Same offer as 1/1/88.

Effective 1/1/90: Same offer as 1/1/88.

Determination/Award:

The City's last final offer as to the year commencing January 1, 1988, is accepted. The City's delegate concurs.

The City's last final offer as to the year commencing January 1, 1989, is accepted. The City's delegate concurs.

Dissent:

The Union's delegate dissents to the award for the year commencing January 1, 1988.

The Union's delegate dissents to the award for the year commencing January 1, 1989.

ISSUE VII

SICK LEAVE - PART-TIME DISPATCHERS

The Union withdrew its demand on this issue; therefore, there is no necessity to issue an award.



ISSUE VIII

HOSPITALIZATION AND MEDICAL

INSURANCE - PART-TIME DISPATCHERS

Last Final Offer

City:

New Article

The City proposes there be no change in the status quo.

Union:

New Article

Effective 7/1/89: All dispatchers shall be provided the same hospitalization coverage as per Appendix A, Article A-13, Section 1, which is currently enjoyed by the police officers.

Determination/Award:

The City's last final offer is accepted. The City's delegate concurs.

Dissent:

The Union's delegate dissents.

ISSUE IX

HOSPITALIZATION AND MEDICAL INSURANCE

Patrolmen, Sergeants and Detectives

Last Final Offer

City:

Appendix A, Article A-13, Section 1

(a) Effective 1-1-88 to 6-30-89. The City proposes there be no change in the status quo.

(b) Effective 7-1-89. Section 1 shall be amended and/or modified to provide for the following:

- (1) Prescription Drug Rider with \$3.00 deductible
- (2) Dental Care Preferred 50%/50%/50%

(c) Effective 1-1-90. Section 1 shall be amended and/or modified at the option of the City to provide for one of the following:

- (1) Annual Front End Deductible for Hospitalization  
Blue Cross/Blue Shield DRI-275
- (2) Blue Cross/Blue Shield Blue Preferred Plan,  
known as a Preferred Provider Organization in  
lieu of current MVF Preferred Group Benefit  
Certificate

Union:

The Union opposes any change in the current provision.

Thus, the Union proposes as follows:

Effective 1/1/88: Status quo

Effective 1/1/89 and through the year: Status quo

Effective 1/1/90 and through the year: Status quo

Determination/Award:


For the period commencing January 1, 1988 through June 30, 1989, both the City's and the Union's last final offers are accepted. The parties concur that the status quo be maintained.

For the period commencing July 1, 1989, the City's last final offer is accepted. The City's delegate concurs.


For the period commencing January 1, 1990, the City's last final offer is accepted. The City's delegate concurs.

Dissent:

The Union's delegate dissents as to the awards for the period commencing July 1, 1989, and January 1, 1990.

  
HERBERT BURDICK, Chairman and  
Impartial Arbitrator

  
ANGELO A. PLAKAS  
City Delegate

  
RICHARD WEILER  
Union Delegate

Dated: May 11, 1989.