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STATE OF MICHIGAN
DEPARTMENT OF LABOR
EMPLOYMENT RELATIONS COMMISSION

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Compulsory Arbitration Pursuant to Act 312 of Public Acts of 1969
As Amended

ARBITRATION PANEL AWARD

In the Matter of Statutory
Arbitration Between:

CITY OF SAGINAW

-and-

MERC Case No. L-83 D-243

FRATERNAL ORDER OF POLICE,
STATE LABOR COUNCIL
(Command Officers)

BACKGROUND AND PROCEDURAL HISTORY

The parties entered into a two year collective bargaining agreement effective January 1, 1982 and ending December 31, 1983. The Union, as part of this settlement, agreed to freeze wages as well as COLA payments when it was stipulated that discussions on base salary adjustments would be reopened on January 1, 1983. The City and the Union did begin bargaining on this issue as agreed, but an impasse was reached. As a result, the parties engaged Mediator Gordon Lee in an effort to resolve this dispute. No successful conclusion to.

this process was reached during a meeting on April 27, 1983.

An application for arbitration was subsequently filed by the Union, under the provisions of MCLA 423.201 Et SEQ on April 29, 1983. The undersigned was appointed Chairman of the Panel on May 31, 1983. On December 20, 1983 a pre-arbitration hearing was held during which the issue was discussed. The parties agreed at the conclusion of this session to continue to explore the avenues of settlement. When it was determined, after a period of time, that such settlement was not possible, the parties requested the Chairman to call for another pre-arbitration conference. This occurred on April 18, 1984 and the positions of the City and the Union were further delineated. The parties also agreed to submit briefs in support of their positions as well as the required Last Offer. The brief from the City was received on May 7, 1984. The Union's brief was received May 24, 1984. The City offers a wage freeze. The Union's Final Offer involves a 2.5% base rate increase retroactive to January 1, 1983. The Union is represented by Peter P. Sudnick, Esq.; The City by Steven B. Rynecki, Esq.

STATUTORY REQUIREMENTS

Public Act 312 requires the following:

"...the arbitration panel shall base its findings
opinions and order upon the following factors,
as applicable:

- (a) The lawful authority of the employer
- (b) Stipulations of the parties.
- (c) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.
- (d) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
 - (i) In public employment in comparable communities.
 - (ii) In private employment in comparable communities.
- (e) The average consumer prices for goods and services, commonly known as the cost of living.
- (f) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment and all other benefits received.

- (g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- (h) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration...."

ARGUMENTS

The parties agree that no issue exists in regard to the City's lawful authority as the employer.

The parties have stipulated to certain changes in the City's pension and deferred compensation programs. And these changes will take effect upon settlement of a new collective bargaining agreement except as modified by the written agreements of the parties and by this arbitration award.

As regards "The interests and welfare of the public and the financial ability" of the City to handle an increase in wages to members of the bargaining unit, the employer does not wish to raise its ability to pay as an issue, but nevertheless wishes to reserve the right to raise this issue in any future instances that may arise. It also wishes to go on record as requesting the arbitrator "...To limit any decision adverse to the City to the

specific facts of this case ", particularly as it relates to the size of the bargaining unit, namely the 20 employees involved.

The Union notes that the City has not chosen to make an issue of the ability to pay, but points out that Saginaw's General Fund Budget indicates the existence of an approximately \$406,000.00 surplus as of the quarter ending December 31, 1983. It further suggests that the surplus at the end of the fiscal year could reach a figure estimated to be about \$700,000.00. The City while not alluding to this surplus indicates that attempts have been made to increase revenues and in general eliminate deficits, but this has been done by significantly reducing services to its citizenry.

As regards comparability the City has placed exhibits into evidence which it contends establish the following cities in Michigan as appropriate comparables: Muskegon, Battle Creek, Bay City, Flint, Jackson and Pontiac. It further suggests that the Command Officers in Saginaw, on the basis of the information obtained on these municipalities, do receive competitive wages.

The Union contends that its offer of a 2.5% retro-active base rate increase would at best, using the information submitted by the employer, allow the Command Officers to only remain in an "existing competitive position."

As regards the "Cost of Living" factor, the City argues that, "...increases in the cost of goods and services have slowed considerably." It also maintains that the consumer price index figures furnished by the Bureau of Labor Statistics are "slightly inflated". In support of this position, it ventures the opinion these statistics fail to take into account improved quality of product; and inaccurate assumptions made regarding "...the quality of life as it relates to consumer choice." The City also contends that they do not compensate for payment of increased health insurance and housing costs paid by the employer.

The Union argues that while cost of living increases may have slowed, they nevertheless have occurred. This has resulted in a "negative effect" on the purchasing power of members of the bargaining unit. It claims, for example, that the real purchasing power for Sergeants in the unit has declined by \$1682.00, and that the proposed

2.5% increase does not even provide for making up even 50% of this figure. And while recognizing that the cost of health insurance has increased, the Union maintains that these same costs have also occurred in comparable communities. It also claims that the payment of these costs and its effect on overall compensation enables members of the Command Officers Unit to remain in a competitive position.

The City maintains that there have been no significant changes in the factors mentioned above during the pendency of these proceedings. The Union does not appear to take issue with this position.

As regards other traditional factors, the City points out that the Command Officers Unit consists of only approximately 20 employees, and that the firefighter unit numbers about six times that amount. Other bargaining units are dissimilar in size. The City, therefore, argues that in terms of internal comparability, comparison is difficult. The Union claims that the Command Officers agreed to a COLA freeze effective January 1, 1982, while the police officer unit received COLA Benefits through June 30, 1983, as well as a \$50.00 increase in clothing allowance. The

cost to the City, therefore, because of the size of this unit, was "much more considerable."

OPINION

It is this arbitrator's decision, on the basis of the evidence and arguments presented, that the Union's best offer constitutes the most equitable resolution of the wage issue involved in this case.

I am persuaded by the following:

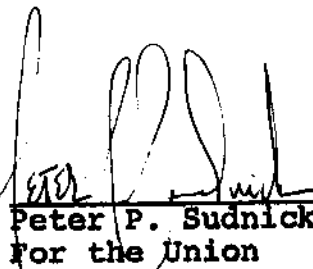
1. It has been estimated that a 2.5% retroactive increase in the Command Officer's base rate would entail approximately \$22,000.00. This represents a rather modest expenditure, which in view of the present surplus which the city enjoys, would not be burdensome.
2. The 2.5% increase would, on the basis of evidence offered by the employer, in effect merely allow the Command Officers to maintain their current position in comparison with those in comparable communities.
3. As regards internal comparability, the 2.5% base salary increase would bring the Command Officer

Unit into line with the previous increases afforded the police officers unit which received COLA benefits through June 30, 1983 as well as a \$50.00 increase in a uniform allowance.

4. The 2.5% increase also seems modest in terms of cost of living increases that have occurred in recent years. While it is true, as the city contends, that the inflation rate has slowed in recent years, the increases that have occurred would render the 2.5% justifiable

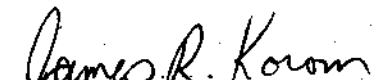
AWARD

The employer shall put into effect a 2.5% increase in the base rate of the employees in the Command Officer Unit retroactive to January 1, 1983

 6-25-84
Peter P. Sudnick
For the Union

Approved ☒ Disapproved ☐

 June 19, 1984
Harold D. Gales
Chairman

 (for) 6/27/84
Steven B. Rynecki
For the City

Approved ☐ Disapproved ☒