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STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
Arbitration under Act 312
Michigan Public Acts of 1969 as amended

IN THE MATTER OF THE ARBITRATION BETWEEN
CITY OF SAGINAW (MICHIGAN)

-and-

MICHIGAN LAW ENFORCEMENT UNION LOCAL 129
MERC Act 312 Arbitration No. D80 D-2424

ARBITRATION PANEL

Larry D. Gregory
Steven B. Rynecki
Daniel H. Kruger

Delegate, Michigan Law Enforcement Union, Local 129
Delegate, City of Saginaw
Chairperson

APPEARANCES

For the City

Mark Kennedy
Charles D. Campbell
William J. Charron, Jr.
Douglas A. Cairns

City Finance Officer
Chief of Police
Personnel Director
Attorney

For the Union

Thomas G. Reeder
Clarke H. Gilbert
William P. Bryan, Sr.
John D. McAfee, Jr.
Gregory Price
Ivan Base
William Mendenall

Business Representative, Local 129

HEARINGS REPORTER

R. Marcoux

Kruger, Daniel

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CITY OF SAGINAW

INTRODUCTION

An Act 312 arbitration hearing was held in the City Hall, Saginaw, Michigan, on November 21, 1980. The parties identified the following issues to be in impasse: (1) duration, (2) dental insurance, (3) retirement, (4) wages, and (5) cost of living. The Union had initially sought an optical benefit but it withdrew this issue.

During the negotiations held prior to the hearing, the parties agreed to a number of items. These items were stipulated at the commencement of the hearing and are hereby made a part of the Award of the Panel.

OPINION AND AWARD OF ARBITRATION PANEL

DURATION OF AGREEMENT

The Union is seeking a two-year agreement and the City is seeking a three-year agreement.

AWARD: The Panel awarded a three-year agreement with a reopener on base wages at the end of the second year of the agreement.

VOTE: FOR: Rynecki and Kruger

AGAINST: Gregory

RATIONALE:

The Union had urged the Panel to consider only internal comparisons between the Public Safety bargaining units with whom the City of Saginaw negotiates. There are three such units: the Police Officers, the Command Officers and the Firefighters. The Command Officers and the Firefighters both have agreements which are in excess of two years duration. Thus a three-year agreement for the Police Officers is consistent with the other agreements which the city has negotiated with other Public Safety bargaining units.

The Panel recognized the Union's concern regarding the economic uncertainties and financial constraints both in the Saginaw area and in the state. The wage reopener at the end of the second year will provide the parties with the

opportunity to discuss the economic situation as they negotiate for wages.

DENTAL INSURANCE

The Union is seeking 80-20 Dental Insurance Full Family coverage with the Employer paying the entire cost. The Employer is offering 50% Class I and 50% Class II Dental Insurance with the Employer paying the full cost for family coverage.

AWARD: The Panel awards Delta Dental 50% Class I and 50% Class II with the Employer paying the full cost for family coverage insofar as this is consistent with other public safety bargaining unit dental insurance coverage.

VOTE: FOR: Rynecki and Kruger
AGAINST: Gregory

RATIONALE:

The Panel makes this award because the other Public Safety bargaining units in the City of Saginaw have this type of dental coverage.

RETIREMENT

The Employer has offered the existing retirement program (see Joint Exhibit #4, the Agreement for 1977-1980, page 44).

The Union is seeking the following changes in the retirement benefit effective July 1, 1982, the third year of the agreement:

- The multiplier will be increased from 2.00 percent to 2.25 percent.
- In the final average compensation, unused sick leave days will not be considered but unused vacation days will be included in the calculation.
- The Employer will not schedule vacations in such a manner so as to reduce the number of unused vacation days in the computation of final average salary.

AWARD: The Panel awards the following:

1. The changes in the retirement benefit noted below shall become effective July 1, 1982.

2. The multiplier will be 2.25 percent.
3. Unused sick leave days will not be included but unused vacation days will be included in the computation of the final average salary.
4. The Employer is directed not to schedule vacation days in such a manner so as to reduce the final average salary. Bargaining unit members, however, are encouraged to take the vacation days to which they are entitled under the agreement. The Panel emphasizes that saving vacation days to enhance retirement benefits was not the intent of the parties when they initially negotiated vacation benefits into the agreement.
5. The Panel directs the parties to include appropriate language into the agreement which will state that the parties will negotiate the apportionment of any future increases in retirement costs which are incurred after July 1, 1983 (Panel's emphasis).

VOTE: FOR: Gregory and Kruger
 AGAINST: Rynecki

RATIONALE:

The Panel raised the multiplier from 2.00 percent to 2.25 percent, and eliminated the inclusion of unused sick leave and included the unused vacation days in the final average salary because the Firefighters Union contains the identical provisions. The Firefighters current agreement is from 1979-1982.

The Panel directed the parties to include appropriate language in the agreement to negotiate future increases in the retirement costs in order to make it possible for the parties to protect the purchasing power of the pensions in view of inflationary pressures. Moreover the Panel was concerned about the level of retirement benefits of the police officers who have already retired.

The Panel selected the date of July 1, 1983 for the negotiation of the future increases in retirement costs for two reasons:

1. The parties will be negotiating a new agreement at that time.
2. The actuarial firm employed by the City of Saginaw makes its annual report of the Policemen and Firemen Retirement System as of December 31. Information therefore will be available on the status of the system and cost considerations of the improvements which will become effective July 1, 1982 (see Joint Exhibit #5 the Report of the 33rd Annual Actuarial Valuation December 31, 1979, of the City of Saginaw Policemen and Firemen Retirement System).

WAGES

The Union had proposed the following base salary:

July 1, 1980	\$ 21,250
July 1, 1981	\$ 22,700
July 1, 1982	Reopener

The City offered the following base salary:

July 1, 1980	\$ 20,700
July 1, 1981	\$ 21,200
July 1, 1982	Reopener

AWARD: The Panel accepted the Union's proposal of \$21,250 effective July 1, 1980 and \$22,700 effective July 1, 1981.

VOTE: FOR: Gregory and Kruger

AGAINST: Rynecki

RATIONALE:

The Panel makes this award in order to provide protection against the erosion of the patrolmen's salary. The first year's increase represents an increase of 6.25 percent over the current base pay of the patrolman. The increase in the second year is 6.82 percent. The Union noted that the Consumer Price Index increased by 21.9 points from December 1979 to September 1980 (from 230.0 to 251.9). This represents an increase in the Consumer Price Index of 9.5 percent (see Union Exhibit pages 11-13).

In addition to taking into account the increases in the Consumer Price Index, the Panel was concerned with maintaining the historical salary

relationships between the Patrolmen and the Command Officers (Union Exhibit page 9) and between the Patrolmen and the Firefighters (Union Exhibit page 10).

COST OF LIVING ADJUSTMENT

The Union is seeking a cost of living adjustment with a thirty (30¢) cent cap which will be rolled into the base quarterly and paid guarantee.

The Employer has offered a thirty (30¢) cent annual cap which will not be rolled into the base but will be guaranteed and the formula in the current agreement will be utilized.

AWARD: The Panel awards the cost of living adjustment with a thirty (30¢) cent annual cap based on the formula in the current agreement.

The cost of living adjustment will be paid quarterly.

If the Consumer Price Index does not increase up to the thirty (30¢) cent cap, the Employer will guarantee the maximum of thirty (30¢) cents on an annual basis.

VOTE: FOR: Rynecki and Kruger

AGAINST: Gregory

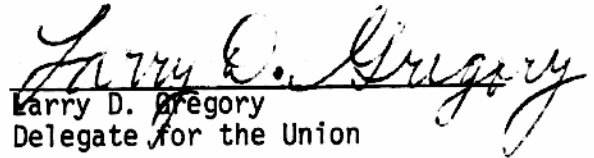
RATIONALE:

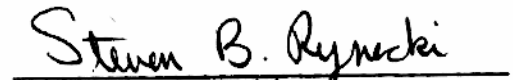
The Panel selected the Employer's last best offer because of cost considerations and to limit the Employer's liability. The Employer noted that its revenues have been reduced because of the high level of unemployment, the loss of revenue sharing due to population loss and the charter amendment of November 1979 placing an absolute ceiling on property tax receipts (see City Exhibits #1 and #2).

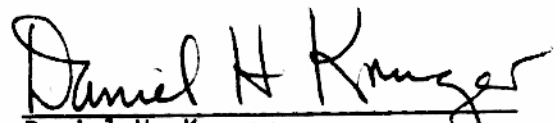
CONCLUDING COMMENTS

The Panel has made awards which it believes are fair and equitable to both the Union and the City.

The signatures below do not indicate that all Panel members are in agreement on all awards. They signify that this is the award of the Panel. The vote on each issue considered by the Panel is noted in each award.


Larry D. Gregory
Delegate for the Union


Steven B. Rynecki
Delegate for the City


Daniel H. Kruger
Chairperson

November 24, 1980