

## STATE OF MICHIGAN

Department of Labor

Employment Relations Commission

STATUTORY LABOR ARBITRATION PANEL

(Pursuant to Act 312, P.A. 1969, as amended)

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STATE OF MICHIGAN  
BUREAU OF EMPLOYMENT RELATIONS  
DETROIT OFFICE

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In the Matter of Arbitration between:

CITY OF STERLING HEIGHTS

-and-

STERLING HEIGHTS FIRE FIGHTERS  
UNION, LOCAL 1557MERC 312 Arbitration D80 D-2413  
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*Sterling Heights, City of*

## PANEL MEMBERS:

Chairman: Harvey A. Shapiro  
City Delegate: Kenneth A. Johnson  
Union Delegate: Ernst Benjamin

## REPRESENTING CITY:

Paul J. O'Reilly, Esq.

## REPRESENTING UNION:

Gordon A. Gregory, Esq.

## Prehearing Conferences:

October 27 and 30, 1980

## Hearing Held:

July 30, 1981, at the City Hall,  
Sterling Heights, Michigan

Executive Session of Panel: August 14, 1981

Opinion and Award Issued: August 17, 1981

#### BACKGROUND OF THE CASE:

This matter came before a panel of Arbitrators appointed pursuant to the terms of Act 312 (Public Acts of 1969, as amended) after submission of a Petition for Arbitration dated August 28, 1980, executed by the Union. Pursuant to the statute, Harvey A. Shapiro was appointed by the Michigan Employment Relations Commission to serve as the neutral chairman of the arbitration panel in a letter dated October 10, 1980. The City designated Mr. Kenneth A. Johnson as its delegate to the panel and the Union designated Dr. Ernst Benjamin. So constituted, the panel met with the parties in a prehearing conference on October 27, 1980. A second prehearing conference was held on October 30, 1980. With the chairman of the panel acting as mediator, the parties were able to reach a settlement on a two-year agreement (July 1, 1980 through June 30, 1982) with the exception of one issue, medical insurance for retirees. Since none of the members of the bargaining unit would be eligible for non-duty retirement during the term of this agreement, it was mutually agreed that the parties would seek ratification of the settlement with the understanding that there would be additional bargaining on the disputed issue. It was further agreed that if the parties could not settle this issue prior to June 30, 1981, the already constituted arbitration panel would hold a hearing to decide this single issue.

The parties met six times in an attempt to reach a settlement. After the last such meeting on June 9, 1981, both parties sent correspondence to the chairman of the arbitration panel indicating

that no settlement appeared likely and the Act 312 hearing previously provided for should commence. Such a hearing was scheduled for and took place on July 30, 1981. At the close of the hearing, the parties provided the panel with their Last Best Offers of Settlement. It was agreed that no post-hearing briefs would be filed nor would transcripts be ordered.

Although not discussed or stipulated by the parties, the issue of medical insurance for retirees is assumed by the panel to be economic and, therefore, subject to the last best offer provision of Section 423.238 of Act 312.

#### LAST BEST OFFERS OF SETTLEMENT:

Prior to the submission of Last Best Offers, the parties were able to agree on a statement of Terms and Conditions for retiree's medical coverage and introduced said agreement as Joint Exhibit No. 2. At the stipulation of the City and Union, this language shall be incorporated in this award (Attachment A).

#### A. Union Position

The Union requests that any Fire employee who retires from active duty, whether for duty or non-duty related reasons, be provided with the same health insurance program as active employees with the exception that the IMOB rider is not requested. Specifically, the coverage requested is equal to Michigan Blue Cross/Blue Shield Program MVF-1 with the following riders: Master Medical, Prescription (\$2 deductible), ML, Family Coverage. The employer

will bear the full cost of this insurance program.

It is also understood in the Union offer that if a retiree wishes to provide coverage under this plan for a dependent child over the age of 19 who is eligible under the terms and conditions set forth by Blue Cross/Blue Shield of Michigan, said coverage will be at the expense of the retiree as is now the case for active employees.

#### B. City Position

The City has offered to provide the same exact coverages as in the Union request with the only exception being that the City will only pay for the retiree's insurance program. If the retiree wishes Family Coverage (insurance for spouse and/or children), it would be at the retiree's own expense.

#### EVIDENCE AND ARGUMENT:

The Union presented evidence in the form of exhibits which enumerated various data for 14 communities which were portrayed as comparable to Sterling Heights. The City also presented a group of comparables which included 12 communities. A comparison of the two lists shows that there were 11 communities that both parties selected. The panel studied the information presented and prepared a summary evaluation of the evidence and testimony about the retiree medical insurance plans in all of the cited communities. This summary is shown in Table 1. Also included in Table 1 is the evaluation of the data presented by the Union for Michigan Public

School and Ford Motor Company retirees and the data presented by the City for Sterling Heights employees not covered by a collective bargaining agreement.

The evaluation of the retirement plans in Table 1 was based mainly on the percentage of the cost that the employer would pay for insurance for a retiree and his/her family. Also evaluated, but given less weight, were the level of benefits. A lesser weight was assigned since the parties have agreed on the level of coverage to be provided to retired employees.

The Union additionally presented evidence that Sterling Heights Fire Fighters are provided a lesser pension than in their comparable communities.

The City provided evidence and testimony that of the 640 employees of Sterling Heights, a portion are included in one of seven bargaining units and others are not covered by any collective bargaining agreement. Five of the unions have no retirement medical benefits under agreements which expire on June 30, 1982. The sixth unit, Police Command Officers, is currently awaiting an Act 312 award on this issue. The seventh group, the Fire Fighters Union, is the subject of this award.

The employees of Sterling Heights who are not included in any bargaining unit were granted the equivalent coverage as in the City's Last Best Offer of Settlement effective July 1, 1981.

#### BASIS OF FINDINGS AND CONCLUSIONS:

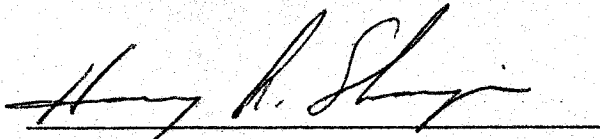
The following opinion and order has taken into consideration

each of the factors enumerated in Section 423.239 of Act 312. The lawful authority of the employer is not a consideration in this case. In all other respects, the Union's demand does not appear to exceed the authority of the City to grant. The ability of the City to pay the demand of the Union was not discussed nor was any evidence on this subject submitted at the hearing. Several of the other factors, such as the cost of living and changes in circumstances, have not been taken into consideration due to the fact that there was no evidence regarding these factors. The panel is bound to consider only that information presented by the parties. Therefore, the evidence and testimony received at the hearing pertaining to comparisons of benefits in comparable communities, of other City employees, of other employment in the area, and of the overall compensation received by the employees have formed the basis of this finding, opinion, and order.

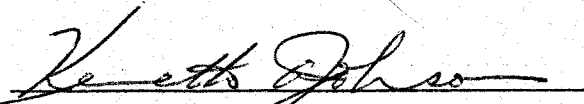
#### DISCUSSION AND AWARD:

Both parties adequately and ably presented the data to promote their Last Best Offers of Settlement. It is the opinion of the panel that even though there are lines of reasoning to select the City's offer, the preponderance of evidence favors the Union position. The City's argument is strongest when the benefits of the other employees of Sterling Heights are compared to the City offer. However, the panel believes that the persuasive evidence lies in the lesser pension plan and the comparison of benefits for other fire fighting agencies.

Therefore, it is the order of the panel that the Last Best Offer of Settlement of the Union be awarded.

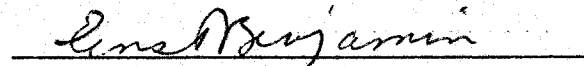


Harvey A. Shapiro  
Panel Chairman



Kenneth A. Johnson  
Panel Delegate

           Concurs ✓ Dissents



Ernst Benjamin  
Panel Delegate

✓ Concurs            Dissents

TABLE 1

## PANEL SUMMARY EVALUATION OF EVIDENCE AND TESTIMONY

<u>Municipality or Organization</u>	<u>Plan Closer to Which Party's Offer?</u>
A. Jointly Comparable Communities	
Dearborn	Union
Dearborn Heights	Union
Livonia	Union
Pontiac	Union
Roseville	Union
Royal Oak	Union
St. Clair Shores	Union
Southfield	City
Taylor	Union
Warren	Union
Westland	City
B. Additional Union Comparables	
Ann Arbor	Union
Clinton Township	Union
Shelby Township	Union
Michigan Public Schools	City
Ford Motor Company	Unclear
C. Additional City Comparables	
Farmington Hills	City
Other Sterling Heights Employees	City



CITY OF STERLING HEIGHTS  
MEDICAL AND HOSPITALIZATION COVERAGE FOR RETIREES  
TERMS AND CONDITIONS

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- (1) RETIREE: A person who immediately upon leaving the Sterling Heights employment receives a pension under Act 345 of 1937, as amended.
- (2) The retiree must notify the City if he secures employment after retirement. If said employment provides medical coverage, retiree must apply for those benefits. If said benefits are not comparable to those provided by the City, the City shall have the option to provide supplemental riders to make such benefits comparable. Coverage shall be reinstated upon loss of other benefits upon application by the retiree.
- (3) If medical coverage is available through spouse's employment or spouse's social security benefits, retiree must apply for those benefits. If said benefits are not comparable to those provided by the City, the City shall have the option to provide supplemental riders to make such benefits comparable. Coverage shall be reinstated following loss of other benefits upon application by the retiree.
- (4) Retiree must apply for Medicare when eligible, and the City shall be responsible for the cost of the Blue Cross/Blue Shield complementary coverage only.
- (5) Retiree, if requested, must supply the City with appropriate documents indicating employment and medical benefits, if any, provided by such employment for the retiree and spouse.