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ACT 312 COMPULSORY ARBITRATION PANEL

In the Matter of Arbitration Between

Township of Waterford

and

Association of Waterford Police Supervisors
Michigan Fraternal Order of Police

MERC Case No. D87 A 2068

Arbitration Panel

Dr. Benjamin W. Wolkinson, Impartial Chairman
Mr. Parvin Lee, Employer Panel Member
Mr. Michael Somero, Union Panel Member

Representing the Township

Mr. Parvin Lee, Esquire

Representing the Union

Mr. John Lyons, Esquire

Background

A pre-arbitration conference was held in Waterford on September 8, 1988. The hearings took place on November 20, December 13, and December 14, 1988, and on January 12, 1989 in Waterford. Additionally, the Panel met in executive sessions on July 11 and July 18, 1989. This final Award represents the Chairman's consideration of the input and critical observations of the two delegates.

Prior to the hearings, the Township withdrew its demand for: (1) patrol shift rotation and (2) paid lunch leave. As a result, the Panel was presented with the following Union and Employer issues.

Union Issues: (1) wages, (2) pensions (four sub-issues), (3) health care for surviving spouses, (4) stand-by pay for detectives, (5) sick and accident benefits, and (6) clothing allowance.

Employer Issues: (1) vacation scheduling, (2) vacation accumulation, (3) medical, surgical insurance coverage and hospitalization, (4) sick leave payout, (5) clothing allowance, (6) sharing of future insurance increases, and (7) workers compensation.

In considering the proofs of both parties, the Panel must apply evidence presented by the parties that are related to the statutory criteria for rendering an Award that are identified in Section 9 of Act 312. These factors are as follows:

- (a) The lawful authority of the Employer.

- (b) Stipulation of the parties.
- (c) The interest and welfare of the public and financial ability of the unit of government to meet those costs.
- (d) A comparison of 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 with other communities generally:
 - (i) In public employment comparable communities.
 - (ii) In private employment 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 presented during the pendency of arbitration proceedings.
- (h) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in 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.

Before considering the issues, the Panel must address an evidentiary issue. With its last offer and accompanying brief, the Union submitted a newspaper article indicating wage increases afforded certain employees in Waterford. This information was not part of the official record and was submitted on an ex parte basis. Since this information was submitted after the record in

the hearing had been closed, the Panel has given no weight to it.

Union Issue No. 1: Wages

With regard to the issue of wages there are two critical issues that first must be resolved before we address the final offers of the parties. They are: (1) Against what other police employee groups should the bargaining unit employees composing the Association of Waterford Police Supervisors be compared, and (2) What other communities can appropriately be considered as "comparable" when comparing the wages of police officers.

Currently the collective bargaining agreement identifies three job classifications: sergeants, lieutenants, and staff lieutenants. In its presentation the Union compared the wages earned by officers in these classifications against the top paid wages earned by sergeants and lieutenants in other communities.

The township has contended that this comparison is erroneous. The township notes that prior to the last Act 312 Award between the parties decided by Shirley Schwimmer (hereafter identified as the Schwimmer Award), the ranks of supervisory police personnel in Waterford were composed of corporals, sergeants and lieutenants. As a result of the Schwimmer Award these classifications were upgraded in title with the classification of corporal converted to sergeant, that of sergeants to lieutenants, and lieutenants to staff lieutenants. At the same time the township maintains that the change in job classification was in title only and that it was not to result in

a change in benefits or job duties. According to the Township, this limitation is embodied in the Schwimmer Award which provided:

These changes in title, which are only in title, shall be made throughout the contract. No benefit shall be increased or decreased because of change in nomenclature.

No change in job duties will occur as a result of these changes in title.

Consequently, from the Township's perspective, in Waterford the person occupying the position of sergeant is really a corporal in terms of rank and pay and should be comparable to corporals in other units. Similarly, Waterford lieutenants really function as sergeants and should be compared to sergeants, while staff lieutenants function in the position of lieutenants and should be compared with lieutenants in other communities.

This is an important issue as the job groups used in making the comparisons naturally will affect the determination as to whether Waterford personnel are appropriately paid. It is also a difficult issue both because of the cryptic nature of the Schwimmer Award which does not contain any explanatory rationale and the limited evidence presented by the parties on this issue.

Significantly there is nothing in the Schwimmer Award indicating the background to the change in police officer titles. Mr. Smyth, the current personnel director, indicated that a primary reason for the change was that the Union felt that officers in the rank of corporal were at a disadvantage when a scene was jointly attended by officers from Waterford and other

jurisdictions. Additionally, when testifying in Court the Union perceived that its officers would be treated more deferentially if they were given higher rank. Mr. Smyth also testified that during the Schwimmer hearing he had articulated his concerns that a change in supervisory police titles may be used by the Association at a later date to form the basis for wage comparisons with higher level police groups, and that the language in the Schwimmer Award was designed to dispel this concern and preclude such an outcome.

Discussion

Both parties acknowledge that the job classifications employed by the Township are unique. No other comparable community employs three levels of supervision above the rank of patrolman and employs the job title of staff lieutenant. At the same time, when confronted with the issue of job group comparability, what is most probative is not job titles which may be misleading; thus two workers with the same job titles but working for different employers may be assigned totally different tasks. Rather what is determinative is evidence on duties and job functions previously and currently being performed by the employees in question. Thus, if sergeants in Waterford are performing the same job duties as sergeants in other comparable communities, then it is appropriate to compare their salaries against the salaries of sergeants in these other communities. Conversely, if their job functions parallel the duties performed

by corporals, then sergeants' salaries should be equated with corporal salaries.

Significantly, the Schwimmer Award and events leading up to it provide no guidance on the question of employee group comparability as reflected in the tasks Waterford supervisory police performed. Thus the employer has acknowledged that at the time of the Schwimmer Award no effort was ever made to compare the job duties of Waterford police supervisory personnel against those of officers in other communities. For this reason the Schwimmer Award cannot be viewed as resolving the question of employee job group comparability.

Furthermore, it should be noted that the Schwimmer Award was issued over six years ago, and that collective bargaining relationships are not fixed in time, but respond to new pressures and circumstances. For example, while the Schwimmer Award provides that there shall be no change in job duties, the evidence indicates that over time new job duties and even positions have been assumed by supervisory police. Thus, there has been established since the Schwimmer Award the position of Director of the Traffic Bureau which is staffed by a sergeant. Similarly, whatever assumption the parties may have relied upon years ago as to employee group comparability are not frozen, but can be modified as new evidence is introduced. This is especially true here where the record indicates that the parties to the proceeding never engaged in any study comparing the

functions of Waterford supervisory police and that of supervisory police in other communities.

In this hearing the Township has provided no evidence comparing the current job duties of Waterford police personnel and those of supervisory police personnel in other communities. On the other hand, the Union has made such an effort. Mr. Gary Heaton, the President of the Association has testified that he did a survey of the job functions of officers in Oakland County, West Bloomfield, Troy and Bloomfield Township. From this survey he determined that sergeants in Oakland County, West Bloomfield and Troy perform essentially the same job functions as detective sergeants in Waterford and that both groups are engaged essentially in investigative functions. Additionally, he indicated that there was a corporal rank in Bloomfield Township but they did nothing but investigative work as opposed to detective sergeants in Waterford Township who may exercise, at times, some supervisory responsibilities when lieutenants are not available. He also noted that sergeants doing patrol work in Bloomfield Township, Oakland County and Troy performed essentially the same functions as sergeants in Waterford Township. Sergeant Heaton provided no evidence as to the nature of the job functions assumed by lieutenants in other units.

The Panel is under the obligation to render a ruling based on the record. The only information in the record on employee job group comparability is that given by Sergeant Heaton. Given that sergeants in Waterford perform essentially the same job

functions as sergeants in other units, the panel must conclude that the appropriate comparison is between sergeants in Waterford and sergeants in other communities. Furthermore, as lieutenants normally exercise supervisory responsibility over sergeants, it is reasonable to conclude that the job duties of lieutenants in Waterford are comparable to lieutenants positions in other communities.¹

Identification of Comparable Communities

In examining the comparables used we find that both parties agree on the following communities: Farmington Hills, Madison Heights, Royal Oak, Bloomfield Township, and West Bloomfield Township. In addition, the Union has chosen Ferndale and Novi, while the Employer has chosen Oakland County and the city of Birmingham.

The Panel concludes that it is appropriate to consider as comparable communities the additional places selected by both the Township and the Union. With regard to Oakland County and the city of Birmingham, these are geographic areas which are either in close physical proximity to or encompass Waterford Township. Additionally, they were used in the past by both parties as

¹This ruling should not be viewed as a binding precedent for the parties in future Act 312 hearings. It was made on the basis of the evidence presented here. To the degree that the parties in future negotiations or hearings provide more complete information on employee job group comparability, other panels should be free to make a different ruling on this matter.

comparable communities. For these reasons the Panel feels it is appropriate to use them in this Act 312 arbitration.

At the same time, evidence presented by the Union indicates that Ferndale and Novi are also comparable to Waterford. Thus, the Union's witness, Miss Ciconne, testified that she considered many key variables, such as population, department composition, number of officers per square mile, state equalized valuation, and tax revenue income. On the basis of her evaluation, she determined that Ferndale and Novi were comparable to Waterford and the Panel sees no basis for overturning her assessment. For this reason the Panel will also accept these two communities as being comparable.

On the issue of comparable communities the Employer has noted that its comparables alone should be accepted because Waterford Township is a township and does not have the taxing power of a city. This argument, however, is misplaced for its acceptance logically would call for the rejection of many of the cities both parties have mutually accepted as comparable communities.

Parties' Last Best Offers

On wages, the Employer has offered the following:

- 1/1/88 - 5% Increase in Base and Report Writing
- 1/1/89 - 3% Increase in Base and Report Writing
- 1/1/90 - 2% Increase in Base and Report Writing
- 7/1/90 - 1% Increase in Base and Report Writing

The Union's proposal is that:

Each year of the contract the Union requests written contractual differential between ranks be established as set forth Union Exhibit E, that is, Sergeant - 10% above top paid patrolman, Lieutenant - 10% above top paid sergeant, Staff Lieutenant - 10% above top paid lieutenant.

The Employer maintains that to grant such differentials would create 10-12 percent increases during each year of the contract, and would result in members of this bargaining unit earning more than elected officials of the Township, the Captains they report to, and the Chief of Police of the community.

Additionally, the Employer notes that none of the comparable communities, which have ever been used in negotiations and arbitration between the parties, have fixed rank differentials as requested by the Union herein. When overall compensation is included, particularly comparing Waterford to its comparable communities for longevity pay and report-writing compensation, Waterford supervisors are already as well paid as any supervisory police personnel in the area.

Furthermore, the Employer maintains that the Union offered no comparable salaries for similarly situated persons in the private sector, and it can only assume that the reason for this omission is that the supervisory personnel in the private sector, without technical training and without college degrees, cannot be shown to make wages anywhere close to those being received by this bargaining unit. Also, the salaries of supervisors even at existing wages, is comparable to the salaries paid for highly educated and technically trained personnel in government such as

township assessors, personnel directors, library directors, and in fact earn extensively more than teachers in the local school district.

In opposing the creation of rank differentials, the Employer notes that the unit would be situated into a position where it would be negotiating a geometric increase in wages at the next and future bargaining sessions. Instead of simply negotiating an appropriate percentage wage increase, this bargaining unit could rely upon another unit to obtain regular increases and negotiate an ever increasing percentage wage differential between ranks, thereby outstripping the cost of living and any other reasonable measure of what wage increases should be based on.

For these reasons, the Employer suggests that the Panel award the Union a wage increase equal to that negotiated in good faith between the Employer and the Patrol Unit for the same years to wit: 5 percent for 1988, 3 percent for 1989, and 3 percent for 1990, and a 1 percent segment to be received July 1, 1990.

The Union relies primarily on external wage comparisons to justify its wage proposals. It maintains that a top paid sergeant of Waterford Township is currently earning approximately \$4,500 below that of the average wage of a top paid sergeant among the nine Union comparables. In 1978 Waterford ranked ninth place in terms of sergeants wages. Furthermore, even with the Union's 10% differential projected, Waterford Township would be the lowest of the comparables whose contracts for 1988 are settled, with the top paid sergeant in Waterford at \$34,500 and

the average of sergeants' pay in the comparables at \$37,246. While the percentage increases for Waterford Township might be greater, the actual amount is still lower than the other five comparable communities listed.

The Union maintains that the same argument holds true for top paid lieutenants. Thus the average wage paid in 1987 among the nine comparables is \$39,246, with Waterford Township at \$36,707 which is \$2,539 below the average. Pay for the "regular" lieutenant is \$32,758 (including report writing) which is \$6,488 below the average comparable wage of top paid lieutenants. Again, in total direct compensation Waterford is at the bottom. An examination of the effects of a 10% wage differential shows that Waterford Township would still be lower in projected salary than those of the five comparables for 1988, and that includes again both staff lieutenants and "regular" lieutenant.

Discussion

The Union presented a single wage proposal for the three years. The Panel takes note that the Employer in its last best offer presented a separate wage proposal for each year of the proposal three year contract. The Panel maintains that pursuant to Act 312 it has authority to consider the wages to be paid in each year of a collective bargaining agreement as a discrete economic issue. Additionally, there are three separate ranks for which wages must be determined over the course of a three year period. As the nature and quantum of evidence for each rank

differs, it is reasonable to examine as a separate issue the salary of officers in each supervisory rank. In reaching this determination, the Panel finds that Section 8 Act 312 gives it authority to identify the economic issues in dispute, and that an issue can be identified as one which can appropriately stand alone on the basis of the evidence presented. Accordingly, the Panel will examine the evidence and if appropriate make recommendations for each supervisory rank during the course of the three year period. For the same reason, each year of the Agreement on the issue of wages may appropriately be viewed if necessary as a separate issue. Before doing so, however several methodological matters must be resolved.

Comparing the wages of police officers is rendered difficult by the fact that in some communities, such as Waterford, contracts run for a calendar year while in others the contract is for a fiscal year spanning the period July 1 of one year through June 30 of another year. In the following tables we will examine wages of police officers as of July 1 of a given year, for in that manner the Union has presented comprehensive comparable data for the various communities. However, the Panel recognizes that accepting a July 1 figure may overestimate actual wages paid within a given calendar year, as that figure may not consider for communities operating on a fiscal year the lower wages received by police officers during the first six months of the calendar year (period January 1 through June 30). For this reason, in those communities where officers are paid on a fiscal

year basis the Panel has taken when data was available an average wage reflecting both the calendar and fiscal year payments, and it is this average wage which is reflected in the July 1987 wage figures.

Additionally, to gain a more precise understanding of where Waterford ranks, we will not only compare base wages but we will make the effort to compare the gross compensation received by police in Waterford and in the other communities. Gross compensation will be defined as the base pay plus any other direct payments that generate actual increases in earnings of the police officers. This figure would then include any payments for cost of living (COLA), shift differential, holiday pay premiums, uniform allowance, court time, and report writing. Not included are educational bonuses which are contingent on one's going to school for the reason that they are not automatic and because in many communities such benefits are restricted to more senior officers. Additionally, the value of sick, personal or administrative leave or vacation time are not counted for these benefits do not generate increased dollar payments to the officers above and beyond their regular annual salaries.

Sergeants' Wages

Table 1 examines the base pay and total compensation of sergeants in Waterford against sergeants' pay in comparable communities. It reveals that in 1987, the last year for which

the Waterford contract was in effect, sergeants in Waterford were ranked last--both in terms of base pay and total compensation.

Table 2 examines for the comparable communities for which there is 1988 data, the base pay and total compensation for sergeants. Under the Employer's last offer in terms of base pay, sergeants in Waterford would rank last and would receive \$2,247.00 below the average 1988 wage in comparable communities. Significantly, 1988 base pay for sergeants in Waterford under the Employer's last offer would even rank below the 1987 salaries received by sergeants in Ferndale and Bloomfield Townships. Comparing total compensation in Waterford against the total compensation received by sergeants in other comparable communities, we find that Waterford sergeants would be ranked last again if the Employer's last offer were accepted. On the other hand, even accepting the Union's last offer, sergeants in Waterford would rank last in terms of base pay and second to the last in terms of total compensation. In summary, evidence on external comparability supports the Union's last offer with regards to sergeants' pay.

Table 1: Base Pay and Total Compensation of
Top Paid Sergeants With 10 Years Service as of July 1987

	Base	COLA	Long.	Shift	Hol.	Unif.	Other	Total
Bloomfield Township	35,834	0	1433	0	1792	450	0	39,509
Farmington Hills	34,554A	0	1382	243	1661	300	0	38,140
Madison Heights*	35,732B	728	1476	485	1703	600	0	40,724
Royal Oak*	36,152	0	1478	739	1279	550	300 Court Time	40,498
Troy*	36,240	0	1312	0	1943	700	0	40,195
West Bloomfield	33,859	0	1354	0	1563	450	0	30,226
Ferndale*	37,010	0	1516	0	1749	750	0	40,025
Novi*	36,152C	0	1446	0	1808	525	0	39,931
Oakland County	34,725D	-	-	-	-	-	-	-
Birmingham	36,588	0	1463	0	0	300	-	38,351
Waterford Township	31,782	0	1271	0	1589	400	1358	36,400

*Communities operating on a fiscal year basis.

A - Contract expired June 30, 1987 and income stated reflects latest available figure.

B - Higher salaries are paid detective sergeants than patrol sergeants. Figure reflects the average of the two salaries.

C - Wages not available; figure represents only wages as of July 1, 1987.

D - Data was unavailable on fringe benefits provided.

Table 2: Top Paid Sergeants In 1988

	<u>Base Pay</u>	<u>Other Compensation</u>	<u>Total</u>
Bloomfield	37,268	3,675	40,943
Novi	36,694	3,779	40,473
Royal Oak	37,883	4,346	42,129
Troy	37,237	3,955	41,192
West Bloomfield	35,213	3,367	38,580
Oakland County	<u>36,228</u>	-	<u>-</u>
Average	36,747		40,663
	(6 communities)		(5 communities)
Base pay of sergeants under Union's proposal:			34,500
Total compensation of sergeants under Union's proposal:			39,118
Base pay of sergeants under Employer's offer:			33,371
Total compensation of sergeants under Employer's offer:			38,057
(includes 5% increase in report writing)			

		<u>Amount Below Average In Comparable Communities</u>
Union proposal:	Base pay:	-2247
	Total pay:	-1545
Township proposal:	Base pay:	-3376
	Total pay:	-2606

In arguing against a flat wage differential between ranks, the Township has noted that their implementation would result in a unit obtaining automatic increases above and beyond other units, and that such gains may bear no relationship to such factors as cost of living and other criteria for wages. The Panel shares this concern, and only with some reluctance would uphold a flat wage differential increase. Yet this is a concern that is oriented toward the future, and the Panel must deal with the current reality. In terms of sergeant pay, the differential, increase, appears to be the only mechanism the Panel has to provide wage increases that would render Waterford sergeants pay competitive with the pay of sergeants in comparable communities. This, a rigid ban against wage differentials, would compel an Award in which sergeants in Waterford would be significantly underpaid.

In contending against the 10% wage differential, the Township has also maintained that such a differential is unjustified as none of the comparable communities have fixed rank differential. This claim, however, is not entirely correct. Thus Birmingham, Novi and Ferndale all have negotiated dollar differentials between the ranks of patrolmen and sergeants. More importantly, in nine of the comparable communities the differential between sergeants and top patrolmen was at least 10%. Thus, in view of the differential between sergeants and patrolmen in other communities, there is some basis for establishing such a differential in Waterford as well that would

place sergeants in Waterford, in terms of pay, at 10% above that of the top paid Patrolman.

Another statutory criteria is internal comparability. In this regard the township has noted the pay received by patrol officers in their current collective bargaining agreement. The patrol officers received in January 1988 a wage increase of 5%; in January 1989 a 3% increase; a 2% increase in January 1990; and a 1% increase on July 1, 1990. The township's offer to the sergeants mirrors the increases received by the patrolmen. At the same time, the Union wage offer is not out of line. Thus, while sergeants for the first year of the agreement under the Union's last offer would received a percentage increase of 8.5%, the second and third year increase that would be implemented as a result of the Union's last offer parallels that of the patrolmen. Thus, under the Union's last offer sergeants would receive in the second year a 3% increase and in the third year a 2.5% increase.

The Township has also noted the absence of any wage data for similarly situated persons in the private sector and conjectures that the supervisory personnel in the private sector, without technical training and without college degrees, cannot be shown to make wages anywhere close to those being received by this bargaining unit. The Panel is not aware of similarly situated personnel in terms of job duties and working conditions being employed in a private sector capacity. Regardless, the Panel is not prepared to make judgments on the basis of data that both parties have not presented.

The Township has also noted that the current salaries of sergeant and higher level police supervisors is competitive with salaries received by highly educated and technically trained personnel in Waterford, and that their salaries far exceed income earned by teachers. The Panel views this evidence as only minimally relevant. To begin with, the wage comparisons reflect pay received in 1987, and do not indicate the nature of any increases that may be afforded these employees (teachers, parks and recreation director, etc.) in 1988 and beyond. Furthermore, the pay of Waterford police is more appropriately compared to employee groups who perform the same job function and work under similar working conditions.

In summary, the weight of the evidence supports the Union's last offer with respect to sergeants. Thus, its acceptance would help erase but certainly not eliminate the large wage gap between sergeants in Waterford and sergeants in other comparable communities. Even under the Union's last offer, sergeants occupied the same historical ranking in terms of wages which place them at the bottom of the wage hierarchy among comparable communities. Furthermore, the differential is consistent with differentials between sergeants and patrol officers in other communities. Also, while the wage increases are somewhat larger than those received by patrol officers, they are not so excessive as to create serious inequities. Finally, for 1989 and 1990 there is no significant distinction between the percentage

increases afforded the sergeant under the Employer's and Union's final offers.

Regular Lieutenants' Pay

The Union has sought a 10% wage differential between sergeants and lieutenants and between lieutenants and staff lieutenants. The issue of lieutenants' pay is rendered difficult because Waterford is the only community with two levels of lieutenants, and no data on external comparability was introduced or available for this position. An additional evidentiary problem is that the lieutenant position appears to be a hybrid one, with the lieutenant substituting at times for sergeants and at other times for the staff lieutenants.

At the same time, while comparative data is lacking, consideration of internal comparability supports the Employer's last offer. The Employer's last offer of 5% paralleled that of patrol officers. In contrast, the Union's last offer represents in 1988 a 15.8% wage increase which is three times the percentage amount received by patrol officers and substantially larger than the wage increase to be received by the sergeants under the Panel's recommendation. Furthermore, the Union's 10% wage differential between sergeants and lieutenants is questionable because of other factors as well. Waterford is the only community with three levels of supervision between patrol officers and captains. There is simply an inadequate evidentiary foundation for the notion that lieutenants in terms of job duties

and responsibilities should receive a 10% premium over the pay received by sergeants. In summary, the record supports the Employer's position on the issue of lieutenants' pay.

Staff Lieutenants' Pay

The Union has also sought a 10% wage differential between staff lieutenants and the regular lieutenant position immediately below it. The issue of external comparability is reflected in Table 3. Looking at lieutenants' top pay in July 1987, the data indicates that Waterford staff lieutenants rank last when compared to the base pay and total compensation received by top paid lieutenants in all other communities.

There are six comparable communities for which we have wage data for the position of top paid lieutenant in 1988. As Table 4 indicates, acceptance of the Employer's 5% wage increase would improve the ranking of Waterford staff lieutenants in terms of base pay. Thus, implementation of the Employer's last offer would result in Waterford moving ahead of two comparable communities. In terms of total compensation Waterford would still rank last. However, that ranking is very deceptive because the total dollar differential between Waterford and the communities of Novi and West Bloomfield is less than \$300.

Table 3: Base Pay and Total Compensation of
Top Paid Lieutenants With 10 Years Service as of July 1987

	Base	COLA	Long.	Shift	Hol.	Unif.	Other	Total
Bloomfield Township	38,629	0	1545	0	1931	450	0	42,555
Farmington Hills	38,665A	0	1507	243	1811	300	0	42,526
Madison Heights*	38,609	728	1575	485	1817	600	0	43,814
Royal Oak*	39,382	0	1610	864	1393	550	300	44,039
Troy*	39,554	0	1432	0	2120	700	0	43,806
West Bloomfield	37,246	0	1490	0	1719	450	0	40,905
Ferndale*	40,359	0	1654	0	1907	750	0	44,670
Novi*	37,795B	0	1512	0	1890	525	0	41,722
Oakland County	38,181C	-	-	-	-	-	-	-
Birmingham	39,515	0	1580	0	0	300	0	41,395
Waterford Township	36,707	0	1468	0	1835	400	0	40,410

*Communities operating on a fiscal year basis.

- A - Contract expired June 30, 1987 and income stated reflects latest available figure.
- B - July 1, 1986 wage not available; figure represents only wages as of July 1, 1987.
- C - Data was unavailable on fringe benefits provided.

Table 4: Top Paid Lieutenants In 1988

	<u>Salary</u>	<u>Other Compensation</u>	<u>Total</u>
Bloomfield Township	40,174	3,926	44,100
Novi*	38,362	3,927	42,289
Royal Oak*	41,254	4,657	45,911
Troy*	40,642	4,252	44,894
West Bloomfield	38,736	3,659	42,395
Oakland County	<u>38,181</u>	Not Available	<u> </u>
Average	39,558 (6 communities)		43,917 (5 communities)

Base pay of lieutenants under Union proposal: 41,745

Total compensation of lieutenants under Union proposal: 41,745 + 3,703 = 45,448

Base pay of lieutenants under Employer proposal: 38,542

Total compensation under Employer proposal: 38,542 + 3,703 = 42,245

	<u>Amount Below or Above Average In Comparable Communities</u>	<u>Rank</u>
Union proposal: Base pay:	+2183	1
Total compensation:	+1531	2
Township proposal: Base pay:	-1016	5
Total compensation:	-1672	7

On the other hand, acceptance of the Union's wage offer would result in substantial wage increases generating dramatic changes in Waterford's ranking. Thus, Waterford would rank first among the comparable communities in terms of base pay and second in terms of total compensation. Such a substantial modification in the historical rankings of communities is a questionable outcome for an Act 312 Award. Thus, the previous rankings reflect wage agreements negotiated by the parties themselves, and it is doubtful whether Act 312 should be used to create wage outcomes that seek to totally overturn wage patterns developed over time by the parties through their own bargaining. For this reason the Panel has reservations with respect to the Union's wage offer.

The evidence on internal comparability also supports the Employer's last offer. The Employer's last offer of 5% paralleled that of troopers. In contrast, the Union's last offer represents in 1988 a 13.7% wage increase which is twice the percentage amount received by troopers and substantially larger than the wage increase to be received by the sergeants under the Panel's recommendation. Furthermore, in the third year, the Union's last offer would result in top lieutenants' pay being increased by 7.6% which amount is twice the percentage increase to be received by troopers and by sergeants and regular lieutenants under the Union's last offer.

Additionally, as indicated earlier, Waterford is the only community with two levels of lieutenants. There is no evidence

supporting the conclusion that staff lieutenant in terms of job duties and responsibilities should receive a 10% premium over the pay received by regular lieutenants.

In summary, the Panel concludes that the Employer's final offer is supported by the following: (1) the absence of a sufficient foundation upon which to justify top lieutenants receiving a 10% pay differential over regular lieutenants; (2) internal wage comparisons that the Union's proposal would provide staff lieutenants with excessive increases; and (3) the evidence that under the Employer's last offer the ranking of the top lieutenants in Waterford would be improved.

Preliminary Panel Observations on Wage Issue and Final Award

As indicated above, the evidence strongly supports the Union's position on sergeants' pay and supports the Employer's position on the pay for lieutenants and staff lieutenants. This evidentiary outcome would normally justify an award granting the Union's position on sergeants' pay and the Township's position on lieutenants' and staff lieutenants' pay. However, such an approach is not feasible as it would produce the anomalous outcome that sergeants would earn more than lieutenants. Panel efforts to adjust lieutenants' pay would produce the further anomaly of lieutenants earning more than staff lieutenants.

Faced with this troublesome situation, the Panel chairman advised the parties that: (1) the record does not support the full wage package of either side and (2) separate awards for each job classification would distort the wage structure by affording subordinates higher salaries than their supervisors. To resolve this problem the Panel chairman solicited and obtained from both parties revised final offers on the issue of wages. In this regard both parties are to be commended for the responsible and statesmanlike manner in which they addressed the issue. It was understood that the Panel would select from the two revised final offers on wages. The revised offer of both the Employer and Union on the issue of wages is presented below.

Employer's Revised Final Offer on Wages

<u>Rank</u>	<u>January 1988</u>	<u>January 1989</u>	<u>January 1990</u>
Sergeants & Detectives	\$35,337	\$36,397	\$37,489
Lieutenant	\$36,750	\$37,489	\$38,614
Staff Lieutenant	\$39,690	\$40,880	\$42,104

Union Revised Final Offer on Wages

<u>Rank</u>	<u>January 1988</u>	<u>January 1989</u>	<u>January 1990</u>
Sergeants	\$35,337	\$36,397	\$37,489
Lieutenants	\$37,280	\$38,398	\$39,550
Staff Lieutenant	\$39,703	\$40,894	\$42,121

The revised final offer of both parties are identical with regard to sergeants' pay and approximately the same for staff lieutenants' pay. The only major difference concerns lieutenants, with the lieutenants in the Union's final offer earning approximately \$500 more in the first year and \$900 more in the second and third year than would be available under the Employer's final offer.

The Union's final offer has the effect of increasing the wage differential between sergeants and lieutenants. A greater differential may be warranted as a means of providing sufficient encouragement to sergeants to accept a supervisory position. At the same time no evidence has previously been presented that the current differential deters individuals from competing for lieutenant vacancies. Additionally, the Panel finds that the Employer's final offer on lieutenants finds greater support in the record of this proceeding. Thus, the Panel previously noted that considerations of internal comparability supported the Employer's wage offer of 5%. The effect of the Employer's revised offer is to provide lieutenants with even a greater increase, as lieutenants in the first year of the contract would achieve a wage increase of 7.7%. This 7.7% wage increase is also compatible both with the 6.5% wage increases afforded sergeants and with the 8% increase afforded staff lieutenants under the Employer and Union's revised final offers. Given these considerations, the Panel adopts the Employer's revised final offer on wages. In so doing, the Panel also recognizes that report writing is

now to be folded into an officer's base salary and eliminated as a separate contractual benefit.

Union Issues 2, 3, 4, 5: Pensions

There are four Union demands regarding pension. Each issue will be reviewed separately, along with the Union and the Employer's final offer and the Panel's recommendation.

The Union has sought an increase in the annuity factor from 2.25% to 2.5% with no reduction of benefits when receiving social security. The Employer is opposed to these changes.

In support of its position the Union notes that Ferndale, Madison Heights, Royal Oak and Birmingham have a multiplier factor of 2.50. This alone, however, does not constitute sufficient justification for increasing the annuity factor to 2.5. While these four communities have an annuity factor of 2.5, four other communities beside Waterford provide for an annuity factor of 2.25 or below. Furthermore, three of the four comparable communities providing the higher annuity level of 2.5% do not provide any social security benefits to their police personnel. While employees must contribute a portion of their salaries for social security, the Employer is also required to contribute an equivalent amount. As a result, one can appropriately look at the receipt of social security as a major benefit available to workers upon their retirement. Considering both the pension and social security benefit available in Waterford, it becomes evident that supervisory police personnel in Waterford are able, upon retirement, to

replace a significantly high percentage of their pre-retirement income. For Waterford, the income replacement figure for a 65 year old married employee who retired at age 50 is 85.2 percent. No other comparable community reaches that level, with the average replacement percentage in other communities amounting to only 65 percent. Consequently, in terms of pension benefits received elsewhere, there does not appear to be a basis for raising the annuity factor beyond the current level of 2.25 percent.

There are other evidentiary considerations weighing against the Union's request. Within the previous two to three years the Employer has made major changes in the retirement plan which has provided substantially increased benefits to supervisory police. In January 1986 the number of years taken into consideration when determining final average compensation was reduced from 5 to 3, while in December 1987 the annuity factor was increased from 2.0 to 2.25. In addition to the costs associated with these recently provided benefits, raising the annuity factor to 2.5 percent would represent a 6.04 percent increase in payroll expenditures. Given the adequacy of current benefits, the recent benefit improvements made in the pension plan, and the costs associated with upgrading the annuity factor, the Panel adopts the Employer's last offer to retain the current annuity factor of 2.25 percent.

The Union has also sought the elimination of the social security offset. There are five other communities providing social security benefits to their employees beside Waterford and two of these provide

for a benefit offset. At the same time, of the three communities that do not, two provide a substantially lower annuity factor than does Waterford Township. Again reviewing the record, the evidence indicates that the pension benefits available to supervisory police in Waterford are superior to those available in any other comparable community. Given this consideration, the Panel finds inadequate basis to support the elimination of the social security offset.

The Union has also requested a reduction in survivor benefits from 20 to 10 years of service. Under the Union's proposal, after 10 years of service a survivor would be entitled to benefits. In support of this demand the Union notes that at least three other comparable communities provide such a benefit. Additionally, the cost of this benefit is low, amounting to only .21 percent increase in payroll.

In its final offer the Employer has agreed to provide survivor benefits after 15 years of service. In resisting any further modification, the Township notes that patrol officers only receive survivor benefits after 20 years of service. Additionally, the Township contends that the Union has provided no evidence in support of this benefit.

This benefit is not widely found. Evidence presented by the insurance actuary indicated that in only three other communities were survivor benefits available after 10 years of service. It would appear that the criteria on external comparability do not provide support for the Union's position. Since the Employer's proposal provides more

comprehensive coverage than is received by supervisory police in most other communities and by patrolmen in Waterford, the Panel adopts the Employer's last offer on survivor benefits.

The Union has also requested that officers have the option of purchasing up to 6 years of military service for application to their retirement eligibility. Each participant would do so by contributing 5 percent of his current wage rate.

The Employer has essentially agreed to this demand with minor qualifications. It proposes the creation of a time window in which employees of this bargaining unit would be permitted to purchase military time to add to their retirement eligibility. The Employer's offer is that effective January 1, 1990 members of this bargaining unit would be permitted to purchase not more than 6 years of active military service to be applied as though the years were worked for the Employer, upon the employee making payment to the retirement system of an amount equal to 5% of their full time or equated full time compensation for the fiscal year in which the payment is made, multiplied by the number of years of service that the member elects to purchase, to a maximum 6 years. This time would be credited to the employee as working years for the purpose of determining retirement eligibility. This offer is predicated upon the exact language of the Employer's offer being incorporated in the parties' final contract.

The only practical difference between the two proposals is that under the Employer's offer the benefit becomes effective January 1,

1990 instead of immediately. As this benefit may impact on employment it is only reasonable to delay its implementation so that the Township can make necessary plans for staffing changes. For this reason the Panel will adopt the Employer's last offer.

The Union has also sought retirement after 25 years without any minimum qualification. In support of its proposal the Union notes the desires of its members. Additionally, it maintains that patrol officers in Waterford enjoy the same benefit as do police personnel in three other comparable communities.

In the Employer's last offer, effective January 1, 1990 the Township has offered police personnel with 25 years of service the opportunity to retire without any minimum age requirement. It has suggested language paralleling the patrol officers' settlement. As internal consistency is advantageous in the implementation of this benefit, the Panel adopts the suggested language of the township on this issue.

Issue No. 6: Health Care For Surviving Spouses

The Union has requested that after ten years of service surviving spouses and dependents be eligible for health care benefits and receive such benefits without cost. Currently only members who leave the Force upon their regular retirement enjoy such a benefit. In support of its request, the Union notes the receipt of such benefits by officers in at least three other comparable communities and by Waterford Patrol Officers.

In its last best offer the Township is willing to extend this benefit to the Union. The Employer has offered health care benefits for surviving spouses of members of the bargaining unit in the event of death, with the exception of dental and optical riders at levels and at the same conditions provided for active members of the Association. The Employer requests that in the acceptance of this benefit, language be included (1) to limit the availability of medical coverage to surviving dependents; (2) surviving dependents would receive coverage only when medical insurance is not available from another source; and (3) the benefits would end when the surviving spouse becomes eligible for Medicare or Medicaid, or remarries, or whichever occurs first. The Employer is further requesting that coverage for the surviving spouse and dependents be limited to that which is necessary to upgrade insurance available to the beneficiary from any other source to the level of coverage provided to this bargaining unit.

The Employer's offer basically satisfies the demands of the Union and is consistent with benefits obtained by other employees within the Township. For these reasons the Panel recommends its adoption.

Union Issue No. 7: Stand-By Pay For Detectives

The Union has sought an increase from \$50 to \$100 per week to be paid to detective/sergeants for all stand-by time. In support of this demand the Union notes that civilian police technicians working on a stand-by basis receive \$100 per week. Additionally, the Union maintains that police in Ferndale, Royal Oak, and Novi receive comparable benefits.

The Employer in its final offer has offered to increase stand-by pay from \$50 to \$75 per week effective July 1, 1989 for those officers who are on a stand-by basis. This condition of employment is limited to detective sergeants.

Evidence of external comparability provides only weak support for the Union's position. Of the eight comparable communities noted by the Union, only three provide stand-by pay: Ferndale, Novi and Royal Oak. Furthermore, the exact amount of stand-by pay afforded police working in these communities is unclear from the contractual provisions offered into evidence.

At the same time data on internal comparability provides stronger support for the Union's position. The Employer has failed to rebut the claim that workers from the Water Department or civilian police personnel receive \$100 per week for stand-by duty. Yet this disparity must be viewed in the context of significant improvement in wages obtained by detective sergeants under the Award. Considering the wage gains received by the sergeants and the absence of stand-by pay in many of the comparable communities, the Panel finds that the Employer's last offer is equitable. Therefore, the Panel adopts the Employer's last offer on this issue.

Union Issue No. 8: Sick and Accident Benefits

The Union has requested that a sickness and accident policy be established which pays officers 2/3 of his/her base pay after exhausting all accumulated sick leave time. Additionally, employees

receiving sick and accident benefits should not suffer the loss of any other contractual benefit.

In its last offer the Township has agreed to establish effective July 1, 1990 a sick and accident insurance contingency fund and to contribute the sum of \$4,500.00 towards that fund until such time as a total of \$15,000.00 is accumulated in that fund. The purpose for this fund is to afford an injured, disabled or sick employee, who has exhausted sick leave, benefits in the amount equal to two-thirds (2/3) of the employee's regular wage. The complete plan is identified below:

Effective July 1, 1989, the Township shall establish a sick and accident insurance contingency fund, and shall annually contribute to said fund the sum of Forty-Five Hundred Dollars (\$4,500.00). Such contribution shall continue to be made by the Township until the amount of Fifteen Thousand Dollars (\$15,000.00) is accumulated in said fund.

The accumulated funds may be invested by the Township at its discretion and all interest earned on said investments shall accumulate and be added to the contingency fund.

All full time seniority employees employed in the positions or classifications as defined by this agreement are eligible to receive benefits under this section, except as otherwise limited herein.

In the event that an employee, eligible to receive benefits from the sick and accident insurance contingency fund becomes injured, sick or disabled, so as to prevent him from engaging in his occupation, and requires the regular care and attendance of a legally qualified physician or surgeon, the Township shall pay benefits in an amount equal to two-thirds (2/3) of the employee's regular wage exclusive of overtime and shift premium pay, less deductions as required by law, commencing on the first day after said employee's accumulated sick leave is exhausted or at the expiration of sixty (60) days, whichever is later.

Benefit payments will be paid on regular employees payroll dates and shall continue for a maximum of twelve (12) months from the last day the employee has worked, or until the employee returns to work, whichever is earlier.

No employee shall be eligible for the payment of benefits, hereunder, until a proper claim therefor has been presented to the Township, and the Township reserves the right and opportunity to have a physician of its choice examine the employee whose injury or sickness is the basis of a claim for benefits, when and as often as it may reasonably require during the pending of any claim hereunder.

Limitations and Exclusions:

- A. No benefits shall be paid for any sickness or injury for which the employee is entitled to benefits under any workers' compensation or occupational disease law.
- B. Benefit payment will be reduced by an amount received by the employee from any other sick and accident insurance policy, disability retirement program, regular retirement program or social security payments.
- C. No short term disability payments shall be provided while an employee is laid off, discharged, retired or receiving a pension from the Township.
- D. No short term disability shall be provided for any loss caused by war or any act of war, whether declared or undeclared, or while in the service of the National Guard, or any military or naval services of any country.

In the event that benefits are paid to employees from the contingency fund that reduced the balance of said fund below Fifteen Thousand Dollars (\$15,000.00) the Township shall then recommence the annual contributions in an amount not to exceed Forty-Five Hundred Dollars (\$4,500.00) per year except as provided elsewhere herein. In the event there are outstanding claims against the contingency fund, and the fund balance is exhausted, the Township shall advance the next succeeding years payment, or an amount necessary to meet such claims, whichever is less, but in no event shall such advance payment exceed the amount of Forty-Five Hundred Dollars (\$4,500.00).

The Employer's offer is predicated upon similar language having been included in the patrol unit contract recently negotiated between the patrolmen and Waterford Township. The Employer also maintains that in order for the implementation of this sick and accident benefit to be practical and to aid in uniform application thereby avoiding unreasonable administrative costs, the benefit should be applied in a uniform fashion to both patrolmen and supervisors' union.

The Employer's proposal satisfies the Union's request for the establishment of a sickness/accident policy compensating workers at the rate of two-thirds (2/3) of the employee's regular wage. It also does so in a manner in which will allow for the plan's effective administration. Therefore, the Panel adopts the Employer's last offer on this issue.

Union Issue No. 9: Clothing Allowance

The Union has sought an increase in the clothing allowance for officers in the detective bureau from \$400.00 to \$500.00. In support of its proposal the Union notes that an even higher level of benefits is available in the comparable communities of Bloomfield Township, Royal Oak and Troy. The Township proposes no increase.

External comparability provides only minimal support for this demand. While a higher level of benefits is available in three communities, in six others the level of benefits is either equal or lower than what is available to Waterford supervisory

police. Furthermore, while the cost of apparel and upkeep have risen by only 1.7% between August 1987 and August 1988, the Union demand would result in an increase in the allowance of 25%. Since the current clothing allowance parallels benefits obtained elsewhere and the Union's requested increase far exceeds consumer price increases for clothing and upkeep, the Panel recommends against the Union's proposal.

Employer Issue No. 1: New Hire Vacation Schedules

Under Article 20 of the current Contract supervisory police personnel are entitled to the following vacation on the basis of their length of service.

<u>Years of Service</u>	<u>Vacation Earnings</u>
0 - 5	1 Day per Month
5 - 10	1-1/2 Days per Month
10 - 15	2 Days per Month
Over 15 Years	2-1/3 Days per Month

The Employer is requesting that the contract be amended to provide a separate vacation schedule for employees hired after January 1, 1986. As a result, no current bargaining unit members would be affected. This new provision would increase the service requirement a new employee would have to satisfy to obtain vacation benefits. The new schedule requested by the Employer is identified below:

<u>Years of Service</u>	<u>Vacation Earnings</u>
0 - 7	1 Day per Month
8 - 14	1-1/2 Days per Month
15 - 19	2 Days per Month
20 or More	2-1/3 Days per Month

The Union opposes this change.

In support of its position, the Township contends that it is currently forced to pay overtime to supervisory police to do their regular work. Thus, with increased days off, holidays, court duties, and other tasks, employees normally do not take more than three weeks off in any given year for vacation but prefer receiving overtime for working days that otherwise would be their vacation days and accumulate vacation days without using them. The Employer maintains that it is more equitable to leave the existing employees with their current vacation schedules, but it would require all new workers to adhere to a vacation schedule more in keeping with the actual time off that is used for vacation.

This argument would merit serious consideration were it supported by the record. It, however, is not. Thus the Township has presented no evidence supporting the notion that because of the current levels of vacation and holidays it is required to pay significant levels of overtime. Nor is there any evidence that

traditionally workers do not take more than three weeks vacation. The record is silent on these matters.

At the same time, other considerations support the Employer's proposal. The record indicates that a similar vacation schedule for new hires has been introduced in Waterford Township for patrolmen. Additionally, the record indicates that general employees in Waterford that have been hired after 1983 are required to satisfy a greater number of years service requirement to earn the same level of vacation benefits as currently earned by supervisory police.

Furthermore, the record of external comparability supports the Employer's last offer. Thus, even with the greater service requirement for vacation use imposed on new officers promoted into the unit, the annual vacation days that a Waterford officer can accumulate over a 25 year period would exceed that available to new officers in 5 comparable communities, and be roughly equal to that available to officers in Madison Heights.² Since the new vacation schedule has no impact on current workers and finds support in both internal and external comparability criteria, the Panel adopts the Township's last offer on this issue.

²In making this determination the Panel has adjusted for some errors in the vacation tabulations presented in the Employer's exhibit on this issue.

Employer Issue No. 2: Decreased Vacation Accumulation Cap

Currently employees are entitled to accumulate up to 50 days of vacation. The Township seeks to reduce this amount to 20. The Union opposes any change.

In support of its position the Township maintains that no comparable community permits retirement accumulation equal to that allowed in Waterford Township and for the communities of Birmingham, Farmington Hills, Troy and West Bloomfield no carryover is permitted whatsoever. In the remaining communities carryover is limited to a maximum of 35 working days. Additionally, the Township contends that accumulated vacation days have become a sort of retirement bonus in Waterford Township and are not being used for the purpose for which vacation was initially granted.

The data on external comparability does provide strong support for the Employer's position. Thus, with the exception of Ferndale no other comparable community permits its officers to accumulate so many vacation days. At the same time there are many questionable aspects concerning the Employer's proposal.

To begin with its adoption would offer supervisory police substantially lower accumulated privileges than are currently enjoyed by other Waterford personnel. Thus patrolmen in Waterford are entitled to bank up to 60 vacation days, and firemen in Waterford up to 36 days (page 23 of the firemen contract). Additionally, there is no evidence that supervisory police are accumulating vacation benefits in significant amounts

and converting them into a sizable retirement bonus thereby increasing the Employer's financial liabilities. Thus, the only example offered of vacation day accumulation by a supervisory police officer upon his retirement is Lt. Dowd. Yet when he retired he had accumulated only 19.1 days. Furthermore, while the record does indicate significantly higher levels of accumulated vacation days by two fire department personnel, their rate of vacation use is not necessarily indicative of the rate of vacation accumulation undertaken by patrolmen who experience different work patterns and job stress. In summary, the Panel concludes that considerations of internal comparability combined with the absence of proof of significant vacation day accumulation by supervisory police outweighs the evidence on external comparability. Therefore, the Panel rejects the Employer's proposal on this issue.

Employer Issue No. 3 - Hospital, Medical, Surgical Coverage Limit

Currently under the Agreement the Township must pay premiums for health insurance where a husband and wife are both employed. The Employer requests that the Township pay only a single premium for a married couple.

To implement this objective the Employer seeks the addition of the following provision to the contract:

1. Hospital, Medical, Surgical (Blue Cross/Blue Shield) coverage will be provided to only one member if both employee and spouse are employed by the Township. Employees affected by this shall have the right to choose which Employer-offered

health insurance plan they wish to participate in and which one to drop.

2. In the event the covered spouse ceases to be insured (i.e., divorce), the other employee shall have the right to immediately sign up for Employer-provided health insurance without fear of non-coverage.

In support of its position the Township notes that the Employer presently pays an additional \$4500 per year in premiums for a married couple with no increase in benefits where a husband and wife both work for the Township. The Union has presented two objections. It notes that under the Employer proposal, the other spouse's death, divorce or termination could conceivably result in the other employee having no coverage for a period of time. This danger appears to be remote as under the proposal the remaining employee has a right to "immediately" sign up for coverage. In cases of divorce or even termination the remaining employee should have sufficient advance notice to sign up. Even in the case of an employee's sudden death the nature of the risk is somewhat speculative.

The Union has also opposed the change as one which conflicts with rights won by two affected members in a grievance arbitration. Here the Union's argument is misplaced. The Award did not suggest the workers' permanent right to double coverage. The Award itself noted the inherent wastefulness of double coverage when single coverage for spouses would provide the parties affected with essentially the same level of benefits. Given (1) the significant amount of money the Employer has to expend for double coverage at no or minimal increase in benefit

to Union employees, and (2) the agreement by other employee groups, such as the patrolmen, in Waterford to eliminate double coverage, the Panel adopts the Employer's final offer on this issue.

Employer Issue No. 4 - Sick Leave Payoff Maximum

The Township requests that the Contract be amended to reduce the number of accumulated sick days for which an employee can be compensated at the existing 50% rate upon retirement. The Township proposes that the sick leave accumulation payoff be reduced from 50% of a maximum of 300 days to 50% of a maximum of 200 days.

In support of its proposal the Township maintains that the permitted accumulation of sick days in Waterford far exceeds that available in comparable communities. Additionally, it contends that the accumulation of sick leave and sick payment upon retirement has been misused. Thus the purpose of sick pay is to permit employee income continuation during periods of ill health, and ought not to be used for purposes of enhancing retirement or creating cash bonuses. Moreover, by permitting employees to cash in on their used sick leave the Township has significant unfunded potential liability.

The Union opposes this change. It notes that two of the comparable communities have in fact no limits on sick leave accumulation and payout. Furthermore it notes that the Township

has accumulated significantly large resources to fund this benefit.

Again, the criteria of external comparability provides support for the Employer's proposal. Thus reviewing the evidence on comparability it is evident that only West Bloomfield provides a more favorable sick leave accumulation and payoff benefits than does Waterford. Furthermore, even with the adoption of the Employer's proposal, Waterford Township's sick leave accumulation and pay off benefits upon a worker's retirement would exceed those available in five other comparable communities.

At the same time, internal comparisons support the status quo. Thus, Waterford firemen and patrolmen are entitled to sick leave accumulation and payouts upon their retirement of up to 1200 hours which is the amount that supervisory police currently receive.

While evidence of internal comparability is balanced against consideration of external comparability, there is another factor that shifts the balance against the Employer's proposal. The record reveals that the Township annually contributes \$54,000 into a trust fund which has been set aside to fund sick leave accumulation and payouts. As a result, the Township appears able, and no assertion to the contrary has been suggested, to meet its liabilities in terms of sick leave payout. Furthermore, the record indicates that each Department contributes to this fund. As a result, uniformity of application and administration of this fund would be breached if the employees of this unit were

singled out for the receipt of inferior benefits that would result from the adoption of the Township's proposal. For this reason, the Panel rejects the Employer's last offer on this issue.

Employer Issue No. 5 - Clothing Allowance

The Employer has requested that the clothing allowance, currently \$400, be contractually pro-rated in accordance with the fraction of the year that the person is actually in the detective bureau and eligible for the allowance. For example, if a person is in the detective bureau for only six months during the year the clothing allowance would be reduced from \$400 to \$200. The Employer also requests that a person who is temporarily transferred to the detective bureau for a period not to exceed 30 days shall not receive the clothing allowance. The purpose of this allowance is to provide compensation for the person who has to wear street clothes in the performance of his duties and should be reduced when a person is transferred to the detective bureau and is there less than one year. For the allowance to be a fair compensation for the use of personal clothing it should be proportional to the time actually spent in using this clothing in the performance of detective duties. Additionally, the Township requests that disbursements be based on submission of actual claims. The full Employer proposal is reproduced below:

- A. It is agreed that a member of the Association assigned to the Detective Bureau shall be eligible for a clothing allowance in the maximum of Four Hundred Dollars (\$400.00) per year.

- B. Payment of the allowance shall be proportional to the time assigned to the detective bureau. In the event the assignment is less than one (1) year, or a part of one (1) year, the payment will be that fraction of the year after the first year (e.g., 6 months at 50% or \$200.00).
- C. A member who is transferred to the detective bureau for a period of less than thirty (30) days shall not be entitled to said clothing allowance.
- D. Disbursement of this allowance shall be based upon the submission of a claim and receipts for actual clothing expenditures up to the annual maximum amount.

The Township's position on this issue appears reasonable on its face. Additionally, the Association itself has presented no countervailing objections. Indeed, the Association would have been willing to accept these limitations had the Panel been willing to increase the clothing allowance. Yet the Panel finds that the reasonableness of these restrictions is a question that is totally independent of the size of the clothing allowance. Given that these new limitations will facilitate a more rational administration of the clothing allowance, the Panel adopts the Employer's proposal.

Employer Issue No. 6 - Sharing In Future Insurance Premium Increases

The Employer requests that Article 22 be amended to provide as follows: "Any future premium increases for hospital insurance for the Blue Cross/Blue Shield program (or an equivalent health

insurance program) shall be shared equally by the Employer and the employee or retiree."

In support of its proposal the Employer notes that in the last two years alone health insurance rates have increased 50%. Since this cost component of employee compensation seems to increase faster than even pay increases, the Employer suggests that cost containment as well as making the employee cognizant of the increasing cost of health insurance requires that increases in medical insurance be shared equally between the Employer and the employee.

The Panel is sensitive to the significant cost incurred by the Township in providing comprehensive medical insurance. At the same time a proposal to tax the employees for the receipt of this benefit should be introduced with great caution as its implementation may significantly reduce the take-home pay of personnel. In this case the Panel notes that the Employer is not claiming inability to pay. Additionally, no evidence has been presented that the Township has obtained or even sought this concession from any other group. Moreover, there is no evidence that supervisory police personnel in other comparable communities share in this cost. Given all these considerations, the Panel finds inadequate justification for imposing this concession on supervisory police personnel.

Employer Issue No. 7 - Workers Compensation

The Employer seeks to introduce in the Agreement the same language that is found in the patrol officers' contract whereby compensation for job-incurred injuries should be at 90% of the regular wage as opposed to the current level of 100%. The Union is willing to adopt the Employer's proposal on this issue and therefore the Panel adopts it unanimously.

In summary, the Panel has voted on the Union issues as follows:

1. Two to one with the Union delegate dissenting to adopt the Employer's revised last offer on wages for sergeants, lieutenants, and staff lieutenants for 1988, 1989 and 1990.
2. Two to one with the Union delegate dissenting to adopt the Employer's final offer retaining the status quo with regard to the pension annuity factor and the continuation of the social security offset.
3. Two to one with the Union delegate dissenting to adopt the Employer's final offer to provide survivor benefits after 15 years.
4. Two to one with the Union delegate dissenting to adopt the Employer's final offer on the purchase of military service for application to retirement eligibility.
5. The Panel unanimously agrees to retirement after 25 years effective January 1, 1990.

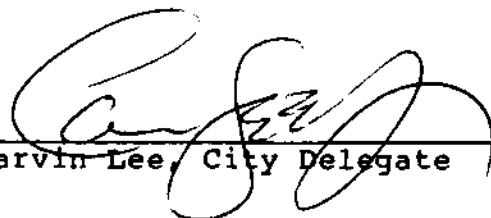
6. Two to one with the Union delegate dissenting to adopt the Employer's final offer on health care benefits for surviving spouses.
7. Two to one with the Union delegate dissenting to adopt the Employer's final offer on stand-by pay for detectives.
8. Two to one with the Union delegate dissenting to adopt the Employer's final offer on sick and accident benefits.
9. Two to one with the Union delegate dissenting to adopt the Employer's final offer on clothing allowance.

On the Employer issues, the Panel has voted:

1. Two to one with the Union delegate dissenting to adopt the Employer's final offer on new hire vacation scheduling.
2. Two to one with the Employer delegate dissenting to adopt the Union's final offer on vacation accumulation.
3. Two to one with the Union delegate dissenting to adopt the Employer's final offer on medical, surgical insurance coverage and hospitalization benefits for married employee couples.
4. Two to one with the Employer delegate dissenting to adopt the Union's last offer on sick leave pay off.
5. Two to one with the Union delegate dissenting to adopt the Employer's final offer on clothing allowance.
6. Two to one with the Employer delegate dissenting to adopt the Union's final offer on the sharing of future insurance premium increases.

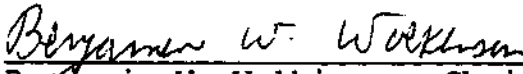
7. The Panel unanimously adopts the Employer's final offer on workers' compensation benefits.

Below are the signatures of the Panel members. Their signatures indicate that this is the Award of the Panel on the issues. It does not indicate that the Panel members concur on all the Awards contained in this document. The vote of the Panel members on each issues has been previously recorded.


Parvin Lee, City Delegate


Michael Somero, Union Delegate

Date: July 25, 1989


Benjamin W. Wolkinson, Chairman

OFFICERS

Dennis M. Ritter, Supervisor
Betty Fortino, Clerk
Paul E. Deni, Treasurer
Gwenda Dempsey, Trustee
Bill Glover, Trustee
Katherine G. Innes, Trustee
Jean A. Scott, Trustee

WATERFORD

A CHARTER TOWNSHIP

5200 Civic Center Drive
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Telephone 674-3111

PERSONNEL DEPARTMENT

Marvin M. Smyth

August 3, 1989

Dr. Benjamin W. Wolkinson
28550 Tavistock
Southfield, Michigan 48034

Re: MERC Case No. D87 A 2068

Dear Dr. Wolkinson:

In reviewing our arbitration award we have found a slight problem with the wage issue. I think we have a further unique set of circumstances even beyond those you have already experienced with this case.

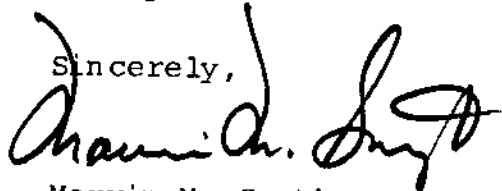
We have very strong feelings about the integrity of the collective bargaining process and I think our track record would support that point. The union-management relationship does not end with "a" negotiated contract, but it must be an on-going relationship with mutual trust, cooperation and integrity. We make every effort to practice this philosophy.

In our last best wage offer that the panel adopted on July 25, 1989, the employer's intent was to grant a 3% wage increase to Sergeants and Detectives, Lieutenants and Staff Lieutenants in both the second and third year, January 1, 1989 and January 1, 1990. For some unknown reason, the increase reflected in the second year, January 1, 1989 for Lieutenant amounted to 2% instead of 3%. This obviously has an effect on the third year wage too, January 1, 1990.

Since Mr. Parvin Lee Jr. is no longer handling Waterford's labor work, I will be the designated employer representative for the 312 process. I do not know if there is an appropriate procedure to follow, but we would like to make a "correction" to the award. On this basis, I am proposing the change using the attached format, with me, as Township Delegate and you, as Chairman to sign this document making the required "correction". If this is satisfactory, please sign it and return it to me. You undoubtedly would want to send Mr. Somero a copy. If this is not an acceptable format, please contact me at 674-3111, extension 251.

Thank you for your assistance and cooperation.

Sincerely,



Marvin M. Smyth
Personnel Director

cc: D. Ritter, Supervisor

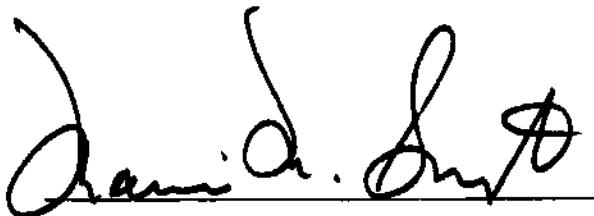
August 3, 1989

RE: Act 312 Compulsory Arbitration between the Charter Township of Waterford and the Association of Waterford Police Supervisors/ Michigan Fraternal Order of Police

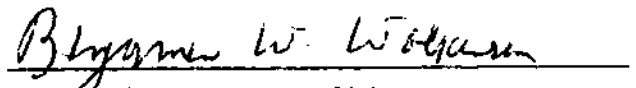
MERC Case No. D87 A 2068 - Award Dated July 25, 1989

The employer, the Charter Township of Waterford makes the following correction to the wage issue in the above referenced Arbitration Award:

<u>REGULAR LIEUTENANT CLASSIFICATION</u>		
<u>Effective</u> <u>Date</u>	<u>Revised</u> <u>Final Offer</u>	<u>Corrected Revised</u> <u>Final Offer</u>
January 1, 1989	\$37,489.00	\$37,853.00
January 1, 1990	\$38,614.00	\$38,989.00



Marvin M. Smyth
Township Delegate



Benjamin W. Wolkinson,
Chairman

8-3-89
Date

8-8-89
Date



Michael P. Somero
Union Delegate

8-8-89
Date