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STATE OF MICHIGAN
DEPARTMENT OF LABOR
MICHIGAN EMPLOYMENT RELATIONS COMMISSION

In the Matter of Arbitration Under Act 312
(Public Acts of 1969):

TOWNSHIP OF WEST BLOOMFIELD

MERC Case No. D91 G-1376

-and-

POLICE OFFICERS LABOR COUNCIL

OPINION AND AWARD

Chairman of Arbitration Panel: Barry C. Brown

Township Delegate: Dennis B. DuBay

Union Delegate: Michael Somero

Representing Township: Dennis B. DuBay

Representing Union: Kenneth Zatkoff

Prehearing Conference: March 12, 1993

Hearings Held: July 29 & 30, 1993 at West Bloomfield Twp. Hall

Post-hearing panel conference: January 3, 1994

Briefs Received: October 30, 1993

Opinion & Award Issued: January 10, 1994

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STATE OF MICHIGAN
BUREAU OF EMPLOYMENT RELATIONS
DETROIT OFFICE

West Bloomfield Township

I. STATEMENT OF THE CASE:

The labor organization, Police Officers Labor Council filed a petition for arbitration pursuant to Act 312, PA of 1969 as amended (MCLA 423.231, et seq.). The union asserted in its petition on September 25, 1992 that it had engaged in good faith bargaining with the employer, the Township of West Bloomfield, on behalf of the Township's 15 sergeants and lieutenants and an impasse in negotiations had been reached. On October 6, 1992 the employer filed its answer to the above described petition with the Michigan Employment Relations Commission. On November 18, 1992 MERC Commissioner Swift appointed Barry C. Brown as the impartial arbitrator and chairperson of the arbitration panel in this matter.

The parties established the unresolved issues and the hearing procedures to be followed in a pre-hearing conference conducted on March 15, 1993. Two formal hearings were subsequently conducted by the panel in 1993 and the last offers of settlement were exchanged on August 10, 1993. The dispute between the parties pertain to a three year collective bargaining agreement which commences on January 1, 1992 and which will be effective through December 31, 1994.

The issues before the panel for resolution are:

Union

- 1) Sick leave
- 2) Uniform allowance
- 3) Shift selection
- 4) Holidays
- 5) Retirement
- 6) Wages

Employer

- 1) Retirement
- 2) Holidays
- 3) Health insurance

Pursuant to the Act, the Panel shall adopt the final offer of settlement by one or the other party for each economic issue. The parties have also stipulated that all issues are economic. The parties also stipulated and the panel agreed that all Act 312 statutory time limits were waived. Further, the parties agreed that the new contract (1992-1994) would consist of the predecessor agreement (1980-1992) as modified by the parties' settlements on various issues and also by this panel's award on the issues still in dispute.

II. The standards for the panel's decision:

In pertinent part, Section 9 of Act 312 sets forth the following factors upon which the Panel's decision must rest:

[T]he arbitration panel shall base its findings, opinions and order upon the following factors, as applicable:

- (a) The lawful authority of the employer.
- (b) Stipulations of the parties.
- (c) The interests and welfare of the public and the financial ability of the unit of government to meet these costs.
- (d) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
 - (i) In public employment in comparable communities.

(ii) In private employment in comparable communities.

(e) The average consumer prices for goods and services, commonly known as the cost of living.

(f) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment and all other benefits received.

(g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.

(h) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

III. Background

The Township of West Bloomfield has a population of 54,843 (1990) and it covers an area of about 30 square miles. The land use in the township is primarily residential and it is nearly in the center of Oakland County. There are no large shopping centers or factories in the township and no expressways run through its jurisdiction. There are local stores and offices but no colleges and hotels are within its boundaries. This makeup has an impact on the revenues received by the employer and on the duties of the patrol officers.

The area is a pleasant one for families to live and for employees to work. There are still violent crimes, arrests,

excessive traffic and citizen complaints which require police activity but the crimes per officer and the arrests per officer are less than in most neighboring communities. The township is growing and in the last ten years the population has increased by nearly 12%. The number of police department staff has increased at the greater rate of 77% in this same period.

There are five groups of West Bloomfield Township employees who are in collective bargaining units and one group of employees is unrepresented. In addition to the command officers who are represented by the Police Officers Labor Council, the Township also bargains with the patrol unit (POAM), the police dispatchers (POAM); the water and sewer employees (Teamsters Local 214); and the firefighters (IAFF). The general office employees are not represented by any union.

The Township of West Bloomfield police department now employs 61 full time employees. The three lieutenants and twelve sergeants are in the command officer unit represented by the Police Officers Labor Council. The eleven dispatchers and 33 patrol officers are both represented by the Police Officers Association of Michigan (POAM). There is a new police facility now in operation and there have been many applications for employment in recent years. The crime level of the community is low, particularly if compared to other more urban and older communities in the Southeastern part of the county.

IV. Ability to Pay

One of the factors the panel is charged to consider under Section 9 (C) of the statute is the financial ability of the municipality to meet the costs which would be imposed upon it if the union's economic proposals were adopted. The employer did not plead "poverty" in its presentation but it did show that some of the neighboring communities were wealthier with greater SEV and a larger commercial/industrial base. On the plus side of the financial picture is a \$1.7 million fund equity and a budget surplus of \$300,000 in the current fiscal year. Also, the fiscal circumstances were sufficiently positive in 1991 to allow a tax reduction.

On the other hand, the state has recently frozen real property assessments in two year segments and it has delayed realization of any income from increased assessments. Additionally, single business tax and sales tax allocations have dropped. Also the Township will have diminished collection fees because of the decrease in school property taxes. Finally, it seems the whole state taxation system is in a state of flux and it is most difficult to predict what direction municipal financing will take. The panel is convinced that a conservative approach is wise in such uncertain times.

The Township has granted its other employees significant pay increases in the years 1992 and 1993. The other units of organized employees received cost of living increases of 3% plus normal step increases which ranged from 3% to 6%. A further comparison of the

overall compensation of the command officers to other Township employees shows that they are well compensated. Several union contracts for Township employees expired at the end of the year in 1991. The following report indicates the bargaining history for the other unions.

1992 and 1993 SETTLEMENTS

Police Officer	1992 4%	1993 4%	1994 4%	1995 4%	Settled 5-10-93
Fire Command		4%	4%	4%	Settled 7-13-93
Firefighters		4%	4%	4%	Settled 7-13-93
Teamsters		4%	Reopen	Reopen	Settled 2-19-93
Dispatch	Negts.				
General Office	3%	4%			
Police Command	Negts.				

V. Consumer Prices

The average consumer prices for goods and services in Southeastern Michigan has been exceptionally low in 1992 and 1993. The percentage change was well below 4% for both years and the record shows continued slow growth in 1994. This is significant because past wage considerations have been made in a climate of 5% or greater annual increases in the CPI. The only area where consumer costs appear to steadily rise is in health care. Finally,

the record shows that the salaries of the command officers has risen at a greater rate than the CPI in recent years.

VI. Comparable Communities

A primary factor to be considered by the panel is the wages, hours and conditions of work for police command officers in "comparable" communities. The list of communities proposed to be comparable by the employer is the same basic grouping which has been utilized by other Act 312 panels in recent years. The patrol officers unit included the City of Novi but in this arbitration neither side proposed that that city be considered. The union opposed the inclusion of Hazel Park and White Lake Township but they agreed on the other cities being used. The two opposing lists of comparables is shown below:

A) Union's list:

Birmingham

Bloomfield Township

Farmington Hills

Ferndale

Royal Oak

Waterford Township

B) Employer's list:

Birmingham

Bloomfield Township

Farmington Hills

Ferndale

Hazel Park

Royal Oak

Waterford Township

White Lake Township

The Police Officers Labor Council contends that the population of Hazel Park and White Lake Township is much smaller than that for West Bloomfield Township. The union also asserted that the SEV is also smaller for these municipalities. Similarly, the arrest rates and the department size are less, the union argued, and therefore any comparison to these communities is inappropriate. The employer noted that these Oakland County communities are nearby and contiguous in the case of White Lake Township and that it has been a historical practice to use these residential-oriented municipalities for comparisons. Finally, the employer pointed out the similarities in the West Bloomfield Township crime statistics to that for the two municipalities which the union seeks to exclude. The employer maintained that the similarity of offenses matched the residential nature of all three communities and this should be heavily weighted.

The panel was strongly influenced by the adoption by other 312 panels of a comparable list like that offered by the Township. The union has properly pointed out several differences between the employer and Hazel Park and White Lake Township. But a wide range of differences is allowed on a comparable list as absolute uniformity is never possible. There are enough significant similarities to look to the municipalities on the list proposed by

the employer.

The union sought to provide information to the panel after the record had been closed. The employer objected to the receipt of this tardy submission but in the alternative the Township also offered information to rebut that which had been offered by the union. The panel chairman determined that no post-hearing information would be considered. He rejected both the union's and the employer's offerings. The matters contained therein were not of such import that the record should have been reopened or a new hearing scheduled. The law requires that the panel consider only the evidence which is a part of the official record. The panel did not receive any of the evidence offered after the close of the hearings.

VII. ISSUES IN DISPUTE

Union Issue No. 1 Sick Leave (Art XVII)

- A) Township Last Offer of Settlement - Retain current contract language and add no additional contractual provisions on this issue. Effective date: January 1, 1992
- B) Union Last Offer of Settlement - Add new Section E to current language: Section E. Upon separation from the Department, an employee shall receive payment for one-half (1/2) of all accumulated sick days based on the employee's straight time rate at the time of separation. Effective date of Arbitration Award.
- C) Discussion - The Police Officers's Labor Council seeks

to gain a 50% payout of accumulated sick leave when a command officer leaves the department. This payout could be for as many as 50 days and it could cost as much as \$8,379 (Lt.) or \$7,617 (Sgt.) at current salary levels. This cost is unfunded and it could be as high as \$116,000 for the whole unit. The FAC at retirement would be increased by such a payout and therefore this change would also have an cumulative impact on subsequent pension payments. The current 100-day cap on sick leave accumulation is in line with the benefits offered in many of the comparable communities and the unit members currently receive 50% of their accumulated sick days over 100 in a year.

The panel was strongly influenced by the Act 312 settlement entered into by the parties in 1989. At that time the union gained retiree health insurance by entering an agreement with the employer in which it gave its commitment that the Township would not be required in the future to make any cash payment to any employee who had accumulated sick days below 100. The employer could possibly terminate retiree health insurance if the panel were to grant the union's proposal for sick leave pay out. There was not a strong showing of a reason to grant this proposal and the Township provided convincing arguments to adopt its status quo proposal.

D) Award: Adopt employer's proposal.

Dissent MPA Somero Dennis B. DuBay DuBay
B. Brown Brown

UNION ISSUE NO. 2 UNIFORM ALLOWANCE (ART. XXVI)

A) Township last offer of settlement - Retain current contract language and add no additional contractual provisions on this issue. Effective date: January 1, 1992.

B) Union last offer of settlement - Each employee required to wear a uniform shall be initially supplied a complete uniform in accordance with the inventory to be established by the Township. Additional items to be added to that uniform shall be supplied to the employee by the Township. Each employee shall be entitled to a uniform allowance for replacement of worn equipment or clothing in the amount of Five Hundred (\$500.00) Dollars per fiscal year or an average of Five Hundred (\$500.00) Dollars per fiscal year over any three consecutive fiscal years.

The uniform allowance may be drawn against by presentation of bills by the employee to the Chief of Police and return of worn equipment or clothing. Should the employee resign prior to the completion of his year's duty, a prorata share of this allowance will be withheld from final payment. Effective with the ratification of this amendment, the Township shall provide for adequate and proper cleaning of uniforms by appropriate contracting with a cleaning establishment. Employees are to present uniforms for cleaning at the selected establishment and sign the cleaning invoice to be forwarded to the Township.

In lieu of uniform allowance, each officer assigned to plainclothes assignment will be paid Five Hundred (\$500.00) Dollars. Should the employee resign or leave the plainclothes assignment prior to the completion of his year's duty, a prorata

share of this allowance will be withheld from his final paycheck or from the uniform allowance he would have otherwise received. Effective July 1, 1992, those persons holding plainclothes assignments will receive a cleaning allowance of One Hundred Fifty (\$150.00) Dollars after each six months in the plainclothes assignment. Effective January 1, 1992.

C) Discussion - The uniformed command officers currently receive a \$300.00 annual uniform allowance. Additionally, each plainclothes officer receives \$300 and a cleaning allowance of \$75 every six months. The union's proposal would increase the uniform annual allowance to \$500 and there would be a similar increase in lieu of the uniform allowance for the plainclothes officers with a doubling of the cleaning allowance. The panel noted that the Township's current allowances (including cleaning) were in keeping with most of the comparables. The general practice is to provide either a uniform allowance or a plainclothes cleaning allowance but not both. Further, it was revealed on cross-examination that the Township has paid the cleaning bills for the uniformed officers and thus another \$200 should have been shown as a part of this fringe benefit. The cost of this benefit would not be too great for the command officers unit (under \$5,000) but the potential cost in comparable increased allowances for the other uniformed units would be great. For all of these reasons the employer's status quo offer must be adopted by the panel.

D) Award - adopt employer's proposal

Dissent TMD Somero

Dennis B. DuBay DuBay

BCB Brown

UNION ISSUE NO. 3 SHIFT SELECTION (ART. XIII (A))

A) Township last offer of settlement - Retain current contract language and add no additional contractual provisions on this issue. Effective date: January 1, 1992.

B) Union last offer of settlement - Amend language to read as follows: Section A. Work schedules showing the employees' shifts work days and hours shall be posted on all department bulletin boards at all times and the Union will be notified of any changes in the posted schedules. The current practice of permitting employees to request a portion of their past days off will continue for the duration of this contract subject to the needs of the Department as determined by the Chief or his designee. Uniform members assigned to patrol shall be permitted to select shifts on a seniority basis in May and November of each year. Selections will be made sixty (60) days in advance of the May and November dates. Change to become immediately effective upon issuance of 312 Award and then upon each May and November thereafter.

C) Discussion - The command officers are currently assigned shifts at the discretion of the chief and the union now propose that the sergeants and lieutenants be given the opportunity to pick their shifts by an exercise of seniority. The panel was impressed that this unit was the only one of all comparable communities which does not provide for seniority selection. The employer did not convince the panel that the operation of the department would be

negatively affected by this change. The chief did relate to problems he expected if he could not continue to assign personnel to each shift according to the needs of the department. However, if an officer is incompetent or he/she engages in inappropriate conduct, then discipline should be administered in the normal manner. The assigning of shifts should not be a means to penalize or reward officers for their work performance. Further, if a command officer engages in sexual harassment, discrimination or favoritism, then a forced reassignment may be an appropriate remedy - one that may be required under civil rights statutes. Finally, all sergeants and lieutenants are chosen by competitive examinations after achieving extensive experience as a substitute at the next level. Therefore, inexperience should not offer any difficulty for the department. For all of these reasons the union's last best offer is adopted by the panel.

D) Award - The union's proposal is adopted.

MPS Somero Dennis B. DuBay DuBay - Dissents
BAB Brown

Union Issue No. 4 Holidays (Article XVI)

A) Township last offer of settlement - Retain current contract language and add no additional contractual provisions on this issue. Effective date: January 1, 1992.

B) Union last offer of settlement - The Union is requesting that paragraph 2 of Article XVI be modified to read as follows:
Because employees of West Bloomfield Township Police Department

must maintain operation on each day of the year, the employees of this bargaining unit are required to work on their regular shift even though the shift may fall upon one of the above holidays. The employee shall therefore be entitled to twelve (12) extra days pay computed at straight time in lieu of the above holidays. Such sums shall be paid annually on November 30. Effective date of 312 Award.

C) Discussion - The current holiday procedure for uniformed command officers is that they work holidays as they occur and the officers are paid a year-end lump sum in lieu of holiday pay. The plainclothes officers are scheduled to work Monday to Friday and they are not scheduled to work on holidays. If these non-uniform officers do work on a holiday then they are paid at double time. The union seeks to provide the plainclothes officers with a year-end, lump sum payment the same as for the uniformed officers.

The panel notes that the hours of work, the holidays worked and the number of days worked are very different between the plainclothes and the uniformed command officers. The detective sergeants want to be "treated the same" and they complain that the patrol sergeants make more annually than they do. However, the uniformed officers are scheduled to work 260 days a year while plainclothes officers are scheduled to work only 248 days a year. The uniformed officers are required to work several holidays a year while the plainclothes officers are not. The union's proposal would not place the plainclothes officers on "equal footing" but rather it would give them an unfair advantage.

The comparable communities provide a holiday benefit very similar to that now offered by the Township. In other units there is not such a dramatic difference in the work schedule between the uniformed and non-uniformed command officers. The union did not show any other department where the plainclothes officers worked twelve less days than did the uniformed officers and yet they were paid the same annual compensation. The W-2 earnings records produced by the employer demonstrated that the detective sergeants did have comparable annual earnings in recent years. The three uniformed officers who do not work on patrol are scheduled to work on the holidays as they often can perform many of their duties on some of the twelve paid holidays described in the labor agreement. Thus, there is no basis to change the holiday pay for the plainclothes officers. For all of these reasons the employer's proposal is adopted by the panel.

D) Award - The employer's proposal is adopted.

Nissent MPA Somero

BAB Brown

Dennis B. DuBay DuBay

UNION ISSUE NO. 5 RETIREMENT (ART. XXIV)

A) Township last offer of settlement - Retain current contract language and add no additional contractual provisions on this issue, except that Article XXIV - Retirement, Section B shall be revised to provide as follows: Section B. The mandatory retirement age will be sixty-five (65) years of age and the employee will normally retire on the first day of the month

following the employee's sixty-fifth (65th) birthday. Upon written application and good cause shown, the Township Board may, in its sole discretion, grant an exception to this requirement for such periods of time as it deems appropriate. The normal retirement age will be fifty-five (55). Effective January 1, 1993, the normal retirement age will be age fifty-three (53). Effective January 1, 1994, the normal retirement age will be age fifty-two (52). Effective date: January 1, 1992.

B) Union last offer of settlement - The Union is requesting that the following retirement provisions be modified as follows: Section G. Effective January 1, 1989, the Township agrees to apply the following benefit formula to those employees who retire at normal retirement age after January 1, 1989. The combined benefits under the plan set forth in Sections A and D above equated to the actuarial evaluation of a straight life annuity for employees alone will not be less than 2.5% of the employee's final average compensation multiplied by the employee's years of credited service (up to a maximum of 30 years) at the time of retirement.

If an employee withdraws any part or all of his account from the Defined Contribution Pension Plan, the benefit payable under this provisions shall be reduced by the actuarial equivalent of such withdrawal; the amount of reduction shall be the single straight life annuity which could have been purchased from the amount withdrawn if said amount had remained in the Defined Contribution Pension Plan until retirement. In the event the employee's benefits under Sections A and D above equal or exceed

2.5% no additional payments or supplements will be made under this provision. Delete the following Section: Section I. Retirement Window Period. Any bargaining unit member who has thirty (30) or more years of service and a minimum age of fifty-two (52) may elect to retire at full benefit (i.e., no actuarial reduction) during the period 9/1/89 to 3/1/90. This one time only window period expires 3/1/90. Such a retiree would be eligible for health insurance upon retirement pursuant to Article XLIII. Effective date of 312 Award.

C) Discussion - The union seeks to eliminate the reduction of the multiplier when Social Security benefits begin and it proposes that the current multiplier of 2.25% of FAC at the time of retirement be increased immediately to 2.5%. On the other hand, the West Bloomfield Township proposal was for status quo on the multiplier but it would change Section B to reduce normal retirement age from 55 to 53 in 1993 and 52 in 1994. The union had initially sought a lowering in the normal age of retirement but this change was not included in its final offer of settlement.

The Township suggested that the union's decision to drop the retirement age issue in its final offer of settlement should close out this issue for consideration by the panel. However, Section 8 of Act 312 requires the panel to ". . . adopt the last offer of settlement . . ." (emphasis added) of one of the parties. The panel may not delete part of a last offer because the other party has deleted its demand for a contract change on that same issue. The panel may not mix and match parts of issues to reach a conclusion which differs from the terms of one last best offer or

the other. Each offer must be accepted or rejected in toto as they are mutually exclusive.

The panel notes that the Township pension plan produces some of the highest benefit levels found in all of the comparable communities. There are some plans which have a higher pension multiplier but one must also consider the plan's final average compensation inclusions and the reductions in the multiplier for retirement after more than twenty-five years of service. Further, several other communities do not include Social Security benefits and others do not have a post-retirement escalator. The panel was strongly influenced by the total net income provided to employees under the current plan and it was clearly superior to that found in comparable communities. Thus, the union's arguments in support of its proposal were not convincing.

The one weakness in the employer's plan had been a higher age of regular retirement than that offered in many comparable communities. The employer's proposal brings the Township's plan into line with both internal and external comparable units. For all of these reasons the employer's last offer of settlement is adopted by the panel.

D) Award - The employer's offer is adopted.

DISSENT MPS Somero Dennis B. DuBay DuBay
Brown Brown

EMPLOYER ISSUE NO. 1 HOLIDAYS (ART. XVI)

A) Township last offer of settlement - Revise Article XVI -

Holidays, second and third paragraphs, by deleting the same and replacing them with the following provision: Employees who work on one of the above designated holidays will receive a holiday payment equal to the employee's straight-time hourly rate for the hours worked on the holiday. Effective date: January 1, 1994.

B) Union last offer of settlement - The union is requesting that the current annual lump sum payment in lieu of holidays remain status quo.

C) Discussion - The Township proposed an elimination of the lump sum payments and substitution of the payment of double time for all time worked on a holiday. There is not support for this proposal when the comparable communities practices are examined. The union noted that only Birmingham does not offer some type of lump sum payment. The panel determined that the holiday pay provision did not need revision and thus it opts for the status quo in the employer's proposal as it did previously in the union's holiday pay proposal. For all of these reasons the union's final offer of settlement on this issue is adopted.

D) Award - The union's offer is adopted.

MPR Somero Dennis B. DuBay DuBay Presents
Brown Brown

EMPLOYER ISSUE NO. 2 HOLIDAYS (ART. XVI)

A) Township last offer of settlement - Revise Article XVI - Holidays, first paragraph, to provide as follows: The following days are designated as holidays for all employees covered by this

Agreement:

New Year's Day
Memorial Day
Independence Day
Labor Day
Thanksgiving Day
Day After Thanksgiving
Day Before Christmas
Christmas Day
Veterans Day
Presidents Day

Effective date: January 1, 1994

B) Union last offer of settlement - The union is requesting that the current number of holidays remain status quo.

C) Discussion - A review of the benefit structure in comparable communities shows that twelve paid holidays is the norm with only Royal Oak having less and four communities having more than 12 holidays per year. The employer did not convince the panel that there was any justification for this reduction in paid holidays. For these reasons the panel adopted the union's final offer of settlement.

D) Award - The union's offer is adopted.

MPS Somero Dennis B. DuBay DuBay Dissents
(B) Brown

EMPLOYER ISSUE NO. 3 HEALTH INSURANCE (ART XIX)

A) Township final offer of settlement - Revise Article XIX - Insurance by adding the following new Section J: Section J. The Township shall pay the premiums in effect on December 31, 1992. Any additional and/or increased premiums shall be the joint responsibility of the Township which shall pay seventy-five (75%) percent of all future premium increases and the employee who shall pay twenty-five (25%) percent of all future premium increases. The employee's contribution shall be made by payroll deduction. The employee shall sign a payroll deduction authorization form authorizing such deductions. Effective date: Date of the Arbitration Award.

B) Union final offer of settlement - The union is requesting that the status quo be maintained.

C) Discussion - The employer has proposed that the members of this unit share 25% of all future health care premium increases. There is no dispute that the Township, like all other Michigan employers, has had to absorb greatly increased health care insurance costs in recent years. The annual cost to this employer is approximately one million dollars and this represents an increase of well over 100% since 1987. This increase is due in part to the fact that the Township offers better coverage and less deductibles than do many comparable communities. Further, retirees have also been provided with paid health insurance in a settlement made in the Act 312 proceedings in 1989.

The panel was persuaded that the practice in comparable communities is for the employer to assume the full cost of health

care increases. The Township does not have employee premium contributions by any other of its bargaining units. The employer did not demonstrate a financial condition which required such employee participation at this time. The panel notes that there is a growing number of public employers who have negotiated a contributions by employees to assist in the ever increasing cost of health care. If the employer bears the full brunt of such cost, as is the case here, then that must be a salient consideration when setting a level for a general wage increase.

The Township has received rate stabilization refunds from Blue Cross in excess of \$200,000 over the last two years. The whole direction of health care cost is up for review by Congress in 1994. Finally, this is a matter best adopted in bargaining by the parties. If there is to be a revision of how health care costs are handled, then the whole health care package and compensation structure should be reviewed at the same time. An Act 312 panel is ill equipped to legislate such a significant change. For all of these reasons the union's last offer of settlement is adopted by the panel.

D) Award - The Union's final offer is adopted.

MPS Somero

BEB Brown

Dennis B. DuBay DuBay DuBay DuBay

EMPLOYER ISSUE NO. 4 RETIREMENT (ART. XXIV)

A) Township final offer of settlement - Revise Article XXIV - Retirement by adding a new Section J to provide as follows:

Section J. All employees shall contribute four (4%) percent of his/her aggregate total earnings for each fiscal year to the pension plan set forth in Section A above. Employee contributions shall be made by payroll deductions. Effective date: January 1, 1992.

B) Union final offer of settlement - The union is requesting that the current zero percent employee contribution remain status quo.

C) Discussion - The employer seeks a 4% contribution by members of this bargaining unit. The Township has shown that its command officers receive the highest retirement benefits amongst the comparable communities. Further, in these other communities the officers are all required to make an individual contribution. While some communities require a large contribution (Royal Oak - 6%) the most comparable employer, Bloomfield Township, requires only a 1% contribution. On this issue we must repeat much of what has been said previously in the discussion of the proposed employee contribution to health care insurance premiums. The employer's cost to maintain a premier pension plan clearly must be taken into account when considering any proposal for a salary increase. However, an employee contribution for pension cost has never been included in the labor agreement for this unit and such a material change should be adopted by way of negotiations. Given a choice of a wage reduction for pension contribution or a lower overall wage increase - the panel will opt to not increase wages as much. The panel would have been more apt to adopt the employer's proposal for

employee contribution if the percentage of deduction had not been 4%. This was too great for an initiation of employee contributions. For all of these reasons the panel adopts the union's final offer of settlement.

D) Award - The panel adopts the union's offer.

MPS Somero Dennis B. DuBay DuBay Dissents
BAL Brown

WAGES (ARTICLE XIV)

A) Township final offer of settlement - Revise the annual salary rates set forth in the contract for Sergeants and Lieutenants as follows: Effective January 1, 1992 - December 31, 1992: Effective January 1, 1992, increase the annual salary rates by four (4%) percent across the board. Effective January 1, 1993 - December 31, 1993: Effective January 1, 1993, increase the annual salary rates by four (4%) percent across the board. Effective January 1, 1994 - December 31, 1994: Effective January 1, 1994, increase the annual salary rates by four (4%) percent across the board. Effective date: As set forth above.

B) Union final offer of settlement - The Union is requesting the following across-the-board salary increases for sergeants and lieutenants: Effective January 1, 1992 - 5% increase; Effective January 1, 1993 - 5% increase; Effective January 1, 1994 - 5% increase. Salary increases to be retroactive to effective dates set forth above.

C) Discussion - The union withdrew its initial proposal for

a rank differential and requested 5% per year instead. The union relied heavily on raw salary data and it ignored the total compensation comparisons offered by the employer. However, the panel cannot ignore the deductions from annual earnings for pension contribution that is required of other command officers in other comparable communities. Further, the panel gave weight to the percentage of wage increases gained by the other bargaining units in the Township. Weight was also ascribed to the superior and more costly pension and health care benefits provided to the Township employees with no individual contributions.

The panel has already commented on the Township's ability to pay. While all of the union's demands could be currently absorbed by the employer, there would be an elimination of the remaining fund equity and a clear future financial problem would be created. First, the several bargaining units at the Township are closely related and often gains by one union are quickly mirrored in other demands and settlements. Additionally, revenues in several areas have fallen and the current property tax legislation shows that further decline in revenues is probable. Finally, the consumer price index base increased at a very low rate in 1992 and 1993 and it appears that a rate below 4% will continue into 1994.

For all of the reasons offered above the panel adopts the employer's final offer of settlement.

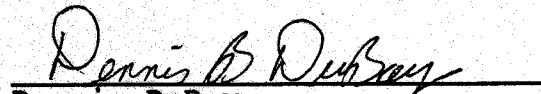
D) Award - The panel adopts the employer's offer.

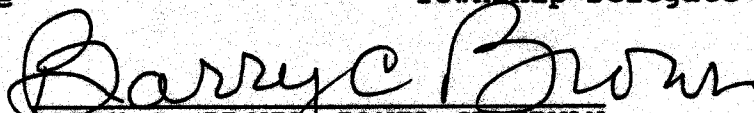
Dissent MP/JS Somero Dennis B. DuBay DuBay
Brown Brown

AWARD

This arbitration panel appointed by the Michigan Employment Relations Commission pursuant to Act 312, PA of 1969 as amended (MCLA 423.231, et. seq.) does hereby adopt the overall opinion and award set forth above, noting the parties' panel members' dissenting votes on certain issues. This award will be promptly transmitted to the Commission in accordance with the statute.


Michael Somero
Union Delegate


Dennis DuBay
Township Delegate


BARRY C. BROWN, PANEL CHAIRMAN

Dated: January 10, 1994

APPENDIX A

	<u>Number Of Sergeants¹</u>	<u>Sergeant Overall Compensation²</u>	<u>Total Sergeant Cost</u>	<u>Number Of Lieutenants¹</u>	<u>Lieutenant Overall Compensation³</u>	<u>Total Lieutenant Cost</u>
Birmingham	3	52,174	156,522	3	58,125	174,375
Bloomfield Township	7	53,245	372,715	5	59,528	297,640
Farmington Hills	14	51,096	715,344	6	57,500	345,000
Ferndale	9	56,233	506,097	4	62,742	250,968
Hazel Park	6	48,360	290,160	4	55,707	222,828
Royal Oak	10	54,156	541,560	4	59,801	239,204
Waterford Township	4	48,348	193,392	3	51,076	153,228
White Lake Township	4	42,001	168,004	2	46,683	93,366
Average:						
West Bloomfield	12	50,203	602,436	3	56,395	169,185

¹ Twp. Ex. 94.

² Twp. Ex. 22(b).

³ Twp. Ex. 32(b).

Appendix B.

West Bloomfield Township
Data Used in Retirement Income Comparisons
Police Sergeants

<i>Community</i>	<i>Final Average Compensation</i>	<i>Social Security Coverage</i>	<i>System % of FAC</i>	<i>Pension Escalator</i>
Birmingham	\$51,472	No	75.00%	No
Bloomfield Township	42,030	Yes	75.00	No
Farmington Hills	38,569	Yes		
To age 65			61.25	No
At age 65			55.00	No
Ferndale	54,886	No	67.50	No
Hazel Park	48,061	No	75.00	No
Royal Oak	44,127	No	72.00	No
Waterford Township	48,634	Yes		
To age 62			61.25	No
At age 62			55.00	No
White Lake Township	40,320	Yes	75.00	No
W. Bloomfield	\$46,367	Yes		
To age 65			67.50	3% Compound*
At age 65			60.00	3% Compound*

* Escalator applies to 1.5% defined benefit supplement.

APPENDIX C

LIEUTENANTS 20-YEAR RETIREMENT BENEFITS¹

	<u>7 Years</u> <u>55-61</u>	<u>3 Years</u> <u>62-64</u>	<u>5 Years</u> <u>65-70</u>	<u>5 Years</u> <u>70-75</u>	<u>Total</u> <u>Payments</u>	<u>Rank</u>
Birmingham	278,789	119,481	199,135	199,135	796,540	7
Bloomfield Twp.	224,497	130,089	250,115	269,615	874,316	2
Farmington Hills	166,740	105,084	196,105	215,365	683,294	9
Ferndale	295,253	126,537	210,895	210,895	843,580	5
Hazel Park	291,375	124,875	208,125	208,125	832,500	6
Royal Oak	245,441	105,189	175,315	175,315	701,260	8
Waterford Twp.	220,325	127,617	245,335	264,415	857,692	3
White Lake Twp.	218,141	126,321	242,815	261,655	848,932	4
Average:					804,764	
West Bloomfield	228,977	146,760	271,860	314,520	962,117	1

¹ The retirement benefits for Sergeants set forth in Twp. Ex. 34 multiplied by the number of years it is paid to ascertain the total retirement benefits over the 20-year period.