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ARB. 12/10/98

STATE OF MICHIGAN
CONSUMER AND INDUSTRY SERVICE DEPARTMENT
MICHIGAN EMPLOYMENT RELATIONS COMMISSION

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

CITY OF WYANDOTTE

MERC Case No. D96 I-2777

-and-

POLICE OFFICERS LABOR COUNCIL

OPINION AND AWARD

Chairman of Arbitration Panel:	<u>Barry C. Brown</u>
City Delegate:	Steven H. Schwartz
Union Delegate:	Jerry Caster
Representing City:	Steven H. Schwartz
Representing Union:	Timothy J. Dlugos
Pre Hearing Conference:	February 17, 1998
Hearings Held:	August 3, August 17, and September 8, 1998
Last Best Officers Submitted:	September 25, 1998
Post Hearing Panel Conference:	November 20, 1998
Post Hearing Briefs Received:	November 16, 1998
Opinion and Award Issued:	December 20, 1998

Wyandotte, City of

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 dated May 5, 1997, that it had engaged in good faith bargaining with the employer, the City of Wyandotte, on behalf of the city's police officers, and an impasse in negotiations had been reached. On May 19, 1997, the employer filed its answer to the above described petition with the Michigan Employment Relations Commission. On September 11, 1997, MERC Commissioner Barry Ott 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 February 17, 1998. Three formal hearings were subsequently conducted by the panel in 1998, and the last offers of settlement were exchanged on September 25, 1998. The dispute between the parties pertains to a three-year collective bargaining agreement that will become effective on February 01, 1997, and which will continue through January 31, 2000.

The issues before the panel for resolution are:

A) Union Issues:

1. Change residency requirement
2. Improve pension benefits
3. Increase wages

B) City Issues:

1. Two-tiered pension plan
2. Sick pay deletion for failure to report for scheduled overtime

As provided by Act 312, the Arbitration Panel is comprised of a delegate chosen by each party

to the dispute, and an impartial chairperson selected by the Michigan Employment Relations Commission. The current Panel is comprised of Chairperson Barry Brown, Steven Schwartz, panel member selected by the city, and Jerry Caster, panel member selected by the union. 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 in dispute 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 (1997-2000) would consist of the predecessor agreement (1996-1997) as modified by the parties' settlements on various issues, and also as modified by this panel's award on the issues still in dispute.

II. THE STANDARDS FOR THE PANEL 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 employers.
- (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.

STIPULATIONS OF THE PARTIES

As stated above, the parties agreed to a three-year contract beginning on February 1, 1997.

Other stipulations are as follows:

1. Any wage adjustment would be retroactive to February 1, 1997, but no other economic adjustment would be retroactive prior to the date of the arbitration panel's award.
2. Except as changed by the arbitration panel's award, the terms of the 1996-1997 bargaining agreement will be continued.
3. The Last Best Offers of the parties represent the actual contract language to be inserted into the collective bargaining agreement, if the offer is adopted by the panel.
4. Under the Memorandum of Understanding, the patrol officers will receive an improvement in the health insurance provided by the City. Patrol officers will have a choice in the selection of the health insurance. First, they may elect to continue the same health insurance they have under the expired contract, either the Blue Cross-Blue Shield Point of Service ("POS") or Blue Care Network (an HMO) plans at no cost to them. Second, they may elect to enroll in one of two Blue Cross Preferred Provider Organization ("PPO") plans, and share the cost with the city in the incremental difference in the monthly premium between those plans and the POS plan.

5. Also under the Memorandum of Understanding, patrol officers may accumulate up to 75 hours of compensatory time, at straight time, an increase of 25 hours over the limit established in the expired contract.

III. BACKGROUND:

The City of Wyandotte had a population of 30,938 in the 1990 census. It has been estimated that there has been a small increase since that time, and that the population level will remain stable in the foreseeable future. The city covers an area of about five and one-third square miles, and the land use in the city is largely residential (single family 72%) and it is in the Downriver area southwest of the city of Detroit in Wayne County, Michigan. There is one large downtown area in the city. Two major roads run through its jurisdiction (Fort and Jefferson). There are many local stores, offices and medical facilities, but there are no colleges or large hotels within its boundaries. There is a declining commercial/residential property ratio, and this has had an impact on the revenues received by the city. There has been a rejuvenation of several neighborhoods by the renovation of buildings and the construction of new homes.

The police department for the city of Wyandotte now employs 27 patrol officers. There are also six lieutenants, 12 sergeants and six civilian dispatchers and clerks. Finally, there is a chief and a deputy chief, so that in total, there are 47 sworn officers. The department's organization consists of a traffic division, a patrol division, a detective bureau and a record's bureau. Ten of the command officers serve in the uniform division.

There have been several large employers who have sold their facilities, and the new operations at these locations employ fewer people, and thus, there has been a stagnant tax base to support municipal operations. Much of the old Wyandotte Chemical Works has been demolished. BASF does occupy some of the former Wyandotte chemical facilities, but on a greatly reduced scale.

Similarly, McCord and Diversey Corporations discontinued their Wyandotte operations in 1997, and this resulted in the loss of 600 jobs and the loss of the municipal tax income associated with those businesses. However, Henry Ford Hospital, Horizon Enterprises, Eagle Trailer and other new firms have recently added new jobs to the city.

The city has lost nearly 25% of its population in the last 20 years. There was approximately a 10% population loss from 1980 to 1990. This trend is now reversed, and there are only minor future losses projected. The 1990 census also showed that more than 85% of the households in Wyandotte had an annual income of less than \$35,000. Only 14% of the Wyandotte labor force was shown to be managers and professional workers. The city population is aging, and its citizens expect more services to be available for elderly and retired persons. There have been new projects (golf course and parks) initiated at the old Wyandotte chemical plant site, and the downtown area has been rejuvenated with many innovations and festivals. Also, there have been several new housing units built downtown and elsewhere. It is an older community which is striving to preserve the best of the old and also trying to attract new business and young people to spur new growth and a restoration of its former industrial base.

IV. COMPARABLES:

A) External Comparables:

The POLC and the City of Wyandotte have not agreed on what should be used as the comparable communities in this case.

The City of Wyandotte has proposed that we use all of the 16 other cities in the Downriver Mutual Aid Pact. The POLC has proposed that we use only Allen Park, Brownstown Township, Lincoln Park, Riverview, Romulus, Southgate and Trenton. The city has asserted that using the pact

communities as comparables was appropriate for the following reasons:

1. A 312 panel in 1994 had previously determined that the Mutual Aid Pact communities were appropriate for comparison.
2. The union's proposed cities do not provide a full spectrum of benefits and wages which are offered in the area.
3. The cities offered by the employer comport more closely to the statutory standards.
4. The city asserted that the cities proposed by the union were chosen only because they pay the greatest wages and benefits to their police officers.

The city has offered the following chart of demographic and crime data in support of the list of comparables it has proposed:

Population, Manpower and Criminal Offenses of Comparable Communities					
Community	1990 Population	Department Manpower	# Crime Offenses	# Offenses Per Capita	# Offenses Per Officer
Allen Park	31,092	53	298	0.01	5.62
Brownstown	18,811	35	3,115	0.17	89.00
Ecorse	12,180	35	1,979	0.16	56.54
Flat Rock	7,290	23	1,324	0.18	57.57
Gibraltar	4,297	12	233	0.05	19.42
Grosse Ile	9,781	16	436	0.04	27.25
Lincoln Park	41,832	60	7,420	0.18	123.67
Melvindale	11,216	24	3,767	0.34	156.96
River Rouge	11,314	40	2,842	0.25	71.05
Riverview	13,894	27	663	0.05	24.56
Rockwood	3,141	9	543	0.17	60.33
Romulus	22,897	57	5,553	0.24	97.42
Southgate	30,771	44	4,487	0.15	101.98
Taylor	70,811	110	13,244	0.19	120.40
Trenton	20,586	47	1,531	0.07	32.57

Population, Manpower and Criminal Offenses of Comparable Communities					
Community	1990 Population	Department Manpower	# Crime Offenses	# Offenses Per Capita	# Offenses Per Officer
Woodhaven	11,631	29	1,636	0.14	56.41
Average	20,097	39	3,067	0.15	68.80
Wyandotte	30,938	47	2,139	0.07	45.51

SOURCE: U.S. Census Bureau, 1994 Uniform Crime Report: Michigan State Police and Personnel Departments

DISCUSSION OF COMPARABILITY

It was shown that in the 1986 negotiations, the command officers used the entire Mutual Aid Pact for cities in their negotiations. In 1983, these parties also used the entire Mutual Aid Pact cities except for Brownstone Township, which was then non union. Finally, in 1991, the union and the city stipulated to the sixteen downriver communities found in the Mutual Aid Pact as comparables.

In the 1995 Act 312 arbitration, this arbitrator considered whether the firefighters' proposed comparables of only four cities or the city's position that all communities with full paid fire departments in the Downriver Mutual Aid Pact would be considered comparable. In adopting the city's position, this arbitrator ruled the following:

"While the analysis presented above concerns the police officers' unit [pertaining to arbitrator Glazer's findings of comparability in the 1994 arbitration with the patrol officers' union], it is still applicable in this case. The city has been consistent in using the eight cities it has proposed over the last ten years. These communities are all nearby and they are all in the same Mutual Aid Pact. There is a commonality among these cities, in that they are in the same geographic area, they have a similar industry-residential mix and they are all experiencing the same problems which concern aging communities."

In reaching this conclusion, this arbitrator relied heavily on Arbitrator Glazer's decision from the prior year. Arbitrator Glazer had found the following:

"The bargaining history, therefore, reveals that the entire group of Mutual Aid Pact cities has been utilized by the parties in their negotiations and 312 proceedings. There is nothing in the present record to suggest the deletion of any of the cities as comparables, and they consequently all will be considered."

This is consistent with following the intent of the parties as revealed in their earlier negotiations and Act 312 proceedings. Further, it is an appropriate goal to promote stability in labor relations by continuing to use the cities that the parties have used in the past in their negotiations and 312 proceedings. It is useful for the parties to know in advance what cities are appropriate as comparables."

Arbitrator Chiesa also adopted the city's position on the use of all of the Downriver cities.

After determining that the four communities mutually agreed by the parties (Allen Park, Lincoln Park, Southgate and Trenton) should have the highest priority, he ruled the following:

"... [I]t is impossible to ignore the historical significance placed on the communities offered by the employer by preceding arbitrators and negotiating practices. When this is supplemented by the geographical location of the communities, along with their interaction and other similarities, although some communities, along with their interaction and other similarities, although some communities are more similar to Wyandotte than others, it is reasonable to conclude that these communities, i.e., Brownstown Township, Ecorse, Flat Rock, Gibraltar, Grosse Ile, Melvindale, River Rouge, Riverview, Rockwood, Romulus, Taylor and Woodhaven, would rank fairly high and the evidence regarding wages, hours and conditions of employment in those communities would have substantial probative value."

Based upon these factors, the panel determines that the 16 Mutual Aid Pact communities proposed by the city represent the comparable communities for purposes of this arbitration. Even though there are wide ranges of size and economic strength, this mix provides a broad base for comparison, and it well represents the labor market in which labor contracts are executed.

B. Internal Comparables

In the city of Wyandotte, there are four collective bargaining units for the public employees. The DPW employees are in AFSCME, and the firefighters, command officers and dispatchers all have units. The three largest units (police, fire and AFSCME) all have three-year labor agreements which expire on January 31, 2000. The firefighters and AFSCME (and all non union employees) have settled for a wage increase of 2.0% in each of their three years of duration. This is the same offer now being made by the employer to the police officers in this proceeding. The command officers' wage increase is tied to that attained by the police officers. The dispatchers' unit is still bargaining

with the employer.

The AFSCME unit employees are not in the same pension plan as are the police and firefighters. The command officers had previously sought the changes in their pension plan which are similar to those now sought by the police officers. Arbitrator Chiesa rejected their proposals and he adopted the city's status quo position in regard to the pension plan.

THE CITY'S ABILITY TO PAY:

This city's revenues were materially affected by the passage in 1994 of Proposal A. This resulted in statutes which limit the municipality's assessments on real property. The limit was set at 5% or the rate of inflation. In recent years, the CPI has ranged at 3% or below, and so the city of Wyandotte's property tax increases have been held to that low level of increase. Further, complicating the city's principal source of income, real estate taxes, is the fact that most of the growth in this income has been dedicated to a separate entity, the Tax Incremental Financing Authority (TIFA), which is an agency that uses municipal bonds for the financing of urban renewal projects. Approximately 60% of the property in the city is covered by TIFA or a similar downtown development agency (DDA), and so the growth in revenue is limited to new buildings, recently sold buildings, and growth in areas not covered by TIFA or DDA.

The state of Michigan is obligated to share sales tax revenue with municipalities. The recent slight increase in the population of the city of Wyandotte should result in a proportionate increase in this source of income. Similarly, other state-shared revenues will either increase or remain unchanged in the near future. While the state's surplus and recent tobacco industry settlements may foretell some greater help to the cities, the political pressures may cause these monies to be used for "rainy day" funds or tax cuts. While increased, state-shared revenues are a possibility, it is not a probability.

The city of Wyandotte has been able to reduce its cost of operation by reducing its personnel costs, as this accounts for nearly three-fourths of its budgeted outlay. Many city jobs have not been filled, especially at managerial levels. This has resulted in annual savings of about \$600,000. The city has also maintained a high tax rate. It is the fifth highest among the sixteen comparable communities. It is unlikely that these taxes can be increased as Wyandotte voters have rejected past efforts to increase taxes. Most recently, the Wyandotte school district lost three election attempts to raise their millage.

The general fund balance of the city is lower than the 10% level recommended by its auditors. However, beginning in 1995, the city has been able to increase its fund balance to nearly \$300,000 (about 3%), and it appears that this growth will continue. The city has also been able to capture some federal funds and educational money to finance some police positions. Thus, the city now has a sound financial situation, albeit it is not as good as it should be. The city of Wyandotte is recovering, and the administration's programs to revitalize the city's economic situation are paying off.

The city has not made a plea to poverty to deny any improvements in the wages and benefits of its police officers. However, it has maintained that there should be only a modest wage increase, and the pension benefits should remain as they are because the city cannot afford to pay more. The panel must weigh the needs of the police officers and determine a just level of compensation in the light of the city's limited ability to pay. The police officers must be ready to be paid what their community can afford. However, the city cannot move forward economically on the backs of its employees and ask them to make disproportionate sacrifices while spending discretionary city funds on other city projects.

V. ISSUES IN DISPUTE:

A. Union Issue No. 1 - Residency:

1) Current contract language:

None - matter handled by regulations which require that all city employees who are not city residents must move into the city within six months after their employment begins.

2) Union's final offer of settlement:

Amend Article XXIV as follows: Miscellaneous working conditions - Sec. 11. Members shall be required to live within a twenty-five-mile radius of the city limits.

3) Employer's final offer of settlement:

Status quo

4) Discussion:

All other city employees must remain the residents of the city, and so the internal comparables favor the city's position. The comparable communities are not consistent on this issue. Lincoln Park (at a reduction in pay) and Brownstown Township only have a stated mile radius of the city requirement of residency. Allen Park only requires low seniority officers to be residents. The union asserts that Romulus does not enforce its residency requirement. All other Downriver communities do require city residency for their police officers. Thus, the external comparables also favor the city's position of status quo. This is a very political matter, and it is best resolved in the bargaining process and not left to the determination of a third party.

The union's proposal would allow a police officer to live twenty-five miles from the city's borders. This is further away than any other similar contractual requirement in which distance is usually measured from the city hall or the central police station. When one measures from

Wyandotte's borders outward 25 miles, we see that an officer could live in Canada, Troy, Ypsilanti or South Lyon. The response time in an emergency from these distant locations would be poor, especially if the call-in were a time of bad weather or heavy traffic on the expressways. As it is, the nearby residency of the city's police officers allows a quick call-back in case of natural disaster or civil unrest.


Additionally, the panel believes that when police officers live in the community they serve, there is a benefit to the city through crime reduction and a better rapport between the police department and the community. Wyandotte is an older community with many blue collar families. The presence of young families with good city jobs does bolster the neighborhoods, and it preserves the quality of life in the whole city. It also insures that payroll dollars are reinvested in the city's economy. Further, the members of the department also feel a greater stake in their community when they are residents.


The union has offered no compelling reasons to end the residency requirement. The police officers and all city employees are free to leave the city when they are off duty. The union asserted that the officers could still take part in Wyandotte community activities even if they lived out of town. However, the likelihood of this is remote, because people tend to bond to the place where they live and where their children go to school. The union disputes the benefits of community policing, but they did not provide evidence that neighborhood disputes have ever had a negative impact on any of the department's officers. The photos that the union provided to show the many new building projects and house renovations in Wyandotte did impress the panel about the rejuvenation going on in town. This also showed the many good neighborhoods with reasonably priced homes available for police officers to live.

For all of these reasons, the panel determines that the city's position on residency, i.e., status quo, should be adopted.

AWARD

The city's proposal is adopted.


 Jerry Caster, Union Delegate
 Concur: ☐ Dissent: ☒


 Steven Schwartz, City Delegate
 Concur: ☐ Dissent: ☐


 Barry Brown, Chairman

B. Union Issue No. 2 - Wages:

1. Current contract language:

CITY OF WYANDOTTE POLICE PATROL OFFICERS WAGE SCHEDULE APPENDIX "A" WAGE SCHEDULE February 1, 1996 - January 31, 1997					
START	6 MONTHS	1ST YEAR	2ND YEAR	3RD YEAR	4TH YEAR
\$28,475.20	29,764.80	32,302.40	34,840.00	37,356.80	39,915.20
1,095.20	1,144.80	1,242.40	1,340.00	1,436.80	1,535.20
13.69	14.31	15.53	16.75	17.96	19.19

2. Union's final offer of settlement:

Increase wages by 3%, 3% and 4% in each of the three years of the contract creating this new wage schedule:

START	6 MONTHS	1ST YEAR	2ND YEAR	3RD YEAR	4TH YEAR
2/1/97-1/31/98					
29,329.46	30,657.74	33,321.47	35,885.20	38,477.50	41,112.66
1,128.06	1,179.14	1,279.67	1,380.20	1,479.90	1,581.26
14.10	14.74	15.99	17.25	18.50	19.77
2/1/98-1/31/99					
30,209.34	31,577.47	34,269.61	36,961.76	39,631.83	42,346.04

START	6 MONTHS	1ST YEAR	2ND YEAR	3RD YEAR	4TH YEAR
1,161.190	1,214.52	1,318.06	1,421.61	1,524.30	1,628.69
14.52	15.18	16.47	17.77	19.05	20.36
2/1/99-1/31/00					
31,417.72	32,840.57	35,640.40	38,440.23	41,217.10	44,039.88
1,208.37	1,263.10	1,370.78	1,478.47	1,585.27	1,693.84
15.10	15.79	17.13	18.48	19.82	21.17

3. Employer's final offer of settlement:

Effective February 1, 1997	2%
Effective February 1, 1998	2%
Effective February 1, 1999	2%

4. Discussion:

The panel was affected strongly by the internal comparables. The city has successfully negotiated 2% wage increases with the other union's representing city employees. A deviation from this pattern would violate a historical relationship which has tied all units to the same level of wage improvement. The police and fire units have had the same wage increases since 1977. The only exception was when the police officers traded some changes in health care coverage for an extra 0.5% wage increase. There would be a "catch up" pattern triggered for the other units if the police were to achieve a larger raise than the others had all agreed to.

The union argued that its initial demands had been for a 5% wage increase, and it had acted responsibly and been very reasonable in its reduced proposal of 3%, 3% and 4%. The union maintained that the city has been well below average in the base wage for patrol officers. The union said the city's offer of 2%, 2% and 2% would further drop the relative position of Wyandotte's policemen with comparable communities. In response to this argument, the city made the following comparison:

NET WAGES OF A PATROL OFFICER BASED ON A FEBRUARY 1 CONTRACT YEAR FOR FEBRUARY 1, 1997, TO JANUARY 31, 1998 WITH A 2% INCREASE IN WYANDOTTE				
Community	Base Salary As of 2/1/97 to 1/31/98	Less Employee Pension Contribution	Less Social Security Contribution	Net Wages
Allen Park	\$44,395	6%	7.65%	\$38,335
Brownstown	41,380	0%	7.65%	38,214
Ecorse		0%	0%	N/A
Flat Rock	42,148	3% - 1st \$4200 5% - Over \$4200	7.65%	36,900
Gibraltar	39,690	6%	0%	37,309
Grosse Ile	42,931	0%	0%	42,931
Lincoln Park	41,545	7.55%	0%	38,408
Melvindale	Expired	0%	7.65%	N/A
River Rouge		5%	0%	N/A
Riverview	45,421	5%	7.65%	39,675
Rockwood	38,664	0%	7.65%	35,706
Romulus	42,970	2.5%	7.65%	38,609
Southgate	42,375	5%	0%	40,256
Taylor	40,589	7%	0%	37,748
Trenton	42,366	5%	0%	40,248
Woodhaven	46,173	5%	7.65%	40,332
Average	42,357			38,821
Wyandotte - Proposed	40,713	0%	0%	40,713

These exhibits show that Wyandotte is in the lower end of the comparables in base wages, but when one considers take-home pay with no social security deduction, the comparison is much more favorable.

The Police Officers Labor Council argued that a 2% wage increase did not even keep up with the 2.2% increase in the consumer's price index (CPI) in 1997. The panel observes that the

employer's wage proposal does virtually match the increase in the CPI, and more importantly, such a raise is within the city's ability to pay. The city's economic situation is improving and so some of the gains should be shared with its patrol officers. However, it cannot afford to grant a larger wage increase, while at the same time, the pension program is improved. The panel must decide where the most inequality exists and focus the city's resources there.


The modest income gains the city will realize through increased assessments are largely syphoned off by the operation of TIFA and DDA. The city has expressed its ability to pay 2% wage increases to all its employees and to still be able to continue its economic revitalization. A 3% or 4% wage increase would greatly increase its personnel costs, especially when there would be an immediate similar increase for the command officers and a long-term similar increase for all other city employees.

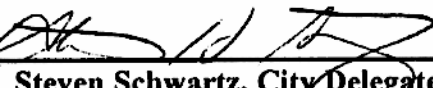
The millage rates for the city of Wyandotte are already high, and there is little doubt that any attempts to increase this tax rate would be defeated by the voters. An excessively high wage increase could virtually deplete the fund balance for the city, and it is already at a lower than average level. The patrol officers of the city of Wyandotte will have a lower than average base wage under the panel's decision, but for now, the city can afford this level of compensation, and there appears to be a greater need to deal with the pension program at this time.

AWARD

The city's last best offer is adopted.

1st year of contract - 2%
2nd year of contract - 2%
3rd year of contract - 2 %


Jerry Caster, Union Delegate
Concur: ☐ Dissent: ☒


Steven Schwartz, City Delegate
Concur: ☒ Dissent: ☐


Barry Brown, Chairman

C. Union Issue No. 3 - Pension Improvements:

1. Current contract language:

Article XXVII Pension

6. The City amends the definition of final average compensation as follows:

For Police Members "Final Average Compensation" means the best twelve (12) consecutive months of compensation, as defined by ordinance, and shall also include holiday pay for the three hundred sixty-five (365) day period preceding the effective date of retirement, effective October 5, 1981. Notwithstanding, anything herein to the contrary, effective February 1, 1990, for Police Members, final average compensation (except in the case of deferred retirement, a member's resignation of a member's discharge) shall also include a member's accrued vacation and sick leave paid on retirement, provided however, that said accrued vacation and sick leave amounts shall in no event increase member's final average compensation more than twenty-five (25) percent.

2. Union's final offer of settlement:

Add to Article XXVII as follows:

Sec. 2-206(2) Final average compensation means:

For police patrol members hired after 10/01/82, the average of the highest three (3), out of the last ten (10) consecutive years, and includes all: base wages, shift differential, overtime, annual payments for accrued compensatory time, longevity pay, holiday pay and accrued sick and vacation time paid on retirement. The accrued sick and vacation amounts shall not increase a member's FAC by more than 25%. For police patrol members active on 10/01/82, the final average compensation is unchanged.

Sec. 2-214 Policeman and Fireman member retirement allowance.

Subject to section 2-229, police patrol members hired after 10/01/82, retroactive to date of hire, shall receive a straight life pension and shall have the right to elect a pension under an option provided in section 2-221 in lieu of a straight life pension. The straight life pension shall equal the sum of the number of years and months of credited service, or to exceed twenty-five (25) years, multiplied by 2.50%, times the final average compensation, plus the number of years and months of credited service in excess of twenty-five (25) years, if any, multiplied by 1.0%, times the final average compensation. Maximum benefit is 75% of final average compensation. Members will make pretax contributions of 5% from all income included in the final average compensation.

For police patrol members active on 10/01/82, the retirement allowance, hypothetical annuity and member contribution is unchanged.

Effective 2/1/99

3. Employer's final offer of settlement:

Status quo.

4. Discussion:

The union's proposal would not change the pension for employees who were hired before October 1, 1982. Also, the union's proposed changes would not take effect until February 1, 1999, so under it, there would be no increase in the city's costs in the first two years of the new collective bargaining agreement. Further, the AFSCME and non union employees are not covered by the police-firefighters pension program, and the non uniformed employees have never enjoyed the same pension benefits as have been available under the police-firefighter program. Thus, there is less long-term cost implications for the improvements now sought by the Police Officers Labor Council.

The city notes that in the past, other Act 312 panels have rejected various union's efforts to modify the city's police-firefighters pension plan. However, the years of status quo has resulted in

other pension plans moving ahead to grant improved benefits while the plan for the Wyandotte employees has fallen to the lowest in nearly every category. The following chart demonstrates the poor standing of the Wyandotte system:

Pension Benefit of Patrol Officers in Comparable Communities									
Community	Multiplier	Maximum	FAC	Eligibility	Automatic Cost of Living	Social Security	Employee Contribution	Employer Contribution	Type of System
Allen Park	2.5	70%	Highest 3 consecutive yrs of last 10 yrs.	52	No	Yes	6%	13.95%	Ordinance
Brownstown	Defined	Contribution	Plan			Yes	0%	15%	
<i>Ecorse</i> Emp. Hired bef. 1/1/80	2.5	65%	Highest 36 consecutive mos.	60 yrs or 25 yrs	No	No	0%	18.45%	Ordinance
Emp. Hired aft. 1/1/80	2.25 2.35 w/25 yrs	80%	Highest 3 consecutive yrs of last 10 yrs.	50 & 25	No	No	0%	18.45%	MERS
Flat Rock	2.5	80%	Highest 5 consecutive yrs of last 10 yrs	50 & 25	No	Yes	3%-1st \$4200 5%-over \$4200	12.09%	MERS
Gibraltar	2.5-1st 25 yrs 1.0-add'l yrs	None	Highest 3 yrs of last 4 yrs	25 yrs or 60 yrs	No	No	6%	3.09%	Act 345
Grosse Ile	2.25	80%	Highest 3 consecutive yrs of last 10 yrs	55 & 25	Yes	No	0%	18.41%	MERS
Lincoln Park	2.5	70%	Last 5 yrs	55 & 25 or 60 yrs or 28 yrs	Yes	No	7.55%	14.34%	Ordinance
Melvindale	2.5	80%	Highest 3 consecutive yrs of last 10 yrs	50 & 25	No	Yes	0%	21.86%	MERS
River Rouge	2.0	70%	Highest 3 yrs of last 10 yrs	25 yrs or 50 & 10	No	No	5%	28.73%	Charter
Riverview	2.0-1st 25 yrs 1.0-add'l yrs	None	Highest 3 yrs of last 10 yrs	50 & 25 or 60	No	Yes	5%	1.39%	Ordinance
Rockwood	1% of avg. monthly pay plus .53 or avg. monthly pay over \$850	None	Average of fixed rate of monthly pay on last 5 February 1sts before retirement	60	No	Yes	0%	N/A	N/A
Romulus-A	2.0 E.N. 1/1/99-2.25	None 80%	Highest 5 consecutive yrs of last 10 yrs	50 & 25	No	Yes	2.5%	10.98%	MERS
Southgate	2.5-1st 25 yrs 1.0 add'l yrs	None	Highest 5 consecutive yrs of last 10 yrs	50 & 25 or 60	No	No	5%	16.79%	Act 345
Taylor	2.8	70%	Highest 3 yrs of last 10 yrs	20 yrs	No	No	7%	10.8%	Act 345

Pension Benefit of Patrol Officers in Comparable Communities									
Trenton-B	2.5	80%	Highest 3 yrs of last 10 yrs	25 or 60	Yes	No	5%	21.2%	Act 345
Woodhaven	2.5 up to 30 yrs	75%	Highest 3 yrs of last 5 yrs	50 & 10	No	Yes	5%	22%	Ordinance
Community	Multiplier	Maximum	FAC	Eligibility	Automatic Cost of Living	Social Security	Employee Contribution	Employer Contribution	Type of System
Wyandotte Emp. Hired bef. 1982	2.5-1st 25 yrs 1.8-add'l yrs	70%	Highest 1 yr of last 10 yrs	25 or 55 & 10	No-C	No	0%	27.55%	Ordinance
Emp. Hired aft. 1982	1.75-1st 25 yrs 1.8-add'l yrs	60%	Highest 1 yr of last 10 yrs	25 or 55 & 10	No-C	No	0%	27.55%	Ordinance

Let us compare each part of the union's proposal. The use of three rather than one year of earnings in the FAC computation will moderate the increases which will be brought on by including overtime earnings. Many other pension plans use the three-year approach in calculating the final average compensation, while some others use five years. Only the Wyandotte pension system has used a single year. Because the union's changes are prospective, the employer can control the number of overtime hours worked, and thereby reduce the impact of the inclusion in the FAC of overtime hours. The city has estimated that the net annual cost for these changes in FAC computation could cost \$14,503.00. It is not clear how the city projected overtime hours in the future or what impact the three-year averaging would have. We know that this pension change can have no cost impact in the first two years of the contract. Further, the command officers and firefighters cannot demand a similar pension benefit until the year 2000. Thus, the city's ability to pay is clearly present in the three-year term of the collective bargaining agreement under consideration by this panel.

The increased multiplier and increased maximum payout are a more expensive change in pension benefits contained in the union's proposal. The city estimates that these changes will cost

almost \$24,000 in the third year of the contract. The initial costs have been largely offset by the 5% of gross salary that the covered bargaining unit members would begin contributing on February 1, 1999.

The city noted that the union's last best offer had expanded its earlier addition of overtime pay to the FAC computation to include all W-2 compensation. So in addition to base wages, longevity pay and holiday pay, the union had now included comp time and shift differential pay. The employer asserted that earlier, the union had bargained an increase in comp time, but it had never before proposed that this time would also be included in the FAC computations. This last minute change in position seems to be "sand bagging," and it made a negative impression on the panel. While the impact on the final payout may be small (the city had no estimated cost), such tactics do not create a good long-term relationship between the parties.

The city's position of status quo is particularly untenable because of the very low ranking the city's pension plan has in every important category. No other plan has a maximum of only 60%. Most plans are at 70%-80%, and some have no maximum at all. Additionally, the multiplier of 1.75% used by Wyandotte is again the lowest with 2.5% being the rate most commonly used in other plans. The Wyandotte system also has no automatic cost of living and no social security back up. There is little doubt that this plan is at the bottom in nearly every category of pension benefits.

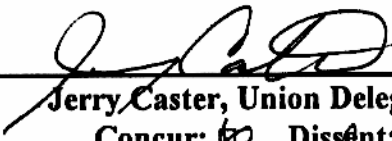
If the union's pension demands are granted, the City of Wyandotte's fund balance will not be eroded in the first two years of the collective bargaining agreement. Indeed, with only a 2% annual salary increase for all employees, there should be a continued increase in the city's fund balance accumulation. In the third year of the agreement, the city's pension costs may increase by as much as \$40,000, but this amount should be well within the city's financial ability to pay. The city argued

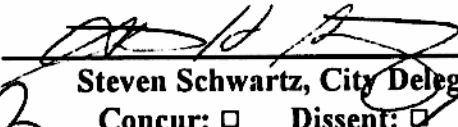
that the pension fund showed a modest return on investment. However, during this time, the income from investments generally was at an all time high. In 1998, the fund should continue to have a high income level. Further, the city continues to meet its pension obligations with the income from the proceeds of the sale of the municipal hospital (Special Endowment Fund), and this should continue without the need to invade the principle. Finally, there can be no normal age retirements in this unit until the year 2009, and so there is ample time to fund the changes proposed by the union.

The pension improvement proposal of the Police Officers Labor Council would fairly align the Wyandotte patrol officers with similarly situated officers in comparable communities. Further, the panel has concluded that the increased costs for adopting these proposals would not present an undue burden upon the city. Adopting the city's 2% wage increase proposal in each of the three years of the labor agreement will help pay for these costs. In the long run, the adoption of the city's pension plan for new hires could also set a cap on the city's pension costs and provide a light at the end of the tunnel in this regard.

AWARD

The union's final offer of settlement regarding pension improvements is adopted.


Jerry Caster, Union Delegate
Concur: ☒ Dissent: ☐


Steven Schwartz, City Delegate
Concur: ☐ Dissent: ☒


Barry Brown, Chairman

*see page
23A*

- A. City Issue No. 1 - Pension:
- 1) Current contract language:
- None

The city dissents to the panel's decision on pension. The decision is inconsistent with the well-established pattern of the internal comparables and prior arbitration decisions. The record established that the pension system is not fully funded and cannot afford this change. The City strongly objects to the inclusion of comp time and shift differential in the calculation of final average compensation, which was never raised at the hearing by the Union.

2) Union's final offer of settlement:

Status quo

3) Employer's final offer of settlement:

Pension (Art. XXVII; add as new Section 10): All new hires hired on or after February 1, 1999, shall not be covered by the City's Defined Benefit program. These employees shall be enrolled in a Defined Contribution plan which shall be mutually selected by the City and the Union. The City shall make an annual contribution of 10% of the employee's base salary which he actually received in the prior calendar year. The employee shall not be required to contribute to the plan. Vesting in the plan shall occur after five years.

4) Discussion:

The city's proposal would establish a two-tiered pension plan which would provide a defined contribution plan for all employees hired after January 31, 1999. The city would make an annual payment of 10% of each employee's prior year's base salary. Under this proposal, all existing members of the bargaining unit would continue under the existing pension system, and yet, the city could see a resolution for its current expensive program. This is a new approach for employee retirement programs, and only Trenton and Brownstown now use it for their police employees. While it is new, there is a trend in this direction. Further, the city plan provides a reasonable method to establish cost control in the future, while at the same time providing current employees with a retirement program in keeping with their peers in comparable communities. Further, under the city's plan, the newly hired employees need not make any pension contributions, and so they could use this 5% savings to start their own savings program. For all of these reasons, the panel adopts the city's proposal.

AWARD

The city's pension plan for new hires is adopted.


Jerry Caster, Union Delegate

Concur: ☐ Dissent: ☒


Steven Schwartz, City Delegate

Concur: ☒ Dissent: ☐


Barry Brown, Chairman

A. City Issue No. 2 - Sick Leave for Employees Who Miss Scheduled Overtime:

1) Current contract language:

None

2) Union's final offer of settlement:

Status quo

3) Employer's final offer of settlement:

Article XI - add new Section 6

An employee who is absent from mandatory or previously scheduled voluntary overtime shall be charged for the amount of hours he is absent, at straight time, if he calls in sick prior to the shift. The employer shall not receive pay for the sick leave hours charged.

4) Discussion:


The city seeks to discourage patrol officers' absenteeism on overtime days by docking their sick bank for the time missed. The employer asserts that as things are presently set up, an employee stands to lose nothing if he calls in sick on a day of scheduled overtime work. The city said that this has happened several times in the past, and it has caused operational problems for the department. It has also caused command officers to use much of their time to try to handle the problems created by the absence of these employees.


The panel does not approve of fines as a disciplinary approach. Here, the scheduled employees have no entitlement to sick pay when they call in sick on a day of scheduled overtime.


However, the employees lose several hours of premium pay by their absence, and that is one penalty. Similarly, the employees are also charged with overtime worked by such absence, and this is also a penalty of sorts. Further, if an employee fraudulently claims illness or the employee is excessively absent, disciplinary action may be taken. A deduction of banked sick pay hours is tantamount to a reduction in pay or a financial penalty for claimed misconduct. The panel found this proposal to be excessive and confusing. In summary, the city has shown no real need for the proposed new provision, and in any case, the proposed contract provision is inappropriate.

AWARD


The union's final offer of settlement (status quo) is adopted by the panel.



 Jerry Caster, Union Delegate
 Concur: ☒ Dissent: ☐

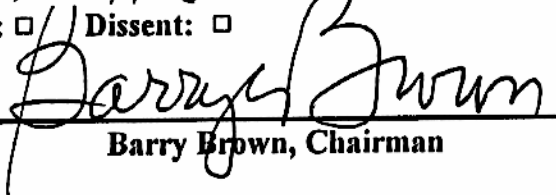

 Steven Schwartz, City Delegate
 Concur: ☐ Dissent: ☒


 Barry Brown, Chairman

CONCLUSION	
UNION'S PROPOSALS:	PANEL VOTE:
1. Residency	Adopt City's Position
2. Wages	Adopt City's Position
3. Pension	Adopt Union's Position
CITY'S PROPOSALS:	PANEL VOTE:
1. Pension	Adopt City's Position
2. Sick Bank Deduction	Adopt Union's Position


 Jerry Caster, Union Delegate
 Concur: ☐ Dissent: ☐


 Steven Schwartz, City Delegate
 Concur: ☒ Dissent: ☒ *as noted above*


 Barry Brown, Chairman

December 10, 1998
 Date