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DECISION AND AWARD
ACT 312 PROCEEDING

CITY OF YPSILANTI

January 10, 1983

and

Case No. D 81-B 300

POLICE OFFICERS ASSOCIATION OF MICHIGAN

Subject: Contract Provisions, July 1, 1981-June 30,
1983 Agreement:

- 1) Wage Increase
- 2) Cost of Living Adjustment
- 3) Pension Formula

Hearing Data:

	<u>Date</u>
Submission to MERC:	November 1981
Appointment of Chairman:	March 2, 1982
Pre-Hearing Conference:	March 29, 1982
Hearings Held:	July 1, 1982
	July 21, 1982
	August 13, 1982
Final Offers Submitted:	September 1982
Briefs Filed:	September 1982
	October 1, 1982

- Award:
- 1) The Employer's Final Offer, a 3.5 per cent increase effective July 1, 1981, is granted.
 - 2) The Union's Final Offer with respect to the Cost of Living Adjustment is granted.
 - 3) The Union's Final Offer with respect to a change in the pension formula is granted.

Michigan State University
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RELATIONS LIBRARY

Kahn, Ruth E.

Ypsilanti, City of

REPORT

These proceedings have been conducted pursuant to Act No. 312, Michigan Public Acts of 1969, as amended. The hearings were initiated by petition of the Police Officers Association of Michigan on behalf of the City of Ypsilanti Police Officers, in November 1981. MERC's appointment of a Chairman was made by letter of March 2, 1982.

The parties met first for a pre-arbitration session on March 29, 1982. It was proposed at that time that further negotiations be undertaken with a hope to resolving the parties' issues or in any event, to refining further their differences. Ultimately, hearings were held on the three issues which divided the parties, on July 1, 1982, July 21, 1982 and August 13, 1982. Final offers were exchanged on September 7, 1982. Post hearing briefs were later submitted and exchanged. All of these proceedings are in accordance with Section 8 of the Act, as amended in May 1972.

The parties agree that the new contract is for a two year term, commencing July 1, 1981. They are unable to agree upon three provisions in this collective bargaining agreement. Each of the disputed issues is identified as economic. They pertain to wages, the cost of living adjustment, and calculation of the pension benefit.

Section 9 of the Act states:

"...The arbitration panel shall base its findings, opinions and order upon the following factors, as applicable:

* * * *

"(c) The interests and welfare of the public and the financial ability of the unit of government to meet those 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 facts, 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."

Each of the parties presented wage comparisons for police officers in other communities, but each relied upon different "comparable communities". Each addressed much of its presentations to the relative merits of its selections.

The Union selected five "comparable communities", namely, Ann Arbor, South Lyon, Novi, Northville, and Plymouth. It explained that it chose these communities because they were all the cities in a geographical area bounded by US 23 on the west, I-96 on the north, I-275 on the east, and I-94 on the south. *

The City selected data for ten cities, namely, Allen Park, Berkley, Birmingham, Ferndale, Hamtramck, Harper Woods, Hazel Park, Southgate, Trenton and Wayne. It selected cities with a population close to Ypsilanti's, and in relatively close geographical proximity. These were cities designated by the Michigan Municipal League as being in "area #1".

*In fact, Ann Arbor is not within that area but lies directly west of US 23.

After much consideration of the relevance of all the cities -- their population, tax base, similarity of community -- the Chairman has concluded that five cities, two chosen by the Union -- Ann Arbor and Novi -- and three chosen by the Employer -- Wayne, Trenton and Southgate -- will be most useful in arriving at a determination of the final award. At this point, the Chairman wishes to note that "comparable" does not necessarily mean "alike". Dissimilar communities may be equally helpful in arriving at measures of equities.

The City provided, concerning each of its selected "comparable communities" data for the population, square miles, SEV, tax rate, size of police force. For the cities selected by the Union, the only data supplied referred to population. By population alone, Novi is, of all the Union's cities, most alike. However, it is significantly larger in square miles, a fact found by calling the Assessor's Office, and therefore, this population similarity is less persuasive. At any rate, the Chairman prepared the following table which contains some of the most relevant data concerning these various communities.

<u>CITY</u>	<u>POPULATION</u>	<u>SQUARE MILES</u>	<u>SEV</u>	<u>TAX RATES</u>
Ypsilanti	24,031	4.2	\$166 million	\$24.7
Ann Arbor	107,300	24.9		
Novi	22,500	30.8		
Southgate	32,000	6.9	\$262 million	22.10
Trenton	22,700	5.7	\$460 million	15.00
Wayne	21,159	6.0	\$229 million	18.27

	<u>WAGES (Min/Max 7/81)</u>	<u>(Min/Max 7/82)</u>
Ypsilanti (Proposed)	City: \$19,690-25,641 Union: \$25,765 Max.	Same 4% plus COLA
Ann Arbor	\$25,996 (No COLA)	\$28,075
Novi	\$14,900-\$24,000	\$26,450
Southgate	\$16,850-\$24,100	\$24,900
Trenton	\$18,600-\$23,200	\$25,192
Wayne	\$21,000-\$24,600	Not available

Ann Arbor is not "comparable" in the sense that its essential characteristics are parallel with Ypsilanti. Ann Arbor is a far larger community. Its population is four and one-half times larger than Ypsilanti's. It shares with Ypsilanti the presence of a large university and student body. Nor is mere physical proximity a persuasive factor. For example, Hazel Park and Birmingham are communities approximately as close together as are Ann Arbor and Ypsilanti. Hazel Park has an SEV of 130 million dollars whereas Birmingham's is 400 million dollars. To overcome the disparity in their size, more information is needed to establish reason to relate Ypsilanti's wage and benefits structure to Ann Arbor's. A more probing economic, sociological and demographic analysis would be necessary to establish parallelism between Ypsilanti and Ann Arbor.

Novi is more nearly alike in population, namely 22,000. Its square mileage is more than seven times greater than Ypsilanti's, however, strongly suggesting a very widespread population. Without supporting data of course, that is merely speculation. No information was presented to indicate the kinds of work Novi Police perform -- traffic, crime, industry. Nor was there data on the size of the force, the wealth of the community and its tax base. Absent such information, it is not possible to fairly conclude that Novi is truly similar to Ypsilanti, apart from the factors of its population and proximity.

1) WAGES

The salary schedule for police officers is established with six steps: start, six month, one year, two year, three year, and four year. The juvenile officer and detectives' salary is set at five percent above the maximum salaries of police officers, a relationship which the parties agree shall remain in effect. According to a police officer seniority list submitted by the Employer which contains thirty names, twenty three of the officers have service beyond four years. Of the remaining seven officers on the list, as of the commencement of this new contract term, two would have almost three years service, two would be at two and one-half years, one at almost two years, and the remaining have one and one-half years service. The parties throughout the hearing, addressed wage issues in terms of either minimums-and-maximums, or maximums alone. In other words, the various intermediary steps were not a matter of concern. This Opinion will accordingly also deal for the most part with just the maximums.

At the expiration of the prior Agreement, the maximum police officer pay was \$24,774.00. The minimum was \$19,024.00. The dispute with respect to the wage issue concerns the amount of the across-the-board increase for each of the two years of the new Agreement. The City proposes a 3.5 percent increase in the first year of the Agreement and none in the second; the Union seeks a 4 percent increase in each of the two years.

Neither party submitted evidence to establish a historical link between the rates paid to police officers in Ypsilanti and any other communities. The Union's brief refers to a "historical" relationship. However, that assertion is nowhere supported in the sense that the Union developed a record showing that Ypsilanti had for many years, or even several years, based its wage rate on a certain percentage above the communities selected by the Union for its comparisons, or a certain percentage below Ann Arbor's. The only conclusion that can fairly be reached is that in the past, there has been no direct relationship with other communities to arrive at the levels of pay in Ypsilanti.

The City presented persuasive evidence concerning its diminished ability to pay. The SEV is low relative to its selected cities, the tax rate is high. The data on average income and on unemployment in Ypsilanti is adverse to improved revenue prospects. This is true, also, insofar as anticipated subsidies or revenues from other governmental agencies are concerned. None of these conditions, which argue for restraint on wage increases, is refuted by convincing evidence from the Union. Given these factors -- the greatly diminished ability to pay and the relative position of Ypsilanti Police Officers vis-a-vis several selected, similar communities -- the Panel will award a 3.5 percent increase in wages in the first year of the Agreement, and no increase in the second, which is the Employer's Final Offer.

2) COST OF LIVING ADJUSTMENT

The now-expired Agreement contains provisions for upward or downward movement of wages depending upon changes in the cost of living index. The change in wages is referred to as a "mid-year salary adjustment". The money involved in the adjustment is considered part of the officers' base pay.

The City offers to carry forward this adjustment provision for the first year of the new contract, and to eliminate it wholly in the second year. The Union seeks to change the provisions by eliminating any downward adjustment. It would have a cost of living adjustment, upward only, in each of the two years of the contract. It also seeks adjustments when the cost of living is less than one percent, an adjustment which was not made in the expired Agreement.

Elimination of the COLA adjustment, as the City proposes to do in the second year of the new contract, removes a significant protection for police salaries. This built-in assurance against inflation, to the extent that the formula provides such protection, assures employees their negotiated pay will be maintained as to its purchasing power. Such protection has immense value in both an economic and in a morale sense. I find no support in the record for the Employer's demand to eliminate such protection in the second year of the contract.

No lengthy comment is necessary concerning the Union's elimination of a downward adjustment in wages. The Employer's proposal to remove all COLA protection in July 1982 is far more inequitable than is removal of the downward adjustment.

The less-than-one percent adjustment has minor economic impact. It is an integral part of the Union's proposal which the Panel majority finds to have more merit than the Employer's. Accordingly, the Panel awards the Union's Final Offer with respect to the cost of living adjustment.

3) PENSIONS

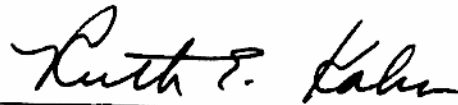
The Union seeks to change the pension plan with respect to the formula for calculating a retired employee's pension. The amount a retired employee receives depends, in part, upon a formula applied to the amount of the individual's average final compensation. The latter figure is based upon a period of five consecutive years. The Union seeks to reduce the period from five to three consecutive years. The Employer resists the change and makes no other offer of change in the pension plan.

Without modification of the funding period, currently twenty-four years, this improvement would cost an added 2.39 percent of payroll. The Union proposed, however, that the funding period could be lengthened thereby reducing the cost of this proposal.

Two of the three City's comparable communities, which are used in this Report -- Trenton and Wayne -- use a three-year formula. The ability to pay considerations with respect to pension improvement are less compelling than in the wage area. Accordingly, after considering the equities of both arguments, the Panel will award the Union's Final Offer with respect to pensions.

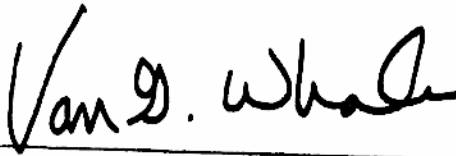
AWARD

- 1) The Employer's Final Offer, a 3.5 per cent increase effective July 1, 1982, is granted.
- 2) The Union's Final Offer with respect to the Cost of Living Adjustment is granted.
- 3) The Union's Final Offer with respect to a change in the pension formula is granted.



Ruth E. Kahn, Chair

For the City of Ypsilanti:*



Van Whaler, City Manager

For the Police Officers
of Michigan:


William Birdseye

*City of Ypsilanti concurs with the decision and award with respect to the wage issue and for reasons set forth in the City's post hearing brief dissents from the decision and award with respect to the cost of living adjustment and pension issues.