

STATE OF MICHIGAN  
MICHIGAN EMPLOYMENT RELATIONS COMMISSION  
COMPULSORY ARBITRATION

CHARTER TOWNSHIP OF WATERFORD,

Employer

Arising pursuant to Act 312,  
PA 1969, as amended

-and-

MERC CASE NO.: D03 L-5716

ASSOCIATION OF WATERFORD POLICE SUPERVISORS,

Union

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ARBITRATION PANEL'S INTERM ORDER.

BEFORE A PANEL CONSISTING OF:

Ruth E. Kahn, Neutral Chair  
Stanley W. Kurzman, Employer Delegate  
Gerald Radovic, Union Delegate

Dated: January 20, 2006

## BACKGROUND

The parties are currently engaged in Act 312 proceedings, in which hearings have been held, and others are scheduled. In the course of the hearing on January 20, 2006, the parties stipulated to the issuance of the following awards. These awards are based on the factor itemized in MCL 423.239(b), the stipulations of the parties. These orders are effective immediately.

## FINDINGS, CONCLUSIONS AND ORDERS:

Health Insurance Coverage. The parties stipulate that the base plan for the contract period will be Community Blue 10. Employees will pay additional premiums if they elect more expensive coverage. The Employer is adding another insurance to its list of available insurance options, MET TRUST (HAP). It is the intent of the parties to institute these changes in health insurance coverages as soon as possible, but not later than April 1, 2006. The Employer delegate and the Union delegate concur in this award.

Health Reimbursement Arrangement. (HRA). The parties stipulate that effective August 1, 2006, the Township will establish Health Reimbursement Arrangements (HRAs) for each bargaining unit member participating in the Township's health insurance program. The Township will contribute \$250 for single coverage and \$500 for two person and family coverage to the HRAs annually.

For all bargaining unit members, including those who opt out of the health insurance program, the Township will contribute \$50 annually per employee and eligible dependent to each employee's HRA. This is in addition to the HRA contribution for those in the health insurance program and in lieu of the current FSA contribution.

HRAs will remain available to employees who retire. HRAs will remain available to bargaining unit members who leave the Township prior to retirement for a period of one year for every five years of service to the Township. Furthermore, the Township will close the HRA of any former employee when the account balance is less than \$1,000 for more than one plan year.

The Employer delegate and the Union delegate concur in this award.

## New Hire Pensions:

The parties stipulate that for all Police Officers hired after 1-1-2004 shall have a pension benefit based on the following:

- 2.3% multiplier for 25 years
- 1.5% multiplier for beyond 25 years
- Normal Retirement eligibility at age 55 with 25 years of service or 60 with 10 years

- FAC based on best 3 of last 5 years
- FAC includes Base + Holiday + Overtime
- Cap at 34 years (71%)
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[Note: Based upon the stipulation regarding the New Hire Pension provision, the Employer has agreed to withdraw its proposal regarding retiree health modifications.]

The Employer delegate and the Union delegate concur in this award.

Pension Drop Plan:

The parties stipulate that a “cost-neutral” DROP plan shall be developed by the Police and Fire Pension Board attorney, the Union and the employer. The parties shall share equally in the cost of the development of the plan and an actuarial study, if required for implementation of the plan. A subcommittee consisting of Police and Fire Pension Board attorney Michael VanOverbeke, Human Resource Director Robert J. Seeterlin and a Union representative shall establish actuarial assumptions if necessary and resolve other technical issues. In the event the parties fail to agree on the DROP plan and any related issues relating to the DROP plan, the Union and Township agree to submit this issue for binding arbitration before Arbitrator Kahn. The Employer delegate and the Union delegate concur in this award.

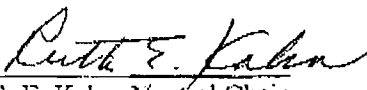
Defined Contribution Pension for Employees Reaching the 75% Retirement Cap:


The parties stipulate that effective immediately, any bargaining unit member having reached the 75% cap in the defined benefit pension system will be enrolled in the Township’s defined contribution pension system. The Township’s contribution rate will be set at 15% of base salary and longevity. This benefit will be offered in addition to any benefit earned by the employee while participating in the defined benefit pension system; provided, however, employees electing this provision shall not be eligible to participate in the DROP plan, if such plan is instituted as provided elsewhere in this Award. The Employer delegate and the Union delegate concur in this award.

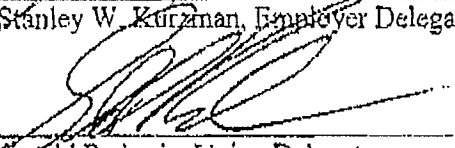
Issues remaining to be determined by the Arbitration Panel:

The parties stipulate that the only remaining issues to be determined by the Arbitration Panel are:

1. Duration.
2. Wages.
3. Sick Leave; Short Term and Long Term Disability coverage.
4. Right to non-supervisory overtime.

  
Ruth E. Kahn, Neutral Chair

  
Stanley W. Kurzman, Employer Delegate

  
Gerald Radovic, Union Delegate