

STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
MICHIGAN DEPARTMENT OF LABOR AND ECONOMIC GROWTH
MANDATORY ACT 312 ARBITRATION

IN THE MATTER OF:

CASE NUMBER:

CITY OF ANN ARBOR
Public Employer

MERC D06-E1546

-and-

POLICE OFFICERS ASSOCIATION OF MICHIGAN
Labor Organization

ACT 312 ARBITRATION PANEL

Richard E. Allen, Arbitrator and Chairperson

Roger Fraser, Employer Delegate

James Tignanelli, Union Delegate

William Birdseye, Union Representative

Nancy L. Niemela, Employer Representative

STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
DETROIT OFFICE

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PRELIMINARY STATEMENT

This matter is a mandatory interest arbitration, pursuant to Act 312 of the Public Acts of the State of Michigan , 1969, as amended, MCLA 423.231 et seq., MSA 17.455 (31), known as the Michigan Policemen's and Firemen's Compulsory Arbitration Act. It is the public policy of the state of Michigan that, where the right of policemen and firemen to strike is by law prohibited, and such employees are afforded compulsory arbitration, as an alternative and binding procedure for resolution of disputes on wages, hours and working conditions.

According the Petition for Act 312 Arbitration, the parties to this proceeding are the City of Ann Arbor and Ann Arbor Police Officers Association. The most recent collective bargaining agreement (Agreement) between the parties became effective commencing July 1, 2002 and concluding on June 30, 2006. The bargaining unit consists of approximately one hundred and Forty (140) employees in the following job classifications, as specified in the Agreement, as all non-supervisory, sworn police officers, and non-supervisory, non-sworn Safety Services Dispatchers, excluding all other employees of the City of Ann Arbor. As a result of unsuccessful bargaining by the parties, a Petition for Act 312 Arbitration (MERC Case Number: D06-E 1546) was timely filed with the Employment Relations Commission, and dated February 1, 2007.

Pursuant to Public Act 312, Public Acts of 1969, as amended, the Employment Relations Commission appointed Richard E. Allen to serve as the impartial Arbitrator and Chairperson of the Act 312 Arbitration Panel. The Employer's Delegate to the Panel is Roger Fraser and the Union's Delegate to the Panel is James Tignanelli.

APPLICABLE STATUTORY AUTHORITY AND RELEVANT CONSIDERATIONS

The pertinent provisions of Act 312 of the Public Acts of 1969, as amended, provides in Section 8, in regard to each issue in dispute, the Arbitration Panel shall adopt the last offer of settlement which, in the opinion of the Act 312 Panel, more nearly complies with the applicable factors prescribed in Section 9 of the Act, which provides as follows:

"Section 9. Where there is no agreement between the parties, or where there is an agreement but the parties have begun negotiations or discussions looking to a new agreement, or amendment of the existing agreement, and wage rates or other conditions of employment under proposed new, or amended agreement are in dispute, the 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 those costs.
- (d) Comparisons 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, factfinding, arbitration or otherwise between the parties, in the public service or in private employment."

The Arbitration Panel may determine which factors contained in Section 9 of the Act are the most important under the particular facts presented, and need not afford each fact equal weight. See *City of Detroit*, 408 Mich 410; 294 N.W., 2nd 68, 97 (1980). The Court held in part, as follows:

"The fact that an arbitral majority may not be persuaded by a party's evidence and argument as to certain items does not mean that those arbitrators failed to give the statutory factors that consideration required by law. The Legislature has neither expressly nor implicitly evinced any intention in Act 312 that each factor in Section 9 be accorded equal weight. Instead, the Legislature has made their treatment, where applicable, mandatory on the Panel through the use of the word 'shall' in Sections 8 and 9. In effect then, the Section 9 factors provide a compulsory checklist to ensure that the arbitrators render an award only after taking into consideration those factors deemed relevant by the Legislature and codified in Section 9. Since the Section 9 factors are not intrinsically weighted, they cannot of themselves provide the arbitrator with an answer. It is the panel which must make the difficult decision of determining which particular factors are more important in resolving a contested issue under the singular facts of a case, although, of course, all 'applicable' factors must be considered."

As Chairperson of the Panel, I believe it is important to give careful consideration to the merits of each parties position, and arguments on each of their proposals, but not to make changes, merely for the sake of making changes. The Panel has a responsibility to protect the welfare of the employees, and equally to protect the economic interests of the community. The Panel must be convinced of the necessity for the adoption of the proposals of each party, and in the final analysis, the inherent reasonableness of a parties proposal. Is the proposal merely a wish to be granted, or is the proposal based upon a necessity for the welfare of employees, or a need of the community to maintain a stable environment? Is the Union's proposal needed to protect, and advance the welfare of employees? Is the Employer's proposal required to maintain economic stability in the community? These questions must be answered by the Panel when considering each of parties proposals.

In answering these questions, the Panel should pay particular attention to several factors specified in Section 9 of the Act. (1) The financial ability of the community to afford the costs of the Union's economic proposals, and the community's financial need to have its proposals adopted. (2) Comparisons of wages and benefits of the Ann Arbor employees with the wages and benefits granted to other employees performing similar services in comparable communities. (3) The overall compensation and benefits received by Ann Arbor employees and the stability of continued employment. (4) Any changes in compensation and benefits occurring recently, with regard to prevailing wages and benefits with other similarly situated employees in comparable communities, and other "Comparable" employees within the City of Ann Arbor.

THE "TOTAL PACKAGE" IN COLLECTIVE BARGAINING

Generally, negotiated agreements are the final combination of a series of compromises and a practical evaluation by the parties of what they can "live with" for the duration of the agreement. The final settlement is a product of what most likely would have occurred if the parties had been able to apply economic pressure via a "lockout" or "strike". Since these bargaining weapons are not available in bargaining in the "public sector" (Police and Firefighters), the Panel must consider what would have occurred if such economic pressures were available to the Union and the Employer. The wages, benefits and conditions of employment are the product of the give and take within the collective bargaining process. In the private sector, the final agreement is a settlement arrived at after the parties have concluded they cannot risk seeking more without suffering severe economic consequences, resulting from a work stoppage, by a strike or lockout. The Panel must be careful not to grant more than either party could have obtained, had they the power to strike or use a lockout. The task that confronts the Panel is which of the parties proposals are necessary for the efficient operation of the community (Employer), and which proposals are necessary to promote and maintain an employee's welfare. Often the final settlement is a combination of each parties proposals, and this is described as the "total package", which is a combination of both parties needs. The "final package" should include consideration to all the demands of the parties, then incorporating the most necessary, and reasonable proposals, of both parties.

If neither party is satisfied with the final settlement, that may indicate the settlement is fair, and reasonable. If there is no clear winner, then there is no clear loser. The Panel must select which proposal affects the efficient operation of the community, and which proposal is necessary to maintain the welfare of employees. Each proposal must be examined on the basis of its necessity and the supporting facts and reasons for its adoption.

The key ingredient in a final contract settlement involves the amount and extent of the wages paid during the life of the new contract. Wages assure the economic welfare of employees, and are the greatest single component of the employer's labor costs. The final wage settlement greatly influences the adoption of the remaining proposals. In arriving at the components of the final settlement, I believe the concept referred to as the "total package" should be applied in determining which of the remaining proposals, by necessity and merit, should be adopted. Obviously there is no single formula, however, it is helpful to apply the "total package" concept in determining which of the remaining proposals merit adoption. Once the wages are settled, as to the amount and duration, then the remaining issues can be evaluated in arriving at a fair settlement, that addresses the needs of both parties, and conveys what would have been most likely incorporated into the contract by the parties themselves, had they the faced the economic pressures exerted by a strike or lockout.

Once the wage issue has been resolved, I believe the Panel should determine what, if any, other proposals are necessary in arriving at a reasonable settlement. The Panel should consider the economic reality that public employees (police officers) are prohibited from striking, and likewise public employers are forbidden to lock-out employees. Which of the remaining proposals would have been adopted had the parties been subjected to the economic pressures of a work stoppage? The Panel must be mindful of what would the parties have agreed to if they were faced with the economic pressure of a loss of wages during a strike, or the chaos in the community caused by a work stoppage?

In the final analysis, the Panel must protect both the welfare of the employees and provide the community of taxpayers with a stable economic future. The Panel should require each party to offer persuasive reasons for the necessity of adopting each of their proposals.

The Employer contends "internal comparables" that is other bargaining units within the City of Ann Arbor, are of great importance in determining its wage proposal. The Employer points out a majority of the bargaining units within the City of Ann Arbor received a lump sum payment for the first year of their respective contract settlements, commencing July 1, 2006. However, as to the guidelines set forth in the Act, I recognize "comparability" is only one of eight factors contained in Section 9 of the Act.

As noted, the Statute does not specifically define "comparability". The elements of "comparability" can be so numerous and diverse that the Statute grants considerable discretion in determining which, if any, external or internal comparability is of any value, in adopting either parties last best offer. In fact comparisons are not automatic, dominant, or absolute in selecting either of the parties proposals for settlement.

Since precise comparisons between internal and external bargaining units are not intended to be exact, it stands to reason that the Statute is only a guideline that does not demand strict adherence to what other types of settlements may have occurred in other internal bargaining units. For instance in this case the Employer cites many internal bargaining units, within the City of Ann Arbor that received a "lump sum" payment the first year of their respective contracts. This fact is only one of many considerations in the process of determining what is a fair and reasonable wage settlement.

The "comparability" factor is similar to the concept of "prevailing practice" among similarly situated employers. There must be a determination by the Panel of what type of wage settlements may have occurred among other police units in similar communities. Has a "lump sum" payment been the "prevailing practice" for first year wage settlements in other similar police bargaining units?

The "prevailing practice" concept has been used by many negotiators for years in the collective bargaining process. In fact the standards specified in Section 9 of the Act are similar to the factors used by many negotiators in collective bargaining. Since the parties have opted for Act 312 Arbitration, they have acknowledged they are at an impasse and have agreed to call upon an Arbitrator to apply the various factors specified in Section 9 of the Act, along with the concept of how would a reasonable person have settled the issues in dispute. The arbitrator's ruling, in effect, indirectly adopts the collective bargaining agreements found among other similarly situated Employers and Unions. In my opinion, the Act 312 Award should only be a substitute for successful bargaining had the parties acted like other employers in a similar situation. To me this is the essence, and the purpose of the Statute.

Another factor closely related to the parties wage proposals, also raised in Section 9 of the Act, pertains to the Employer's financial ability to provide a wage increase, including the amount of the payment and the type of payment, that is a percentage increase incorporated into the base rate or a lump sum payment. The ability of the governmental unit to afford a wage adjustment, requires Employer to provide financial information as to its current, and future, economic position, including anticipated future revenues generated from taxes and planned budgets. Often Arbitrators consider the consequences of a work stoppage, and the impact this would have upon the final bargaining settlement. This consideration is based upon the concept that the purpose of Act 312 is that of being a substitute for work stoppages in the public sector.

In this case a review of the exhibits reveals the financial ability of the City of Ann Arbor is sufficient to afford a wage increase for this bargaining unit in an amount proposed by the Union. Generally, the revenues of the Employer appear to be sound for the present, and for the near future, extending at least to the termination of the proposed collective bargaining agreement.

This conclusion, as to the financial stability of the City of Ann Arbor, is based upon the fact the City, to their credit, has not relied upon an argument of its inability to grant wage increases to its Police Officers, but has instead rightly cautioned that current financial pressures have increased in all levels of government. They point out significant spending reductions are necessary. It should be recognized the City's revenues come primarily from property taxes and state shared revenue. The Employer explained its ability to increase property taxes is limited by the "Headlee Amendment", and the City does not have an income tax to rely upon.

Certainly caution on spending must be exercised by the City, however, there is evidence the City has sufficient funds to maintain its financial stability for the foreseeable future. The "General Fund" appears to adequate to meet reasonable wage increases for the City's employees, including the Police Officers, There appears to be sufficient funds to maintain pension fund obligations and to provide health care benefits to all the City's employees. I am convinced the City has the necessary resources to grant the Police Officers retroactive wage increases, dating back to July 1, 2006, if certain employee sharing of the costs of health care accompanies the retroactive wage adjustments.

In my opinion, the key to a fair and reasonable settlement of the two major disputes arising from this Act 312 proceeding are centered around the resolution of the City's primary concern in obtaining a Health Care Plan where the Police Officers share in the costs of health care and the Police Officer's desire to receive a retroactive wage increase in their base rates of pay, beginning on July 1, 2006, rather than a "Lump Sum" payment on that date.

The importance of the respective parties goals was clearly stated, on the record, by each of the parties.

The Employer's Director of Human Resources and Labor Relations testified, and responded as follows in regard to the importance of obtaining a Health Care Plan providing for the Police Officers to bear some of the costs of City's Health Care Plan.

"Q. Now, I assume from what you said that health care was an important issue for the City in these negotiations?

A. Right, it was on the top of the list.

Q. Why was that?

A. Because our health care costs, like most employers, had been experiencing substantial increases....": (Transcript, Vol. 1, page 131)

In support of its request that Police Officers share in the costs of the City's Health Care Plan, the Employer points out the Police Officer unit is the only group of City employees, (including unionized employees) who do not currently contribute to health care beyond a \$10 office visit fee and a \$10 prescription co-pay. The Employer offered evidence as to the types of employee contributions to health care made by other City employees. The Employer points out its proposal does not include a premium co-pay which many of the other City union employees are currently paying. The City's proposal would place the Police Officers on an even footing with other City employees.

The Employer points out the Police Officers in all of the other agreed upon comparable communities have Health Plans with greater employee cost sharing than the Ann Arbor Police Officers. The Employer states other communities have received help from their employees in the sharing of health care costs, and the Ann Arbor Police Officers should also share in those health care costs

In summary, the Employer argues communities comparable to Ann Arbor are obtaining cost sharing from their unions on at least some of their health care plans, Similarly, all of the other employees in Ann Arbor are contributing to health care in a variety of ways. Only the Police Officers are not contributing to health care savings by participating in cost sharing. The Employer maintains, while its cost sharing proposal is modest in nature, it still anticipates it will yield a savings potentially of 15% if implemented. If the Union's proposal of maintaining the status quo is granted, the Police Officers group will remain as the only employee group in the city not contributing to reducing health care costs.

As noted, the Police Officers primary objective in the contract negotiations was securing a wage increase in the base pay rate of a Police Officer, commencing on July 1, 2006. The Union rejected any "Lump Sum" payment to Police Officers, commencing on July 1, 2006, which the Union considered as merely a "bonus" not incorporated into the Police Officer's base rate of pay.

During the Act 312 Hearing a member of the Union's contract negotiating team was asked the reason the Union members rejected the Employer's contract settlement proposal. She responded as follows:

"Q. And am I correct to say that that ratification really tanked.

A Yes it did. It was overwhelmingly defeated because there was no percentage wage increase in the first year, and that was the flat out bottom line reason." (Transcript Vol. 3, page 105)

An example is the 2006 settlement with AFSCME. The Union contends it is true no across the board salary adjustments were made to the salary schedule, however, each individual employee in AFSCME was afforded the opportunity to receive a pay increase within the various levels of pay in their classifications. The Union contends the settlement was structured in a manner that allowed any employee agreeing to improve their productivity would receive a raise in their base pay. Basically these employees realized a one step increase, between 2% and 2.5%, if they volunteered to improve their skill level in their classification.

The Employer stated its offer of a "Lump Sum" payment for the first year of the contract was based upon the fact all the other Unions representing various City employees had accepted a "Lump Sum" payment for the first year (2006) of their respective contracts. The Union maintains in reality the 2006 settlements with other City employees had a variety of outcomes, including pay raises.

"The failure of the parties to negotiate a successor agreement to the contract that expired in 2006, emanated from their inability to resolve the issue of a salary improvement in the first year of the new contract for Ann Arbor police officers. The employer announced to the bargaining committee early in negotiations that it had the financial ability to give pay raises, but would not offer a raise to the Ann Arbor Police Officers Association (AAPOA) in 2006. The only improvement in the first year the City ever put on the table was a one-time bonus of 2.5% of base not to be rolled into base. (Footnote: This offer was made on the base wages as of July 1) The Employer has maintained this position from the first day of bargaining, and has remained steadfast before this panel that the Ann Arbor police officers should not get a raise in 2006."

The Union confirmed its members rejection of the Employer's offer of settlement was based upon the Employer's offer of a "Lump Sum" wage payment for the first year of the 2006 contract. The Union stated on page 10 of its Post Hearing Brief as follows:

The Union points out none of the external comparable communities, (Lansing, Livonia, Southfield, Sterling Heights, Taylor, Westland) offered its police officers a "bonus" (Lump Sum) payment in the year 2006 in lieu of a wage increase in an Officer's base wages.

The Employer acknowledges the major dispute concerning wages involves its offer of a "Lump Sum" pay to police officers for the first year (2006) of the contract. The Employer stated on page 8 of its Post Hearing Brief:

"Although the Union and the Employer differ on their proposals for all three years of the contract, the most significant difference is in the first year of the contract. The Employer proposes a 2.5% one time lump sum payment, consistent with that offered to and accepted by the seven other unions in the City. In contrast, the union proposes a 2.5% across the board increase retroactive to July 1, 2006."

The City links wage increases with the Health Care Plan and the resulting savings realized from employee contributions to health care. The Employer states all the other unions, and non-union employees, in the City began contributing to the cost of health care to various degrees, with the exception of the police officers. The Employer points out the employee's contribution to health care, and the resulting savings was used in part to fund wage increases.

It is obvious, from the testimony at the Hearing, the rising cost of health care is a major concern to the City, as it is with many employer's and individual citizens throughout America. The City emphasizes comparable communities are obtaining cost sharing from their unions on at least some of their health plans. Similarly, all of the other unionized employees, and non-union City employees, are contributing to health care coverage in a variety of ways. Only the police officers continue to remain as the hold out on health care contributions. Health care is a major cost of living in America, and it dominates all other Employer costs, other than wages.

It is abundantly obvious, that in the future, Employer's and Union's must cooperate in sharing the escalating costs of health care in order for employees to continue to benefit from this important cost of living. The sharing of medical costs is a growing trend among Employer's and Unions.

CONCLUSION

Wages are a dominant factor in collective bargaining. In traditional contract negotiations among parties free to use the economic pressure of a lockout, or strike, the amount and type of wage adjustment is often determined by what other proposals of the respective parties, might be incorporated into the "final settlement". This is often referred to as the "Final Package", which is a series of trade-offs and compromises. Each party engages in trades in order to obtain their particular goal, There is nothing sinister, or unethical, in this practice. Compromises and trade-offs are a practical reality of collective bargaining. The Final Package concept should be considered as part of the process in determining the final settlement of an Act 312 Arbitration, which is in essence a substitute for the economic pressures applied in the private sector. An Act 312 Arbitration must, in my opinion, take into consideration, in part, what would the parties have eventually agreed upon, had they been able to exert the traditional economic pressures that accompany private sector collective bargaining. Also, in applying the "Final Package" concept, I have evaluated the merits of each parties proposal, and required any changes to be supported by persuasive evidence of the necessity for particular proposed change in the contract. Any proposed change in the status quo must not be accepted, or rejected, merely to give each party something. In some instances, one party may not have a reasonable basis for granting any of their proposals. Act 312 Arbitration should not be a process of giving everybody something, although it may sometimes appear so. However, the very nature of the collective bargaining process often results in something for both parties. But, this is the nature of collective bargaining and Act 312 Arbitration should attempt to duplicate that process as much as possible.

In determining the merits and necessity of each parties particular proposal, as stated in their "Last Best Offer", I have considered all the factors specified in Section 9 of the Act, including subsection (h) which provides:

"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 sector service, in private employment."

In my opinion, "other factors" for consideration includes what would a reasonable person, acting in the capacity of a negotiator, have agreed to, if confronted with the economic realities and pressures present in the private sector collective bargaining process? Furthermore, in an effort to reach a final settlement, what compromises and trade offs would have occurred in reaching a particular desired goal. It appears to me it, is reasonable to conclude the City would have agreed to a percentage base wage increase to Police Officers in 2006, to obtain the Police Officers agreement to contribute to the costs of health care; Likewise, it seems reasonable to me to conclude the Police Officers would have agreed to contribute to Health Care Plan, in exchange for a percentage increase into their base rate of pay, rather than a "Lump Sum" payment.

It appears the City has the necessary resources to pay a percentage increase in the base rate of pay for the Ann Arbor Police Officers, commencing July 1, 2006. However, this percentage base wage increase is contingent upon the Police Officers contribution to the City's Healthcare Plan, because the percentage increase in the Officers base wages will create an additional cost generated by an increase in the "roll up" factor. To somewhat offset this additional "roll up" cost, it is essential the Police Officers immediately begin to contribute to the Health Care Plan as proposed by the City.

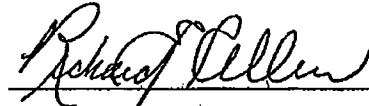
In July of 2006, I am convinced the Union needed a percentage increase in the base rate of pay, rather than a "Lump Sum" payment, in order to obtain a contract ratification by the Union members. This is a reality of collective bargaining, and most likely in the setting of the private sector, the Employer would have granted a percentage wage increase in exchange for Union agreeing to adopt the Employers proposed Health Care Plan.

In my opinion the adoption of the City's Health Care Plan cannot be separated from the granting of a percentage wage increase in July of 2006. The Union's proposal and the Employer's proposal are intertwined, and cannot, as a practical matter, be separated. The two proposals would, most likely be bargained, and exchanged so that each party obtained a necessary goal in arriving at a final agreement. For all of the above stated reasons the Last Best Offer of the Union is granted on the ISSUE of WAGES and the Last Best Offer of the Employer is granted on the ISSUE of HEALTH INSURANCE.

AWARD

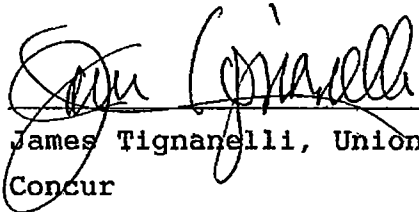
The Union's Last Best Offer pertaining to WAGES AND BENEFITS, ARTICLE 10, Section 1 of the collective bargaining agreement, as set forth in APPENDIX B of this AWARD, shall be granted and incorporated into the collective bargaining agreement effective July 1, 2006.

Dated: 2-24-09



Richard E. Allen, Arbitrator/Chairperson

Dated: 3.2.09



James Tignanelli, Union Delegate
Concur

Dated: _____

Roger Fraser, Employer Delegate
Dissent

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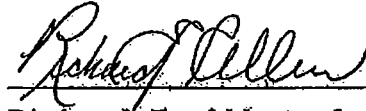
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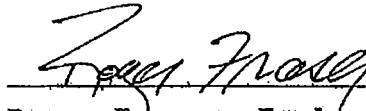


Richard E. Allen, Arbitrator/Chairperson

Dated: _____

James Tignanelli, Union Delegate
Concur

Dated: 3/4/09



Roger Fraser, Employer Delegate
Dissent

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EMPLOYMENT DIVISION
BUREAU OF LABOR RELATIONS

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Dated: 2-24-09



Richard E. Allen, Arbitrator/Chairperson

Dated: _____

James Tignanelli, Union Delgate
Concur

Dated: _____

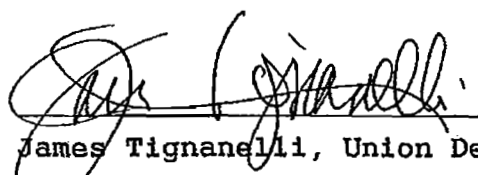
Roger Fraser, Employer Delegate
Dissent

AWARD

The Employer's Last Best Offer pertaining to WAGES AND BENEFITS, ARTICLE 10, Section 6, Health Insurance of the collective bargaining agreement, as set forth in APPENDIX C of this AWARD, shall be granted and incorporated into the collective bargaining agreement.

Dated: 2-24-09 
Richard E. Allen, Arbitrator/Chairperson

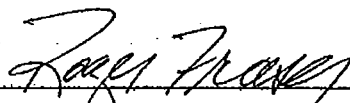
Dated: _____
Roger Fraser, Employer Delegate
Concur

Dated: 3-2-09 
James Tignanelli, Union Delegate
Dissent

AWARD

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Richard E. Allen, Arbitrator/Chairperson

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Roger Fraser, Employer Delegate
Concur

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Dissent

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Richard E. Allen, Arbitrator/Chairperson

Dated: _____
Roger Fraser, Employer Delegate
Concur

Dated: _____
James Tignanelli, Union Delegate
Dissent

ISSUE 3 DOUBLE TIME

The collective bargaining agreement provides for the payment of double time to Police Officers for being "called back" to work within eight (8) hours after the end of their work shift. The Employer proposes to reduce this payment to time and one-half. The Union proposes no change in paying Police Officers double time when they are called back to work. The Union points out officers are rarely called back to work after completing their shift. The Union asserts the reason for double time pay is to "economically discourage" the employer from calling back employees before they have a reasonable period of time to rest between shifts. The Union fears the Employer's reduced exposure to this economic penalty will encourage bad work practices by the Employer.

The Employer asserts none of its other bargaining units receive double time pay when they are "called back" to work. Furthermore, all the comparable communities that pay for an employee's call back to work, pay either straight time, or time and one half.

Based upon the fact other internal bargaining units within the City and other comparable communities do not pay double time for the call back of their employees, I conclude the Employer's proposal is reasonable and in line with the generally accepted practice of pay for the "call back" of an employee. I am not persuaded the Employer will deliberately abuse the practice of paying time and one half for a "call back", and I am inclined to believe a "call back" is generally out of the Employer's control, and in many instances results from unpredictable court scheduling, which requires the appearance of a Police Officer. For these reasons I find the Employer's proposal is fair and conforms to the generally accepted pay practices found applicable to other bargaining units in comparable situations.

AWARD

The Employer's Last Best Offer pertaining to WAGES AND BENEFITS, ARTICLE 10, Section 5, of the collective bargaining agreement, as set forth in APPENDIX D of this AWARD, shall be granted, and incorporated into the collective bargaining agreement.

Dated: 2-24-09 *Richard E. Allen*
Richard E. Allen, Arbitrator/Chairperson

Dated: _____
Roger Fraser, Employer Delegate
Concur

Dated: 3-2-09 *James Tignanelli*
James Tignanelli, Union Delegate
Dissent

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2009 MAR -5 PM 1:04
STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION

ISSUE 4 LONGEVITY

The Union asserts the Ann Arbor Police Officer's Longevity pay remains a "habitually unsettled" issue that is revisited regularly during collective bargaining between the parties, and despite numerous changes over the years, Longevity has never been considered settled law. In regard to police officers, the Union states all five of the external comparable communities pay Longevity, and the Ann Arbor Police Officers continue to lag behind all the comparable communities. The Union argues it is now time for an adjustment in Longevity to bring Ann Arbor Police Officers closer to their peers. According to the Union, its proposed adjustment to Longevity will still maintain Ann Arbor Police Officers below other comparable communities, but it would improve their position closer to that of the City of Lansing.

AWARD

The Employer's Last Best Offer pertaining to WAGES AND BENEFITS, ARTICLE 10, Section 5, of the collective bargaining agreement, as set forth in APPENDIX D of this AWARD, shall be granted, and incorporated into the collective bargaining agreement.

Dated: 2-24-09 *Richard E. Allen*
Richard E. Allen, Arbitrator/Chairperson

Dated: 3/4/09 *Roger Fraser*
Roger Fraser, Employer Delegate
Concur

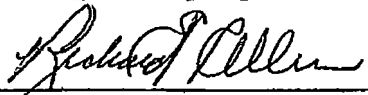
Dated: _____
James Tignanelli, Union Delegate
Dissent

ISSUE 4 LONGEVITY

The Union asserts the Ann Arbor Police Officer's Longevity pay remains a "habitually unsettled" issue that is revisited regularly during collective bargaining between the parties, and despite numerous changes over the years, Longevity has never been considered settled law. In regard to police officers, the Union states all five of the external comparable communities pay Longevity, and the Ann Arbor Police Officers continue to lag behind all the comparable communities. The Union argues it is now time for an adjustment in Longevity to bring Ann Arbor Police Officers closer to their peers. According to the Union, its proposed adjustment to Longevity will still maintain Ann Arbor Police Officers below other comparable communities, but it would improve their position closer to that of the City of Lansing.

AWARD

The Employer's Last Best Offer pertaining to WAGES AND BENEFITS, ARTICLE 10, Section 5, of the collective bargaining agreement, as set forth in APPENDIX D of this AWARD, shall be granted, and incorporated into the collective bargaining agreement.

Dated: 2-24-09 
Richard E. Allen, Arbitrator/Chairperson

Dated: _____
Roger Fraser, Employer Delegate
Concur

Dated: _____
James Tignanelli, Union Delegate
Dissent

ISSUE 4 LONGEVITY

The Union asserts the Ann Arbor Police Officer's Longevity pay remains a "habitually unsettled" issue that is revisited regularly during collective bargaining between the parties, and despite numerous changes over the years, Longevity has never been considered settled law. In regard to police officers, the Union states all five of the external comparable communities pay Longevity, and the Ann Arbor Police Officers continue to lag behind all the comparable communities. The Union argues it is now time for an adjustment in Longevity to bring Ann Arbor Police Officers closer to their peers. According to the Union, its proposed adjustment to Longevity will still maintain Ann Arbor Police Officers below other comparable communities, but it would improve their position closer to that of the City of Lansing.

The Employer counters by stating any adjustment in Longevity pay involves an attempt by the Union to regain a Longevity system the Union previously bargained away, without giving up the step increases they obtained in exchange. Historically, the Employer points out in the 1995-1998 collective bargaining agreement, the Union had a similar Longevity scale to the one they now seek through arbitration. However, at that time the Police Officers "tables" only had 5 steps and the officers only received automatic pay increases to their base through the first 5 years of employment. Then in 2001, the Employer contends, the Union and City agreed to a "new" Longevity system, effective July 1, 1998, which provided as follows:

(a) Delete current Longevity language from Article 14 and replace it with a reduced Longevity payment of \$500 per year beginning at 5 years service. (b) Restructure the current wage schedule to reflect 3 additional steps as follows:

- 7 years - 2.5% above base wage
- 12 years - 5.0% above base wage
- 18 years - 7.5% above base wage

Those step increases at 7, 12, and 18 years remain in the contract.

The Employer concedes the Police Officers current \$500 "lump sum" alone is lower than many of the external comparable communities, however, the Employer urges it must be evaluated in conjunction with the increased pay steps the officer's receive at 7, 12 and 18 years. The Employer contends when those amounts are added to the \$500 lump sum Longevity pay, the Ann Arbor Police Officers Longevity pay is significantly higher than the comparables. The Employer argues the Union proposal calls for an increase in Longevity annual lump sum, without a corresponding decrease, or elimination, of the step increases they bargained for in exchange for Longevity in 2001. Finally, the City asserts Longevity was never a subject on the bargaining table.

After reviewing the entire record on the issue of an adjustment in Longevity pay, I am more persuaded to find this is an issue with a deep historical background, involving a series of trade offs and exchanges between the parties, dating back several years, and not fully apparent, or developed, in the current record before me. I conclude Longevity is an issue that cannot be resolved in the current Act 312 Arbitration. On the record before me, there is insufficient evidence to conclusively determine what was compromised, and what was exchanged between the parties in arriving at the Longevity language that appears in the current collective bargaining agreement. Longevity is a historical issue that must be resolved by the process of collective bargaining. I conclude the Employer's Last Best Offer of a contractual status quo is the more fair and reasonable resolution under all the underlying circumstances.

AWARD

The Employer's Last Best Offer pertaining to LONGEVITY, ARTICLE 14, of the collective bargaining agreement, as set for in APPENDIX E of this AWARD, shall be granted, and the language of the current collective bargaining shall remain in effect.

Dated: 2-24-09 Richard E. Allen
Richard E. Allen, Arbitrator/Chairperson

Dated: _____
Roger Fraser, Employer Delegate
Concur

Dated: 3-2-09 James Fignanello
James Fignanello, Union Delegate
Dissent

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EMPLOYER DELEGATE

After reviewing the entire record on the issue of an adjustment in Longevity pay, I am more persuaded to find this is an issue with a deep historical background, involving a series of trade offs and exchanges between the parties, dating back several years, and not fully apparent, or developed, in the current record before me. I conclude Longevity is an issue that cannot be resolved in the current Act 312 Arbitration. On the record before me, there is insufficient evidence to conclusively determine what was compromised, and what was exchanged between the parties in arriving at the Longevity language that appears in the current collective bargaining agreement. Longevity is a historical issue that must be resolved by the process of collective bargaining. I conclude the Employer's Last Best Offer of a contractual status quo is the more fair and reasonable resolution under all the underlying circumstances.

AWARD

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Dated: 2-24-09 Richard E. Allen
Richard E. Allen, Arbitrator/Chairperson

Dated: 3/4/09 Roger Fraser
Roger Fraser, Employer Delegate
Concur

Dated: _____
James Tignanelli, Union Delegate
Dissent

After reviewing the entire record on the issue of an adjustment in Longevity pay, I am more persuaded to find this is an issue with a deep historical background, involving a series of trade offs and exchanges between the parties, dating back several years, and not fully apparent, or developed, in the current record before me. I conclude Longevity is an issue that cannot be resolved in the current Act 312 Arbitration. On the record before me, there is insufficient evidence to conclusively determine what was compromised, and what was exchanged between the parties in arriving at the Longevity language that appears in the current collective bargaining agreement. Longevity is a historical issue that must be resolved by the process of collective bargaining. I conclude the Employer's Last Best Offer of a contractual status quo is the more fair and reasonable resolution under all the underlying circumstances.

AWARD

The Employer's Last Best Offer pertaining to LONGEVITY, ARTICLE 14, of the collective bargaining agreement, as set for in APPENDIX E of this AWARD, shall be granted, and the language of the current collective bargaining shall remain in effect.

Dated: 2-24-09 Richard E. Allen
Richard E. Allen, Arbitrator/Chairperson

Dated: _____
Roger Fraser, Employer Delegate
Concur

Dated: _____
James Tignanelli, Union Delegate
Dissent

ISSUE 5 PENSION CONTRIBUTION

The present pension language pertaining to the Ann Arbor Police Officers provides, ARTICLE 18 GENERAL, Section 11 as follows:

"Retirement benefits shall be in accordance with the applicable terms of Chapter 18 of Ann Arbor City Code in effect as of the date of this agreement except for the changes specifically provided for in this agreement (See Appendix B)"

The Union has proposed the following changes in the language.

"A. Retirement benefits shall be in accordance with the applicable terms of Chapter 18 of Ann Arbor Code in effect as of the date of this agreement except for the changes specifically provided for in this agreement. (See Appendix B)

Add language to contract:

B. All members of the bargaining unit required to contribute to the pension fund, that contribution shall be reduced from 5% to 4% with the effective date of the Act 312 award (D06 E-1546)."

The City of Ann Arbor has proposed, in its Last Best Offer, the "status quo" shall pertain to PENSION, ARTICLE 18, Section 11.

In support of Union's proposed reduction in the amount of pension contributions by the police officers, from a current 5% to 4% the Union points out the Pension Plan is currently 100% funded. A 5% employee contribution among several of the external comparable communities does exist, however the "Multiplier" varies among the external comparables. (See Union Exhibit 30), which states as follows:


DEPARTMENT	MULTIPLIER	CONTRIBUTION EMPLOYEE
ANN ARBOR	2.75%	5.00%
LANSING	3.20%	8.50%
LIVONIA	2.80%	2.55%
SOUTHFIELD	2.80%	3.75%
STERLING HEIGHTS	2.80%	5.00%
TAYLOR	2.80%	5.00%

The Employer points out employee contributions to the City's pension plan is consistent for all City employees.

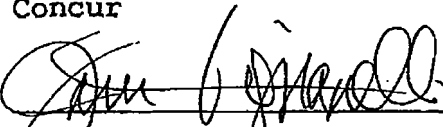
I conclude this is not the appropriate time for the City to undertake a significant reduction in the amount of employee contributions to its Pension Plan for only one its bargaining units, namely the Police Officers. The third year wage increase of 3% granted to Police Officers via this Act 312 Arbitration Award, will have a significant impact upon the City of Ann Arbor's labor costs. Based upon the record, it does not appear to me, a reduction in the Police Officer's contribution to the Pension Plan is warranted at this time. The Employer's Last Best offer is granted in regard to continuing the "status quo" for Police Officer's contribution of 5% to the City's Pension Plan.

AWARD

The Employer's Last Best Offer pertaining to Police Officer's contribution to the City Pension Plan, as set forth in APPENDIX F of this AWARD, shall be granted, the language of the current PENSION PLAN shall remain in effect.

Dated: 2-24-09 
Richard E. Allen, Arbitrator/Chairperson

Dated: _____
Roger Fraser, Employer Delegate
Concur

Dated: 3-2-09 
James Tignanelli, Union Delegate
Dissent

The parties have stated they have agreed to retain the "status quo" on the following two (2) ISSUES:

- ISSUE 6 Educational Premium
- ISSUE 7 Uniform Allowance

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STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
DEPT OF TREASURY

AWARD

The Employer's Last Best Offer pertaining to Police Officer's contribution to the City Pension Plan, as set forth in APPENDIX F of this AWARD, shall be granted, the language of the current PENSION PLAN shall remain in effect.

Dated: 2-24-09 *Richard E. Allen*
Richard E. Allen, Arbitrator/Chairperson

Dated: 3/4/09 *Roger Fraser*
Roger Fraser, Employer Delegate
Concur

Dated: _____
James Tignanelli, Union Delegate
Dissent


The parties have stated they have agreed to retain the "status quo" on the following two (2) ISSUES:

- ISSUE 6 Educational Premium
- ISSUE 7 Uniform Allowance

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STATE OF PENNSYLVANIA
EMPLOYMENT RELATIONS COMMISSION

AWARD

The Employer's Last Best Offer pertaining to Police Officer's contribution to the City Pension Plan, as set forth in APPENDIX F of this AWARD, shall be granted, the language of the current PENSION PLAN shall remain in effect.

Dated: 2-24-09 
Richard E. Allen, Arbitrator/Chairperson

Dated: _____
Roger Fraser, Employer Delegate
Concur

Dated: _____
James Tignanelli, Union Delegate
Dissent

The parties have stated they have agreed to retain the "status quo" on the following two (2) ISSUES:

- ISSUE 6 Educational Premium
- ISSUE 7 Uniform Allowance

APPENDIX A TENTATIVE AGREEMENTS

APPENDIX B WAGES

APPENDIX C HEALTH CARE

APPENDIX D DOUBLE TIME

APPENDIX E LONGEVITY

APPENDIX F PENSION



CITY OF ANN ARBOR, MICHIGAN

100 North Fifth Avenue, P.O. Box 8647, Ann Arbor, Michigan 48107-8647

Phone (734) 994-2670

FAX (734) 994-4954

www.a2gov.org

Office of The City Attorney

APPENDIX "A"

December 1, 2008

Richard E. Allen
6155 Carey Road
Commerce Township, MI 48382

Sent Via First-Class Mail

Re: MERC Case No. D06- E-1546 Act 312 Arbitration
City of Ann Arbor and AAPOA

Dear Mr. Allen:

As we discussed at the last day of hearing in the above-referenced matter the parties have met and confirmed the following tentative agreements:

Article 3, Sec. 2	Grievance Procedure	"machinery" replaced by "process"
Article 4, Sec. 5	Representation	Employees who bargain on other than normal regularly scheduled work day will be granted regular pay (not compensatory time) for hours spent negotiation with a one hour minimum guarantee.
Article 7, Sec. 2	Seniority	"permanent" replaced by "non-probationary"
Article 7, Sec. 10	Seniority	Secretary, Treasurer and Stewards removed from super-seniority list for purposes of lay-off and recall
Article 8, Sec. 2-4	Leaves of Absence	Incorporate FMLA language into medical leave sections.
Article 8, Sec. 5	Leaves of Absence	"Administration of Equalization Overtime System" added to list of time off for AAPOA officials.

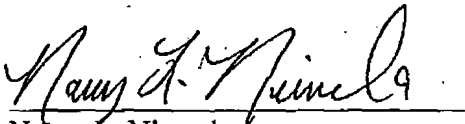
Article 8, Section 6	Leaves of Absence	Immediate family for funeral leave to be defined by as spouse, mother, father, step-parent, child, or step-child; brother, sister, grandchild, and grandparent; and the parent, sibling, grandparent, step-sibling, or step-parent of employee's spouse or other member of employee's household, as approved by the Chief. Deletion of paragraph providing for 3 working days funeral leave for grandparents or grandchildren and deletion of paragraph providing 2 funeral days for in-laws.
Article 8, Sec. 9	Leaves of Absence	USERRA language added to section
Article 9, Sec. 4	Hours	Comp. bank maximum to be maintained at 160 hours. Upon ratification, all hours greater than 160 shall be paid out. Voluntary payouts to be allowed on a quarterly basis. Final payout at retirement the same as COAM-Combination of sick, vacation and comp. time up to a maximum of 1650 hours.
Article 9, Sec. 6	Hours	AAPOA officer administrating EOS may do so on duty
Article 9, Sec. 7(b)	Hours	"training assignments of two days" changed to "training assignments of one day" and add "with 14 days advance notice, up to two times per calendar year for employees on days or afternoons, and one time per year for those on midnights."
Article 10, Sec. 1	Wages and Benefits	\$500 health care bonus for members who were active as of June 30, 2007 for low health care utilization for July 1, 2006-June 30, 2007.

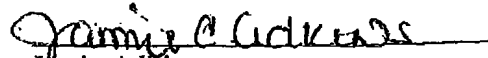
Article 10, Sec. 1	Wages and Benefits	Effective upon the decision of Act 312 panel, AAPOA members who currently possess an Associates Degree will receive an increase in the educational premium of .75% to a total of 1.5%. Effective upon the decision of the Act 312 panel, members of the AAPOA who do not currently have an Associate's Degree, will only receive the Educational Premium Pay of 1.5% if they obtain an Associate's Degree in one of the following disciplines: Criminal Justice, Political Science, Computer Forensics, Public Administration, Public Safety Administration, Information Technology, Management Administration, Business Administration, Emergency Management, Social Work, Sociology, or Psychology. New members must complete one year of continuous service with the Employer before they are eligible to receive the educational bonus.
Article 10, Sec. 6	Wages and Benefits	Health insurance coverage to be provided to newly hired employees after 3 months of employment.
Article 10, Sec. 8	Wages and Benefits	Uniform Allowance to be included in taxable wages.
Article 10	Wages and Benefits	401(a) plan to be offered for final accrued benefit time payout upon retirement.
Article 12, Sec. 7	Vacation	Section 7 providing pay advances deleted
Article 13, Sec. 3(b)	Sick Leave	Add "Sick leave is to be used for reasons of illness or medical conditions of one's self or one's immediate family member."
Article 13, Sec. 12	Sick Leave	Adding "other household members as approved by the Chief" to list of immediate family

Article 18, Sec. 8(a)	General	Motor Vehicle Accidents – if a personnel complaint is to be initiated, it shall be served on the Association within “14” days of the accident where the employee was at fault. Changed from 7 days.
Memorandum of Understanding	Wage Structure	A study group will convene as of ratification to research and propose a new, alternative wage/classification structure for sworn officers for implementation with a new contract July 1, 2009 (or sooner, if mutually agreed). The objective of the study is to simplify the structure, provide for differentiation of professional competencies and related compensation, and improve operational flexibility.

The parties have agreed to exchange last best offers on December 8, 2008. We will then schedule a date for closing briefs.

Please feel free to contact us if you have any questions.


Nancy L. Niemela
Phone: (734) 794-6182


Jamie Adkins
Phone: (734) 994-2858

NLN/ja

APPENDIX B

ISSUE #1

WAGES

JOINT ISSUE

PRESENT:

ARTICLE 10 - WAGES AND BENEFITS

Section 1:

- (a) There shall be a 3.0% increase in wages for sworn police officers retroactive from July 1, 2002; a 3.0% increase in wages retroactive from July 1, 2003; a 3.0% increase in wages retroactive from July 1, 2004; and a 3.0% increase in wages effective July 1, 2005. The job classifications, rate ranges and incremental steps applicable thereto are set forth in Appendix F attached hereto and by this reference made a part hereof. For the purpose of starting salary only, credit for prior sworn police experience may be offered to a newly hired police officer. The decision of when to offer such credit will be solely the decision of the City and will be on a case-by-case basis. Where such credit is given, the newly hired officer will be eligible to start at the salary level normally applicable to an Ann Arbor Police Officer after one year with the Ann Arbor Police Department, provided the newly hired officer has two or more consecutive years of sworn police officer experience with the same agency, immediately prior to being hired by the Ann Arbor Police Department.
- (b) For Safety Services Dispatchers, there shall be a 3.0% increase in wages retroactive from July 1, 2002, a 3.0% increase in wages retroactive from July 1, 2003, a 3.0% increase effective and retroactive to July 1, 2004, and a 3.0% increase effective January 1, 2005.

PROPOSED:

ARTICLE 10 - WAGES AND BENEFITS

Section 1:

- (a) There shall be a 2.5% increase in wages for sworn police officer for all hours compensated retroactive to July 1, 2006; a 1.75% increase in wages retroactive to July 1, 2007 for all hours compensated; a 1.25% increase in wages retroactive to January 1, 2008 for all hours compensated; and a 3.0% increase in wages retroactive to July 1, 2008 for all hours compensated. The job classifications, rate ranges and incremental steps applicable thereto are set forth in Appendix F attached hereto and by this reference made a part hereof. For the purpose of starting salary only, credit for prior sworn police experience may be offered to a newly hired police officer. The decision of when to offer such credit will be solely the decision of the City and will be on a case-by-case basis. Where such credit is given, the newly hired officer will be eligible to start at the salary level normally applicable to an Ann Arbor Police Officer after one year with the Ann Arbor Police Department, provided the newly hired officer has two or more consecutive years of sworn police officer experience with the same agency, immediately prior to being hired by the Ann Arbor Police Department.
- (b) For Safety Services Dispatchers, there shall be a 2.5% increase in wages retroactive to July 1, 2006 for all hours compensated, a 1.75% increase in wages retroactive to July 1, 2007 for all hours compensated, a 1.25% increase in wages retroactive to January 1, 2008 for all hours compensated, and a 3.0% increase in wages retroactive to July 1, 2008 for all hours compensated.

APPENDIX C

<u>ISSUE</u>	<u>CURRENT CONTRACT LANGUAGE</u>	<u>CITY'S LAST BEST OFFER</u>
<p>Health Care Benefits Article 10, Section 6</p>	<p>(1) After six (6) months of employment, the City will provide the Blue Cross Blue Shield Community Blue PPO Program Option 1 (as identified in Attachment A with a \$500 annual preventive rider), with no premium contribution by the employee. This plan includes no in-network deductible (\$250 per member/\$500 family out-of-network deductible), and a \$10 office visit co-payment. This plan also includes a prescription drug program with a \$10 co-payment and mail order privileges. The City may also offer, at its discretion, health maintenance organizations (HMOs) to employees as an alternative to the PPO plan. The PPO will serve as the "base plan", thus if now or in the future, HMO premiums are higher than the PPO illustrated rates, employees enrolled in HMOs, through payroll deduction, will be required to pay a premium contribution equal to the difference between the HMO rate and the PPO rate. Employees will be advised of this provision at their new hire orientation and, in writing, each year during the open enrollment period.</p> <p>(2) An employee may elect to purchase health insurance benefits at their own cost during the first six months of employment. The City provides health insurance coverage to newly hired permanent employees once they have completed their first six months of employment. At the end of the six month period, the City will assume full cost for the base plan for a single, two-person, or family contract premium, including</p>	<p>(1) After three (3) months of employment, the City will provide health care coverage under a preferred provider organization program (the "PPO Plan") administered by Blue Cross-Blue Shield of Michigan, or similar third party administrator. Plan benefit provisions shall become effective upon issuance of the Act 312 Arbitrator's decision. Employees may elect coverage under the PPO Plan for which they shall pay no monthly premium contributions but for which they shall pay an annual deductible and other costs as described below and in Appendix ___ to this Agreement. Employees will be advised of this provision at their new hire orientation and, in writing, each year during the open enrollment period.</p> <p>The Plan includes an annual deductible of \$250 per person or \$500 per family in network, or a \$500 per person or \$1000 per family deductible out of network. The Plan also has a 20% co-insurance to be paid for out of network expenses. Prescription drug copays will be \$25 for brand name drugs and \$10 for generic drugs. Mandatory mail order service for maintenance drug prescriptions will be required and will be at the same copay of \$25/\$10 for brand/generic for a ninety (90) day supply. The plan also includes a \$750 routine wellness/preventative benefit per covered person per calendar year. Office visit and urgent care co-payments will be \$15.00 per visit, including chiropractic and urgent care visits.</p> <p>(2) The City provides health insurance coverage to newly hired probationary employees after three (3) months of employment. An employee may elect to</p>

dependent children up to age 19, but shall exclude costs for special dependent coverage riders (i.e., a child over 19 years of age or a sponsored dependent). Once an employee chooses a health insurance plan, they must remain in this plan until the next open enrollment period. Employees promoted into this bargaining unit who, during their course of employment with the City, have served the probationary period and are currently receiving health care benefits through the City will continue with uninterrupted benefit coverage.

(3) The City of Ann Arbor shall provide to all bargaining unit members who retire on or after the date of ratification of this labor agreement, the hospitalization insurance afforded bargaining unit personnel. The City of Ann Arbor shall assume the whole cost of said hospitalization premiums, including that premium portion that is for the spouse and children under nineteen (19) years of age, but shall exclude special dependent coverage, (such as for example, a parent, mother-in-law, child over nineteen (19) years of age). These bargaining unit members retiring after the ratification date of this agreement who have not yet reached the age of 65 shall have the option upon retirement of selecting the Traditional Blue Cross Blue Shield plan Master Medical Option 6 with Exact Fill Complimentary coverage to Medicare, with the City paying the same amount toward the premium that it pays toward the PPO Option 1 Base Plan. The retiree will pay the difference between the cost of the base plan and the cost of the Traditional Blue Cross Blue Shield plan. This

purchase benefits at their own cost during the first three months of employment. At the end of the three (3) month period, the City will assume the cost for the Plan, (subject to the plan provisions described in the paragraph above) for single, two-person or family coverage, including spouse, other qualified adults as defined by the City plan documents, to the extent permitted by law (that is, to the extent the City's plan definition is permitted by law), or dependent children as defined in the health care plan (until the end of the calendar year in which they reach the age of 19 or 25). An employee shall not be able to change such election until the next open enrollment period, or unless the employee has a change in family status. Employees promoted into this bargaining unit who, during their course of employment with the City, have served the probationary period and are currently receiving health care benefits through the City will continue with uninterrupted benefit coverage.

(3)The City of Ann Arbor shall provide to all bargaining unit members retiring on or after the Act 312 arbitrator's decision, (including their spouse, other qualified adults as defined in the City's plan documents, and dependents as long as the retiree remains the subscriber), the level of coverage under the PPO Plan as received by the bargaining unit member as of the date of retirement, unless otherwise provided herein. This benefit provision also applies to surviving spouses, other qualified adults as defined in the plan document and eligible dependent children as defined in the health care plan (until the end of the calendar year in which they reach the age of 19 or 25) of deceased retirees.

Employees who defer retirement are not eligible to receive health care coverage.

benefit provision also applies to surviving spouses and eligible dependents under the age of 19 of deceased retirees who took Option II or III at the time of retirement.

(4) Since the PPO plan does not accept Medicare eligible members, a retiree in the PPO becoming Medicare eligible will be provided the Blue Cross Blue Shield Traditional Plan with Master Medical Option 6 with Exact Fill Complimentary Coverage to Medicare with the Employer paying the full price of the premium. This complimentary coverage includes a \$150 per member/\$300 family deductible, a 90% BCBS / 10% employee co-payment, and a prescription drug program with a \$5 co-payment and a Mail Order option (MOPD2) at 50% of the drug co-payment. This plan requires the retiree to have both Medicare Part A and Part B. The Medicare Part B premium remains the responsibility of the retiree. Provided that employees taking a deferred retirement do not receive this benefit. Any change in coverage levels subsequently provided to current employees will not attach to the coverage level provided retired employees. Further, it is understood that if an employee retires and assumes employment elsewhere and that employer provides health coverage to its employees which does not substantially differ from that offered by the City of Ann Arbor, the City's obligation to provide health coverage shall cease. If there is a disagreement between the retiree and the City relative to the definition of substantially different, a panel consisting of the City Administrator, or his/her designee, the Union

(4) The PPO Plan requires the retiree to have both Medicare Part A and Part B. The Medicare Part B premium remains the responsibility of the retiree. If the retiree has not earned enough credit to qualify for unpaid Medicare Part A, or does not otherwise qualify for such coverage through their spouse, the retiree will continue with regular PPO Plan coverage.

5) If an employee retires and assumes employment elsewhere and that employer provides health care coverage to its employees, the City's obligation to provide health care coverage shall cease. However, should the retiree lose such coverage from the other employer for any reason, including voluntary or involuntary separation of employment, upon production of proof-of-loss to the City, such retiree may elect to reenroll under the City's health coverage. Such coverage shall be restored and recommence immediately following the production of such proof-of-loss. The City shall not prohibit a retiree or surviving spouse or eligible dependent from re-entering the City's PPO Plan for any reason upon loss of coverage from another program, and the health coverage benefits provided upon return to City coverage will be the same as those the employee was entitled to upon retirement.

(6) Under specified conditions set forth in Appendix __, employees shall be able to waive their City health insurance coverage and receive up to \$2000 per year, payable quarterly. The City reserves the right to amend or terminate the program at any time during Open Enrollment to be effective as of the upcoming July 1.

(7) Effective upon the Act 312 Arbitrator's decision, the City shall establish a health reimbursement account (HRA) on behalf of

	<p>President or his/her designee and a third party agreed to by the first two shall determine if a retiree shall remain in the City's plan. However, should the retiree lose such coverage from the other employer for any reason, including voluntary or involuntary separation of employment, upon production of proof-of-such loss to the City, the City's obligation to provide health coverage shall recommence and such coverage shall be restored immediately following the production of the such proof-of-loss. The City shall not prohibit a retiree from re-entering the City's health insurance coverage for any reason upon loss of coverage from another carrier, and, further, the health insurance benefits provided upon return to City coverage will be the same as that which the employee was entitled to upon retirement from City service.</p> <p>(5) Under specified conditions set forth in Appendix C, employees shall be able to waive their City health insurance coverage and receive up to \$2000 per year, payable quarterly.</p>	<p>each employee with three (3) or more months of employment, and for newly hired employees, will establish such an account after three (3) months of employment. Effective upon the Act 312 Arbitrator's decision, the City shall contribute to each employee's account an annualized amount of \$500.00, for the July 1, 2008 to June 30, 2009 contract year, pro-rated for the number of months remaining in that contract year at the time of the Arbitrator's decision. The amount of City contribution for newly hired employees will be prorated by months of service during the first fiscal year of employment. Unused amounts in this account may be carried forward each year. An employee who retires and begins to receive pension benefit payments from the City's defined benefit pension plan will be able to access unused funds, but no new contributions will be made to any retiree's HRA. An employee who otherwise separates from City employment for any reason will forfeit any unused funds unless the employee elects to contribute to COBRA. An employee who waives coverage and receives payments under the City's Health Care Waiver Program or who is married to another City employee or retiree and is a covered dependent under such employee's or retiree's health care coverage shall not have contributions made to such HRA for that plan year. HRA's are non-interest bearing accounts.</p>
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APPENDIX D

<u>ISSUE</u>	<u>CURRENT CONTRACT LANGUAGE</u>	<u>CITY'S LAST BEST OFFER</u>
<p>Double-time Article 10, Section 5</p>	<p>If an employee is called back to work on any other shift, he/she shall be compensated for a minimum of three (3) hours overtime unless such call back shall extend past three (3) hours in which case he/she shall be paid overtime for the exact hours or portion thereof worked. This provision includes, but is not limited to, returning to work for court appearances. If an employee is called back within eight (8) hours of the end of his/her regular shift, he/she shall be compensated at the rate of double time. This shall not apply to shift change days. In the event of the necessity of overtime in the Safety Services Dispatch unit and callback of employees occurs, Safety Services Dispatchers will be called back first.</p>	<p>If an employee is called back to work on any other shift, he/she shall be compensated for a minimum of three (3) hours overtime unless such call back shall extend past three (3) hours in which case he/she shall be paid overtime for the exact hours or portion thereof worked. This provision includes, but is not limited to, returning to work for court appearances. If an employee is called back within eight (8) hours of the end of his/her regular shift, he/she shall be compensated at the rate of time and one half. This shall not apply to shift change days. In the event of the necessity of overtime in the Safety Services Dispatch unit and callback of employees occurs, Safety Services Dispatchers will be called back first.</p>

APPENDIX E

<u>ISSUE</u>	<u>CURRENT CONTRACT LANGUAGE</u>	<u>CITY'S LAST BEST OFFER</u>
<p>Longevity Article 14</p>	<p><u>Section 1:</u> Employees in the Association shall receive, upon the attainment of five (5) years of continuous service (employment) with the Ann Arbor Police Department, a longevity bonus payment of \$500.00. This longevity bonus payment will be an annual payment to all eligible employees following each employee's additionally one (1) year of continuous employment. The longevity bonus pay will be paid to each eligible employee during the month following the employee's employment anniversary (service) date.</p> <p><u>Section 2:</u> The above longevity amounts will be paid upon completion of a full year's employment in the month following the employee's anniversary date.</p> <p><u>Section 3:</u> Employees who leave City employment shall be eligible for prorated longevity payments of 1/12 of the above amounts per each full month of employment completed since the last payment.</p>	<p>Status quo</p>

APPENDIX F

<u>ISSUE</u>	<u>CURRENT CONTRACT LANGUAGE</u>	<u>CITY'S LAST BEST OFFER</u>
Pension Article 18, Section 11	Retirement benefits shall be in accordance with the applicable terms of Chapter 18 of Ann Arbor City Code in effect as of the date of this agreement except for the changes specifically provided for in this agreement. (See Appendix B)	Status Quo