

STATE OF MICHIGAN

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

EMPLOYMENT RELATIONS COMMISSION

IN THE MATTER OF THE ARBITRATION ARISING
PURSUANT TO ACT 312, PUBLIC ACTS OF 1969,
AS AMENDED BETWEEN:

CITY OF PORT HURON
PUBLIC EMPLOYER

-AND-

MERC CASE # D07 C-0310

POLICE OFFICERS ASSOCIATION
OF MICHIGAN
LABOR ORGANIZATION

FINDINGS OF FACT, OPINION AND AWARDS

APPEARANCES:

ARBITRATION PANEL: DON R. BERSCHBACK, Impartial Chairperson

GARY A. FLETCHER, Employee Designee

JAMES TIGNANELLI, Union Designee

FOR THE UNION:

WILLIAM F. BIRDSEYE
Police Officers Association of Michigan
27056 Joy Road
Redford, MI 48239-1949

FOR THE EMPLOYER:

GARY A. FLETCHER
Fletcher Fealko Shoudy & Moeller, P.C.
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Port Huron, MI 48060-3811
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INTRODUCTION

This is a statutory compulsory interest arbitration conducted under the provisions of Public Act 312 of 1969, as amended. The impartial arbitrator and Chairman, Don R. Berschback, was appointed via a correspondence from the MERC which was dated September 12, 2008. There were a total of ten (10) issues to be arbitrated, including multiple issues and multiple years. The current contract between the parties expired on June 22, 2007. The initial pre-hearing conference was held on October 22, 2008. Based on the fact that the parties were attempting to reduce the number of issues and continuing negotiations, the first hearing date was set for April 23, 2009. Testimony commenced that day and the hearing dates concluded on April 30, 2009. One post hearing meeting was held on May 7, 2009. Final briefs and last best offers were received by the Chairperson on or before July 6, 2009 - the agreed upon date.

It is noted that the parties have waived all statutory and regulatory time limits. These Findings of Fact, Opinion and Award have been issued as soon as possible under the prevailing circumstances.

STATUTORY SUMMARY

Act 312, including amendments, outlines both procedural and substantive aspects of compulsory interest arbitration. There are portions of the statute which are herein highlighted.

Section 9 outlines a list of factors which the panel shall base its findings, opinion, and award upon. As in all other Act 312 litigation, those factors read as follows:

- 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) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
 - (i) In Public employment in comparable communities.
 - (ii) In private employment in comparable communities.
- e) The average consumer prices for goods and services, commonly known as the cost of living.
- f) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
- g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- h) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

These same requirements are contained in UNION Exhibits 1 and 2 – the past Act 312 awards from Chairman Mark Glazier and Chairman Elliot I. Beitner.

All factors contained in Section 9 of the Act, along with the exhibits and evidence related to each were carefully reviewed. Every item and piece of evidence will not be mentioned in this analysis. However, nothing was ignored. All testimony and evidence were evaluated and these Findings, Opinion, and Award are based strictly thereon.

GENERAL INFORMATION

From the testimony, exhibits, and briefs submitted on this case, the following general information surfaced. The City of Port Huron (“CITY”) is approximately eight square miles and has a population of approximately 31,000 people. There have been significant changes in the general make up of the City over the past several years. Additionally, over the more recent

years, the State of Michigan and the City's economy have suffered substantial economic downturns that have affected many, many residents of the State and its Cities, Townships, and Villages.

Both parties acknowledge the declining economic conditions although their respective positions on how they would (or should) affect these potential contractual negotiations and resultant arbitration award(s) differed. The panel also reviewed the fairly unique fact of the CITY having a Municipal Income Tax as a source of revenue.

Somewhat historic, the CITY and its varying Unions (including the POAM) have not been able to finalize successful negotiations without, at times, the aide of 312 arbitration. This history goes back past 1984 and the UNION produced Exhibits 1 and 2 reflecting 312 arbitration awards (one involving the command officers of Michigan and one involving the POAM) dating in 1985 and 1995. The purpose of these exhibits was primarily to aide the panel in determining the comparables to be utilized as one measure of the final award. Comparability will be discussed later.

Extensive testimony was produced on two hearing dates and a total of eight UNION exhibits and multiple CITY exhibits in booklet form (from A to C and from 1 through 9) were received and reviewed. Both parties were afforded an opportunity to present all of the evidence and testimony they believed was necessary for their respective positions. Direct and cross examination was extensive until such time as the panel felt there was no additional need for testimony and/or exhibits.

At the pre-hearing conference the parties agreed to waive any time requirements of Act 312 and further stipulated that all issues not contained in the Petition(s) have been settled or waived by the parties.

ISSUES

The issues to be decided by the panel were as follows:

1. Residency
2. Buy back unused vacation time
3. Healthcare and Prescription Drug Rider
4. Retiree Healthcare/New Hires
5. ICMA Match/ New Hires
6. Employee Pension Contribution Rate and Retroactivity
7. Wages and retroactivity

EXTERNAL COMPARABLES

An extensive amount of testimony and exhibits were elicited relative to which comparable cities should be utilized in arriving at a final award on the issues involved. One of the most difficult tasks of the panel, especially the Chairman, was to juxtapose "past practice" *vis a vis* current conditions (emphasis added).

In past 312 arbitrations, the UNION had asserted that the local labor market was the most appropriate group of comparables (basically the City of Marysville and the County of St. Clair).

In past 312 arbitrations, the CITY had proposed the following as comparables:

Bay City
Burton
East Lansing
Holland

Jackson
Muskegon
Kentwood
Midland
Portage

In times past, these cities were commonly referred to as “Area II cities”. Basically for many reasons and the fact that they all had populations between 25,000 and 50,000 people, they were utilized by arbitrators.

In their negotiations with the City and for this 312 hearing, it was the UNION’s position that while, in the past, the UNION attempted to use the “local labor market”, both past arbitrators (Messrs Glazer, and Beitner) rejected that argument and utilized the “Area II cities” noted above for external comparables. The UNION protested a “brand new concept” of components that the CITY used to arrive at new “comparable cities” (the Chairman’s paraphrasing).

Additionally, the employer’s new comparables excluded East Lansing, Muskegon, Kentwood, Midland and Portage and added the cities of Adrian, Eastpointe, and Lincoln Park. One of the UNION’s asserted points was that history and precedent was accepted in past 312 opinions and the same concept should be utilized in this 312 arbitration matter. The Chairman notes that the parties did agree on four “comparable cities” – Bay City, Burton, Holland and Jackson for most issues.

The CITY primarily utilized the testimony of Amy Sullivan and extensive exhibits to provide the panel with the reasons for changing the comparables that had been used in the past.

There were many and varied including:

- a. Communities within 50-150% of Port Huron’s population.
- b. 2008 Taxable Value ratio to Port Huron.
- c. Population Change
- d. Taxable Value per capita
- e. Change in taxable value
- f. Population per square mile (density)
- g. Change in SEV 2007-2008
- h. Percentage of high school graduates
- i. Median household income
- j. Median home value

- k. Number of full time officers
- l. Number of part time officers
- m. Number of criminal offenses

(See Exhibit B-5 as a composite).

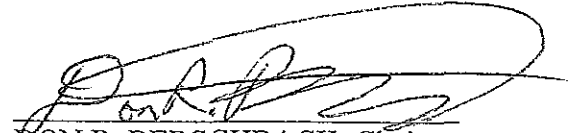
The panel finds that some of these factors have more significant impact on external comparables than others. For example, a large reduction in taxable value is much more important than the number of high school graduates in a particular year. Likewise, the ratio of taxable value from one city to Port Huron could be considered more important than the population per square mile. The Panel agrees that the analysis by the witness Amy Sullivan that did not include millage rates was a factor in the total analysis of comparability, but was not a determining factor.

However, where there have been significant and substantial changes in many of these factors for many of the particular cities involved in past comparables, the equation changes. The totality of the testimony and exhibits leaves the panel to conclude that, in the main, the cities utilized by the CITY should be used for the purpose of this 312 petition and should be utilized for external comparison purposes.


Notably, the three excluded cities of Kentwood, Midland and Portage have had substantial changes as compared to the City of Port Huron. The panel has excluded Eastpointe as a comparable based on different testimony regarding factors that needed to be considered for comparison purposes.

The Chairman points out that the comparable cities utilized herein, have been determined based on the very unique set of circumstances existing in the State of Michigan, these cities, and the City of Port Huron over the past few years. That determination does not imply that factors could change in the future which would result in either adding new cities or subtracting "old

ones". For the above stated reasons, with the exceptions as noted, the Panel finds that the external comparables utilized by the CITY carried a greater weight than those cities proposed by the UNION.


DON R. BERSCHBACK, Chairman
August 27, 2009

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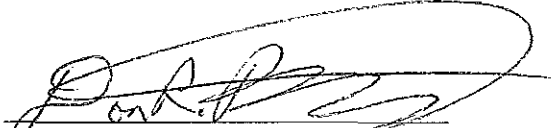

CITY DELEGATE
August 31, 2009

INTERNAL COMPARABLES

The panel heard testimony and received information on the status of contracts and contractual negotiations with other employees of the CITY, both union and non-union. Testimony was elicited that the Police Command Officers, the Firefighters Union, and the Police Clerical Union and all non-Union personnel have already agreed (with minor exceptions) to the wage package offered by the CITY in this 312 matter. Additionally, the DPW contract failed by one vote on the same offer and the Chairman takes "judicial notice" that a favorable ruling by the CITY in this matter would, most likely, settle the DPW contract. Conversely, a "non-favorable" outcome for the CITY in these proceedings would potentially exacerbate the DPW negotiations.

The panel notes that external comparables bear a much greater weight in 312 matters than internal comparables. That being said, it is the Chairman's belief that all efforts should be made to have the parties reach a voluntary resolution of all matters at the collective bargaining table.

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The panel does not attribute “blame” to either party for the fact that it has been over two years since the agreement between the parties has expired, but it has made the job of the task of the Panel more difficult.


DON R. BERSCHBACK, Chairman
August 27, 2009

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ABILITY TO PAY

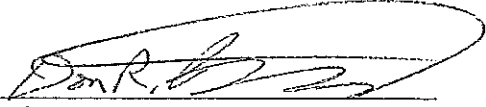
Section 9 of Act 312 lists a number of factors that the Panel must consider in its finding, Opinion, and Award. Part of Section 9c includes the interest and welfare of the public and the financial ability of the unit of government to meet those costs.

The complexity of financing the requisite components of a Michigan City are myriad. From a micro-economic and macro-economic analysis, it is apparent to the Panel that Port Huron “isn’t what it used to be”. The factors that have resulted in this situation do not have to be attributable to the “fault” of any party to these proceedings. Rather, it comes about from a combination of factors – some known, some agreed to, and some widely affecting not only Port Huron but all other federal, state and local governmental entities.

In part, the economic factors read as a litany of the downturn of the Michigan economic picture and, for the purposes of this award, relate in part specifically to the City of Port Huron.

- Healthcare costs are increasing significantly.
- The assets in the stock market in pension funds have been substantially reduced.
- Unemployment in Michigan is at an all time high.
- Federal and state aid has been reduced for cities, towns and villages.
- The requirements of GASB 45 and 43 are requiring different funding requirements for pension plans and will do so significantly in the future.
- Home values have decreased and more foreclosed homes dot the landscape of Michigan cities.
- Port Huron has lost a great deal of its manufacturing base and has not been able to replace it.
- Port Huron's obligations for a State of Michigan sewer separation project has (and will) result in unanticipated capital expenditures.
- Even with some reduction in the work force in Port Huron, the cost of operating the City continue to increase.

The Panel finds that, to a large degree, the City has met its burden regarding the ability (or inability) to pay the monetary requirements of the economic issues in this 312 matter. These factors have been considered, as well as many others, in determining the awards for the economic issues.



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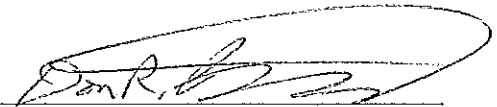
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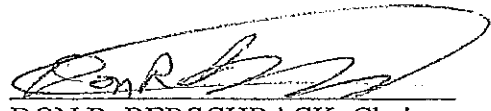
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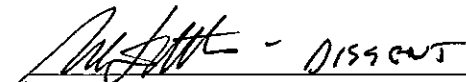
ISSUES

RESIDENCY - The panel agrees with the UNION that the employer has offered no viable reason for the panel to change residency. The panel notes that a residency requirement for firefighters is applicable under a different set of circumstances than police officers.

AWARD – RESIDENCY - The UNION's last offer of settlement is adopted and thus the status quo shall continue.


DON R. BERSCHBACK, Chairman
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CITY DELEGATE
August 31, 2009

BUY BACK UNUSED VACATION TIME

The testimony and exhibits were provided on April 30, 2009. The CITY utilized Exhibits 3A, 3B, and 3C and the UNION utilized UNION Exhibits 5 and 6. All exhibits were admitted, and cross examination on those exhibits and the testimony of the parties' witnesses was extensive.

The CITY has proposed a reduction in the level of vacation buy back rollups and has asserted that this process adds between four and six percent to final average compensation (FAC). The UNION indicated that there are unintended consequences to a substantial reduction

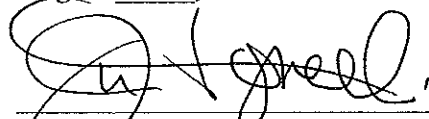
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in the buy back of hours since overtime costs may be needed to replace officers not working on a given day; especially in the last year prior to retirement.

The panel notes that the range of differences in final accrual of comparable cities was wide ranging. Also, FAC is an important factor in the eventual determination of the CITY's obligation for pension and other related benefits upon retirement.

The UNION's assertion in their brief that "the range of differences in final accrual was all over the waterfront" is correct. Utilizing UNION Exhibit 5 and the UNION comparables produced an average of 306 hours with a low of 200 hours and a high of 384 hours. Using the same exhibit and using CITY comparables, the average is 360 hours with a low of 192 hours and a high of 480 hours. Another statistical method for determination would be to take out the high and the low using the CITY comparables which results in an average of 370 hours. Likewise, taking out the high and the low for the UNION comparables, would result in an average of 315 hours. Finally, using the four comparable cities that the parties have previously agreed upon (Bay City, Burton, Holland and Jackson) the average is 402 hours.

Recognizing that these comparables are all over the map, the panel analyzed the internal buy back of hours by other employees in the City (internal comparables). The testimony pointed out that the command officers currently have 448 hours, but that figure would be reduced to 368 hours in 2011, the clerical and non-Union employees had 240 hours. It was noted that the firefighters had 448 hours, but based on the difference of the way they worked (24 hour shifts) the percentage difference was negligible.

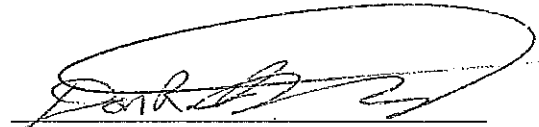
AWARD – UNUSED VACATION BUY BACK AT RETIREMENT

The CITY's last offer of settlement shall be adopted:


Accumulated Vacation Leave. Vacation leave may be accumulated for two (2) full years or forty-four (44) work days (three hundred fifty-two (352) hours) only. When leaving the service of the Employer, an employee may receive pay for any unforfeited vacation time not taken. If full-time employment is terminated before probationary period is completed, no vacation leaves shall be allowed.

For Twelve (12) hour shift employees, the maximum number of vacation days that may be sold at retirement will be Forty-Four (44) or Three Hundred and Fifty-Two (352) hours. For Eight (8) hour shift employees, the maximum number of vacation days that may be sold at retirement will be Thirty (30) or Two Hundred and Forty (240) hours.

The maximum number of longevity vacation days sold at retirement will be Five (5) days or Forty (40) hours.


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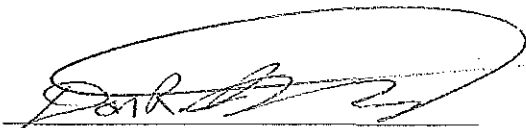
HEALTHCARE AND PRESCRIPTION DRUG RIDER

Testimony and exhibits were introduced on the subject of healthcare and healthcare plans (CITY Exhibits 4A through 4O). The very volume of exhibits presented on this issue reflects the potential complexity of this matter. That fact is often times exacerbated by the situation that has

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occurred here, i.e. in most situations there can be no retroactivity of healthcare benefits unless the third party provider agrees. The CITY's intention on healthcare coverage for all of its employees as stated by Mr. Berry was to mitigate rate increases through nominal benefit charges wherever possible. Healthcare costs are extremely difficult to ascertain. It is not as easy as calculating "x" dollars for yearly premiums times "y" number of employees. The Chairman notes the sophistication that both parties have in the area of healthcare benefits and the resultant ramifications to both the CITY and the employees, including UNION members.

The Chairman has reviewed all exhibits in this regard. Exhibit 4H was used to demonstrate the external comparables as it relates to insurance options, deductibles, and office co-pays and (regular) co-pays. The Panel notes that the CITY's proposed deductibles are higher than all comparables except for the City of Burton. However, the office co-pays and other facets of the healthcare coverage are within the parameters of the external comparables. Moreover, the other employees of the CITY (the internal comparables) have all agreed to receive this plan for healthcare purposes.

The CITY implemented its healthcare plan for all employees (except POAM members) dating back to July 1, 2008. Unfortunately, the CITY's assertion that "over one year of savings has been lost" is correct. Under the present circumstances, the Panel is unable to "turn back the clock". The Chairman ponders that it might have been a better approach for the UNION and the CITY to have agreed to implement these changes by July 1, 2008 but the Chairman will not disturb those negotiating positions. The parties are always free to negotiate matters on either a piecemeal or aggregate basis.

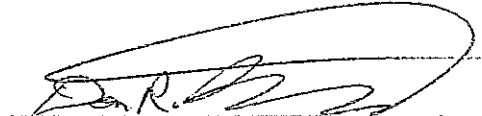
The UNION's offer is to maintain the status quo. If all other factors were equal, this would be the easiest option for the Panel to assume. However, that is not the case. The Panel is

persuaded that the CITY's offered proposal is fairly comparable to the external comparables used by either party. Additionally, it is entirely consistent with the internal comparables with the exception, herein noted, of the implementation date.

It is noted that an analysis of the minimal agreed upon externals (Bay City, Burton, Holland, and Jackson) points out that only the City of Burton has a finalized contract through the year 2011. The others are, presumably, in negotiations past fiscal year 2008. The City of Burton has a much higher deductible and comparable 80/20 with \$20.00 off as co-pay – almost identical to the CITY's proposal.

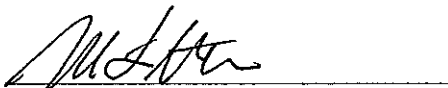
AWARD – HEALTHCARE AND PRESCRIPTION DRUG RIDER

The CITY's last offer of settlement (Healthcare, pages 8, 9, 10, & 11 from the City's brief, attached) shall be adopted.



DON R. BERSCHBACK, Chairman
August 27, 2009

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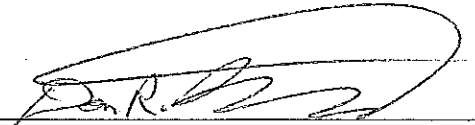
CITY DELEGATE
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RETIREE HEALTH CARE FOR NEW HIRES

This issue revolved around a potential change in the retiree healthcare for new hires only. The UNION's last best offer was for the status quo. The CITY's proposal would affect any employee hired into this unit after the initial contract date. The CITY's proposal is four paragraphs long (page 12 of CITY's Summation Brief).

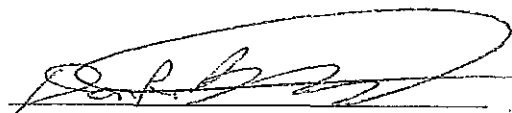
The pertinent testimony established the following:

1. The City has a \$50 million dollar unfunded liability for retiree healthcare.
2. The Command Officer's contract cannot be used for this award.
3. The DPW unit has not agreed to the CITY's proposal but "all other groups in the CITY have".
4. Healthcare costs are increasing substantially for the CITY and the CITY wishes to cap its future liability.
5. Realistically, no new hires will be hired by the CITY during this contractual period.
6. There are, even as this award is being prepared, substantial discussions of the Federal and State levels on the issue of healthcare coverage.
7. All external comparables do not substantiate the CITY's position.
8. The CITY has attempted to reduce its healthcare costs to the extent possible outside of these negotiations.

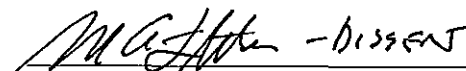
The Chairman notes that, in the near future, the issue of healthcare cost will be paramount to the CITY from a fiscal standpoint and, by extension, will result in substantial changes for all employees, both public and private. No one knows, with certainty, what the future will hold but

the Chairman feels it is incumbent upon both parties to keep this topic at the forefront in future negotiations. That being said,

The Panel finds that, for the relevant reasons elicited in the testimony and the admitted exhibits, the UNION's last offer of settlement is adopted and thus the status quo shall continue.


DON R. BERSCHBACK, Chairman
August 27, 2009

UNION DELEGATE
August _____, 2009


CITY DELEGATE
August 31, 2009

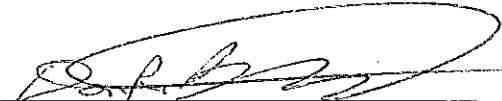
THE ICMA – NEW HIRES

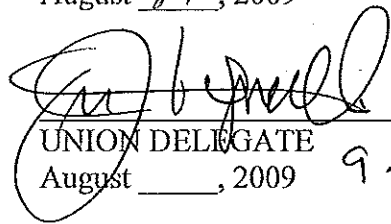
The CITY proposes that new hires would no longer be eligible to receive the CITY's three percent (3%) match in the ICMA program. New hires would be eligible to participate in the ICMA program but with no matching contribution by the CITY. The UNION proposes the status quo.

The testimony and exhibits indicated that the external comparables all had "no matching contribution". However, the issue of the ICMA match is peculiar to the City of Port Huron. Testimony revolved around a "packaged deal" negotiated in 1999. In effect, the testimony elicited that years ago employees in the POAM unit gave up longevity in exchange for the ICMA benefit. (Mr. Berry – pg. 331). Further, that the CITY's proposal to eliminate the ICMA is

the Chairman feels it is incumbent upon both parties to keep this topic at the forefront in future negotiations. That being said,

The Panel finds that, for the relevant reasons elicited in the testimony and the admitted exhibits, the UNION's last offer of settlement is adopted and thus the status quo shall continue.


DON R. BERSCHBACK, Chairman
August 27, 2009


UNION DELEGATE
August ____, 2009 9.10.09

CITY DELEGATE
August ____, 2009

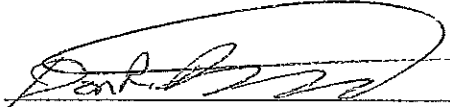
THE ICMA – NEW HIRES

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strictly a cost saving measure (pp. 331 and 332). Further, that new hires when they come into the CITY would not have longevity.

The Panel also finds that there is a difference between employees that receive social security benefits and those that do not although this is not the most important criteria for the differentiating positions of the parties. Based on all the relevant factors involved, the Panel finds that the UNION's last offer of settlement is adopted and thus the status quo shall continue.


DON R. BERSCHBACK, Chairman
August 27, 2009

UNION DELEGATE
August ____, 2009

 - DISSENT
CITY DELEGATE
August 31, 2009

EMPLOYEE PENSION CONTRIBUTION RATE AND RETROACTIVITY

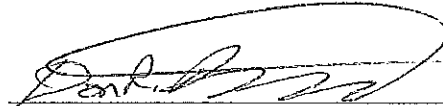
The Panel avers that the issues of pension contributions, including potential retroactivity, is somewhat aligned with the last best offer of both parties on wages and retroactivity. By agreement, the four years involved in these contractual matters will be decided separately. This is true for both pension contributions and wages. The contract years involved are as follows:

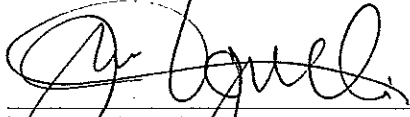
- 6-23-07 through 7-4-08 (called 07)
- 7-5-08 through 7-3-09 (called 08)
- 7-4-09 through 7-2-10 (called 09)*
- 7-3-10 through 7-1-11 (called 10)

*A bifurcated year.

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The Panel also finds that there is a difference between employees that receive social security benefits and those that do not although this is not the most important criteria for the differentiating positions of the parties. Based on all the relevant factors involved, the Panel finds that the UNION's last offer of settlement is adopted and thus the status quo shall continue.


DON R. BERSCHBACK, Chairman
August 27, 2009


UNION DELEGATE
August 9-10-09, 2009

CITY DELEGATE
August _____, 2009

EMPLOYEE PENSION CONTRIBUTION RATE AND RETROACTIVITY

The Panel avers that the issues of pension contributions, including potential retroactivity, is somewhat aligned with the last best offer of both parties on wages and retroactivity. By agreement, the four years involved in these contractual matters will be decided separately. This is true for both pension contributions and wages. The contract years involved are as follows:

- 6-23-07 through 7-4-08 (called 07)
- 7-5-08 through 7-3-09 (called 08)
- 7-4-09 through 7-2-10 (called 09)*
- 7-3-10 through 7-1-11 (called 10)

*A bifurcated year.

The issue involving pension contributions are whether employees of this unit will increase their contributions to the pension system over and above the 2% contribution that is the current status quo.

The UNION's position is to retain the status quo for the entire length of the contract, i.e. 07, 08, 09 and continuing through July 1, 2011. The CITY's position is that the employees should contribute the following percentage for the contractual years:

- 6-23-07 through 7-4-08 – status quo of 2%
- 7-5-08 through 12-31-08 – 2%
- 1-1-09 through 6-30-09 – 3% and retroactive to January 1, 2009.
- 7-1-09 through 6-30-10 – 4% and retroactive to July 1, 2009.
- 7-1-10 through 6-30-11 – 5% contribution.

Testimony indicated that there were substantial cost increases to the implementation of the defined benefit plan for all employees. Article 43.2 of the current contract revealed that the pension contribution was 4% in January, 2002 and was subsequently reduced by ½% per year from 2003 through 2006. The current contribution level for employees of this unit is 2.0% which was implemented on June 24, 2006. It was also revealed that the command officers of the city contribute 6.71% but it is noted that they have a greater multiplier (2.75). Further that the general employees contribute 3% toward their pension and it will be increasing to an eventual 5% by 2011.

The external comparables were “all over the board”. With some exceptions, the general range was a low of 3.17% to a maximum of 6%. It was also noted that the City's monetary obligation for the patrol unit in the fiscal year ending June 30, 2003 was 3% and is currently 12%

for the upcoming fiscal year. For the non-Union group it has increased from 6.71% to 15.89%. (TR pp 99-100) The CITY utilized their Exhibit 8A through 8E for a comparison of pension for patrol officers. Again, there were some cities with minimal contribution, some with ranges of 3 to 4%, some with ranges between 6 and 8%. As it relates to internal comparables (Exhibit 8C) it was revealed that the Firefighters Union's contributions were 3% in 08, 4% in 09, and 5% in 10. The rest of the internal comparables for other Union and non-Union personnel did not readily "match up" for a number of reasons.

The Panel specifically notes Exhibit 8D for both the employer comparables and the Union comparables. The average comparison using Employer comparables was 5.9%. The Union comparables had either zero or a 5 or 6% contribution rate for the defined benefit plans. Other plans had defined contribution plans and were not comparable.

The Panel cites that the reason for the bifurcation of the time period beginning January 1, 2009 is related to the history and experience of the contract with all other employees (Union and non-Union) during that time period and continuing. The Panel is cognizant of the internal comparables cited by the City relative to employee contributions to the health plan in other units, both Union and non-Union.

AWARD – EMPLOYEE PENSION CONTRIBUTION RATE AND RETROACTIVITY

The Panel finds that, in accordance with the evidence germane to this issue that their award for the respective years of the contract relating to pension contributions is as follows:

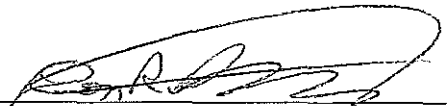
- 6-23-07 through 7-4-08 – 2% (this is consistent with both the UNION and the CITY's last best offer).
- 7-5-08 through 7-3-09 – the UNION's last offer of settlement is adopted and thus the status quo (2%) shall continue during this time period.
- 7-4-09 through 7-2-10 – the UNION's last offer of settlement is adopted and thus the status quo (2%) shall continue during this time period.

- 7-3-10 through 7-1-11 – the EMPLOYER’s last best offer shall be adopted. Effective July 3, 2010, the employees’ contribution to the pension system will be 5.0%.


Referencing the CITY’s last best offer on page 13 of their brief, the last sentence would then read:

The required employee contribution for Union employees participating in the Municipal Employees Retirement System of Michigan (MERS) Group #17 will be 2.0% for all wages paid through July 2, 2010 and will be 5.0% for all wages paid after July 3, 2010.

This award is made in conjunction with the award for Wages and Retroactivity. The Chairman notes that the employees will be required to adjust to a substantial increase in pension contributions (from 2% to 5%) but indicates that they have approximately one year to make that adjustment.


DON R. BERSCHBACK, Chairman
August 27, 2009

UNION DELEGATE
August _____, 2009


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August 31, 2009

WAGES AND RETROACTIVITY

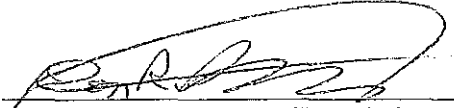
The issue of wages has always been paramount to the parties to this proceeding (as well as in most other 312 cases). It is noted that the command officers who have already settled their wage (and other) issues will receive whatever increase the UNION receives in this 312 arbitration. An analysis of the requested wages was based upon the “top wage of an employee in

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DON R. BERSCHBACK, Chairman
August 27, 2009

DISSENT
UNION DELEGATE 9-10-09
August ____, 2009

CITY DELEGATE
August ____, 2009

WAGES AND RETROACTIVITY

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The City of Port Huron's Last Best Offer

Wages - 2007

0%

Salary Schedule - Period June 23, 2007 through July 4, 2008 (0.0% Increase)

<u>Classification</u>	<u>A Start</u> (75%)	<u>B Start</u> (80%)	<u>C Start</u> (85%)	<u>D Start</u> (90%)	<u>E Start</u> (95%)	<u>F Start</u> (100%)
Detective / TSO / W.O.	43,112	45,986	48,860	51,734	54,608	57,482
Police Officer	40,874	43,705	46,437	49,169	51,900	54,632
Animal Control Officer	33,048	35,251	37,454	39,658	41,861	44,064

8-7-09

21a

The City of Port Huron's Last Best Offer

Wages - 2008

2%

Salary Schedule - July 5, 2008 through July 3, 2009 (2.0% increase)

Classification	A Start (65%)	B Start (75%)	C Start (85%)	D Start (90%)	E Start (95%)	F Start (100%)
Detective / TSO / W.O.	38,111	43,974	49,837	52,769	55,700	58,632
Police Officer	36,221	41,794	47,366	50,153	52,939	55,725
Animal Control Officer	29,214	33,709	38,203	40,451	42,698	44,945

8.7-09

216

The City of Port Huron's Last Best Offer

Wages - 2009

2%

Salary Schedule - Period July 4, 2009 through July 2, 2010 (2.0% increase)

<u>Classification</u>	<u>A Start</u> (65%)	<u>B Start</u> (75%)	<u>C Start</u> (85%)	<u>D Start</u> (90%)	<u>E Start</u> (95%)	<u>F Start</u> (100%)
Detective / TSO / W.O.	38,873	44,854	50,834	53,825	56,815	59,805
Police Officer	36,846	42,830	48,814	51,156	53,998	56,840
Animal Control Officer	29,799	34,363	38,927	41,260	43,552	45,844

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212

The City of Port Huron's Last Best Offer

Wages - 2010

2%

Salary Schedule - Period July 3, 2010 through July 1, 2011 (2.0% increase)

<u>Classification</u>	<u>A Start</u> (55%)	<u>B Start</u> (75%)	<u>C Start</u> (85%)	<u>D Start</u> (90%)	<u>E Start</u> (95%)	<u>F Start</u> (100%)
Detective / TSO / W.O.	39,651	45,751	51,851	54,901	57,951	61,001
Police Officer	37,565	43,463	49,281	52,179	55,078	57,977
Animal Control Officer	30,295	35,071	39,747	42,085	44,423	46,761

21. d

8-7-09

the unit". It is simply easier to analyze the issue from this perspective – all other persons in the unit (detectives and animal control officers) will be affected in the same corresponding manner.

The UNION's last best offer was as follows:

- 7-23-07 through 7-4-08 – 2.5% retroactive to 7-23-07.
- 7-5-08 through 7-3-09 – 3% retroactive to 7-5-08.
- 7-4-09 through 7-2-10 – 3% retroactive to 7-4-09.
- 7-3-10 through 7-1-11 – 2%*.

The CITY's last best offer was as follows:

- 7-23-07 through 7-4-08 – 0%.
- 7-5-08 through 7-3-09 – 2% no retroactivity.
- 7-4-09 through 7-2-10 – 2% with no retroactivity (to start the date of the Award).
- 7-3-10 through 7-1-11 – 2%.*

(See pages 21 a, b, c and d for comprehensive wages proposals.)

The parties have differing views on this issue and utilized somewhat different approaches in arriving at their last best offers.

The comparable differences, both internal and external, have been previously discussed. It is the Panel's finding that, based on the testimony and exhibits presented by both parties, that the following external comparable cities are the cities to be utilized for a determination of wages:

Bay City	Jackson
Burton	East Lansing
Holland	Muskegon

The Panel has excluded the cities of Kentwood, Midland, Portage, Adrian, and Eastpointe. (See UNION Exhibits 3 and 4 for chart comparison.)

*Subsequent to the receipt of the last best offers, the parties proposed an agreement to 2% for the last year of the contract.

Some of these external comparables did not have negotiated wage rates past July 1, 2009. Additionally, both Holland and Burton's agreements expire in 2011 and 2012 respectively. Most factors were considered in arriving at these external comparables and some were given greater weight than the others. Additionally, the Panel was mindful of the internal comparables negotiated by the CITY for other employees. The purpose of comparability is to identify an appropriate prevailing wage. This does not mean an ever increasing spiral of wage increases for each community to "piggy back" on the other communities. The wages for any city must include an analysis of all comparable factors; both external and internal.

As previously mentioned, wages and their retroactivity are being treated in conjunction with the issue of employee contributions to the pension plan. Both issues are significant. The Panel is constricted to taking the last best offer of either party for the four years (treated separately) in question (2007 through June 1, 2011).

ISSUE – WAGES FROM JUNE 23, 2007 THROUGH JULY 4, 2008

The UNION's last best offer was to increase wages 2.5% retroactive to June 23, 2007 and continuing through July 4, 2008. The CITY's last best offer was the status quo, i.e. no wage increase for the time period from June 23, 2007 through July 4, 2008.

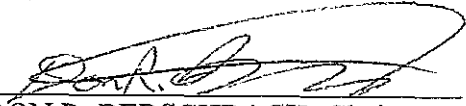
The Panel first analyzed the comparable cities for the 7-1-07 through 7-1-08 time period.

Bay City – \$51,500.00
Burton - \$47,860.00
Holland - \$58,011.00
Jackson - \$52,791.00
East Lansing - \$53,768.00
Muskegon - \$53,375.00* (bifurcated year – averaged)


The average of these six cities for the highest paid officer for the time period in question was \$52,884.00. This compares to the CITY's proposal of \$54,632.00 and the UNION's proposal of \$55,998.00.

AWARD – WAGES FROM JUNE 23, 2007 THROUGH JULY 4, 2008

The CITY's last offer of settlement shall be adopted and thus the status quo for the time period in question shall continue.


DÓN R. BERSCHBACK, Chairman
August 27, 2009

UNION DELEGATE
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August 31, 2009

ISSUE - WAGES FROM JULY 5, 2008 THROUGH JULY 3, 2009

The UNION's last best offer was a 3% increase retroactive from July 5, 2008 through July 3, 2009. The CITY's last best offer was a 2% increase on wages with no retroactivity.

For a top wage for a police officer, the UNION's best offer would amount to \$57,678.00.

The CITY's last best offer would amount to \$55,725.00 (rounded).

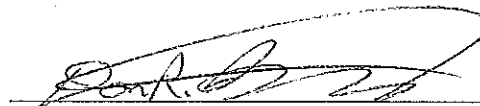
Using the same analysis for the comparable cities above, produced the following:

Bay City – \$52,540.00
Burton - \$47,860.00
Holland - \$59,176.00
Jackson - expired
East Lansing - \$54,843.00
Muskegon - \$53,375.00.

The average of the five cities was \$52,559.00 (rounded).

AWARD – WAGES FROM JUNE 23, 2007 THROUGH JULY 4, 2008

The CITY's last offer of settlement shall be adopted and thus the status quo for the time period in question shall continue.



DON R. BERSCHBACK, Chairman
August 27, 2009

DISSENT

UNION DELEGATE
August _____, 2009

CITY DELEGATE
August _____, 2009

ISSUE - WAGES FROM JULY 5, 2008 THROUGH JULY 3, 2009

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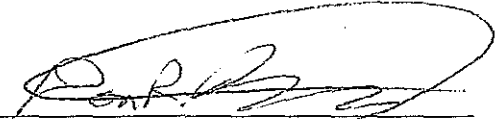
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The average of the five cities was \$52,559.00 (rounded).


AWARD - WAGES FROM JULY 5, 2008 THROUGH JULY 3, 2009

The CITY's last offer of settlement shall be adopted and there shall be no retroactivity.
(NOTE: While there is no retroactivity in terms of payment, a 2% increase is utilized for succeeding years.)



DON R. BERSCHBACK, Chairman
August 27, 2009

UNION DELEGATE
August _____, 2009



CITY DELEGATE
August 31, 2009

ISSUE - WAGES FROM JULY 4, 2009 THROUGH JULY 2, 2010

The UNION's last best offer was a 3% increase. The UNION's last best offer regarding retroactivity was retroactive payments from July 4, 2009 forward. The CITY's last best offer on wages was a 2% increase. The CITY's last best offer on retroactivity was zero percent for the partial year.

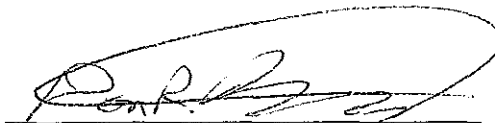
NOTE: The Chairman has determined that the CITY's last best offer on retroactivity would mean that the prevailing wage would be paid effective the date of the this Award and not retroactive to July 4, 2009.

Utilizing UNION Exhibits 3 and 4, there were many agreements in the comparable cities that expired on June 30, 2009, but they were not helpful. For the cities in question, the following information was gleaned:

AWARD - WAGES FROM JULY 5, 2008 THROUGH JULY 3, 2009

The CITY's last offer of settlement shall be adopted and there shall be no retroactivity.

(NOTE: While there is no retroactivity in terms of payment, a 2% increase is utilized for succeeding years.)



DON R. BERSCHBACK, Chairman
August 27, 2009

DISSENT

UNION DELEGATE 9-10-09
August _____, 2009

CITY DELEGATE
August _____, 2009

ISSUE - WAGES FROM JULY 4, 2009 THROUGH JULY 2, 2010

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Bay City – expired
Burton - \$49,295.00 (3%)
East Lansing – expired
Holland – CPI
Jackson – expired
Muskegon – \$53,375.00 (to 12/31/09)

The comparable cities did not result in any meaningful determination of the prevailing wage rate. It was noted that the Consumer Price Index for July 1, 2009 was less than 1.5% although only one city (Holland) referenced the Consumer Price Index. The Panel then looked to the internal comparables or other employees in the City as well as other factors previously noted in determining all economic issues.

AWARD - WAGES FROM JULY 4, 2009 THROUGH JULY 2, 2010

The CITY's last offer of settlement regarding a wage increase (2%) is adopted. The UNION's last offer of settlement as to retroactivity is adopted and retroactivity of wages for all hours worked shall be retroactive to July 4, 2009.



DON R. BERSCHBACK, Chairman
August 27, 2009

UNION DELEGATE
August ____, 2009



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August 31, 2009

ISSUE – WAGES FROM JULY 3, 2010 THROUGH JULY 1, 2011

After the hearings were closed, the Chairman received written correspondence from the CITY's representative as it related to wages and retroactivity for the contractual periods

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DON R. BERSCHBACK, Chairman
August 27, 2009

DISSENTS
UNION DELEGATE 9-10-09
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ISSUE – WAGES FROM JULY 3, 2010 THROUGH JULY 1, 2011

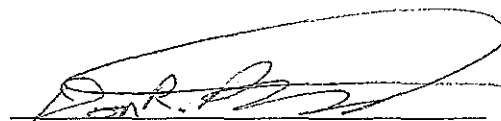
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involved. Following that, the Chairman noted that the CITY had proposed a 2% increase for the time period from July 3, 2010 through July 1, 2011 and the UNION had not submitted any last best offer for that time period.

By written correspondence dated August 21, 2009, it was the CITY's position if the UNION submitted a request to accept the CITY's last best offer for the last year of the contract (2% increase) the CITY would concur in that request. That request was submitted by the UNION.


AWARD – WAGES FROM JULY 3, 2010 THROUGH JULY 1, 2011

By the concurrence of both the CITY and the UNION, there shall be a 2% wage increase for the final year of the contract, July 2, 2010 through July 1, 2011.



DON R. BERSCHBACK, Chairman
August 27, 2009

UNION DELEGATE
August ____, 2009



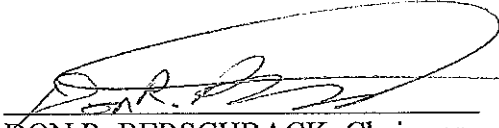
CITY DELEGATE
August 31, 2009

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AWARD – WAGES FROM JULY 3, 2010 THROUGH JULY 1, 2011

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DON R. BERSCHBACK, Chairman
August 27, 2009



UNION DELEGATE
August _____, 2009

CITY DELEGATE
August _____, 2009