

MICHIGAN EMPLOYMENT RELATIONS COMMISSION

TOWNSHIP OF GRAND BLANC

ACT 312 ARBITRATION
MERC Case No. L06 F-801

- and -

GRAND BLANC TOWNSHIP
POLICE OFFICERS ASSOCIATION
MICHIGAN ASSOCIATION OF POLICE

Arbitration Panel

Chairman: Barry Goldman
Township Delegate: Dennis B. DuBay
Union Delegate: Fred Timpner

Appearances

For the Township: Dennis B. DuBay
For the Union: Fred Timpner

Issues (All Economic)

Wages effective January 1, 2011
On Call Detective Pay
Health Insurance
Dental Insurance

Chronology

Arbitration Petition Filed: April 29, 2009
Chairman Appointed: September 8, 2009
Pre-Hearing Conference: November 16, 2009
Evidentiary Hearings: June 25, 28, 29, 2010
Final Offers Exchanged: July 23, 2010
Briefs Received: October 18, 2010
Findings Issued: *November 10, 2010*

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STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMM.
DETROIT OFFICE

Comparable Communities (By Stipulation)

Davison Township
Flint Township
Flushing Township
Genesee Township
Mt. Morris Township
Mundy Township

Background

On June 25, 2010, the Parties entered into a Partial Act 312 Arbitration Award to take effect on July 1, 2010. The Partial Award was entered into the record on June 28, 2010, and settled most of the issues originally brought before this Panel. Hearings were then conducted on the four remaining issues in dispute.

The Act 312 statute (Section 9) requires that the panel base its findings on the following factors:

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

and conditions of employment through voluntary collective bargaining, mediation, fact-findings, arbitration or otherwise between the parties, in the public service or in private employment.

The parties having agreed that the four issues before the panel are all economic, the statute also requires that the panel “adopt the last offer of settlement which, in the opinion of the arbitration panel, more nearly complies with the applicable factors prescribed in section 9.”

Finances

The Township anticipates a substantial decrease in property tax collections during the 2010 – 2012 period: 2010 (\$158,012), 2011 (\$853,953), and 2012 (\$241,515), for a total decrease of \$1.25 million in the period. (T.Ex. 52).

Over the past 10 years the Township has experienced dramatic cuts in state shared revenues. The Township's revenue-sharing is down 19.68% (approximately \$448,000) from 2006 to 2010. (T.Ex.51).

Building Permit Fees and Interest Income are also down significantly. (T.Ex. 55 and T.Ex. 54).

Between 2007 and 2011, the cost of employee benefits increased from \$1.41 million to \$1.66 million. (T.Ex. 63).

The total MERS contribution made by the Township increased from \$534,688 in 2007 to \$619,321 in 2011. (T.Ex. 64).

The Township also faces a substantial increase in the contribution it must make toward its unfunded accrued liability as a result of GASB 45.

On the other hand, taxable value is projected to decrease by “only” 5% in Grand Blanc Township while a decrease of 10% is anticipated for the rest of Genesee County.

The Township's bond rating is healthy, and it maintains a healthy General Fund balance.

Wages

The Union’s final offer is to amend Schedule A Wage Schedule in two ways:

Effective January 1, 2011, a four (4%) percent increase to all classifications and wage scale steps for all employees covered in schedule A.

FIELD TRAINING PROGRAM

Employees shall be paid the following hourly rate while attending the Departmental Field Training Program:

Effective 1/1/2011 \$14.0782 per hour

Upon completion of the Departmental Field Training Program, the employee's hourly rate shall increase to the hourly start rate.

The Township's final offer is to maintain the existing wage schedule, i.e., a 0% adjustment on January 1, 2011.

The Union puts the cost of its proposal at \$96,708. (Union Post-Hearing Brief, p. 9). It argues:

The four percent increase when amortized over the five year period, 2007-2011, is only 0.8% per year wage increase. As it is the employees last increase in their pay rates occurred on January 1, 2006. When viewed in this context, the Union position is not excessive or extravagant. (Union Brief, p. 9).

This may be so, but it is misleading. While it is technically true that base wage rates have not increased since 2006, the parties settled the issue of compensation for the first four years of this contract with a lump sum payment of \$5,188 for Patrol Officers, \$5,797 for Detectives and \$3,110 for Dispatchers. The total payment to members of this bargaining unit was \$175,063. (Township Post-Hearing Brief, p. 22). The Union's proposed 4 percent increase applies only to the final year of the contract.

The Union also argues that the annualized salaries shown for external comparison purposes in the Township's exhibits are "incorrect," "fictitious," and "distort(ed)." (Union Brief, p. 10). The Union writes:

No police officers in any of the comparable communities in the Employer's exhibits were compensated at the annualized rates.

This may also be technically true. If wage rates changed in the middle of a calendar year, and the annualized rate represents a *pro rata* blend of the two rates, then no police officer actually received a paycheck at the annualized rate. But that does not make the annualized rate fictitious

or distorted. On the contrary, an annualized rate is a fair way to compare wages that are subject to change in mid-year.

The panel has not seen evidence that the Township's exhibits present an inaccurate picture of the external comparables. Those exhibits show the Union in a position comfortably above the average of the external comparables.

On the issue of internal comparables, the Union argues:

There are three AFSCME units in the Township. Two of them "S" and "V" received a 2.5% increase in 2007, 2008, and again in 2009. The third AFSCME unit "W" received a 2.5% in 2008, 2009, and 2010. This is an increase of 7.5% over a three year period for all three of these units.

Again, this is perfectly true. But, as the Township points out:

With respect to the section (d) and section (h) comparison to other employer bargaining or non-union groups standard, T.Ex. 116 shows that, with the exception of one employee group (AFSCME Chapter W) which was settled in June 2008 several months before the market and home value crashes (T.Ex. 33), all other employees received a 0% wage adjustment in 2010.

In view of the declining revenues and increased expenses discussed above, the position of members of this bargaining unit relative to both the internal and external comparables, the low level of inflation, and the overall compensation presently received by these employees, the interests and welfare of the public compel a decision in favor of the Township's position on wages.

Finding: The panel adopts the Township's offer of a 0% increase in wages effective January 1, 2011.

On Call Detective

The Union's last best offer is to add the following language to the parties' collective bargaining agreement:

EFFECTIVE January 1, 2011, any Detective required to be on-call shall receive one half (1/2) hour pay at time and one half (1.5x) their current hourly rate for each day they are scheduled on-call.

The Township's position is to maintain the status quo.

The Township employs four Detectives. Detectives are paid 5% above the top paid Patrol Officer rate. They are assigned to work the day shift from 8:00 a.m. to 4:00 p.m. Detectives receive Saturdays and Sundays off two weeks a month; Friday, Saturday, and Sunday off one week a month; and they work Monday through Saturday one week a month - referred to as their "long week." During a Detective's long week he is "on call" and must carry a phone and be able to respond and come in within a reasonable time. The on-call Detective is permitted to take a Township vehicle home for the week. On-call Detectives are generally called in about once or twice a month. When called in, the Detective is paid overtime for the time worked and paid a minimum of two hours of pay at time and one-half. Detectives routinely trade on-call time to accommodate other commitments.

Four of the comparable communities have no hourly allowance for being on call. Two offer three hours pay. None offer the Union's requested 5 ½ hours.

In light of financial condition of the Township and the statutory factors listed above, the panel cannot justify modifying the CBA to include the Union's requested change.

Finding: The panel adopts the Township's proposal to maintain the status quo.

Health Insurance

The Township's final offer is to revise Article 32 -- Health and Welfare, Section 32.01 to provide as follows:

Section 32.01: Effective on the date of the Act 312 award, or as soon thereafter as the Township has made the necessary arrangements with the carriers, Article 32 - Health and Welfare, Section 32.01, subsection a, shall provide as follows:

- a. ~~Eligible employees may choose annually one of the following health insurance packages OR equivalent coverage:~~
1. ~~Blue Cross/Blue Shield Community Blue Option I with a \$10/\$20 drug co-pay.~~
 2. ~~Health Plus NJ, \$10 drug co pay.~~
 3. ~~Blue Care Network, Plan E, \$10 drug co pay.~~

The Township will provide to eligible employees the Flex Blue 3 health insurance, or the equivalent, at no cost to the employee.

The Union's final offer is to revise Article 32 – Health and Welfare, Section 32.01 to provide as follows:

ARTICLE 32 Section 32.01

(a) Eligible employees may choose annually one of the following health insurance packages OR equivalent coverage:

1. Blue Cross/Blue Shield Community Blue Option 1 with a \$10/\$20 drug co-pay.
2. Health Plus NJ, \$10 drug co-pay
3. Blue Care Network, Plan E, \$10 drug co-pay
4. Health Plus I with no drug co-pay and all deductibles and co-insurance paid by the Employer.

At the time of this award, despite the fact that other options remain in their collective bargaining agreements, all employees who receive health insurance from the Township except for members of this bargaining unit are covered by the Flex Blue 3 plan. Under this plan, employees do not pay any deductibles, co-pays, or out-of-pocket costs, including drug co-pays.

All of the evidence presented at the hearing supported the view that the Flex Blue 3 plan is at least as good as any alternative from an employee's point of view, and substantially better in terms of the Township's cost.

The only reason the Union presented for opposing the move to the Flex Blue 3 plan exclusively is that some of its members may have to change doctors. There are four bargaining unit members who carry Health Plus NJ insurance and whose current doctors may not belong to the BC/BS network. But even this is not certain. Since the BC/BS system is larger than the Health Plus NJ system in Michigan, it is unlikely that a doctor would be a member of Health Plus and not BC/BS. In any case, the Union did not present evidence that these members will have to change doctors, only that they may.

In light of the substantial savings to be gained by the proposed change, the speculative and relatively minor inconvenience it may impose, and the fact that the rest of the Township's workforce has already adopted the change, the panel find that the statutory factors weigh in favor of the Township's proposal.

Finding: The panel adopts the Township's proposal on Health Insurance.

Dental Insurance

The Township's position is to revise Article 32 – Health and Welfare, Section 32.01, subsection b to provide as follows:

- b. The Employer agrees to provide Delta Dental, *or its equivalent, at no cost to the Employee*, with limits on both the current coverage and the orthodontics coverage at One Thousand Five Hundred (\$1,500.00) Dollars.

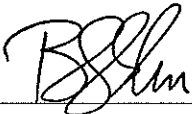
The Union's position is to maintain the status quo.

As long as the Township is limited by contract to having Delta Dental provide dental coverage, it is unable to shop for savings from other providers. The Union's perfectly legitimate concern is to see that Delta Dental cannot be replaced with an inferior plan. In the panel's view, both of these interests are served by the proposed "or its equivalent" language.

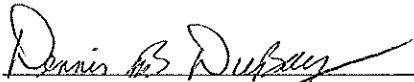
If the Township proposes a dental plan that imposes, say, balance billing where Delta Dental did not have balance billing, then the proposed plan would not be "equivalent" and the contract would prohibit the Township from adopting it. Accordingly, the panel sees no downside to the Township's proposal. On the other hand, retaining the current language would cement a Delta Dental monopoly on the coverage and eliminate the possibility of a negotiated savings. The statutory factors therefore support the proposed language change.

Finding: The panel adopts the Township's proposal on Dental Insurance.

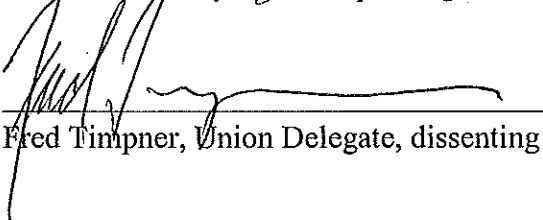
Respectfully submitted,



Barry Goldman, Chairman



Dennis B. DuBay, Township Delegate



Fred Timpner, Union Delegate, dissenting