STATE OF MICHIGAN

DEPARTMENT OF LABOR AND ECONOMIC GROWTH

EMPLOYMENT RELATIONS COMMISSION

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

ST. CLAIR COUNTY (Employer)(County)

-and-

POLICE OFFICERS ASSOCIATION OF
MICHIGAN (Union)
_____/

Act 312 Arbitration - MERC Case #D07 C-0311

FINDINGS OF FACT, OPINION AND ORDERS

APPEARANCES:

ARBITRATION PANEL:	Mario Chiesa, Impartial Chairperson
	Gary A. Fletcher Employer Delegate
	James Tignanelli Union Delegate
FOR THE UNION:	Frank A. Guido General Counsel POAM 27056 Joy Road Redford, MI 48239
FOR THE EMPLOYER:	Fletcher, Fealko, Shoudy & Moeller, P.C. By: Gary A. Fletcher 522 Michigan Street Port Huron, MI 48060

INTRODUCTION

As previously indicated, this is a statutory compulsory interest arbitration conducted pursuant to Act 312, Public Acts of

1969, as amended. The petition instituting these proceedings was filed by the Union. The petition bears a date of June 30, 2009 and was received by the Employment Relations Commission on July 7, 2009. The impartial arbitrator and chairperson of the arbitration panel received his appointment via a July 30, 2009 document, forwarded by Nino E. Green, a Commission member of the Employment Relations Commission.

A pre-hearing conference was conducted on October 22, 2009. The third and final day of hearing took place on Friday, May 21, 2010. The three-day hearing led to a record comprised of literally hundreds of pages of documents and approximately 460 pages of transcript.

Last Offers of Settlement were submitted, exchanged and briefs were filed with the chairperson's office. On August 24, 2010 the briefs were exchanged between the parties.

On November 9, 2010 an extensive executive session was conducted at Mr. Fletcher's office. Present were the chairperson, Mr. Fletcher and Mr. Tignanelli.

It should be noted that the parties waived all regulatory and statutory time limits. This was accomplished both in writing and also memorialized in a pre-arbitration summary and on the record at the hearing. These Findings of Fact, Opinion and Orders have been issued as soon as possible under the prevailing circumstances.

STATUTORY SUMMARY

Act 312 is an extensive piece of legislation outlining both procedural and substantive aspects of interest compulsory

arbitration. Without getting into every provision, but certainly ignoring none, there are aspects of the statute which should be highlighted.

For instance, Section 9 outlines a list of factors which the panel shall base its findings, opinion and orders upon. 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.

This statute also provides that a majority decision of the panel, if supported by competent, material and substantial evidence on the whole record, will be final and binding. Furthermore, Section 8 provides that the economic issues be identified. Parties are required to submit a "last offer of settlement" which typically is referred to as "last best offer" on each economic issue. As to the economic issues, the arbitration panel must adopt the last offer of settlement which, in its opinion, more nearly complies with the applicable factors prescribed in Section 9.

Section 10 of the statute establishes, inter alia, that increases in rates of compensation or other benefits may be awarded retroactively to the commencement of any period or periods in dispute.

ISSUES

One of the aspects of a Collective Bargaining Agreement which was not an issue in this dispute is the duration of the agreement. The parties stipulated that the Collective Bargaining Agreement, which will come about as a result of this arbitration, will have a duration of five years. By its terms the contract shall begin on July 1, 2007 and terminate on June 30, 2012. Furthermore, it was agreed that in addition, the TAs, settlements of the parties, orders of the panel and language in the prior contract, which has not been deleted or altered by any agreements or by provisions of these awards, are made part of this award and thus comprise the Collective Bargaining Agreement.

One of the issues in contention is the economic issue of wages. The wage issue is considered a separate issue for each of the five years of the Collective Bargaining Agreement. Thus, there is a wage issue for 2007, 2008, 2009, 2010 and 2011.

The second issue concerns the retroactivity of any wage award.

There are two separate pension issues. The first involves the issue of a pension multiplier. The second involves an issue which could fairly be characterized as a defined contribution pension plan.

In relation to health care, there is an issue regarding retiree health care, an issue regarding employee premium cost sharing, and an issue regarding the prescription drug rider.

There is an issue related to sick days and disability and an issue involving sick usage incentive. The final issue relates to vacation accrual.

It is noted that all of the issues have been characterized as economic. As a result, the panel must adopt one or the other of the parties' Last Offers of Settlement. The Last Offers of Settlement are attached hereto as Exhibit A for the Union's Last Offers, and Exhibit B for the Employer's Last Offers.

All Section 9 factors have been carefully considered and applied. Of course, every item and bit of evidence has not been mentioned in the analysis of the issues. However, that doesn't mean anything was ignored. All the evidence and factors were evaluated and these Findings, Opinion and Orders are based strictly thereon.

COMPARABLES

One of the factors outlined in Section 9 of the Act relates to comparable communities in both the private and public sector. In other words, the statute contemplates a comparison of the wages, hours and conditions of employment of the employees involved in the arbitration with those providing similar services and other employees in general in comparable communities.

What comprises a comparable community is often characterized by population, size, SEV, taxable value, governmental structure, population and a myriad of other factors. In this case, as in others, the parties have referenced and suggested that certain communities are comparable to St. Clair County for the purposes of this arbitration.

According to the record, and specifically the information in the 2008 Comprehensive Annual Financial Report, which is Union Exhibit 1, St. Clair County was established in 1820, is located in southeastern Michigan and covers approximately 700 square miles. Its eastern border is Canada and it has shoreline on Lake Huron, the St. Clair River and Lake St. Clair. There is an international airport, two international bridges and two international ferry services connecting St. Clair County with Canada.

The County's 2009 taxable value amounted to $6,568,636,365. In 2008 the estimated census was 168,894. The county seat is Port Huron and the County is comprised of nine villages and cities and 23 townships.

The County is governed by a seven-member Board of Commissioners elected on a district basis for two-year terms. The Board of Commissioners appoint an administrator/controller who at this time is Chief Executive Shaun Groden.

The Chairperson of the arbitration panel was also the chairperson of an arbitration panel involved with an Act 312 arbitration between these parties in 2000. Those Findings of Fact, Opinion and Orders are an exhibit in the current dispute. It is noted that there was an extensive analysis of what communities should be considered comparable to St. Clair County for the purposes of that arbitration. While certainly circumstances may have changed, it is interesting to note that back in 2000 the counties of Saginaw, Livingston, Jackson and Monroe were considered comparable to the County of St. Clair. It is noted that in the current arbitration both parties have relied on the counties of Saginaw, Livingston, Jackson and Monroe. Thus, there will be little analysis of the factors establishing that the aforesaid counties are comparable to the County of St. Clair for the purposes of this arbitration.

The Employer has also suggested that Lenawee County should be considered a comparable. In its exhibit and testimony it emphasizes that Lenawee County is within a range of 50% to 150% in the areas of 2009 taxable value and 2008 estimate census to those figures in St. Clair County. That's the standard the Employer utilized to determine that Lenawee was comparable to St. Clair County. The Union takes issue with the Employer's characterization.

The available data shows that Lenawee has a 2009 taxable value which is slightly more than half of the taxable value of St. Clair County. In addition, its population is approximately 68,000 less than St. Clair County.

In its mix the Union has added the cities of Port Huron and Marysville, as well as Bay and Lapeer Counties. Lapeer County has a 2009 taxable value which is actually less than Lenawee and amounts to about 3.1 billion dollars. Its population is also less than Lenawee and about 78,000 less than St. Clair County. The available evidence suggests that Bay County's population is substantially less than that in St. Clair County and its taxable value is less than half of St. Clair County.

It is noted that Port Huron and Marysville are cities and hence their political and financial structures would be different than St. Clair County. They are indeed located within St. Clair County, but there are other characteristics which suggest that they should not be considered comparable in the same sense that the counties of Saginaw, Livingston, Jackson and Monroe are considered comparable to St. Clair County.

What the evidence establishes is that the counties of Livingston, Jackson and Monroe should be considered comparable to St. Clair County for the purposes of this arbitration. The counties of Lenawee, Bay and Lapeer do not reach the level of comparability existing in the four primary counties previously referenced. Thus, those counties along with the cities of Port Huron and Marysville, while not entirely irrelevant, have limited

comparability. The primary external comparables to be utilized in this dispute are the counties of Saginaw, Livingston, Jackson and Monroe.

ABILITY TO PAY

Another of the Section 9 factors concern the interest and welfare of the public and the financial ability of the unit of government to meet those costs. This factor is often referred to as the Employer's ability to pay and historically has been the recipient of significant amounts of evidence and argument.

Given the economic climate in the nation, and specifically in Michigan, it is understandable that the parties would spend a considerable amount of time and energy focusing on this Section 9 factor. While there is nothing in the statute suggesting that ability to pay is any greater a consideration than any of the other Section 9 factors, it is an important consideration in determining which Last Offer of Settlement should be adopted by the panel.

There is a significant amount of detailed evidence and testimony contained in the record regarding this Section 9 factor. All of it was carefully considered and analyzed. Thus, if there are items which are not mentioned, and there will be many, it does not mean they were ignored. That's not the case at all.

The December 31, 2008 Comprehensive Annual Financial Report, known hereafter as the CAFR, shows that in the area of governmental activities 56.59% of revenue is generated by property taxes. Unrestricted grants and contributions amount to .47%, investment income 2.31%, operating grants and contributions 20.09%, capital

grants and contributions 1.13% and charges for services amount to 19.41%. It is noted that the documentation shows that the general fund 2010 revenue budget displays 55.43% of revenue being derived from taxes. It is recognized that residential properties comprise 63% of taxable value.

The documentation shows that SEV in 2001 was $5,792,757,622. In that year the taxable value was $4,816,286,422. Those figures climbed reliably until 2008. In 2008 the SEV in the county was $8,492,274,582. The taxable value was $6,608,675,955. In 2009 the SEV had fallen to $8,003,885,537 while the taxable value had fallen to $6,567,640,270. In 2010 the County's SEV fell to $6,470,345,856. The taxable value had fallen $5,893,346,692. By anyone's yardstick those are substantial declines. The evidence does establish that prior to approximately 2008 there was an average yearly increase in SEV of almost 10%. However, things changed.

In analyzing taxable value it is noted that from 2008 to 2009 there was a .61% drop in taxable value. From 2009 to 2010 that drop was 10.28%. It is anticipated that from 2010 to 2011 there will be another 10% drop in taxable value. In analyzing this data the impact of Proposal A cannot be ignored. Proposal A limits the increase of taxable value to the rate of inflation or 5%, whichever is less. The practical implication is that while taxable value may decline at a near vertical roller coaster rate, it can only climb within the parameters established by Proposal A. The most that it could increase would be 5% per year.

The 2010 equalization report shows, inter alia, that the state equalized valuation for St. Clair County decreased by 19.17% from year 2009 when it was $8,003,886,237, to year 2010 when it was $6,470,334,856.

An examination of the County's evidence regarding projection of taxable value, and keeping in mind that these are indeed projections, it is apparent that in its view it will be 2026 before taxable value returns to the amount existing in 2009.

There is also documentation based on current model forecast which was created on February 3, 2010. It indicates that under the current forecast there would be about a 3.5 million dollar deficit in 2011. That deficit would progress to about 5.7 million dollars in 2012 or 2.2 million dollars if the 2011 budget were balanced. Under the current forecast the 2013 deficit would be 10.1 million dollars. If the budget were balanced in 2011, there would still be a 6.6 million dollar deficit in 2013, and if the 2012 budget were balanced, there would still be a 4.4 million dollar deficit. The last year for which the model forecast was available shows that under the current forecast there would be a deficit of about 12.6 million dollars. If the budget were balanced in 2011 the deficit would be 9.2 million dollars, and if it were balanced in 2012 the 2014 deficit would be about 6.9 million dollars. If the budget were also balanced in 2013, then the 2014 deficit is projected to be 2.5 million dollars. Of course, it must be kept in mind that we are dealing with projections which are subject to the influence of a number of factors.

The evidence reflects that the 2010 staffing changes included a reduction of 24 full-time equivalents and 12 part-time equivalents.

However, the data isn't all doom and gloom. For instance, the 2008 CAFR references manufacturing growth related to the Daimler Chrysler Corporation's new plant in St. Clair Township, as well as the Keihin Corporation plant in the Village of Capac and the Energy Components Group announcement regarding opening an alternative energy plant in the City of St. Clair. All three of those ventures should supply over 600 new jobs. The testimony and documents establish that for some time the County has been able to sustain a general fund balance in excess of 10%. According to the CAFR, that amounted to $8,471,491 at the end of 2008. Apparently this is $324,320 more than the previous calendar year.

The Union has also keyed in on the statement contained in the CAFR that indicated as of December 31, 2008, the County's governmental funds reported combined ending fund balances of about $40,000. This was about $10,000 less than the prior year, but it was noted that most of the fund balance, $37,716,390, was unreserved. There was a statement that it was available for spending at the County's discretion. Further testimony suggested that when all the appropriate factors and commitments for the funds were considered, those funds were essentially not available as suggested by the Union.

In summary, it is clear that while there may be a few bright spots, the economic landscape for the County is going to present

some serious challenges for the next several years. While certainly some of the challenges are based on projections and are far from certain, there is no doubt that valid concerns remain. Nevertheless, and after carefully considering this Section 9 factor, the evidence establishes that the resolutions the panel has adopted in regards to the outstanding issues are clearly in keeping with an analysis and weighing of this Section 9 factor.

WAGES

While the classification of Communications Officer is listed in the Collective Bargaining Agreement and in the Union's Last Offer of Settlement, it is noted that that classification is not included in this award because that classification is not subject to the provisions of Act 312 of 1969, as amended.

While it was agreed that each year of the Collective Bargaining Agreement would be considered a separate issue for the purpose of determining wage rates, given how the Last Offers of Settlement are constructed, it would be appropriate to consider and analyze all years of the Collective Bargaining Agreement in determining which Last Offers of Settlement should be accepted.

It is noted that there is no dispute regarding the contract year beginning July 1, 2007 and July 1, 2008. Both parties have offered a 2% increase across the board effective July 1, 2007 and 2% increase across the board effective July 1, 2008.

However, for July 1, 2009 the Employer is offering a zero percent increase, while the Union is seeking a 2% increase across the board. The Employer's Last Offer of Settlement effective July

1, 2010 is wage reopener which is also its Last Offer of Settlement for July 1, 2011. The Union's position is a 2% wage increase in each of the final two years of the Collective Bargaining Agreement.

Given the parties' identical Last Offers for each of the first two years of the agreement, on June 30, 2009 a five-year deputy would be earning an annual salary of $57, 567. A detective would be receiving $61,210. Since the Employer's Last Offer of Settlement for July 1, 2009 is a zero increase, the former figures would continue. The Union's position is that effective July 1, 2009 a Deputy should receive a 2% increase for a five-year salary rate of $58,719, while a Detective would have a rate of $62,434.

For July 1, 2010 and July 1, 2011 the Employer is offering a wage reopener which means that absent any adjustments through wages or perhaps arbitration, a five-year Deputy would be receiving $57,567, while a five-year Detective would be receiving $61,210.

As indicated, the Union seeks a 2% increase for July 1, 2010 and a 2% increase for July 1, 2011. That would equate with a five-year Deputy receiving $59,893 on July 1, 2010, while a five-year Detective would receive $63,683. Those figures would increase by 2% effective July 1, 2011, so a five-year Deputy would be receiving $61,091, while a five-year Detective would be receiving $64,956.

As a general observation, during the relevant periods it is apparent that perhaps with the exception of Marysville, which is considered just a marginal comparable, a five-year Deputy in St. Clair County has received a wage rate that exceeds the comparable communities. Thus, certainly when compared to the comparable

communities, the highest paid Deputy in St. Clair County is doing very well.

When the data is examined from the viewpoint of purely percentage increases, it is noted that Deputies in St. Clair County received a 2.5% increase on 7/1/05 and a 3.5% increase on 7/1/06. Going forward into the period covered by the new Collective Bargaining Agreement, it is noted that where the data was available, the 2% increase sought by the Union in the last three years of this Collective Bargaining Agreement, on a percentage basis, was exceeded by the increases in Lenawee County, Livingston County, Monroe County and Saginaw County. It is noted where the data is available Bay County Deputies received a 2% increase beginning on 1/1/05 and for each year through 1/1/08. Jackson County Deputies received a 2% increase each year beginning on 1/1/05 and ending 1/1/09. Lapeer County Deputies received a 2% per year increase during the same period.

As a result and as a general observation, the 2% per year sought by the Union for the period in question is comparable to what other communities have provided during at least a portion of the time that the new contract in St. Clair County will be in effect. It is noted that Monroe County Deputies received 3.25% increase on 1/1/05, 3.25% on 1/1/06 and then 3% each year with a final increase of 3% being effect on 1/1/11.

When examining the internal comparables, it is noted that the Road Patrol Command received a 2% increase on 7/1/07, another 2% on 7/1/08, 2% on 7/1/09, and finally, 2% on 7/1/10. That same pattern

exists for the 31st Circuit Court and for the Friend of the Court Supervisors who received an additional 2% on 1/1/11. It certainly is noted that a number of the units, such as Corrections Command, Corrections Juvenile Center Supervisors, etc., as well as the 31st Circuit Court Supervisors and others, had wage reopeners as part of their wage structure. Some, such as the Juvenile Center Supervisors, received no increase on 1/1/09. That was the same for Nurses, Nurse Supervisors and Juvenile Counselors.

The Employer submitted data for fiscal year 2006 comparing the total compensation for a ten-year Deputy in Jackson, Lenawee, Livingston, Monroe and Saginaw Counties with that in St. Clair County. It is noted that according to its data, when utilizing wages, holiday pay, average shift differential, longevity, cleaning allowance and miscellaneous, a ten-year St. Clair County Deputy received about $61,000 in total compensation which was about $6,000 more than the next highest county which is Monroe.

When all of the evidence and arguments are carefully analyzed, the panel concludes that the Union's Last Offers of Settlement must be accepted for each year of the Collective Bargaining Agreement. While the first two years the agreements are not in contention, the evidence does not support a wage freeze and then a reopener in each of the last two years. In essence, a reopener does nothing more than provide the opportunity for more interest arbitrations which do little to develop financial stability for the Employer and members of the bargaining unit. While it is true that the Employer has a challenging financial future, the cost of the increases

ordered herein at least provide notice to the Employer and a certain amount of financial stability. Additionally, while it is true that many of the Employer groups within the County have received wage reopeners and zero increases in at least one year of the data related to each, it is noted that those units very closely associated with the current unit, that is, the Road Patrol Command, have received consistent 2% per year increases, as outlined above. The same 2% per year has been afforded Court Bailiffs and Friend of the Court Supervisors. Finally, there are other awards contained in this compilation of Findings of Fact, Opinion and Orders which must be considered in resolving the wage issues.

AWARD

The Union's Last Offers of Settlement regarding Wages shall be accepted for each of the contract years in contention.

1-6-11
Mario Chiesa, Chairperson

1st Dissent
Employer Delegate

Union Delegate

RETROACTIVITY

The Employer's position is that there shall be no retroactivity for any of the wage awards involving the first three years of the Collective Bargaining Agreement. The Union's position is that there shall be retroactivity for the July 1, 2007 award, as well as retroactivity for the July 1, 2008 award.

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AWARD

The Union's Last Offers of Settlement regarding Wages shall be accepted for each of the contract years in contention.

1-6-11
Mario Chiesa, Chairperson

- dissent
Employer Delegate

Union Delegate

RETROACTIVITY

The Employer's position is that there shall be no retroactivity for any of the wage awards involving the first three years of the Collective Bargaining Agreement. The Union's position is that there shall be retroactivity for the July 1, 2007 award, as well as retroactivity for the July 1, 2008 award.

The Employer has made an interesting argument indicating, inter alia, that some of the savings it wished to secure if its cost savings proposals were adopted would not be realized until after the issuance of these awards.

While that's true, it is also true that the bargaining unit members in question have worked the hours and the wage increases agreed to for the first two years of the contract would in essence be a nullity if the Employer's proposals were adopted.

Furthermore, there is no convincing evidence suggesting that the lack of retroactivity of a wage improvement has materialized in any of the prior wage increases to employee groups within the County. There is no convincing evidence that such circumstances have taken place in the exterior comparables.

As a result, the panel orders that the Union's Last Offers of Settlement, in total, be adopted.

AWARD

The panel hereby adopts the Union's Last Offers of Settlement regarding Retroactivity in total.

1-6-11
Mario Chiesa, Chairperson

dissent
Employer Delegate

/s/
Union Delegate

The Employer has made an interesting argument indicating, inter alia, that some of the savings it wished to secure if its cost savings proposals were adopted would not be realized until after the issuance of these awards.

While that's true, it is also true that the bargaining unit members in question have worked the hours and the wage increases agreed to for the first two years of the contract would in essence be a nullity if the Employer's proposals were adopted.

Furthermore, there is no convincing evidence suggesting that the lack of retroactivity of a wage improvement has materialized in any of the prior wage increases to employee groups within the County. There is no convincing evidence that such circumstances have taken place in the exterior comparables.

As a result, the panel orders that the Union's Last Offers of Settlement, in total, be adopted.

AWARD

The panel hereby adopts the Union's Last Offers of Settlement regarding Retroactivity in total.

Mario Chiesa 1-6-11
Mario Chiesa, Chairperson

Employer Delegate

Union Delegate

PRESCRIPTION DRUG RIDER

Currently employees in this bargaining unit have a two-tier prescription plan which requires employees to pay $10 for generic prescription drugs and $20 for brand name prescription drugs. The Employer's Last Offer of Settlement would add a third tier and increase the cost of the first two tiers. The Employer's Last Offer of Settlement provides a deductible of $15 for generic prescription drugs, $30 for brand name prescription drugs and $45 for non-preferred prescription drugs. The Union's Last Offer of Settlement provides a $10 deductible for generic prescription drugs, $20 for brand name prescription drugs and $45 for non-preferred prescription drugs.

As suggested by the Union, some of the testimony offered by the Employer was conflicting and not entirely clear. However, as the hearing went on the testimony became more probative.

The Employer's data suggests that its Last Offer of Settlement would provide an estimated savings over the current plan of about $64,000. Of course, the Employer's proposal, and frankly the Union's, place a higher cost on the individual employee.

Both the Employer's and the Union's data established that Jackson County has three options through a cafeteria plan. They are $10, $20, $40; $15, $25, $40, and $20, $30, $40. The evidence also establishes that Lenawee has a $10/$20 program as does Livingston County. Monroe has a $10, $20, $30 drug program. Saginaw has many varying plans ranging from none to a $10/$20

program. Port Huron has a $10, $25, $40 program and Marysville has a $10/$20 program.

It is pretty clear that there are a variety of drug riders existing in the comparable and somewhat comparable communities. There is no clear majority support for the Employer's position.

However, the internal comparables present a different landscape. Of the 21 comparables listed, all but 8 have the same drug rider as currently proposed by the Employer. When this data is considered in light of the entire record, including financial considerations and the impact of other awards, the panel finds that the Employer's Last Offer of Settlement must be adopted.

AWARD

The panel hereby adopts the Employer's Last Offer of Settlement regarding the Prescription Drug Rider.

1-6-11
Mario Chiesa, Chairperson

Employer Delegate

Union Delegate

VACATION ACCRUAL

When considering this issue it must be recognized that currently members of this bargaining unit are working 12-hour shifts. The prior Collective Bargaining Agreement and the language which will continue in the new contract provides, inter alia, that full-time employees are scheduled for a seven-week period providing

program. Port Huron has a $10, $25, $40 program and Marysville has a $10/$20 program.

It is pretty clear that there are a variety of drug riders existing in the comparable and somewhat comparable communities. There is no clear majority support for the Employer's position.

However, the internal comparables present a different landscape. Of the 21 comparables listed, all but 8 have the same drug rider as currently proposed by the Employer. When this data is considered in light of the entire record, including financial considerations and the impact of other awards, the panel finds that the Employer's Last Offer of Settlement must be adopted.

AWARD

The panel hereby adopts the Employer's Last Offer of Settlement regarding the Prescription Drug Rider.

1-6-11
Mario Chiesa, Chairperson

/s/
Employer Delegate

Union Delegate

VACATION ACCRUAL

When considering this issue it must be recognized that currently members of this bargaining unit are working 12-hour shifts. The prior Collective Bargaining Agreement and the language which will continue in the new contract provides, inter alia, that full-time employees are scheduled for a seven-week period providing

for the approximation of an average of 280 hours of work among full-time employees.

The current vacation accrual schedule reads as follows:

Years of Service	Full Time Employees Hours
1-2	80
3-4	96
5-9	120
10-14	136
15-19	160
20-24	176
25+	200

The Union's Last Offer of Settlement converts the hour provisions of the prior contract to days. It keeps the same years of service scale, but the number of days its Last Offer of Settlement is seeking are 5, 10, 17, 20, 23, 25 and 28, respectively.

The Employer's Last Offer of Settlement preserves the years of service scale and provides vacation by the hours being 40, 80, 128, 148, 172, 188 and 212.

It is noted that adoption of either Last Offer of Settlement would apparently decrease the amount of vacation time for the first category of years of service, while the Employer's would also decrease it for the second category of years of service.

When examining the information available from the comparable communities, it must be kept in mind that the data from Jackson County, Lenawee County and Saginaw County displays total paid time off which would include sick and personal time. If those counties are discounted, the hours received by St. Clair County Deputies is

somewhat comparable, but it must be understood that the data is not uniform.

When it comes from the internal comparables it is clear that currently members of this bargaining unit fall behind the average of vacation accrual received by employees in the approximately 20 categories listed in the data.

When all of the evidence is examined, it is clear that an improvement in this benefit is warranted. The question then becomes whether the Employer or the Union's Last Offer of Settlement should be accepted.

After considering the evidence and arguments and keeping in mind the other awards, the panel concludes that the Employer's Last Offer of Settlement must be adopted. It appears from the analysis that the Union's Last Offer of Settlement makes dramatic changes, and while change is warranted, the Employer's less dramatic change in accrued vacation is more acceptable.

AWARD

The panel hereby adopts the Employer's Last Offer of Settlement regarding Vacation Accrual.

1-6-11
Mario Chiesa, Chairperson

Employer Delegate

Union Delegate

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When it comes from the internal comparables it is clear that currently members of this bargaining unit fall behind the average of vacation accrual received by employees in the approximately 20 categories listed in the data.

When all of the evidence is examined, it is clear that an improvement in this benefit is warranted. The question then becomes whether the Employer or the Union's Last Offer of Settlement should be accepted.

After considering the evidence and arguments and keeping in mind the other awards, the panel concludes that the Employer's Last Offer of Settlement must be adopted. It appears from the analysis that the Union's Last Offer of Settlement makes dramatic changes, and while change is warranted, the Employer's less dramatic change in accrued vacation is more acceptable.

AWARD

The panel hereby adopts the Employer's Last Offer of Settlement regarding Vacation Accrual.

1-6-1
Mario Chiesa, Chairperson

Employer Delegate

Union Delegate

PENSION MULTIPLIER

The current contract provision regarding pension multiplier reads as follows:

> 26.4: A retiring employee shall be entitled to final average compensation multiplied by years of service in accordance with the following schedule:
>
> | Years of Service | Annual Multiplier |
> |---|---|
> | 1 through 10 | 1.75% |
> | 11 through 19 | 2.00% |
> | 20 through 24 | 2.00% |
> | 25 and above | 2.40% |
>
> Upon attaining the twentieth (20) year, the multiplier shall be retroactive to the first year. The multiplier maximum accrual shall not exceed seventy-five (75%).

The Employer's position is status quo. The Union's Last Offer of Settlement provides that at 25 and above years of service the pension multiplier shall increase to 2.5%. There is also a request that the language be changed to limit the maximum accrual for an individual who attained 20 years of service to 70% and then limiting the accrual to individuals hired before January 1, 2007 to 75%.

When the data from the external comparables is explored, it becomes apparent that there is a variety of combinations of multipliers, normal retirement-age of service, employee contribution, FAC, etc. Keying in solely on the multiplier, which in some regards isn't entirely definitive because other aspects of a pension plan may be more favorable and trump the higher multiplier, it is noted that Bay County, Lenawee County, Marysville and Monroe County have 2.5% multipliers. Port Huron and Saginaw

County have a MERS B-4 plan which is a 2.5% multiplier. Lapeer County also has a MERS B-4 plan. It is noted that members of the bargaining unit make a contribution of 5% which is less than Lenawee County where employees make a 7% contribution, equal to Marysville, but more than the remainder.

One could look at the external comparables and conclude that they emphatically support the Union's position. However, the impact of a much higher wage rate received by members of this bargaining unit as contrasted by the wage rate in the comparable communities has an impact on the total amount of pension. The Employer's calculations suggest that both the Employer's proposal, which is status quo, and the Union's proposal, provide pensions which are substantially more than the average of the external comparables or, for that matter, any one external comparable county.

When examining the multiplier in effect for employee groups within St. Clair County, it is apparent that with the exception of Sheriff's Department Supervisors, that is, the Command unit, which has a 2.5% multiplier, the 2.4% multiplier currently in effect for this bargaining unit is equivalent to all the other internal employee groups. Furthermore, it must be kept in mind that some of the external comparables provide for a defined contribution plan for employees hired after a certain date.

When all of the available evidence is examined, the panel is not convinced that the Union's Last Offer of Settlement should be adopted. It is true that the Command unit has a 2.5% multiplier,

but every other employee group within the County has a 2.4% multiplier, as does the members of this bargaining unit under the current contract. Obviously this issue can be revisited in the future and adjustments made as negotiations or arbitration dictate.

AWARD

The panel hereby adopts the Employer's Last Offer of Settlement regarding Pension Multiplier.

1-6-11
Mario Chiesa, Chairperson

Employer Delegate

Union Delegate

DEFINED CONTRIBUTION PENSION PLAN

Currently the deputies in this bargaining unit are covered by a Defined Contribution Pension Plan. The Union's Last Offer of Settlement seeks a continuation of the plan and thus the status quo. The Employer's Last Offer of Settlement seeks to add new language which would require full-time employees hired on or after January 1, 2009 to be covered by a Defined Contribution Plan. Employees hired prior to that date would be continued under the current Defined Benefit Plan.

The data regarding external comparables shows that the counties of Lenawee and Saginaw have a Defined Contribution Plan for new hires. The counties of Jackson, Livingston and Monroe do not.

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AWARD

The panel hereby adopts the Employer's Last Offer of Settlement regarding Pension Multiplier.

1-6-11
Mario Chiesa, Chairperson

Employer Delegate

Union Delegate

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The data regarding external comparables shows that the counties of Lenawee and Saginaw have a Defined Contribution Plan for new hires. The counties of Jackson, Livingston and Monroe do not.

From examining the internal employee groups, it is noted that out of the 21 groups displayed, 12 have a Defined Contribution Plan for new hires.

However, the panel notes that the testimony and documentation establishes that if the Employer's Last Offer of Settlement were adopted, the Employer's contribution cost as a percentage of total employee payroll would be significantly higher if the Defined Benefit Plan were closed and a Defined Contribution Plan was open for new hires. It appears that this circumstance would continue until about 2027. Indeed, continuation of the status quo would actually cost the Employer approximately $1,175,000 less in the next 20 years than would the adoption of its Last Offer of Settlement.

Given the arguments regarding the financial condition of the Employer, it would seem inconsistent to change the status quo to a closed Defined Benefit Plan plus a Defined Contribution Plan for new employees. As indicated, it would cost the Employer more.

Thus, after carefully analyzing the available evidence, the panel orders that the Union's Last Offer of Settlement be adopted. However, it must be realized that depending upon the resolution of other issues, there may be a need for the parties to amend portions of the language in the Collective Bargaining Agreement regarding the Defined Benefit Plan. However, the plan itself, i.e, the status quo, shall continue.

AWARD

The panel hereby adopts the Union's Last Offer of Settlement regarding the Defined Benefit Pension Plan.

1-6-11
Mario Chiesa, Chairperson

Employer Delegate

Union Delegate

SICK USAGE INCENTIVE

The provision in the prior Collective Bargaining Agreement, 33.18, is displayed in the Union's Last Offer of Settlement. Essentially it provided for a $500 bonus for employees who met the criteria established for sick time usage. The language did provide that while it was in effect for the term of the prior Collective Bargaining Agreement, the Employer could, on or after January 1, 2007, remove the benefit at its discretion.

The Union's Last Offer of Settlement seeks the continuation of the sick time bonus and outlines more specific criteria. It also eliminates the Employer's ability to unilaterally discontinue the benefit.

The Employer's Last Offer of Settlement is to eliminate the entire provision from the Collective Bargaining Agreement.

It is to be expected that given the nature of the benefit, there would be very little support in the evidence regarding comparable communities. That proved to be true, and the Union's

AWARD

The panel hereby adopts the Union's Last Offer of Settlement regarding the Defined Benefit Pension Plan.

1-6-11
Mario Chiesa, Chairperson

Employer Delegate

Union Delegate

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evidence suggests that only Bay County and Monroe County provide any type of incentive.

The internal comparables indicates that only the Sheriff's Department Supervisors and Corrections Officers have such an incentive.

Nevertheless, it is clear that the benefit existed under the prior Collective Bargaining Agreement until the Employer, pursuant to the language, terminated it on January 1, 2007. The benefit is rather unique, but does have the potential of saving the Employer some expense by lessening the need to cover employees who are out sick and does provide the members of the bargaining unit with an incentive to minimize sick time. Furthermore, given the impact of the other awards, which have placed greater financial burden on the employee, the panel concludes that when the entire record is carefully analyzed, the Union's Last Offer of Settlement should be adopted.

AWARD

The panel hereby adopts the Union's Last Offer of Settlement regarding Sick Usage Incentive.

Mario Chiesa, Chairperson 1-6-11

Employer Delegate

Union Delegate

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AWARD

The panel hereby adopts the Union's Last Offer of Settlement regarding Sick Usage Incentive.

Mario Chiesa, Chairperson 1-6-11

Employer Delegate /s/ dissent

Union Delegate

SICK DAYS AND DISABILITY

Paragraph 33.1 of the prior Collective Bargaining Agreement reads as follows:

> 33.1: Full time regular employees shall be credited with one (1) sick day upon each monthly anniversary to be used for the purposes provided by these policies. Employees that are scheduled to work twelve (12) hour shifts shall be credited with twelve (12) hours each month. Employees scheduled to work eight (8) hour shifts shall be credited with eight (8) hours each month. Any sick day use other than provided by this Agreement shall be considered a misuse and an abuse.

As can be seen from the current provision, one sick day is considered eight hours for employees scheduled to work eight-hour shifts and twelve hours for employees who are scheduled to work twelve-hour shifts.

The Employer seeks to amend the language and thus, if adopted, its Last Offer of Settlement would define one sick day as eight hours. The Union's position, and hence Last Offer of Settlement, is to maintain the status quo.

The evidence regarding the comparable communities provides little support for either changing or continuing the language in question. It seems that this benefit is somewhat unique to members of this bargaining unit when compared to external comparables. Thus, the fact that it may not be a common provision in the Collective Bargaining Agreements in the comparable communities does not mean that it should be easily discarded.

There were a number of internal public safety comparisons supplied by the Employer which more specifically address the twelve-hour, eight-hour per month allocation of sick leave. For

instance, Corrections Officers currently accrue sick time at eight hours per month. In the prior contract it was twelve hours per month for twelve-hour shifts, and eight hours per month for eight-hour shifts. Corrections Command Officers have the same benefit.

Communication Officers have the same formula for sick time accrual as does the Sheriff's Department Supervisors and the Deputies in this bargaining unit.

After carefully considering the record evidence, the panel is convinced that the status quo should continue. There is no persuasive evidence establishing that the Employer's Last Offer of Settlement should be adopted.

AWARD

The panel hereby adopts the Union's Last Offer of Settlement regarding Sick Days and Disability.

1-6-11
Mario Chiesa, Chairperson

dissent
Employer Delegate

Union Delegate

EMPLOYEE CONTRIBUTION TO HEALTH CARE

As the Employer has framed this issue, it concerns employees' contributions to premium costs.

The current language is contained in Article XXXI which is displayed in the Union's Last Offer of Settlement. That is the entire health care, life and dental insurance provision. It includes many aspects of health care coverage and references

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After carefully considering the record evidence, the panel is convinced that the status quo should continue. There is no persuasive evidence establishing that the Employer's Last Offer of Settlement should be adopted.

AWARD

The panel hereby adopts the Union's Last Offer of Settlement regarding Sick Days and Disability.

1-6-11
Mario Chiesa, Chairperson

/S/ Dissent
Employer Delegate

Union Delegate

EMPLOYEE CONTRIBUTION TO HEALTH CARE

As the Employer has framed this issue, it concerns employees' contributions to premium costs.

The current language is contained in Article XXXI which is displayed in the Union's Last Offer of Settlement. That is the entire health care, life and dental insurance provision. It includes many aspects of health care coverage and references

deductibles and co-pays. There is no language which specifically requires employees to contribute to premium cost as sought by the Employer.

The Employer's Last Offer of Settlement would require a single subscriber to pay $416 per year; a two person subscriber $832 per year; and a full family subscriber $1,092 per year. Those amounts are based on current premium levels. There is also a provision for increase of contributions depending upon the increase in premiums. The panel construes the Employer's Last Offer of Settlement as adding paragraph F to the current language and makes no other changes in the provision beyond what is specifically referenced in the premium sharing and the formula for increasing the amount of employee contribution.

To begin with, it is noted that the Union's Last Offer of Settlement is a very comprehensive change that impacts many aspects of the health care insurance provision. The panel realizes that the Union has taken the position that it is the same coverage that the Command unit enjoys, but be that as it may, the panel is not convinced that's enough evidence to carry the issue.

Essentially the panel is presented with a choice between the Employer's Last Offer of Settlement which is interpreted to be strictly limited to establishing a co-premium responsibility, and the Union's position which essentially changes many, if not all, of the aspects of the health care provision.

While the annual employee contribution varies in amount and character, there are a number of comparable communities that

require employee contributions to health care costs. These can be in the form of buy-ups to different plans, differences based upon date of hire, etc. In general, requiring employees to participate in the cost of health care is a very common reality.

The evidence regarding internal employee units unquestionably supports the Employer's position that an annual employee contribution, in the amounts and under the circumstances outlined in its Last Offer of Settlement, should be adopted.

In summary and when given the mandate to choose between one or the other Last Offer of Settlement, the panel is convinced that the Employer's Last Offer of Settlement has more support in the record than does the Union. Thus, it must be adopted.

AWARD

The panel hereby adopts the Employer's Last Offer of Settlement regarding Employee Contribution to Health Care.

1-6-11
Mario Chiesa, Chairperson

Employer Delegate

Union Delegate

RETIREE HEALTH CARE

The current Collective Bargaining Agreement provides, in Article XXVI, specifically 26.5, that employees in the bargaining unit who have 20 years of service credit when they retire, are

require employee contributions to health care costs. These can be in the form of buy-ups to different plans, differences based upon date of hire, etc. In general, requiring employees to participate in the cost of health care is a very common reality.

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In summary and when given the mandate to choose between one or the other Last Offer of Settlement, the panel is convinced that the Employer's Last Offer of Settlement has more support in the record than does the Union. Thus, it must be adopted.

AWARD

The panel hereby adopts the Employer's Last Offer of Settlement regarding Employee Contribution to Health Care.

Mario Chiesa, Chairperson

Employer Delegate

Union Delegate

RETIREE HEALTH CARE

The current Collective Bargaining Agreement provides, in Article XXVI, specifically 26.5, that employees in the bargaining unit who have 20 years of service credit when they retire, are

eligible for health care coverage participation. The cost of the health care plan will be borne by the retirement plan.

As can be seen from the Employer's Last Offer of Settlement, the Employer proposes an extensive alteration of the health care provisions. The entire proposal is attached hereto. The Union's Last Offer of Settlement is to maintain the status quo.

The Employer's proposal is driven by the data in the Gabriel Roeder Smith Actuarial Evaluation Of The Retiree Health Benefits dated December 31, 2008. That evaluation shows, inter alia, that the beginning of 2007 the unfunded actuarial accrued liability amounted to $154,792,821. At the end of 2007, and hence the beginning of 2008, the unfunded actuarial liability amounted to $175,367,666. As of December 31, 2008 the unfunded actuarial accrued liability amounted to $176,292,166. Of course, this liability is not generated by this bargaining unit alone.

The Employer's proposal contains a provision indicating that employees hired after the date the agreement becomes effective, pursuant to the Act 312 awards, will not receive retiree health care. However, there are other provisions and if those employees meet the years of service requirements, they can purchase retiree health care from the County by paying the required premiums. For employees hired prior to the date of the agreement, there are alternatives for those who agree to retire before June 30, 2012, those who decide to opt out of retiree health care, etc. As has been indicated, the details are in the Employer's Last Offer of Settlement.

The data from the external comparables suggest that many do not require contributions to retiree health care, at least two don't provide retiree health care, and some require a percentage of base wage contribution.

The data regarding the internal employee groups shows that active employee contribution towards retiree health care is almost, not quite, but almost, unanimous. There may be some slight differences between the various programs, but apparently St. Clair County employees have realized the dilemma that the Employer finds itself in and have responded.

The evidence convinces the panel that the Employer's Last Offer of Settlement must be adopted. The status quo is no longer acceptable. It is noted that adoption of the Employer's Last Offer of Settlement may require the parties to amend language in various provisions of the Collective Bargaining Agreement. The panel is confident the parties can do so.

AWARD

The panel hereby adopts the Employer's Last Offer of Settlement regarding Retiree Health Care.

1-6-4
Mario Chiesa, Chairperson

Employer Delegate

Union Delegate

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AWARD

The panel hereby adopts the Employer's Last Offer of Settlement regarding Retiree Health Care.

1-6-11
Mario Chiesa, Chairperson

1/5/11
Employer Delegate

Union Delegate

MISCELLANEOUS

The panel recognizes that the total Collective Bargaining Agreement which will exist between the parties for the period in question is comprised of prior contract language that has not been modified or omitted by the parties, plus all tentative agreements, plus the resolutions contained in these Findings, Opinion and Orders.

1-6-11

Mario Chiesa, Chairperson

Employer Delegate

Union Delegate

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1-6-11

Mario Chiesa, Chairperson

Employer Delegate

Union Delegate