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MICHIGAN EMPLOYMENT RELATIONS COMMISSION

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IN THE MATTER OF ACT 312 LABOR ARBITRATION BETWEEN:

City of Ann Arbor,

MERC Case No. L09 C-1011

Employer,

-and-

Police Officers Association of Michigan,

Neutral Arbitrator:

Barry R. Smith

Union.

**FINDINGS, OPINION AND AWARD**

ARBITRATION PANEL:

CHAIRPERSON: Barry R. Smith

EMPLOYER DELEGATE: Greg Bazick

UNION DELEGATE: James Tignanelli

APPEARANCES:

FOR THE EMPLOYER: Nancy L. Niemela

FOR THE UNION: William Birdseye

**INTRODUCTION**

~~The original Petition for Binding Arbitration was filed by the Employer on July 2, 2010.~~

I was notified of my appointment as Chairman and impartial Chairperson by a correspondence dated January 26, 2011 as amended on March 8, 2011. It is noted that both parties waived all of the time limits contained in the statute and the regulations:

The parties scheduled a series of hearing dates and exchanged exhibits and witness lists in advance of the first hearing date. Formal hearings were held before the hearing panel on July 11, 2011, August 3, 2011 and a final meeting on September 1, 2011.

**AWARD**

As a result of extensive efforts by the parties, they ultimately reached a compromise which both requested be considered by the panel and if the panel found the compromise provisions to be appropriate, to adopt the compromise provisions and issue it as the Award in this dispute.

The compromise reads as follows:

CITY OF ANN ARBOR

-and-

POLICE OFFICERS ASSOCIATION OF MICHIGAN

AGREE TO THE FOLLOWING PROVISIONS

IN CASE NO. L09-C1011

1. **CONTRACT TERM:** July 1, 2009 – June 30, 2013.
2. **ICMA MATCH:** City's \$20.00 per pay match into employee's 457 plan will be discontinued effective January 1, 2012. Employees remain free to contribute to the 457 plan through payroll deduction to the limits set by the IRS code.
3. **\$500 LONGEVITY:** City will continue to pay employees a \$500 per year longevity payment in accordance with the terms of the expired contract. (Status Quo.)
4. **EQUIPMENT ALLOWANCE:** City will continue to pay an annual \$250 equipment allowance to eligible employees in accordance with the terms of the expired contract. (Status Quo.)
5. **COMPENSATORY TIME:** Employees will have the option of receiving compensatory time rather than overtime for hours worked on City designated holidays. To be effective January 1, 2012.

6. **PENSION FINAL AVERAGE COMPENSATION:** Employees will not have banked time (compensatory, vacation, or sick) rolled over into the FAC calculation at retirement. (Status Quo.)
7. **PENSION ORDINANCE CHANGES:** The pension ordinance will be amended to include provisions related to the Federal HELPS act and to provide for a “pop-up” benefit for eligible “other qualified adults.” To be effective January 1, 2012, or as soon as possible thereafter.
8. **PENSION CONTRIBUTION:** Effective January 1, 2012, employee’s pension contribution will increase from 5% to 6% of pay on a pre-tax basis.
9. **WAGES:** No across the board wage increase during term of contract. Step increases which were discontinued in accordance with Act 54 will resume effective the date of the issuance of the Act 312 decision (no retroactive step increases).
10. **HEALTHCARE:** Current health care plan through December 31, 2011. Current health care deductions being taken in accordance with Act 54 will be discontinued effective the date of issuance of the Act 312 decision. Effective January 1, 2012, through June 30, 2013, employees will be offered three options for health care contribution on a January 1 – December 31 plan year (all three plans provide the same health care benefits):
  - a. “Low Plan”: [for in-network costs]: No monthly premium, \$1000 deductible (single), \$2,000 deductible (family); 20% co-insurance up to out of pocket annual maximum of \$2400 (single) or \$4800 (family), \$15 office visit co-pay, \$15.00 urgent care co-pay; \$50 emergency room co-pay; unlimited preventative care, \$20 co-pay on generic prescription drugs and \$40 co-pay on name brand prescription drugs; mandatory mail order on maintenance drugs with 2 co-pays for 90 supply.
  - b. “High Plan”: [for in-network costs]: 10% monthly premium with levels for employee, employee plus one, employee plus two, employee plus three and employee plus 4 or more, \$300 deductible (single), \$600 deductible (family); 20% co-insurance up to out of pocket annual maximum of \$1200 (single) or \$2500 (family), \$10 office visit co-pay, \$10.00 urgent care co-pay; \$50 emergency room co-pay; unlimited preventative care, \$10 co-pay on generic prescription drugs and \$30 co-pay on name brand prescription drugs; mandatory mail order on maintenance drugs with 2 co-pays for 90 supply.
  - c. “20% Premium”: [for in-network costs]: 20% monthly premium with levels for employee, employee plus one, employee plus two, employee plus three and employee plus 4 or more, \$300 deductible (single), \$600 deductible (family); no co-insurance, \$15 office visit co-pay, \$15.00 urgent care co-pay; \$50 emergency room co-pay; unlimited preventative care, \$10 co-pay on generic prescription drugs and \$30 co-pay on name brand prescription drugs; mandatory mail order on maintenance drugs with 2 co-pays for 90 supply.

11. **HEALTH REIMBURSEMENT ACCOUNT:** Active employees will receive a one time, \$500 contribution to their HRA's, effective January 1, 2012.
12. **NEW HIRE RETIREE PLAN:** Effective for all new employees hired on or after January 1, 2012:
  - Vesting in pension plan will be 10 years;
  - Final average compensation at retirement will be calculated using the highest 5 years of the last 10 years of employment; and
  - Employees will receive an annual contribution into a Retirement Health Reimbursement Account at the end of each year of employment. For the term of this contract, the deposit amount will be \$2500 per year. This account can be used at the time of retirement for health care expenses or to purchase (at the retiree's full cost) access to the City's health care plan in effect at that time. Retirees who were hired on or after January 1, 2012, will not receive health care at the City's cost in retirement.

After carefully considering the compromise reached by the parties and other available information, the panel has concluded that the compromise should and is hereby adopted as the Award in this dispute.

**AWARD**

The panel orders that the above statement be and is hereby adopted as the Award in this dispute.

Dated: September 13, 2011

  
Barry R. Smith, Chairperson

Dated: \_\_\_\_\_

\_\_\_\_\_  
Greg Bazick, Employer Delegate

Dated: \_\_\_\_\_

\_\_\_\_\_  
James Tignanelli, Union Delegate

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Dated: SEPTEMBER 13, 2011

  
Barry R. Smith, Chairperson

Dated: SEPTEMBER 14, 2011

  
Greg Bazick, Employer Delegate

Dated: \_\_\_\_\_

\_\_\_\_\_  
James Tignanelli, Union Delegate

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Barry R. Smith, Chairperson

Dated: \_\_\_\_\_

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Greg Bazick, Employer Delegate

Dated: Sept 15, 2011

  
James Tignanelli, Union Delegate