



ALSO TESTIFYING:

Nancy Ciccone, Labor Research  
Analyst POLC

Amy Sullivan, Consultant for  
Bloomfield Hills

Mark Manquen, Cornerstone  
Group Healthcare Benefit  
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Scott Wilson, Lt.  
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PROCEEDINGS

The authority for this compulsory arbitration is found in Public Act 312 of 1969, as amended.

The Petition for Act 312 arbitration is dated December 20, 2007, and was submitted by Richard R. Weiler, Director of Labor Relations for the Police Officers Labor Council. I, the impartial arbitrator and chairperson of the arbitration panel, was notified of my appointment on February 1, 2008.

It is noted that both parties waived all the time limits in the statute and the regulations. A pre-arbitration conference was conducted on April 2, 2008, with a conference summary issued by me on April 14, 2008.

The hearing commenced and was concluded on September 19, 2008. Last Offers of Settlement were submitted to me and exchanged between the parties on October 17, 2008. Briefs were submitted to me and exchanged between the parties on December 30, 2008. An executive session was held at the POLC facilities on February 27, 2009. These Findings, Opinion and Orders are issued as soon as practicable after a complete and thorough analysis of the record.

## ISSUES

There are seven issues to be resolved. They include: Rank Differential Sergeant, Rank Differential Lieutenant, Health Insurance Plan, Healthcare Contribution, Right to Change Life and Disability Carriers, 96-Hour Vacation Bank, and Duration of the Collective Bargaining Agreement. The parties agree that all of the issues are economic, with the exception of the cancellation language under Employer Issue #3 which involves the Health Insurance Plan. That portion, and only that portion, is considered a non-economic issue.

The parties' Last Offers of Settlement, as well as prior contract language, are attached as Exhibit 1.

It is noted that the Union's Last Offer of Settlement was to accept the Employer's proposal for the 96-Hour Vacation Bank. As a result, that issue has been resolved, and thus, there are six remaining issues.

## DECISION-MAKING CRITERIA

The basis for an arbitration panel's Findings, Opinion and Orders are factors, as applicable, contained in Section 9 of Act 312 of 1969, as amended, being MCL 423.239. That section of the Act reads as follows:

**"423.239 Findings and orders; factors considered.**

"Sec. 9. Where there is no agreement between the parties, or where there is an agreement but the parties have begun negotiations or discussions looking to a new agreement or amendment of the existing agreement, and wage rates or other conditions of employment under the proposed new or amended agreement are in dispute, the arbitration

panel shall base its findings, opinion and orders upon the following factors, as applicable:

- (a) The lawful authority of the employer.
- (b) Stipulations of the parties.
- (c) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.
- (d) 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."

As indicated in the statute and relevant court decisions, the panel's Findings, Opinion and Orders must be based upon the

factors, as applicable, outlined above. A majority decision of the panel is binding if it is supported by competent, material and substantial evidence of the entire record. The issues previously identified must be resolved on the basis of the factors outlined in Section 9, as well as other guidance provided in the statute, such as, but not limited to, the references in Sections 8 and 10.

#### COMPARABLES

One of the specifically referenced factors an arbitration panel must consider in arriving at its Findings, Opinion and Orders is a 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 in public employment in comparable communities.

The employees involved in this dispute are the Command Officers of the Public Safety Department. At the time the Petition was filed and at the arbitration there were seven Command Officers. The Command Officers work the same platoon system as the Public Safety Officers, which has been characterized as a traditional Firefighter's schedule. That generally encompasses 24 hours on, 24 off, 24 on, 24 off, 24 on, and 4 days off. There are generally seven officers assigned to each platoon. Generally there is a Sergeant, Lieutenant and five Public Safety Officers. Of the seven members assigned to Platoon 1, either a Sergeant or PSO, is assigned to the midnight shift. So there are six members on a 24-hour schedule and one member is on the midnight shift.

Much to their credit, the parties stipulated to a list of communities which the panel should consider comparable for the purposes of this arbitration. Those communities are: Berkley, Beverly Hills, Farmington, Fraser, Grosse Pointe, Grosse Pointe Park, Grosse Point Farms, Grosse Pointe Shores, and Grosse Pointe Woods.

BLOOMFIELD HILLS - PERTINENT CHARACTERISTICS  
AND ABILITY TO PAY

The City of Bloomfield Hills occupies five square miles in Oakland County, Michigan. Its population is approximately 3,700 and it is almost entirely surrounded by Bloomfield Township.

It has a total taxable value of about \$872,560,780; \$735,806,360 or 84.3% of that value is comprised of residential. The remaining \$136,754,420 or 15.7% is commercial. It is noted that the figure contained in the 2008 Equalization Report lists a 2008 taxable value of \$897,045,090.

At the time of the arbitration there were 43 City employees, 28 of whom were employed by the Public Safety Department. The Department was in the process of hiring two additional employees. Except for the Director of Public Safety, 27 other employees are represented by three different bargaining units. The Dispatch Unit is represented by the Police Officers Association of Michigan, and at the time of the hearing, there were four Dispatchers. There were 16 Public Safety Officers who were represented by the Police Officers Labor Council. The bargaining unit involved in this arbitration, the Command Unit, as I expressed above, is comprised

of three Sergeants and four Lieutenants, and is represented by the Police Officers Labor Council.

While the City hasn't pled poverty, the panel is nonetheless statutorily required to consider the "financial ability of the unit of government to meet those costs." Ability to pay is one of the fundamental considerations involved in interest arbitration.

The data shows that the general fund balance, as of June 30, 2005, was about \$2,951,000. As of June 30, 2007, that amount had increased to \$4,377,000. However, there is additional data which points to serious economic concerns which have arisen and will continue to influence the City's ability to pay over the next few years.

Given that the majority of the City's revenues are mostly derived from residential real estate taxes, the decline in home value will have a direct impact on the City's income.

While there was an increase in taxable values from about \$890,000,000 in 2007 to about \$897,000,000 in 2008, that very slight .8% increase will not be duplicated in the future, and indeed, taxable value appears to be declining.

The data suggests that in 2009 there will be about an 8% decrease in assessed valuation and about a 3.5% decrease in taxable value. Using the data available on August 30, 2008, those estimates for 2009 increased to 11% decline in SEV and 4.5% decline in taxable value.

It is striking to note that in Oakland County foreclosures of mortgages have increased from one in 597 in 1998 to one in 47 in

2008. When the foreclosure figures are extracted for the City of Bloomfield Hills, the data shows that in 2001 there was one in 459 partials and then an up-and-down pattern until 2008 where the estimate is that there will be one in 63. There was a taxable value increase in 2004 in the amount of 4.11%; 2005 was 4.67%; 2006 was 5.74%; 2007 was 2.90%. The last increase was 2008 with .80%. However, in 2009 there is an estimated 4% to 5% decrease in taxable value. State equalized valuation continued to increase from 2004 through 2006, and then began to decrease with an estimate of 11% decrease in 2009, with residential decreases equaling 13%.

Keeping in mind that the City's fiscal year begins on July 1, the general fund budget for 2006-2007 was \$7,171,673. This increased to \$7,395,404 for 2007-2008, with a projected increase for 2008-2009 to \$7,445,000. It was also projected that for fiscal year 2009-2010 the general fund budget would be reduced by about 4% to a level of \$7,147,296.

The above evidence shows that while the City is far from poverty-stricken, there are indications that in the future there will be significant reductions in revenue. Whatever the case, the panel is confident that the orders it has formulated herein are appropriate and certainly within the City's financial means.

#### DURATION OF CONTRACT

The prior Collective Bargaining Agreement covered a period of July 1, 2006 to June 30, 2007. It was a three-year Collective Bargaining Agreement. The Union is seeking a new Collective Bargaining Agreement which would also have a duration of three



years beginning on July 1, 2007 and remaining in effect until June 30, 2010. The City's proposal is a two-year contract beginning on July 1, 2007 through June 30, 2009.

Essentially the City takes the position that it wishes to coordinate the termination date of all the City labor contracts. In its view it would make it much easier to deal with deteriorating economies, neutral or declining revenues, implementation of Healthcare Plans, and the like, if all contracts terminated on the same date.

The Union's position is essentially that if the new agreement has a duration of two years, the parties would immediately need to start bargaining and perhaps institute Act 312 arbitration. It maintains that the three-year term allows for planning and cost certainty for a longer period of time. It maintains that labor peace is a worthy goal.

The prior Collective Bargaining Agreement was indeed a three-year contract. This says a lot for the realization that the parties wish to enjoy labor peace for a longer period of time. Additionally, there is a substantial benefit to knowing the cost to be incurred in the future which enhances both parties, but especially the City for it will know what its economic obligations are for a longer period of time.

The evidence also establishes that the current Collective Bargaining Agreement between the City and the Public Safety Officers had a term of four years, running from July 1, 2005 through June 30, 2009. Furthermore, it appears that the

Dispatchers and the DPW units had multi-year contracts of at least a three-year term.

The available data suggests that when focusing on the external comparables, the Village of Beverly Hills, City of Farmington, Grosse Pointe Woods, and several other communities, have multi-year contracts.

While the panel is sympathetic to the City's position, it seems that its goals of coordination could be addressed, although perhaps not as completely as it would wish, by appropriate contract language. Nevertheless, the evidence overwhelmingly establishes that an application of the Section 9 standards requires the adoption of the Union's Last Offer of Settlement.

#### AWARD

The Union's Last Offer of Settlement is adopted.

#### HEALTHCARE CONTRIBUTION

Under the prior Collective Bargaining Agreement members of the bargaining unit were not required to contribute at all towards the cost of health insurance coverage. As noted in the City's Last Offer of Settlement, it proposes that each employee contribute \$3.85 for single coverage and \$7.70 for two person or full family coverage on a bi-weekly basis, with the amount to be deducted from the employee's paycheck.

The Union's position is that members of this unit should receive the same benefit as Public Safety Officers, namely, there is no cost sharing during the life of the agreement.

It is noted that the structure of the City's Last Offer of Settlement provides for a contribution of a fixed dollar amount. To state it in another fashion, if the City's proposal is adopted, members of the bargaining unit are well aware of the fixed dollar contribution required under the provision. This contrasts with the request that the premium contribution be based on a percentage. Percentage proposals introduce significant economic insecurity into an employee's financial situation.

Adoption of the Employer's Last Offer of Settlement would require an employee with single person coverage to contribute approximately \$100.10 per year. Employees with double or full family coverage would be required to contribute approximately \$200.20 per year. Certainly in terms of total dollar amount, the contribution, when compared to income and benefits, has a rather insignificant impact on a bargaining unit member's total compensation.

The record establishes that Dispatchers, DPW, which is Teamsters Local 214, and non-union employees, pay the contribution currently sought by the City from members of this bargaining unit. Public Safety Officers do not, but the Employer has related that the proposal will be squarely placed before the PSO unit when bargaining opens.

The data regarding the external comparables shows that there are no employee contributions in Berkley, Fraser, Grosse Pointe, and Grosse Pointe Shores. Beverly Hills requires 1%, I assume it

is 1% of salary, to retiree healthcare and the difference from Blue Care Network HMO to available Community Blue One or Cops Trust. Farmington has a formula which requires an employee to pay the difference between a cap and the actual monthly rate, and also has a procedure for the parties to confer on programs that will not exceed the monthly cap. As pointed out, as of September, 2008, the City Manager temporarily waived collecting the excess costs pending negotiations. Grosse Pointe Farms requires those hired before 7/1/05 to submit a .5% amount of salary to retiree health for Community Blue coverage, while Community Blue Ten required employees hired after that date to submit 1%. Grosse Pointe Park requires 1% to retiree healthcare for two of the options listed, and for the third, a difference in cost for upgraded drug co-pay and 1% to retiree health. Grosse Pointe Woods posts a \$250 annual contribution.

The percentage increase of health insurance premiums for the period 2000-2007 in the Midwest has greatly surpassed the percentage increase of overall inflation. For instance, in the year 2000 the percentage increase in premium cost was 9.2%, while the increase in inflation was 3.1%. For succeeding years the premium increases were 11.8%, 13.5%, 13.8%, 12.5%, 9.1%, 7.1% and, finally in 2007, 6%. The corresponding increases in overall inflation was 3.1% in the year 2000 and in succeeding years 3.3%, 1.6%, 2.2%, 2.3%, 3.5%, 3.5% and 2.6% in the year 2007.

For a period of seven years ending with 2007-2008, the medical RX costs in the City of Bloomfield Hills has increased from

\$328,377 in 2001 to \$521,379 in 2007-2008. A five-year projection beginning with 2007-2008 through 2012-2013, suggests that the \$556,089 of costs in 2007-2008 will balloon to \$794,632 in 2012-2013.

Given the record evidence, the panel is convinced that the City's Last Offer of Settlement should be adopted. The cost to the Command Officers is essentially insignificant and fixed. It is more than well made up for by the total compensation that Command Officers have and will receive.

#### AWARD

The panel adopts the City's Last Offer of Settlement.

#### RIGHT TO CHANGE LIFE AND DISABILITY CARRIERS

Both parties have submitted Last Offers of Settlement which would provide the Employer with the right to change carriers. The difference between the two Last Offers of Settlement is that the Employer's offer requires that the coverage "remains substantially equivalent" and the insurance amounts are to remain identical, while the Union's provision requires coverage to be "equal to or better than current coverage."

It seems that the difference between the two offers is the difference between the terms "substantially equivalent" and "is equal to or better than."

The Union suggests that its Last Offer of Settlement should be adopted because the phrase "substantially equivalent" is too equivocal and subject to interpretation. It maintains the language

it is seeking leaves little doubt of what is required to meet the contractual standard. The City is seeking to use the term "substantially equivalent" because it suggests that it would allow it to consider a variety of other carriers without impacting coverage for its employees. It argues that the Union's wording of "equal to or better" provides much less latitude and thus alternatives.

The panel feels that the reality is that regardless of which standard, i.e., "substantially equivalent" or "equal to or better," is adopted, there is always the possibility there will be disagreements and matters will have to be pursued through the grievance procedure. This is especially so when dealing with the terms of a disability policy. Aspects of a policy may not be equal to or better, while other aspects of the same policy may far exceed what is currently in effect. It is believed that the term "substantially equivalent" adequately protects bargaining unit members, while allowing the Employer more flexibility in trying to reduce costs. Thus, the panel adopts the City's Last Offer of Settlement.

#### AWARD

The panel adopts the City's Last Offer of Settlement.

#### HEALTH INSURANCE PLAN

While each party's position is outlined in their Last Offers of Settlement, it should be noted that Exhibit 2, attached hereto,

is the language from the prior Collective Bargaining Agreement and Exhibit 3 is the language appearing in the 2005-2009 PSO contract.

The language in the PSO contract is relevant because of the current parties' attempt to institute a trial period utilizing essentially the same healthcare provision/insurance system referenced in the PSO contract.

Unfortunately there are some differences between the Last Offers of Settlement which must be illuminated. I say, unfortunately, because they don't address the essential theme of the dispute and yet create differences which must be considered.

The general theme of the health insurance to be provided by either proposal is essentially the same as can be seen from the first few paragraphs of each party's Last Offer of Settlement. There is one change in the first paragraph of the City's Offer, wherein the City suggests it may require employees to use mail order prescriptions for all maintenance drugs.

There is also a difference in the language dealing with an employee who may abuse or misuse the health insurance debit card. The differences are probably irrelevant, but they nevertheless exist.

One of the main differences between the Last Offers of Settlement is that in the City's Offer it has the right to cancel the new BC/BS Healthcare Plan in its sole discretion. In the Union's Last Offer of Settlement, which closely mimics the PSO contract, both the Union and the Employer may cancel the new BC/BS

Healthcare Plan. Another difference concerns the BC/BS Plan which would be reinstated as an option if the trial plan is cancelled. The City's Last Offer describes the plan as one which was in effect "under the prior Labor Contract or its equivalent ...". The Union's Last Offer refers to a fall-back to the BC/BS Plan which was in effect under the 2002-2005 labor contract. Apparently that language applies to the PSO contract and not the Command Officers' contract which had a duration of July 1, 2004 to June 30, 2007.

Moving on in the same paragraph, the City's Last Offer of Settlement contains a reference to the parties' understanding that the labor agreement expires on June 30, 2009. This is clearly in conflict with the prior ruling, and if the Employer's position is adopted, it must be updated.

The Union's language recognizes the labor contract expiring on June 30, 2010, but goes on to state an agreement that the plan will continue until December 31, 2010 in order for the parties to get two full years of experience.

In the City's Last Offer of Settlement the plan would continue until December 31, 2009 in order for the parties to get a full year's experience. Again, it seems that these provisions create conflict where none need exist. If the trial BC/BS Plan is terminated, pursuant to either the Union's or the City's Last Offer of Settlement, the language regarding continuation is surplusage.

There is an additional paragraph in the City's Last Offer of Settlement requiring the premium contribution previously addressed



by the panel. That of course does not appear in the Union's Last Offer of Settlement.

One area which raises concern is the so-called opt-out language. Apparently, and for some unknown reason, the City's Last Offer of Settlement continues with the current contract provision.

The Union's Last Offer of Settlement contains the provision which appears in the PSO contract. It is noted that the Union has made updates throughout its Last Offer of Settlement to reflect a three-year Collective Bargaining Agreement.

As I said, the main thrust of the Last Offers of Settlement is essentially identical. However, the troubling differences I have outlined above do exist.

In relation to which party should have the right to cancel the new BC/BS Healthcare Plan, the panel agrees with the City that given the fact that the PSO is the largest unit, it would make little sense to continue the new Healthcare Plan for the PSO and other units if the Union in this dispute chose to cancel it. Thus, whether the Command Unit continued or cancelled, the Healthcare Plan could control the destiny of the plan in every bargaining unit in the City. The units are small and it would make little sense and be prohibitive to have different plans for five and seven employee units.

The Employer's position regarding which entity has the right to cancel the plan is the most logical. By the same token, it is difficult to understand some of the differences between the PSO Plan, which is the Union's Last Offer of Settlement, and the City's

Last Offer of Settlement, which purports to be the same as the PSO Plan, but yet has different opt-out language.

In the final analysis, the panel concludes that when applying the Article IX criteria, the City's Last Offer of Settlement is more acceptable. It more appropriately deals with the issue of which entity may cancel the trial BC/BS Plan. It also contains provisions which have previously been addressed and adopted by the panel. Furthermore, in essence, it follows the same substantive plan that exists in the PSO unit. The inclusion of mail order prescriptions for all maintenance drugs is not inappropriate. It has the potential of saving some, although not overwhelming, costs.

It is understood that the City's Last Offer of Settlement will be updated to reflect the duration of the Collective Bargaining Agreement. Furthermore, while it is true that the Union's Last Offer of Settlement contains opt-out language taken from the PSO agreement, the fact is that the opt-out language in the City's Last Offer of Settlement is the current provision and apparently the parties have had no disagreement with it, for there is no indication that it was unacceptable. Additionally, this Collective Bargaining Agreement has just about a year left in its term and there will be ample opportunity for the parties to re-negotiate appropriate provisions or fine-tune the so-called trial plan.

#### AWARD

Assuming that the understandings and modifications listed above are enacted, the panel accepts the City's Last Offer of Settlement. It is noted that the portion of the issue which was

declared non-economic is encompassed by adoption of the City's Last Offer of Settlement.

RANK DIFFERENTIAL - SERGEANT AND  
RANK DIFFERENTIAL - LIEUTENANT

While the Rank Differential regarding Sergeants and Rank Differential regarding Lieutenants are two separate issues, for the sake of judicial economy it makes sense to discuss them in one analysis. There is evidence common to both and it is more efficient to deal with both issues at one point. This of course does not mean that one party's Last Offer of Settlement will be accepted for both issues.

Per the prior Collective Bargaining Agreement, Sergeants received a Rank Differential of 7.5% above the PSO's rate. Lieutenants received a salary rate 15% above the PSO's. The City's Last Offer of Settlement would increase both rates by 1.5%. If the City's position were adopted, Sergeants would receive a salary based on a Rank Differential of 9% above PSO rates. Lieutenants would receive a salary based on a Rank Differential of 16.5%. The Union's Last Offer of Settlement would increase both Rank Differentials by 3%. Thus, Sergeants would be paid on the basis of a Rank Differential of 10.5% over the PSO rate, while Lieutenants would be paid on the basis of 18% above the PSO rate.

Preliminarily, it should be understood that the parties' mutual intent, as expressed in paragraph 29 of their prior Collective Bargaining Agreement, is that even though the classification titles are Sergeants and Lieutenants, those titles

were created for the purpose of coordinating with other law enforcement agencies, but for the purpose of compensation comparison, Lieutenants in the City would be compared to Sergeants in other communities and Sergeants in the City would be compared to Corporals in other communities. Neither party has raised an issue with that prior contract language and neither has submitted a Last Offer of Settlement which would alter it.

It must also be recalled that a TA entered into by the parties, and which will become part of this Award, increases a Sergeant's Holiday Pay from \$2,688 to \$3,778 and a Lieutenant's Holiday Pay from \$2,875 to \$4,040, both of which are applied retroactively. Furthermore, the record establishes that even though wage increases for PSOs are "automatically" given to Sergeants and Lieutenants in this unit, it is noted that a 3% increase was enacted in each of three years, i.e., 7/1/2006, 7/1/2007, and 7/1/2008. The Command Officers received that increase.

Examining the percentage wage increases for internal comparables leads to the realization that for three years, beginning 7/1/2006, PSOs, Dispatcher, DPW and Command Officers received 3% increase each year. The relationship between PSOs and Command Officers has been explained. Nonetheless, according to the City's documentation, the wage increase for Command Officers, if its position were adopted, would in reality become 4.5% effective July 1, 2007. If the Union's Last Offer of Settlement is included

in the calculation, it appears the total increase would be 6% on July 1, 2007.

Keeping in mind the definition of the classifications for purposes of comparisons, it is noted that in dealing with base wage history of City Sergeants with the comparable communities, there are only two where data is available. Those are Beverly Hills and Grosse Pointe Woods. It is noted that the data contained in both the Union exhibit and the Employer exhibit, for the period beginning in 2006 through 2010, is identical, with the exception of a dollar difference for the wage in 2008 of a Corporal in Grosse Pointe Woods. Beginning with 2006, the comparable wage rate in Beverly Hills is \$68,961; 2007 - \$70,685; 2008 - \$72,452; and 2009 - \$74,263. There is no wage rate in 2010 for the contract expires on 12/31/09. For Grosse Pointe Woods the wage rate beginning in 2006 is \$64,273; 2007 - \$66,201; 2008 - \$68,187; and 2009 - \$70,233. Given that there are only two comparables supplying data, the average of the two is not quite meaningless, but does offer some guideline. In 2006 the average was \$66,617. Both parties' exhibits show that a Sergeant in Bloomfield Hills was receiving \$63,898. This figure is below either Beverly Hills or Grosse Pointe Woods and is almost \$3,000 below the average. If we move into the contract years involved in this dispute, it is noted that in 2007 the average was \$68,443. The Union's proposal of \$67,651 would be about \$792 below the average. The City's proposal of \$66,733 would be about \$1,710 below the average.

Moving on to 2008, it is noted that the average is \$70,320. The Union's proposal of \$69,681 would be about \$639 under the average, while the Employer's proposal of \$68,735 would be \$1,588 below the average. Since the wage rate for Sergeants in the City of Bloomfield Hills has not been established for 2009, there can be no comparisons.

There is much more data available from the comparable communities regarding the Lieutenant classification in Bloomfield Hills or, if you will, comparison with Sergeants. The Union has supplied base wage history going back to 2004, while the Employer's document goes back to 2006. Nonetheless, in those areas which are common between the two, the data supplied by each party is essentially identical.

In looking at the years of the Collective Bargaining Agreement, which will come about as a result of this arbitration, it is noted that in 2007 the average salary where the data was available, and that is seven comparable communities out of nine, was \$71,821. The Union's proposal would provide a salary of \$72,243, while the City's would provide a salary of \$71,325. The Union's proposed salary would be \$422 above average, while the City's proposed salary would be \$496 below average.

For the year 2008, there again was data from seven of the nine comparable communities. The average salary was \$74,002. The Employer's proposal would provide a salary of \$73,465 which is \$537 under the average. The Union's proposal would provide a salary of \$74,411 which would be \$409 above the average.

If we compare the percentage Rank Differential between a PSO and a Sergeant in Bloomfield Hills with the Corporals in the communities where the data is available, which is only Beverly Hills and Grosse Pointe Woods, it is noted that the average percentage differential during the years in question is 9%. That's what the City is offering in this case. The Union's proposal is 10.5%.

Addressing the percentage of Rank Differential between a Lieutenant in the City and Sergeants in the communities in which data is available, it is noted that the average is 16.3% for 2007; 2008 has an average of 16.5%, and of course it is not available for 2009. Looking at the dispute from purely a percentage view, it is noted that the City's proposal of 6.5% in each year is much closer to the average than the Union's proposal of 18%.

It is also important to keep in mind that the statute, as well as common sense, dictates that total compensation be carefully considered. In this regard there are numerous documents in the record for various contract years comparing total compensation in terms of the constituent items of base wage, education incentive, which of course is only available to those who availed themselves of it, longevity, shift premium, uniform/cleaning, and gun allowance. Other documents compare total compensation on the basis of wage rate, longevity, holiday pay, uniform and cleaning allowance, so-called miscellaneous, pension contribution and active or retiree family healthcare contributions.

One such document provided by the City shows a comparison of net cash for an eight-year Corporal in 2008. As before, the data from comparable communities is limited to Beverly Hills and Grosse Pointe Woods. Using the above formula created by the City, the total net compensation for an eight-year Corporal, which is the average seniority in Bloomfield Hills, would be \$72,088 under its proposal and \$73,230 under the Union's proposal. Those figures compare to \$81,580 of net cash compensation for a Corporal in Beverly Hills and \$68,393 for a comparable position in Grosse Pointe Woods. If we move on to a 10-year Corporal, again in 2008, Beverly Hills provides total net compensation of \$83,029, while Grosse Pointe Woods supplies a total compensation of \$68,693. This compares to the City's position of \$73,463 and the Union's proposal of \$74,624.

The data supplied by the Employer shows that a 20-year Sergeant in the comparable communities, which of course is equal to a Lieutenant in Bloomfield Hills, has an average net cash compensation of \$77,068. This compares to the City's proposal of \$81,394 and the Union's proposal of \$82,592.

It is incumbent upon the panel to examine so-called cost of living which is most commonly determined by an analysis of CPI data. The information supplied by the Union establishes that when utilizing the base period 1982 to 1984 equals 100, and the non-seasonally adjusted U.S. city average of all items, the CPI increased 5.92% from August 2007 to August 2008. When the base period remains the same, the non-seasonally adjusted Midwest urban



areas experienced a percentage increase for the same period of 5.916%. Frankly, either Last Offer of Settlement adequately deals with the CPI increases.

What this record establishes is that given the totality of the evidence, it is difficult to choose between the parties' Last Offers of Settlement for these two issues, i.e., the Sergeants' Differential and Lieutenants' Differential. Difficult, however, doesn't mean that it cannot appropriately be done. In fact, after considering the totality of the record and all of the awards issued herein, along with the TAs, it is concluded that the Union's Last Offer of Settlement for both the Sergeants' and the Lieutenants' Rank Differential issues should be adopted.

Clearly the comparable data, CPI information and other considerations, establish that the Union's Last Offer of Settlement is unquestionably supported by the record evidence.

Additionally, it cannot be forgotten that other awards in these Findings, Opinion and Orders have placed increased, although not burdensome, financial demands on members of the bargaining unit. The Employer has prevailed in securing a very modest premium contribution from members of the bargaining unit. The Employer has prevailed in securing a Healthcare Plan which is currently under trial. This could certainly save the Employer substantial amounts of cost, but there is also a concern that if the plan is terminated, the fall-back positions in the contract may, although admittedly it is unlikely, cause extra financial burden on members of the bargaining unit.

As a result, after thoroughly analyzing this record, the panel concludes that the Union's Last Offer of Settlement for each of the separate issues, i.e., Sergeants' Rank Differential and Lieutenants' Rank Differential, shall be adopted.

AWARD

In relation to the issue of Rank Differential for Sergeants, the panel adopts the Union's Last Offer of Settlement.

In relation to the issue of Rank Differential for Lieutenants, the panel adopts the Union's Last Offer of Settlement.

AWARDS

1. Rank Differential - Sergeants - The panel adopts the Union's Last Offer of Settlement.

Mario Chiesa  
Mario Chiesa, Chairperson  
J. R. Eaton - Dissent  
Employer Delegate  
I. S. Agree  
Union Delegate

2. Rank Differential - Lieutenants - The panel adopts the Union's Last Offer of Settlement.

Mario Chiesa  
Mario Chiesa, Chairperson  
J. R. Eaton - Dissent  
Employer Delegate  
I. S. Agree  
Union Delegate

3. Health Insurance - The panel adopts the Employer's Last Offer of Settlement as specifically referenced in the Opinion.

Mario Chiesa  
Mario Chiesa, Chairperson  
J. R. Eaton - Agree  
Employer Delegate  
I. S. Dissent  
Union Delegate

**AWARDS**

1. Rank Differential - Sergeants - The panel adopts the Union's Last Offer of Settlement.

Mario Chiesa  
Mario Chiesa, Chairperson

/s/ Dissent  
Employer Delegate

Richard A. White  
Union Delegate

2. Rank Differential - Lieutenants - The panel adopts the Union's Last Offer of Settlement.

Mario Chiesa  
Mario Chiesa, Chairperson

/s/ Dissent  
Employer Delegate

Richard A. White  
Union Delegate

3. Health Insurance - The panel adopts the Employer's Last Offer of Settlement as specifically referenced in the Opinion.

Mario Chiesa  
Mario Chiesa, Chairperson

/s/ agree  
Employer Delegate

(Dissent) Richard A. White  
Union Delegate

4. HealthCare Contribution - The panel adopts the Employer's Last Offer of Settlement.

Mario Chiesa  
Mario Chiesa, Chairperson  
J.R. Eaton - Agree  
Employer Delegate  
15/ Dissent  
Union Delegate

5. The Employer's Right to Change Life and Disability Carriers - The panel adopts the Employer's Last Offer of Settlement.

Mario Chiesa  
Mario Chiesa, Chairperson  
J.R. Eaton - Agree  
Employer Delegate  
15/ Dissent  
Union Delegate

6. Duration - The panel adopts the Union's Last Offer of Settlement.

Mario Chiesa  
Mario Chiesa, Chairperson  
J.R. Eaton - Dissent  
Employer Delegate  
15/ agree  
Union Delegate

4. HealthCare Contribution - The panel adopts the Employer's Last Offer of Settlement.

Mario Chiesa  
Mario Chiesa, Chairperson

Isl agree  
Employer Delegate

(Dissent) Richard A. Wilbur  
Union Delegate

5. The Employer's Right to Change Life and Disability Carriers - The panel adopts the Employer's Last Offer of Settlement.

Mario Chiesa  
Mario Chiesa, Chairperson

Isl agree  
Employer Delegate

(Dissent) Richard A. Wilbur  
Union Delegate

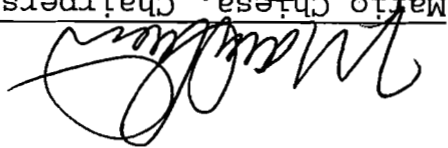
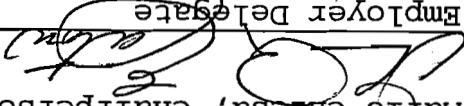
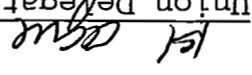
6. Duration - The panel adopts the Union's Last Offer of Settlement.

Mario Chiesa  
Mario Chiesa, Chairperson

Isl Dissent  
Employer Delegate

Richard A. Wilbur  
Union Delegate

Dated: June 25, 2009

  
 \_\_\_\_\_  
 Mario Chiesa, Chairperson  
  
  
 \_\_\_\_\_  
 Employer Delegate  
  
  
 \_\_\_\_\_  
 Union Delegate

7. As a final order, the panel orders that the total award in this matter includes the awards issued as a result of the arbitration, all the TAs arrived at by the parties and the prior contract language which hasn't been altered by TAs or the herein awards.

7. As a final order, the panel orders that the total award in this matter includes the awards issued as a result of the arbitration, all the TAs arrived at by the parties and the prior contract language which hasn't been altered by TAs or the herein awards.

*Mario Chiesa*  
 Mario Chiesa, Chairperson  
 KS1 *agw*  
 Employer Delegate  
*Richard A. Lichten*  
 Union Delegate

Dated: *7-7-09 - DeLynn*



**EXHIBIT 1**

STATE OF MICHIGAN  
DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES  
EMPLOYMENT RELATIONS COMMISSION  
MEDIATION DIVISION

**POLICE OFFICERS LABOR COUNCIL,  
(COMMAND OFFICERS)**

*Union/Petitioner,*

and

**CITY OF BLOOMFIELD HILLS,**

*Employer/Respondent.*

---

**Case No. D07 B-0233**

**Act 312**

**Chairperson: Mario Chiesa**

**CITY OF BLOOMFIELD HILLS FINAL OFFERS**

- |    |  |   |
|----|--|---|
| 1. | <b>Rank Differential – Sergeant:</b>                 | 9%  |
| 2. | <b>Rank Differential – Lieutenant:</b>               | 16.5%   |
| 3. | <b>Health Insurance Plan:</b>                        | BC/BS Flexible Plan 2<br>(proposed contract language, attached as Exhibit A)  |
| 4. | <b>Healthcare Contribution:</b>                      | \$3.85/\$7.70 bi-weekly<br>\$100/\$200 per year<br>(proposed contract language, see Exhibit A, §49E (p. 2).)                          |
| 5. | <b>Right to change life and disability carriers:</b> | Right to change carriers with the economic benefits to be identical (proposed contract language attached as Exhibit B)                |
| 6. | <b>96 Hour Vacation Bank:</b>                        | 96 hour vacation bank with use in 4-hour blocks subject to prior Employer approval (proposed contract language attached as Exhibit C) |
| 7. | <b>Duration:</b>                                     | 2 year contract July 1, 2007 to June 30, 2009<br>(proposed contract language attached as Exhibit D)                                   |

## EXHIBIT A

### EMPLOYER'S PROPOSED HEALTHCARE LANGUAGE

#### 49. Insurance: Health and Accident

##### Medical Insurance – Active

The Employer and the Union will be engaging in a trial period with a new BC/BS Plan under which the Employer will directly pay an initial portion of each employee's healthcare and each employee will be provided with a debit health cards on which to charge healthcare costs. After this initial amount is paid by the Employer, BC/BS will begin payment of healthcare costs. As part of the trial with the new BC/BS plan, the employee will have no co-pays or deductibles, except that the employee will have an out-of-network co-insurance and out-of-pocket requirement. Co-insurance is 80/20 and out-of-pocket will be \$3,500/\$7,000 maximum. The employer may require employees to use mail order prescriptions for all maintenance drugs.

- A. Effective January 1, 2009, or as soon thereafter as administratively feasible, all active employees, their current spouse and dependent children, shall be provided with BC/BSM Flexible Blue No. 2 (FB-OCSM-24; FB-PC \$500 M; FB-RM100; FB-RX certificates) with an insurance debit card to use for purposes of paying doctor visits, prescription and other co-insurance as follows:

##### In Network (paid through debit card):

- \$1,250/\$2,500 annual deductible, no co-insurance;
- \$1,250/\$2,500 out-of-pocket maximum;

Out of Network: City's debit health card covers the first \$1,250/\$2,500 of claims. Any portion of this amount that is not utilized to meet the in-network deductible may be used to satisfy any out of network deductible and co-insurance that may be incurred.:

- Co-insurance 80/20;
- \$3,500/\$7,000 out-of-pocket.

The total reimbursement by the City for in-network deductibles, out of network deductibles, and out of network co-insurance is \$1,250/\$2,500.

- B. Dependent children ages 19-25 must meet all the following criteria for family/dependent continuation coverage:
- Be unmarried;
  - Dependent upon parent for more than half of his or her support;
  - Be a member of your household;
  - Related to you by blood, marriage or legal adoption;
  - A full-time student for at least five months of the year or had a gross income of less than four times the IRS personal exemption amount.

- C. Any employee abusing or misusing the health insurance debit card, or misappropriating or falsifying purchases on said card shall be disciplined up to and including discharge (subject to the grievance procedure).
- D. The Employer has the right to cancel the new BC/BS healthcare plan effective on or after December 31, 2009 in its sole discretion upon thirty (30) days written notice. In the event the new BC/BS healthcare plan is cancelled by the PSO unit or is not continued in effect for the PSO unit, the City may implement on January 1, 2010 (or as soon thereafter as administratively feasible) any of the following plans in its sole discretion to preclude the plan from rolling over to a new contract year, regardless of the status of negotiations between the parties for a new Labor Contract and a new healthcare plan: The BC/BS PPO Plan in effect under the prior Labor Contract or its equivalent if no longer available, or the insurance plan negotiated with the Public Safety Officers, or a plan agreed upon by the parties. The parties understand that this Labor Contract expires on June 30, 2009, but expressly agree to continue the healthcare plan until December 31, 2009 in order to have a full year experience with the new healthcare plan to enable the parties to properly evaluate same.
- E. Each employee shall contribute \$3.85 for single coverage and \$7.70 for two person/family coverage bi-weekly toward the cost of health insurance. Said amount shall be deducted from the employee's paycheck.

#### Medical Insurance – Active Employee on Disability and Retirees

- A. Should an employee have a medical disability or should an employee retire under the provision of the Defined Benefit Plan, the employee shall have a one-time election of either of the following retiree health plans upon retirement:
  - 1. The Plan in effect with the use of the debit health card provided that the City and the Union continue that Plan for active employees. If that Plan is cancelled, eliminated or replaced, the retiree shall have the choice of coverage in the new Plan negotiated for current employees or the plan set forth in F(2).
  - 2. Blue Cross/Blue Shield Community Blue PPO1 with standard mental health and substance abuse coverage at 50% and drug rider at \$15 generic/\$30 name brand/formulary (or if no longer in effect, its equivalent). Retirees who submit receipts for generic drugs during the first month of each quarter will be reimbursed \$10.00 per prescription. Retirees who submit receipts for brand name drugs during the first month of each quarter will be reimbursed \$20.00 per prescription, provided that they also submit certification from their physician or pharmacist that there is no generic equivalent available. The certification only needs to state "no generic available".

The Employer will pay the premium costs of Blue Cross/Blue Shield coverage for the retiree, spouse at the time of retirement and dependent children at time of retirement until such time as the retiree becomes eligible for Medicare/Medicaid. Once the Employee is eligible for and receiving Medicare/Medicaid benefits, the Employer will pay the premium for the Medicare Complimentary program or other similar program. If the employee is eligible for Medicare, the retired employee will receive the same benefits under the Medicare/Medicaid and Medicare Complimentary program or other similar program as he/she would have received under the Blue Cross/Blue Shield program prior to Medicare/Medicaid eligibility. The retiree is responsible to participate in and pay the Medicare Part B premium.

- B. The Employer shall provide, at its expense, the Blue Cross/Blue Shield coverage elected by the full-time Employee without a break in benefits to any Employee who qualifies for disability income benefits pursuant to paragraph 50.

Such coverage shall continue for the duration of disability notwithstanding the expiration of income benefits provided by paragraph 50, subject only to limitations on duration provided by the insurance policy. Such disabled Employee shall be required to apply for any eligible governmental coverage available to him/her and the Employer's obligation shall be to provide such supplemental coverage as needed to assure current coverage enjoyed by such disabled Employee prior to eligibility for such program. No disabled Employee shall suffer any loss of benefits as a result of his/her required participation in such program.

#### Medical Insurance – Opt-Out Program Employees

An Employee may elect not to have medical insurance coverage provided by the Employer. Effective July 1, 2004, in the event the Employee elects not to be covered by Employer-provided health care, he shall be entitled to a payment equal to one-half (1/2) of the savings realized by the Employer, up to a maximum of Four Thousand Two Hundred Fifty (\$4,250) Dollars. No Employee may elect not to be covered by the Employer-paid health care coverage unless:

- A. The Employee has health coverage from another source.
- B. The Employee signs a waiver form prior to July 1<sup>st</sup>, each contract year indicating that he does not wish coverage for the following year.

The Employer will make the payment no later than July 15 of the following year for which the waiver was provided.

## **EXHIBIT B**

### **Right to Change Life And Disability Carriers Proposed Contract Language**

The Employer has the right to change life insurance carriers and disability insurance carriers. Coverage is to remain substantially equivalent and insurance amounts are to remain identical.

## EXHIBIT C

### 96 HOUR VACATION BANK

**ANNUAL LEAVE: CONSUMPTION.** All annual leave entitlement due an Employee pursuant to paragraph 33 shall be computed and determined as of March 31 of each contract year by determining an Employee's total annual leave entitlement to that date and subtracting from such entitlement all annual leave previously consumed. If an Employee's seniority anniversary, which entitles him to an increase in annual leave entitlement pursuant to paragraph 33, falls during the twelve (12) month period following March 31, the annual leave entitlement computed hereunder shall include the incremental increase due him on said seniority anniversary. All annual leave entitlement determined and computed hereunder shall be consumed under a combination of elections under A and B or under B alone as follows:

- A. A Command Officer may elect to consume up to a maximum of 96 hours in minimum blocks of four (4) hours each, subject to prior approval by the Employer and subject further to the following:
  - 1. The scheduling of the four (4) hour vacation blocks shall not negate the opportunity or requirement for another Command Officer or member of the Public Safety Officers bargaining unit to take or be scheduled off-duty for a full 24-hour period off (for vacation or Garcia time).
  - 2. If after the four (4) hour vacation is approved and scheduled, there are sick calls or other such occurrences such that there will be no Command Officer on duty during the four (4) hour vacation block, the vacation shall be canceled unless:
    - a. Another Command Officer volunteers to cover the four (4) hour vacation block or is reasonably available to be ordered to cover the four (4) hour vacation block.
  - 3. If after the four (4) hour vacation is approved and scheduled, there are sick calls or other such occurrences such that there will be less than a total of five (5) officers on duty during the four (4) hour vacation block, the vacation shall be canceled unless:
    - a. Another Command Officer or PSO volunteers to cover the four (4) hour vacation block or a Command Officer is reasonably available to be ordered to cover the four (4) hour vacation block.
- B. The balance shall be taken in minimum blocks of twenty-four (24) hours each.

After making the election required above, the Employee will be entitled to take one-hour off with pay, at the Employee's regular hourly compensation rate at the time the annual leave is taken, for each hour of annual leave entitlement held by the Employee.

**EXHIBIT D**  
**Effective Date and Duration**

**Effective Date And Duration:**

(¶82). Except as otherwise provided herein, this Agreement will be effective 12:01 a.m. (prevailing Bloomfield Hills time), July 1, 2007 to 12:01 a.m. (prevailing Bloomfield Hills time) through July 1, 2009 and from year to year thereafter unless terminated as provided in paragraph 82.

**Termination:**

(¶83). This Agreement may be terminated, effective 12:01 a.m. (prevailing time) on July 1, 2009, by written notice from either party delivered to the other, not more than one hundred twenty (120) days, nor less than sixty (60) days, prior to the automatic renewal date of this contract of their intention to amend, modify, or terminate this Agreement. Notice of intention to amend or modify the Agreement shall constitute a notice of intention to terminate the Agreement.



STATE OF MICHIGAN  
DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES  
EMPLOYMENT RELATIONS COMMISSION

In the Matter of:

POLICE OFFICERS LABOR COUNCIL,  
(Public Safety Department Command  
Officers),

Union,

-and-

MERC Act 312 Case No: D07 B-0233

CITY OF BLOOMFIELD HILLS,

Employer.

\_\_\_\_\_/

MARIO CHIESA, Chairperson  
RICHARD R. WEILER, Union Delegate  
THOMAS EATON, Employer Delegate

\_\_\_\_\_/

**UNION'S LAST OFFER OF SETTLEMENT**

The Union's last offer of settlement is made based on the outstanding issues identified in Ex. B-104. At the request of the arbitrator, the Union's positions contain, where applicable, the exact suggested contract language.

**ISSUE NO. 1 - RANK DIFFERENTIAL - SERGEANT - SCHEDULE A-1**

Salaries: All Sergeants covered by this Agreement shall receive the following compensation for work performed pursuant to the Agreement.

July 1, 2007 - June 30, 2008

- A. A minimum base salary of \$ \_\_\_\_\_ or;
- B. A base salary equal to the highest pay rate payable to a Public Safety Officer Under the Employer's collective bargaining agreement with the Public Safety Officers' bargaining unit in effect on, or retroactive to July 1, 2007, plus 10.5% of that amount, whichever is higher.
- C. The base salary payable to Employees under this Agreement will not be reduced below the amount specified in sub-paragraph A.

July 1, 2008 - June 30, 2009

- D. A minimum base salary of \$ \_\_\_\_\_ or;

- E. A base salary equal to the highest pay rate payable to a Public Safety Officer Under the Employer's collective bargaining agreement with the Public Safety Officers' bargaining unit in effect on, or retroactive to July 1, 2008, plus 10.5% of that amount, whichever is higher.
- F. The base salary payable to Employees under this Agreement will not be reduced below the amount specified in sub-paragraph D.

July 1, 2009 - June 30, 2010

- G. A minimum base salary of \$ \_\_\_\_\_ or;
- H. A base salary equal to the highest pay rate payable to a Public Safety Officer Under the Employer's collective bargaining agreement with the Public Safety Officers' bargaining unit in effect on, or retroactive to July 1, 2009, plus 10.5% of that amount, whichever is higher.
- I. The base salary payable to Employees under this Agreement will not be reduced below the amount specified in sub-paragraph G.

**ISSUE NO. 2 - RANK DIFFERENTIAL - LIEUTENANTS - SCHEDULE A-1**

Salaries: All Lieutenants covered by this Agreement shall receive the following compensation for work performed pursuant to the Agreement.

July 1, 2007 - June 30, 2008

- A. A minimum base salary of \$ \_\_\_\_\_ or;
- B. A base salary equal to the highest pay rate payable to a Public Safety Officer under the Employer's collective bargaining agreement with the Public Safety Officers' bargaining unit in effect on, or retroactive to July 1, 2007, plus 18.0% of that amount, whichever is higher.
- C. The base salary payable to Employees under this Agreement will not be reduced below the amount specified in sub-paragraph A.

July 1, 2008 - June 30, 2009

- D. A minimum base salary of \$ \_\_\_\_\_ or;
- E. A base salary equal to the highest pay rate payable to a Public Safety Officer under the Employer's collective bargaining agreement with the Public Safety Officers' bargaining unit in effect on, or retroactive to July 1, 2008, plus 18.0% of that amount, whichever is higher.
- F. The base salary payable to Employees under this Agreement will not be reduced below the amount specified in sub-paragraph D.

July 1, 2009 - June 30, 2010

- G. A minimum base salary of \$ \_\_\_\_\_ or;

H. A base salary equal to the highest pay rate payable to a Public Safety Officer under the Employer's collective bargaining agreement with the Public Safety Officers' bargaining unit in effect on, or retroactive to July 1, 2009, plus 18.0% of that amount, whichever is higher.

I. The base salary payable to Employees under this Agreement will not be reduced below the amount specified in sub-paragraph G.

**ISSUE NO. 3. HEALTH INSURANCE AND ACCIDENT. ARTICLE VII,  
PARAGRAPH 49**

The Union's last offer is to replace paragraph 49 of the collective bargaining agreement with the language and provisions, with appropriate date changes and effective dates, as contained in the Public Safety Officers' collective bargaining agreement.

Insurance: Health and Accident. The Employer and the Union have agreed to engage in a trial period with a new BC/BS Plan under which the Employer will directly pay an initial portion of each employee's healthcare and each employee will be provided with a debit health card(s) on which to charge healthcare costs. After this initial amount is paid by the Employer, BC/BS will begin payment of healthcare costs. As part of this trial with the new BC/BS plan, the employee will have no co-pays or deductibles, except that the employee will have an out-of-network co-insurance and out-of-pocket requirement. For out-of-network, the co-insurance is 80/20 and out-of-pocket will be \$3,500/\$7,000 maximum.

A. Effective January 1, 2009, or as soon thereafter as administratively feasible, all active employees, their current spouse and dependent children, shall be provided with BC/BS Flexible Blue No. 2 (FB-OCSM-24; FB-PC \$500M; FB-RM100; FB-RX certificates) with an insurance debit card for use or purposes of paying doctor visits, prescription and other co-insurance as follows:

In Network (paid through debit card):

- \$1,250/\$2,500 annual deductible, no co-insurance;
- \$1,250/\$2,500 out-of-pocket maximum;

Out-of-Network: City's debit health card covers the first \$1,250/\$2,500 of claims. Any portion of this amount that is not utilized to meet the in-network deductible may be used to satisfy any out-of-network deductible and coinsurance that may have been incurred.

- Co-insurance is 80/20
- Out-of-pocket will be \$3,500/\$7,000 maximum.

The total reimbursement by the City of in-network deductibles, out-of-network deductibles and out-of-network coinsurance is \$1,250/\$2,500.

B. Dependent children ages 19-25 must meet all the following criteria for family dependent continuation coverage:

- Be unmarried;
- Dependent upon parent for more than half of his or her support;
- Be a member of your household;
- Related to you by blood, marriage or legal adoption;

- A full-time student for at least five months of the year or had a gross income of less than four times the IRS personal exemption amount.
- C. An employee misappropriating or falsifying purchases on the health insurance debit card or intentionally abusing or misusing the card shall be disciplined up to and including discharge (subject to the grievance procedure).
- D. Either the Employer or the Union may cancel the new BC/BS healthcare plan in their sole discretion by giving written notice on or before November 1, 2009. In the event the new BC/BS healthcare plan is canceled by either party, the BC/BS plan in effect under the 2002-05 Labor Contract or its equivalent if no longer available, shall be reinstated on January 1, 2010 (or as soon thereafter as administratively feasible) unless the parties agree otherwise during the contract negotiations. The parties understand that this Labor Contract expires on June 30, 2010, but expressly agree to continue the healthcare plan until December 31, 2010 in order to have a full two (2) year experience with the new healthcare plan to enable the parties to properly evaluate same.
- E. An Employee may elect not have the medical insurance coverage provided by the Employer. Effective January 1, 2009, in the event the Employee elects not to be covered by Employer-provided healthcare, he/she shall be entitled to a payment equal to one-half (1/2) of the savings realized by the Employer, up to a maximum of Four Thousand Two Hundred Fifty (\$4,250.00) Dollars. No Employee may elect not to be covered by the Employer-paid health care coverage unless:
1. The Employee has health coverage from another source.
  2. The Employee signs a waiver form prior to February 1st each contract year indicating that he does not wish coverage until the City's next open enrollment period.
  3. Employees will be able to re-enroll in the City's medical plan when they are covered under health insurance from another source and lose that coverage. Re-enrollment shall occur as soon as allowable under the applicable insurance policy.
  4. When an employee makes a decision to re-enroll in the City's medical plan, which is not caused by the loss of health insurance from another source, that employee cannot re-enroll until the next annual enrollment period.

Following compliance with 1 and 2 above, the Employer will make the payment no later than fifteen (15) days after the quarter for which the waiver was provided.

- F. Should an employee have a medical disability or should an employee retire under the provision of the Defined Benefit Plan, the employee shall have a one-time election of either of the following retiree health plans upon retirement:
1. The Plan in effect with the use of a debit health card provided that the City and the Union continue that Plan for active employees. If that Plan is canceled, eliminated or replaced, the retiree shall have the choice of coverage in the new Plan negotiated for current employees or the plan set forth in F(2).
  2. Blue Cross/Blue Shield Community Blue PPO1 with standard mental health and substance abuse coverage at 50% and drug rider at \$15 generic/\$30 name brand/formulary (or if no longer in effect, its equivalent). Retirees who submit receipts for generic drugs during the first month of each quarter will be reimbursed \$10.00 per prescription. Retirees who submit receipt for brand name drugs during the first month of each quarter will be reimbursed \$20.00

per prescription, provided that they also submit certification form their physician or pharmacist that there is no generic equivalent available. The certification only needs to state "no generic available".

The Employer will pay the premium costs of Blue Cross/Blue Shield coverage for the retiree, spouse at the time of retirement and dependent children at time of retirement until such time as the retiree becomes eligible for Medicare/Medicaid. Once the Employee is eligible for and receiving Medicare/Medicaid benefits, the Employer will pay the premium for the Medicare Complimentary program or other similar program. If the employee is eligible for Medicare, the retired employee will receive the same benefits under the Medicare/Medicaid and Medicare Complimentary program or other similar program as he/she would have received under the Blue Cross/Blue Shield program prior to Medicare/Medicaid eligibility. The retiree is responsible to participate in and pay the Medicare Part B premium.

- G. The Employer shall provide, at its expense, the Blue Cross/Blue Shield coverage elected by the full-time Employee without a break in benefits to any Employee who qualifies for disability income benefits pursuant to paragraph 50. Such coverage shall continue for the duration of disability notwithstanding the expiration of income benefits provided by paragraph 50, subject only to limitations on duration provided by the insurance policy. Such disabled Employee shall be required to apply for any eligible governmental coverage available to him/her and the Employer's obligation shall be to provide such supplemental coverage as needed to assure current coverage enjoyed by such disabled Employee prior to eligibility for such program. No disabled Employee shall suffer any loss of benefits as a result of his/her required participation in such program.

#### **ISSUE NO. 4 - HEALTHCARE CONTRIBUTION - ARTICLE VII**

The Union requests the same benefit enjoyed by their subordinates, the Public Safety officers: namely, no cost sharing during the life of this agreement, July 1, 2007 through June 30, 2010.

#### **ISSUE NO. 5 - EMPLOYER'S RIGHT TO CHANGE LIFE AND DISABILITY CARRIERS**

The Union suggests the following sentence be added to Article VII, Paragraph 48 (Group Life) and Paragraph 50 (Disability Income):

The Employer has the right to change carriers provided coverage is equal to or better than current coverage.

#### **ISSUE NO. 6 - 96-HOUR VACATION BANK - ARTICLE VII, PARAGRAPH 35**

The Union accepts the proposal of the City as contained in the language of Exhibit B 153. Annual Leave: Consumption as presented at hearing on September 19, 2008. (See attached.)

**ISSUE NO. 7 - DURATION - ARTICLE XI, PARAGRAPHS 82, 83**

The Union suggests the following changes:

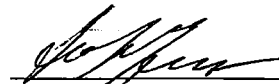
**82. Effective Date and Duration.** Except as otherwise provided herein, this Agreement will be effective 12:01 a.m. (prevailing Bloomfield Hills time), July 1, 2007 to 12:01 a.m. (prevailing Bloomfield Hills time), through June 30, 2010 and from year to year thereafter unless terminated as provided in paragraph 83.

**83. Termination.** This Agreement may be terminated, effective 12:01 a.m. (prevailing time), on July 1, 2010, by written notice from either party delivered to the other not more than one hundred twenty (120) days nor less than sixty (60) days prior to the automatic renewal date of this contract of their intention to amend, modify, or terminate this Agreement, Notice of Intention to amend or modify the Agreement shall constitute a notice of intention to terminate the Agreement.

**TENTATIVE AGREEMENTS**

The tentative agreements as set forth in Exhibit B 103 (attached) are to be incorporated into the new Collective Bargaining Agreement.

Respectfully submitted,



---

John A. Lyons (P16901)  
Attorney for Union  
667 E. Big Beaver, Ste. 207  
Troy, MI 48083  
(248) 524-0890

Dated: October 7, 2008

TENTATIVE AGREEMENTS

	<u>Current</u>	<u>Agreed Increases</u>
1. <b>Wages – Union Issue</b> (already paid to Command Officers)		7/1/2006 - 3% 7/1/2007 - 3% 7/1/2008 - 3%
2. <b>Holiday Pay – Union Issue</b> (retroactive)		
Sergeant	\$2,688	\$3,778
Lieutenant	\$2,875	\$4,040
3. <b>Life Insurance – Union Issue</b>	\$50,000	\$150,000
4. <b>Court Time – Union Issue</b>	2 hours	3 hours

NOTE: THE EXACT CONTRACT LANGUAGE OF ITEMS 2, 3, AND 4 OF THIS EXHIBIT ARE ATTACHED

2. ARTICLE VII  
MONETARY BENEFITS: PAY FOR TIME NOT WORKED

...

32. **Holidays.** Because the Employer's full time operation of the Public Safety Department is essential to the health, safety and welfare of the City of Bloomfield Hills, no Employee will be excused from work solely because of a holiday. All leave for holidays shall be deemed to be included in the annual leave provisions of Section 35. The designated holidays will be New Year's Day, Memorial Day, July 4th, Labor Day, Thanksgiving Day and Christmas Day. Each Lieutenant shall be entitled to Four Thousand and Forty (\$4,040.00) Dollars and each Sergeant Three Thousand Seven Hundred Seventy-Eight (\$3,778.00) Dollars in holiday pay premium in each contract year payable in July, in lieu of any holiday pay premium for work on any designated holiday.

3. ARTICLE VII  
MONETARY BENEFITS: PAY FOR TIME NOT WORKED

...

48. **Insurance: Group Life Insurance.** The Employer agrees to provide a group life insurance policy covering the members of the bargaining unit through Aetna Life & Casualty Company bearing death benefit of One Hundred Fifty Thousand (\$150,000.00) Dollars. The Employer has the right to change life insurance carriers provided coverage is equal to or better than current coverage.

4. ARTICLE VII  
MONETARY BENEFITS: PAY FOR TIME NOT WORKED

30. **Minimum Guarantee: Court Appearances.** An off duty Employee who is required to appear in court as part of his employment with the Employer will be guaranteed a minimum of three (3) hours at the premium compensation rate stated in paragraph 25.



**EXHIBIT 2**

# PRIOR HEALTH INSURANCE

## ARTICLE 49

A. Effective July 1, 2004, all active employees, their current spouses and dependent children shall be provided with Blue Cross/Blue Shield Community Blue PPO1 with standard mental health and substance abuse coverage at 50%, at no cost to the employee. Dependent children ages 19-25 must meet all the following criteria for family/dependent continuation coverage:

- o Be unmarried
- o Dependent upon parent for more than half of his or her support
- o Be a member of your household
- o Related to you by blood, marriage or legal adoption
- o A full-time student for at least five months of the year or had a gross income of less than four times the IRS personal exemption amount.

The City will reimburse Employees for the individual or family deductible (up to \$200 for a family) for actual out of pocket costs incurred, between January 1, 2004 and June 30, 2004, provided that appropriate documentation of costs are presented by the Employee.

B. Effective July 1, 2004, the drug rider shall be \$15.00 generic/\$30.00 name brand deductible for active employees.

C. Effective July 1, 2004, employees who submit receipts for generic drugs during the first month of each subsequent quarter will be reimbursed for actual costs up to \$10.00 per prescription. Employees who submit receipts for brand name drugs during the first month of each subsequent quarter will be reimbursed for actual costs up to \$20.00 per prescription, provided that they also submit certification from their physician or pharmacist that there is no generic equivalent available. The certification only needs to state "no generic available".

### Medical Insurance – Retirees

A. Upon retirement pursuant to a MERS plan, the Employer will pay the premium costs of Blue Cross/Blue Shield Community Blue PPO1 coverage for the retiree, spouse at the time of retirement and dependent children at time of retirement until such time as the retiree becomes eligible for Medicare/Medicaid and the Blue Cross/Blue Shield "Exact Fill" program. Once the Employee is eligible for and receiving Medicare/Medicaid benefits, the Employer will pay the premiums for the "Exact Fill" program. The retired employee will receive the same benefits under the Medicare/Medicaid and "Exact Fill" programs as he would have received under the Blue Cross/Blue Shield program prior to Medicare/Medicaid eligibility. Retirees (and their dependents and spouses as described in this section) shall receive the same prescription drug coverage as they received as active employees immediately before retirement.

**Reopener.** This Section may be reopened by either party, effective July 1, 2006, only for the purpose of negotiating the coordination of the Medicare drug rider with the City-provided Blue Cross drug rider described in this Section.

#### Medical Insurance – Active Employee on Disability

The Employer shall provide at its expense Blue Cross/Blue Shield coverage to the Employee, present spouse and eligible dependent children, without a break in benefits to any Employee who qualifies for disability income benefits pursuant to paragraph 50.

Such coverage shall continue for the duration of the disability notwithstanding the expiration of income benefits provided by paragraph 50, subject only to the limitations on duration provided by the insurance policy. Such disabled Employee shall be required to apply for any eligible governmental coverage available to him and the Employer's obligation shall be to provide supplemental coverage as needed to assure current coverage enjoyed by such disabled Employee prior to eligibility for such program. No disabled employee shall suffer any loss of benefits as a result of his required participation in such program.

#### Medical Insurance – Opt-Out Program

An Employee may elect not to have medical insurance coverage provided by the Employer. Effective July 1, 2004, in the event the Employee elects not to be covered by Employer-provided health care, he shall be entitled to a payment equal to one-half (1/2)-of the savings realized by the Employer, up to a maximum of Four Thousand Two Hundred Fifty (\$4,250) Dollars. No Employee may elect not to be covered by the Employer-paid health care coverage unless:

- A. The Employee has health coverage from another source.
- B. The Employee signs a waiver form prior to July 1<sup>st</sup>, each contract year indicating that he does not wish coverage for the following year.

The Employer will make the payment no later than July 15 of the following year for which the waiver was provided.

**50. Insurance Disability Income.** Employer agrees to provide disability income insurance coverage through any carrier qualified in Michigan to provide coverage up to sixty (60%) percent of the weekly rate of basic earnings, but, in no event, will the amount of weekly benefit exceed Two Hundred Fifty (\$250.00) Dollars, up to a maximum payment period of fifty-two weeks subject to the terms and conditions of said policy.

**EXHIBIT 3**

**CITY OF BLOOMFIELD HILLS**

**and**

**POLICE OFFICERS LABOR COUNCIL**

**PUBLIC SAFETY OFFICERS**

**COLLECTIVE BARGAINING AGREEMENT**



**July 1, 2005 through June 30, 2009**

~~B. The Employee meets the school or institution's requirements for the successful completion of the course or program of study.~~

C. The Employee remains in the employ of the Employer for twelve (12) months following the completion of the course work. If the Employee leaves the employ of the Employer, for any reason, prior to the end of said twelve (12) month period, the amount of the tuition advanced by the Employer for such course work will reduce the Employee's final pay by the same amount.

47. Employee Training and Development:

A. Work Hours. If any Employee is required to attend in-service training or school during any regularly scheduled work day, he shall receive full compensation for attendance at such training or school program. An Employee attending such training or school program shall be provided with transportation by the Employer or will be compensated for the use of his own vehicle at the rate periodically established by the Internal Revenue Service, pursuant to Rev Proc 98-63, as an allowance for business mileage. Mileage for travel on Employer business shall be computed between the Bloomfield Hills Municipal Building and the location of the training or school.

B. Non-Work Hours: An Employee attending police or fire schools with the prior approval of the Employer during non-work hours is entitled to compensation, either compensatory time off or pay, at the Employee's current straight time rate when the Employee's hours exceed the 208 hour provision of the 28 day cycle, established in paragraph 19, in which the Employee attended school.

48. Insurance: Group Life Insurance. The Employer agrees to provide a group life insurance policy covering the members of the bargaining unit through Aetna Life & Casualty Company bearing death benefit of One Hundred Fifty Thousand (\$150,000.00) Dollars. The Employer has the right to change life insurance carriers provided coverage is equal to or better than current coverage.

49. Insurance: Health and Accident. The Employer and the Union have agreed to engage in a trial period with a new BC/BS Plan under which the Employer will directly pay an initial portion of each employee's healthcare and each employee will be provided with a debit health card(s) on which to charge healthcare costs. After this initial amount is paid by the Employer, BC/BS will begin payment of healthcare costs. As part of this trial with the new BC/BS plan, the employee will have no co-pays or deductibles, except that the employee will have an out-of-network co-insurance and out-of-pocket requirement. For out-of network, the co-insurance is 80/20 and out-of-pocket will be \$3,500/\$7,000 maximum.

- A. Effective January 1, 2008, or as soon thereafter as administratively feasible, all active employees, their current spouse and dependent children, shall be provided with BC/BSM Flexible Blue No. 2 (FB-OCSM-24; FB-PC \$500M; FB-RM100; FB-RX certificates) with an insurance debit card for use for purposes of paying doctor visits, prescription and other co-insurance as follows:

In Network (paid through debit card):

- \$1,250/\$2,500 annual deductible, no co-insurance;
- \$1,250/\$2,500 out-of-pocket maximum;

Out-of-Network: City's debit health card covers the first \$1,250/\$2,500 of claims. Any portion of this amount that is not utilized to meet the in-network deductible may be used to satisfy any out-of-network deductible and coinsurance that may have been incurred.

- Co-insurance is 80/20
- Out-of-pocket will be \$3,500/\$7,000 maximum.

The total reimbursement by the City for in-network deductibles, out-of-network deductibles and out-of-network coinsurance is \$1,250/\$2,500.

- B. Dependent children ages 19-25 must meet all the following criteria for family dependent continuation coverage:
- Be unmarried;
  - Dependent upon parent for more than half of his or her support;
  - Be a member of your household;
  - Related to you by blood, marriage or legal adoption;
  - A full-time student for at least five months of the year or had a gross income of less than four times the IRS personal exemption amount.
- C. Any employee misappropriating or falsifying purchases on the health insurance debit card or intentionally abusing or misusing the card shall be disciplined up to and including discharge (subject to the grievance procedure).
- D. Either the Employer or the Union may cancel the new BC/BS healthcare plan in their sole discretion by giving written notice on or before November 1, 2009. In the event the new BC/BS healthcare plan is cancelled by either party, the BC/BS plan in effect under the 2002-05 Labor Contract, or its equivalent if no longer available, shall be reinstated on January 1, 2010 (or as soon thereafter as administratively feasible) unless the parties agree otherwise during the contract negotiations. The parties understand that this Labor Contract expires on June 30, 2009, but expressly agree to

continue the healthcare plan until December 31, 2009 in order to have a full two (2) year experience with the new healthcare plan to enable the parties to properly evaluate same.

- E. An Employee may elect not to have medical insurance coverage provided by the Employer. Effective January 1, 2007, in the event the Employee elects not to be covered by Employer-provided healthcare, he/she shall be entitled to a payment equal to one-half (1/2) of the savings realized by the Employer, up to a maximum of Four Thousand Two Hundred Fifty (\$4,250.00) Dollars. No Employee may elect not to be covered by the Employer-paid health care coverage unless:
1. The Employee has health coverage from another source.
  2. The Employee signs a waiver form prior to February 1<sup>st</sup> each contract year indicating that he does not wish coverage until the City's next open enrollment period.
  3. Employees will be able to re-enroll in the City's medical plan when they are covered under health insurance from another source and lose that coverage. Re-enrollment shall occur as soon as allowable under the applicable insurance policy.
  4. When an employee makes a decision to re-enroll in the City's medical plan, which is not caused by the loss of health insurance from another source, that employee cannot re-enroll until the next annual enrollment period.

Following compliance with 1 and 2 above, the Employer will make the payment no later than fifteen (15) days after the quarter for which the waiver was provided.

- F. Should an employee have a medical disability or should an employee retire under the provision of the Defined Benefit Plan, the employee shall have a one-time election of either of the following retiree health plans upon retirement:
1. The Plan in effect with the use of the debit health card provided that the City and the Union continue that Plan for active employees. If that Plan is cancelled, eliminated or replaced, the retiree shall have the choice of coverage in the new Plan negotiated for current employees or the plan set forth in F(2).
  2. Blue Cross/Blue Shield Community Blue PPO1 with standard mental health and substance abuse coverage at 50% and drug rider at \$15 generic/\$30 name brand/formulary (or if no longer in effect, its equivalent). Retirees who submit receipts for generic drugs during the first month of each quarter will be reimbursed \$10.00 per prescription. Retirees who submit receipts for brand name drugs during the first month of each quarter will be



reimbursed \$20.00 per prescription, provided that they also submit certification from their physician or pharmacist that there is no generic equivalent available. The certification only needs to state "no generic available".

The Employer will pay the premium costs of Blue Cross/Blue Shield coverage for the retiree, spouse at the time of retirement and dependent children at time of retirement until such time as the retiree becomes eligible for Medicare/Medicaid. Once the Employee is eligible for and receiving Medicare/Medicaid benefits, the Employer will pay the premium for the Medicare Complimentary program or other similar program. If the employee is eligible for Medicare, the retired employee will receive the same benefits under the Medicare/Medicaid and Medicare Complimentary program or other similar program as he/she would have received under the Blue Cross/Blue Shield program prior to Medicare/Medicaid eligibility. The retiree is responsible to participate in and pay the Medicare Part B premium.

G. The Employer shall provide, at its expense, the Blue Cross/Blue Shield coverage elected by the full-time Employee without a break in benefits to any Employee who qualifies for disability income benefits pursuant to paragraph 50. Such coverage shall continue for the duration of disability notwithstanding the expiration of income benefits provided by paragraph 50, subject only to limitations on duration provided by the insurance policy. Such disabled Employee shall be required to apply for any eligible governmental coverage available to him/her and the Employer's obligation shall be to provide such supplemental coverage as needed to assure current coverage enjoyed by such disabled Employee prior to eligibility for such program. No disabled Employee shall suffer any loss of benefits as a result of his/her required participation in such program.

~~50. Insurance: Disability Income. Employer agrees to provide disability income insurance coverage through Aetna Life & Casualty Company pursuant to Policy No. 98677 to provide coverage up to sixty (60%) percent of the weekly rate of basic earnings, but, in no event, will the amount of weekly benefit exceed Two Hundred Fifty (\$250.00) Dollars, up to a maximum payment period of fifty-two (52) weeks subject to the terms and conditions of said policy. The Employer has the right to change disability insurance carriers provided coverage is equal to or better than current coverage.~~

~~51. Insurance: False Arrest. The Employer does further agree to indemnify and hold harmless all public safety officers of the City of Bloomfield Hills Public Safety Department from and against all claims, or suits, based on negligence or tort, damages, costs, losses and expenses arising out of the defense of each and every action taken by a public safety officer in the course of and in the performance of their duties as public safety officers. Said indemnification shall~~