

IN THE MATTER OF THE ARBITRATION BETWEEN

LAW ENFORCEMENT LABOR)	MINNESOTA BUREAU OF
SERVICES, INC.,)	MEDIATION SERVICES
LOCAL 82,)	CASE NO. 12-PN-0976
)	
)	
)	
Union,)	
)	
and)	
)	
THE CITY OF BROOKLYN CENTER,)	DECISION AND AWARD
)	OF
Employer.)	ARBITRATOR

APPEARANCES

For the Union:

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On December 19, 2012, in Brooklyn Center, Minnesota, a hearing was held before Thomas P. Gallagher, Arbitrator, who was selected by the parties under the provisions of the Minnesota Public Employment Labor Relations Act to resolve collective bargaining issues about which the parties are at impasse. The parties agreed to keep the evidentiary record open until December 26, 2012, and on that date, additional documentary

evidence was presented to the arbitrator by mail. Accordingly, the record was closed as of December 26, 2012. Post-hearing written argument from each of the parties was received by the arbitrator on January 11, 2012.

BACKGROUND

The City of Brooklyn Center (sometimes, the "Employer" or the "City") is a northern suburb of Minneapolis, Minnesota. Its population, measured in the census of 2010, was about 30,100.

The Union is the collective bargaining representative of licensed police employees of the City in two bargaining units, one of which includes two supervisory classifications, Sergeant and Commander (hereafter, the "Police Supervisory Unit" or "Local 86"). At the time of the hearing, the City employed six Sergeants and three Commanders.

The other bargaining unit of the City's police employees (hereafter, the "Police Officers' Unit" or "Local 82") includes two classifications, Police Officer and Detective. At the time of the hearing, the City employed five Detectives and thirty-three Police Officers. Some Police Officers receive special assignments from time to time to serve as Canine Officers, as School Resource Officers, as Task Force Officers, as Auto Theft Officers or as Juvenile Officers.

In this proceeding, which relates to the Police Officers' Unit, the parties seek to resolve collective bargaining issues about which they have bargained to an impasse. Hereafter, unless otherwise stated, I refer to the Union in its status as collective bargaining representative of the Police Officers' Unit.

The Union and the Employer are parties to a labor agreement that states the terms and conditions of employment of employees in the Police Officers' Unit. That agreement has a stated duration from January 1, 2011, through December 31, 2011. Though, by its stated duration, the agreement has expired, the parties continue to operate under its terms. Accordingly, I may sometimes refer to it as the "2011 labor agreement" or as the "current labor agreement."

The parties have successfully negotiated some of the terms of a new labor agreement, which will succeed the 2011 agreement. They have, however, reached impasse in their bargaining about several bargaining issues, described below, and, as noted above, they seek to resolve those issues in this proceeding.

On August 8, 2012, the Minnesota Bureau of Mediation Services ("BMS") certified that the parties were at impasse with respect to seven collective bargaining issues that are to be resolved in this arbitration proceeding. I list these issues below, in the following order and by the following titles:

- Issue 1. Duration -- Length of Agreement.
- Issue 2. Wage Rates for 2012.
- Issue 3. Wage Rates for 2013.
- Issue 4. Longevity Pay.
- Issue 5. Detective's Premium Pay.
- Issue 6. Detective's On-Call Pay.
- Issue 7. Employer's Contribution to Insurance.

ISSUE 1. DURATION -- LENGTH OF AGREEMENT

At the hearing, the parties informed me that they had settled this issue -- agreeing that the duration of the new labor agreement will be two-years, from January 1, 2012, through December 31, 2013.

ISSUE 2: WAGE RATES FOR 2012
ISSUE 3: WAGE RATES FOR 2013

Section 30.1 of the current labor agreement, set out below, establishes monthly pay rates for starting Police Officers, with step increments after employment for six months, for twelve months, for twenty-four months and for thirty-six months:

30.1. Effective January 1, 2011 Police Officer base rate:

There shall be no general wage increase and the salary structure for 2010 shall continue unchanged for 2011.

- (P5) After 36 months of continuous employment
\$5,660.29 per month.
- (P4) After 24 months of continuous employment 93% of
After 36 months rate.
- (P3) After 12 months of continuous employment 86% of
After 36 months rate.
- (P2) After 6 months of continuous employment 79% of
After 36 months rate.
- (P1) Starting rate 68% of After 36 months rate.

The Union's Position.

The Union proposes that the new labor agreement increase monthly wage rates by 2% on January 1, 2012, by an additional 0.5% on July* 1, 2012, by an additional 2% on January 1, 2013, and by an additional 0.5% on July* 1, 2013. These changes would be expressed by changing the monthly wage rate at the thirty-six month step, with the other four steps paid at an unchanged percentage of that rate, as follows:

* The Union's final position as presented to the BMS proposed that the two increases of 0.5% start on January 1 of each year. At the hearing, it was made clear that the Union intended to have the two 0.5% increases start on July 1 of each year. I have changed the text of the Union's proposal accordingly.

30.1 Effective January 1, 2012 Police Officer base rate
[An increase of] (2.0%):

- (P5) After 36 months of continuous employment
\$5,773.50 per month.
- (P4) After 24 months of continuous employment 93% of
After 36 months rate.
- (P3) After 12 months of continuous employment 86% of
After 36 months rate.
- (P2) After 6 months of continuous employment 79% of
After 36 months rate.
- (P1) Starting rate 68% of After 36 months rate.

Effective July 1, 2012 Police Officer base rate
[An increase of] (0.5%):

- (P5) After 36 months of continuous employment
\$5,802.37 per month.
- (P4) After 24 months of continuous employment 93% of
After 36 months rate.
- (P3) After 12 months of continuous employment 86% of
After 36 months rate.
- (P2) After 6 months of continuous employment 79% of
After 36 months rate.
- (P1) Starting rate 68% of After 36 months rate.

Effective January 1, 2013 Police Officer base rate
[An increase of] (2.0%):

- (P5) After 36 months of continuous employment
\$5,918.42 per month.
- (P4) After 24 months of continuous employment 93% of
After 36 months rate.
- (P3) After 12 months of continuous employment 86% of
After 36 months rate.
- (P2) After 6 months of continuous employment 79% of
After 36 months rate.
- (P1) Starting rate 68% of After 36 months rate.

Effective July 1, 2013 Police Officer base rate
[An increase of] (0.5%):

- (P5) After 36 months of continuous employment
\$5,948.01 per month.
- (P4) After 24 months of continuous employment 93% of
After 36 months rate.
- (P3) After 12 months of continuous employment 86% of
After 36 months rate.
- (P2) After 6 months of continuous employment 79% of
After 36 months rate.
- (P1) Starting rate 68% of After 36 months rate.

The Employer's Position.

The Employer proposes that the new labor agreement increase the wage rates established by Section 30.1 of the

current labor agreement by 1% on January 1, 2012, and by an additional 1% on January 1, 2013, thus:

30.1. Effective January 1, 2012 Police Officer base rate:

There shall be a general wage increase of 1% for 2012.

- (P5) After 36 months of continuous employment
\$5,716.89 per month.
- (P4) After 24 months of continuous employment 93% of
After 36 months rate.
- (P3) After 12 months of continuous employment 86% of
After 36 months rate.
- (P2) After 6 months of continuous employment 79% of
After 36 months rate.
- (P1) Starting rate 68% of After 36 months rate.

Effective January 1, 2013 Police Officer base rate:

There shall be a general wage increase of 1% for 2013.

- (P5) After 36 months of continuous employment
\$5,774.06 per month.
- (P4) After 24 months of continuous employment 93% of
After 36 months rate.
- (P3) After 12 months of continuous employment 86% of
After 36 months rate.
- (P2) After 6 months of continuous employment 79% of
After 36 months rate.
- (P1) Starting rate 68% of After 36 months rate.

Decision.

The parties have presented evidence and argument relating to the following subjects:

Economic conditions and the City's "Ability to Pay."

The cost of proposed wages.

Internal comparison -- information about the wages paid by the City to its other employees.

External comparison -- information about wages paid to Police Officers by other cities.

Inflation.

Retention of Personnel.

Economic Conditions. The Employer makes the following arguments. The City's financial condition has been severely impacted by the economic recession that began in 2008, and the adverse impact of the recession continues. The City has lost a

substantial amount of state aids, as the Minnesota legislature reduced its expenditures. Home values in the City have declined substantially, and many homes have suffered foreclosure, resulting in a decline in the City's tax capacity. Loss of tax capacity limits the ability of the City to generate revenue by levies on real property, the primary source of its revenues. The City has had to increase its tax levies, causing a substantial burden on homeowners and businesses. In addition, the City has cut expenses, reducing the number of those working for the City by about 16% since 2005. The City has cut many programs and has deferred purchase of needed vehicles and other equipment.

At 8.4%, the 2011 unemployment rate among the City's population was above the average in Hennepin County. City residents with incomes below the poverty level averaged about 16% from 2006 to 2010, compared with 12% of Hennepin County residents and 10% of Minnesota residents. The City's median household income is about \$49,200 compared to the average median household income of about \$60,400 in the nine suburban cities the Employer suggests as a relevant comparison group -- Crystal, Fridley, Golden Valley, Maplewood, New Hope, Richfield, Roseville, Shoreview and White Bear Lake.

The Union argues that, though the City's finances suffered from the economic recession, its finances have improved recently -- evidenced by increases in its unreserved fund balance of \$780,000 in 2009, \$300,000 in 2010 and \$890,000 in 2011. It argues that, in 2011, the fund balance exceeded the minimum recommended by the State Auditor -- 35% to 50% of

expenditures. The Union also argues that the City's total net assets have risen by about \$11 million over the past three years. In addition, the Union notes that the City has issued permits for about \$88,500,000 in new buildings and commercial developments since 2009 -- though, as the Employer has pointed out, much of this new construction will occur in Tax Increment Financing districts removing most of it from the tax rolls until many years in the future.

Cost. The parties disagree about the difference in cost of an award of the the Union's position as compared to an award of the Employer's position. In its post-hearing argument, the Union estimates that difference at about \$79,300. In a post-hearing exhibit presented by the Union it estimates that the cost of its wage proposal about \$119,110 more than the cost of the Employer's position. The Employer estimates the cost difference between the two positions at \$129,600.

External Comparison. The parties disagree about the appropriate cities that should be used to compare Police Officers' wages paid by the City to wages other cities pay. The Union proposes the use of twenty-four cities with populations over 25,000, most of which are in the Minneapolis-St. Paul metropolitan area. The Union argues that these cities, which are listed below are appropriate for comparison because they provide a broad cross-section of cities with similar characteristics to those of the City and because those twenty-four cities were used in three previous interest arbitrations between the City and the Union -- in 1988, 1995 and 1997:

<u>City</u>	<u>City</u>	<u>City</u>
Eden Prairie	Lakeville	Oakdale
Bloomington	Plymouth	Maple Grove
Woodbury	Maplewood	Blaine
Eagan	Apple Valley	Cottage Grove
Edina	Inver Grove Heights	Shakopee
Brooklyn Park	St. Louis Park	Richfield
Coon Rapids	Fridley	Minnetonka
Burnsville	Roseville	St. Cloud

The Employer proposes that external comparisons should be made with the following nine cities:

<u>City</u>	<u>City</u>	<u>City</u>
Crystal	Maplewood	Roseville
Fridley	New Hope	Shoreview
Golden Valley	Richfield	White Bear Lake

The Employer argues that these cities are more appropriate for comparison because they are similar to Brooklyn Center in the reduced level of income and wealth of their residents. The Employer notes that in 1998 its City Council adopted the use of these cities for making compensation comparisons, that they were used in another interest arbitration since then and that the Union has accepted them in previous bargaining. The Employer criticizes the use of the Union's proposed group of twenty-four cities as not comparable in wealth and size.

The Union argues that the Employer's proposed comparison group is not sufficiently broad to show a standard for Police Officers salaries. The Union argues that the selection of this group of cities by the City Council indicates a criterion biased toward the use of cities paying lower wages to employees. The Union points out that one of the cities in the Employer's group, Shoreview, does not maintain its own police department.

The Union argues that since 2007, in its comparison group of twenty-four cities, the ranking of wage rates paid by Brooklyn Center to its Police Officers has steadily declined, starting at just below the fifteenth ranked city in 2007 and declining to just below the twentieth ranked city in 2011. The Union also argues that the inappropriate erosion of Police Officers' wages is confirmed by an internal comparison between the wages paid by the City to its Police Supervisors and to its Police Officers. The Union notes that the differential between the wages of Police Sergeants and Police Officers was 13.7% in 2003 and that it had grown to 16.5% in 2011. The Union points out that an award to Police Officers of a 1% increase for 2012, as the City proposes, would, with the 3.7% raise Sergeants received for 2012, increase that differential substantially.

The Employer argues that the wages it pays Police Officers compare favorably when comparison is made to the wages paid by its comparison group of cities. The Employer justifies the extra increases made in the wages of Police Commanders, of Public Works employees and of some non-union employees as based on market comparisons, using the same nine cities as the appropriate market for comparison. The Employer argues that its Police Commanders were paid substantially below the market as measured by its comparison group, thus making appropriate the \$1.50 per hour extra adjustment of their wages in 2012. The Employer concedes that a similar market adjustment was not indicated for Police Sergeants, whose wages were slightly above the market, but it notes that it agreed to an extra \$0.50 per hour

adjustment for Sergeants because such an agreement was needed to settle the labor agreement of the Police Supervisory Unit.

The Employer presented evidence showing that the wages it pays Police Officers exceeded the average paid to Police Officers by the cities in its comparison group (excluding Shoreview, which has no Police Department), in 2010 and in 2011 -- even though Brooklyn Center Police Officers received no general increase in 2010 or 2011, while three of the eight cities in the comparison group raised 2010 Police Officer wages in 2010 and five of the eight comparison group cities raised 2011 Police Officer wages.

Internal Comparison. At the time of the hearing, the City employed 156 full-time employees -- thirty-eight in the Police Officers Unit, nine in the Police Supervisory Unit, twenty-five Department of Public Works employees, represented by Local 49 of the International Union of Operating Engineers ("IUOE") and eighty-four non-union employees. The following is a description of the way in which wage rates for these employees have been established since 2007.

For 2007, Police Officers, Police Supervisors and IUOE employees received the same increase -- 2.75% on January 1, 2007, and an additional 0.75% on July 1, 2007 (with an extra \$50 per month to Police Sergeants). Non-union employees received a 3% increase. For 2008, Police Officers, Police Supervisors and IUOE employees received the same percentage increase as in 2007, 2.75% on January 1, 2008, and an additional 0.75% on July 1, 2008, but Police Sergeants did not received an extra \$50 per month.

Non-union employees received a 3% increase. For 2009, all employees received a 3% increase, and for 2010, no employees received a wage increase. For 2011, no employees received a wage increase, except that one IUOE classification, Mechanic, received a \$0.32 per hour market adjustment.

For 2012, the first contract year at issue in this proceeding, all City employees except Police Officers received a 2.0% general increase. In addition, as noted above, Police Sergeants received another \$0.50 per hour increase above that 2.0% increase, an extra increase that the Union calculates as having raised the Sergeants' percentage increase for 2012 to 3.27%. Police Commanders received an additional \$1.50 per hour increase above that 2.0% increase, an extra increase that the Union calculates as having raised the Commanders' percentage increase for 2012 to 5.4%.

For 2013, the second contract year at issue in this proceeding, non-union employees received a 2% increase, IUOE employees received a 1.5% increase and an additional increase of \$0.24, an extra increase that the Union calculates as having raised the percentage increase received by IUOE employees to between 2.45% and 2.9%. for 2013. The City and Police Supervisory Unit have not settled wage rates for 2013. The Union notes that elected officials of the City are scheduled to receive a 3% increase for 2013 and an additional 3% increase for 2014.

Inflation. The Union argues that, the rate of inflation as measured by the Consumer Price Index ("CPI") has risen during the past two years, after a two-year respite, showing that an

increase of only 1% per year, as proposed by the Employer, would erode the purchasing power of the wages of Police Officers.

Retention. The Employer argues that it has many long-term employees in the Police Officer's Unit, thus implying that their compensation is competitive in the market.

The Union notes that the Employer is in compliance with the Minnesota Pay Equity Act (the "Act"), which seeks to eliminate gender discrimination in establishing the compensation of employees. The evidence shows that an award of either party's position would not cause the Employer to be out of compliance with the Act.

Award.

For the following reasons, I award a 2% general increase for 2012 and an additional 2% general wage increase for 2013. The Employer proposes two primary reasons for paying Police Officers, in 2012, a lesser percentage increase than was received by all 118 of the City's other full-time employees, and, again in 2013, for paying them a lesser percentage increase than was received by all other City employees except, thus far, those in the Police Supervisory Unit, which has not settled for 2013.

The first primary reason advanced for the Employer's position is that its finances are under stress from the economic recession, and I agree that that is a concern. Nevertheless, the Employer has found the resources to pay virtually all of its other employees at least twice the percentage increase it proposes to pay Police Officers. Although I agree with the Employer that wages, which are on-going expenditures, cannot be

justified by an apparent balance sheet surplus, the wage increases provided to all other employees of the City indicate that the Employer has a diminished concern for its ability to finance wage expenditures.

The second primary reason the Employer gives for its proposal to increase Police Officers' wages by half the increase provided to its other employees is that market comparisons justify such a lesser increase. I agree with the Employer that many of the twenty-four cities in the comparison group proposed by the Union are inappropriate comparisons because of size and wealth and that Brooklyn Center has many similarities to the cities the Employer proposes. I have calculated the percentage increase in Police Officers' wages averaged for the eight comparison cities proposed by the Employer. From 2011 to 2012, that average increase was about 1.2%, and, from 2012 to 2013 (for the six cities that have settled for 2013), that average increase was about 1.61%. For the Union's twenty-four city comparison group, the average increase from 2011 to 2012 (for twenty-three cities that have settled for 2011 and twenty-two cities that have settled for 2012) was about 1.63%, and the average increase from 2012 to 2013 (for twenty-two cities that have settled for 2012 and sixteen cities that have settled for 2013) was about 1.99%.

As employers often argue in interest arbitration, internal comparison should be given greater consideration than external comparison, unless the external market shows substantially disparate comparison. In the present case, the average external

market percentage increases in Police Officers' wages exceed the increases of 1% per year proposed by the Employer, and those percentage increases are not substantially below the 2% per year by which the Employer has increased the wages of its other employees. For that reason, I award the following amendment of Section 30.1 of the parties' labor agreement, providing Police Officers with a general wage increase of 2% in 2012 and an additional 2% wage increase in 2013:

30.1. Effective January 1, 2012 Police Officer base rate:

(An increase of 2.0%):

- (P5) After 36 months of continuous employment
\$5,773.50 per month.
- (P4) After 24 months of continuous employment 93% of
After 36 months rate.
- (P3) After 12 months of continuous employment 86% of
After 36 months rate.
- (P2) After 6 months of continuous employment 79% of
After 36 months rate.
- (P1) Starting rate 68% of After 36 months rate.

Effective January 1, 2013 Police Officer base rate:

(An increase of 2.0%):

- (P5) After 36 months of continuous employment
\$5,888.97 per month.
- (P4) After 24 months of continuous employment 93% of
After 36 months rate.
- (P3) After 12 months of continuous employment 86% of
After 36 months rate.
- (P2) After 6 months of continuous employment 79% of
After 36 months rate.
- (P1) Starting rate 68% of After 36 months rate.

ISSUE 4: LONGEVITY PAY

The four sections of Article 25 of the current labor agreement are set out below:

25.1. After twelve (12) years of continuous employment, each employee shall choose to be paid supplementary pay of \$118 per month or supplementary pay based on educational credits as outlined in 25.4 of this Article.

25.2. After sixteen (16) years of continuous employment, each employee shall choose to be paid supplementary pay of \$202 per month or supplementary pay based on educational credits as outlined in 25.4 of this Article.

25.3. Employees may choose supplementary pay either for length of service or for educational credits no more often than once every twelve (12) months.

25.4. Supplementary pay based on educational credits will be paid to employees after twelve (12) months of continuous employment at the rate of:

Bachelor's Degree \$118 per month

Master's Degree \$202 per month

The Union's Position.

The Union proposes that the new labor agreement amend Section 25.2, as set out below, thus to raise the "longevity" increment provided after sixteen years of continuous employment by \$117, from \$202 per month to \$319 per month; as structured, this proposal would make no corresponding increase in the supplementary pay provided under Section 25.4 for educational credits:

25.2. Beginning January 1, 2012, after sixteen (16) years of continuous employment, each employee shall choose to be paid supplementary pay of \$319 per month or supplementary pay based on educational credits as outlined in 25.4 of this Article.

The Employer's Position.

The Employer proposes that there be no change in Section 25.2, thus continuing the sixteen-year longevity increment at \$202 per month.

Decision.

The Employer argues that its other employees, even those in the Police Supervisory Unit, receive no longevity payment.

The Employer also argues that, in the past, increases in longevity have been bargained by the parties and have come several years apart in reasonable amounts -- between \$3 per month and \$10 per month.

The Union argues that the current longevity payment for Police Officers employed by the City for more than sixteen years is below similar longevity payments in most of the twenty-four cities in its comparison group. Five of those cities pay no longevity.

Among the eight cities with police departments in the Employer's comparison group, seven pay longevity. For most of those cities, longevity after sixteen years of service is 9% of base pay. In 2011, in the eight cities, the average total of base pay plus maximum longevity was \$5,935 per month, compared to \$5,862 per month paid by Brooklyn Center. For 2012, the eight-city average total of base pay plus maximum longevity was \$6,003 per month. With the 2% increase in base pay awarded above, this amount would compare to \$6,092.50 per month if the award here adopts the Union's proposal to raise maximum longevity to \$319 per month and to \$5,975.50 per month if the award adopts the Employer's proposal not to change longevity.

Award.

I award an increase of \$20 per month in longevity pay to bargaining unit members employed more than sixteen years. For the ten employees now receiving maximum longevity, the total annual cost (\$2,400) of this increase will not be significant,

but it will raise the 2012 total of base pay plus maximum longevity to \$5,995.50 -- about the same as the \$6,003 average in the eight cities in the Employer's comparison group.

Accordingly, Section 25.2 of the new labor agreement shall provide as follows:

25.2. After sixteen (16) years of continuous employment, each employee shall choose to be paid supplementary pay of \$222 per month or supplementary pay based on educational credits as outlined in 25.4 of this Article.

ISSUE 5: DETECTIVE'S PAY PREMIUM.
ISSUE 6: DETECTIVE'S ON-CALL PAY.

Sections 30.2 and 30.3 of the current labor agreement are set out below:

30.2. Employees classified or assigned by the Employer to the following job classifications or positions will receive two hundred dollars (\$200) per month or two hundred dollars (\$200) prorated for less than a full month in addition to their regular wage rate.

Detective.

Employees classified or assigned by the Employer to the following job classifications or positions will receive one hundred dollars (\$100) per month or one hundred dollars (\$100) prorated for less than a full month in addition to their regular wage rate.

School Resource Officer
Task Force Officer
Auto Theft Officer
Juvenile Officer.

30.3. Detectives Serving On-Call: Detectives will work a schedule which requires them to serve on-call on a rotating basis. The City will pay each Detective serving on-call on a rotating basis one hundred sixty-five dollars (\$165.00) per month in addition to their regular wage. Detectives who are called back to duty while serving on-call will be paid according to Article 15 of the labor Agreement [which establishes the amount of pay when called

back to work]. Officers assigned to work with the Detectives for training purposes will not receive the one hundred sixty-five dollars (\$165.00) per month nor will they be required to serve on-call.

The Union's Position.

With respect to Issue 5, the Union proposes that in the new labor agreement Section 30.2 be amended by raising the monthly increment for the Detective's classification by \$35 during 2012 and by an additional \$35 during 2013, thus:

30.2. Beginning January 1, 2012 Employees classified or assigned by the Employer to the following job classifications or positions will receive two hundred thirty-five dollars (\$235) per month or two hundred thirty-five dollars (\$235) prorated for less than a full month in addition to their regular wage rate.

Detective.

Beginning January 1, 2013 Employees classified or assigned by the Employer to the following job classifications or positions will receive two hundred seventy dollars (\$270) per month or two hundred seventy dollars (\$270) prorated for less than a full month in addition to their regular wage rate.

Detective.

The Union proposes no change in the part of Section 30.2 that provides an increment of \$100 per month to Police Officers assigned to serve as School Resource Officers, Task Force Officers, Auto Theft Officers and Juvenile Officers.

With respect to Issue 6, the Union proposes that, in the new labor agreement, Section 30.3 be amended by raising the amount of pay Detectives receive for serving in a rotating on-call status from \$165 per month to \$215 per month during 2012, and to \$265 per month during 2013, thus:

30.3. Detectives Serving On-Call: Detectives will work a schedule which requires them to serve on-call on a rotating basis. For 2012, the City will pay each Detective serving on-call on a rotating basis two hundred fifteen dollars (\$215.00) per month in addition to their regular wage. Detectives who are called back to duty while serving on-call will be paid according to Article 15 of the labor Agreement. Officers assigned to work with the Detectives for training purposes will not receive the two hundred fifteen dollars (\$215.00) per month nor will they be required to serve on-call.

Detectives Serving On-Call: Detectives will work a schedule which requires them to serve on-call on a rotating basis. For 2013, the City will pay each Detective serving on-call on a rotating basis two hundred sixty-five dollars (\$265.00) per month in addition to their regular wage. Detectives who are called back to duty while serving on-call will be paid according to Article 15 of the labor Agreement. Officers assigned to work with the Detectives for training purposes will not receive the two hundred sixty-five dollars (\$265.00) per month nor will they be required to serve on-call.

The Employer's Position.

The Employer opposes both increases in compensation to Detectives proposed by the Union. The Employer proposes language that would consolidate Section 30.3 into the first part of Section 30.2, continuing the current total incremental compensation paid to Detectives at \$365 per month, thus:

30.2. Employees classified or assigned by the Employer to the following job classifications or positions will receive three hundred sixty-five dollars (\$365) per month or three hundred sixty-five dollars (\$365) prorated for less than a full month in addition to their regular wage rate. Detectives will work a schedule which requires them to serve on call on a rotating basis.

Detective.

The Employer proposes no change in the part of Section 30.2 that provides an increment of \$100 per month to Police

Officers assigned to serve as School Resource Officers, Task Force Officers, Auto Theft Officers and Juvenile Officers.

Decision.

The Employer notes that its proposal makes no substantive change in the compensation or in the obligation of Detectives to serve on-call on a rotating basis. It argues that its proposal to consolidate Section 30.3 into the first part of Section 30.2 is meant to streamline the contract provisions relating to Detectives.

The Employer presented evidence showing that the eight cities in its comparison group pay extra wages to those serving as Detectives, as follows:

<u>City</u>	<u>Detective's Increment</u>	<u>Separate On-Call Pay</u>	<u>Total</u>
Crystal	\$275	None	\$275
Fridley	275	None	275
Golden Valley	281	None	281
Maplewood	348	None	348
New Hope	250	None	250
Richfield	342	\$125 per week*	342*
Roseville	260	None	260
White Bear Lake	160	None	160
Brooklyn Center	200	165	365

The Union argues that the five Detectives serve in a separate classification -- one that requires additional

* The Employer presented evidence that, though Richfield has a contract provision setting Detectives on-call pay at \$125 per week, no Detectives have ever been placed in an on-call status, with the result that Richfield has never been obligated to pay the \$125 weekly increment.

knowledge, skills and experience. The amount of the increment for serving in the classification has been set at \$200 since 2000. The Union argues that an increase is justified because the increment paid by the City is about \$78 less than the 2012 average Detective increment in its twenty-four city comparison group and about \$95 less than the average 2013 increment.

The Union presented evidence showing that six of the twenty-four cities in its comparison group have an on-call requirement for Detectives, with compensation for serving in that status dependent on the responsibilities associated with such status in each city.

The Union also points out that the Employer requires its three Police Commanders to be on-call and that they receive a day off for each week served in that status -- the equivalent of about \$343 in wages. In addition, IUOE employees may be required to serve in a "standby" status for which they 1) receive 5.5 hours of overtime pay for a weekend assignment to standby, from the end of the Friday work day till the start of the Monday workday, or 2) receive 1 hour of overtime pay for being assigned to standby on a week night.

Award.

I award a continuation of the present organization of Sections 30.2 and 30.3 of the labor agreement, with the following changes in the monetary compensation described in those provisions. In Section 30.2, the increment for serving as a Detective shall be increased to \$235 per month for 2012 and shall remain at that amount for 2013. In Section 30.3, the

increment for serving in an on-call status shall continue to be \$165 per month. The result of this award will be to fix compensation for serving as a Detective at \$400 per month, slightly more than indicated by the average in the Employer's comparison group and slightly less than indicated by the average in the Union's comparison group.

ISSUE 7: EMPLOYER'S CONTRIBUTION TO INSURANCE

Article 29 of the current labor agreement has two sections, which I reproduce below:

29.1. Full-time employees.

Effective 1/1/11, the City will contribute payment of eight hundred ninety dollars (\$890) per month per employee for use in participating in the City's insurance benefits.

For 2011 [an] employee electing to participate in a high deductible health plan will receive an incentive of \$80 per month.

29.2. Life insurance and Balance of Cafeteria Funds.

The City of Brooklyn Center will provide payment for premium of basic life insurance in the amount of \$10,000. The employee may use the remainder of the contribution (limits as stated above) for use as provided in the Employer's Benefit Plan. The Employer will make a good faith effort to provide the following options for employee selection: group dental, supplemental life, long-term disability, deferred compensation or cash benefits. The Employer will be excused from the requirement of offering a particular option where such becomes unfeasible because of conditions imposed by an insurance carrier or because of other circumstances beyond the City's control.

The Employer provides a monthly payment to its eligible employees with which they can purchase benefits -- life insurance, medical insurance, dental insurance, disability insurance or retirement contributions -- under the Employer's cafeteria plan. The medical insurance offered consists of

several plan varieties in several choices of coverage -- employee only, employee and spouse, employee and children only or family. The premiums for the several kinds of medical insurance plan and the several kinds of coverage vary. The Employer has in the past made available to all its employees an amount per month (the "base cafeteria plan contribution") that the employee is able to use to pay for the kind of medical insurance plan, the kind of coverage and other insurance the employee may select. If the employee does not use all of the Employer's base cafeteria plan contribution for insurance or retirement contributions, the employee may take the unused amount as taxable income.

Under Section 29.1 of the 2011 labor agreement, set out above, the Employer's base cafeteria plan contribution to employees was \$890 per month. In the past, with the rising cost of medical insurance premiums, the Employer has calculated the average increase in premium and split the cost of the increase between the Employer and the employee -- by increasing the amount of the Employer's base cafeteria plan contribution by one-half of the average increase in premiums for medical insurance. In addition, the Employer has paid an incentive contribution to encourage employees to choose a high deductible health plan (the "HDHP" incentive contribution). That incentive contribution was \$80 per month in 2011.

The Employer's Position.

For 2012 and 2013, the average of medical insurance premiums declined significantly, by about 17% to 20%. The

Employer proposes that, because of the reduction in the cost of medical insurance, Section 29.1 of the labor agreement be amended so that, for 2012, its base cafeteria plan contribution would be reduced from \$890 per month to \$754 per month and its HDHP incentive contribution would be increased from \$80 per month to \$145 per month. For 2013, the Employer proposes that its base cafeteria plan contribution be set at \$794 per month and that its HDHP incentive contribution be set at \$145 per month.

The Union's Position.

The Union proposes that the new labor agreement make no change in Sections 29.1 and 29.2 of the current contract.

Decision.

The average medical insurance premium for 2012 declined by \$197.85 per month from what it had been in 2011. The Employer presented the following evidence. For 2011, its basic cafeteria plan contribution of \$890 per month and its HDHP incentive contribution of \$80 per month provided those who selected an HDHP plan a total contribution of \$970 per month. The Employer's proposal for 2012 would reduce its basic cafeteria plan contribution to \$754 per month and would increase its HDHP incentive contribution to \$145 per month, a total contribution of \$899 per month for those who selected an HDHP plan.

Thus, under the Employer's proposal for 2012, its total contributions for those who selected an HDHP plan would decline by \$71 per month -- about 36% of the average medical insurance

premium reduction of \$197.85 per month. The employee who selected an HDHP plan would save \$126.85 per month -- about 64% of the premium reduction. For an employee who did not select an HDHP plan, the Employer would contribute \$754 per month, a reduction of \$136 per month in the Employer's contribution -- or about 68.7% of the average medical insurance premium reduction -- and the employee who did not select an HDHP plan would save About 31.3% of the \$197.85 per month reduction in the average medical insurance premium.

For 2013, the average medical insurance premium will rise by \$79.56. The Employer's proposal would increase its basic cafeteria plan contribution by \$40 from \$754 per month to \$794 per month, and its HDHP incentive contribution would remain at \$145 per month.

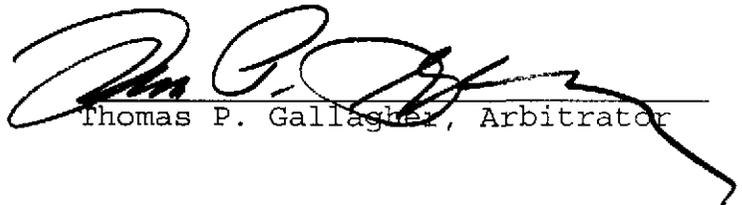
The Union argues that there should be no net reduction in the Employer's contributions as established in the current labor agreement, arguing that such a change should be made only if the Union receives something in exchange through bargaining.

Award.

I award the position of the Employer. The evidence shows that the Employer has provided the same insurance benefits to all of its employees for about fifteen years. For 2012, all employees, non-union, those in the Police Supervisory Unit and the IUOE employees will receive the same contributions the Employer has proposed here. For 2013, non-union employee and IUOE employee will receive what the Employer has proposed here; the labor agreement covering the Police Supervisory Unit during 2013 has not been settled.

The Employer's proposal to apportion the cost reduction in the average medical insurance premium between it and its employees is reasonable. There is no justification for a departure from the use of internal consistency -- the usual arbitration standard for determining insurance benefits.

February 9, 2013



Thomas P. Gallagher, Arbitrator