

MEMORANDUM



TO: VICTOR CARDENAS, CITY MANAGER
DANIELLE MAHONEY, ASSISTANT CITY MANAGER

FROM: TIA GRONLUND-FOX, DIRECTOR OF HUMAN RESOURCES

SUBJECT: POLICE OFFICER NEGOTIATION UPDATE

DATE: SEPTEMBER 16, 2025

CONFIDENTIAL

I wanted to provide a quick update on the status of our negotiations with the Police Officer (POLC) group.

As of today, I have not received the Union's filing for binding arbitration (312). Once I am in receipt of that, I will let you know.

I understand that there have been some questions by members of City Council pertaining to how a potential settlement with the Police group will affect negotiations/settlements with other 312 eligible groups, specifically Police Command (contract expiration 6/2026) and Fire (contract expiration 6/2027).

Police Command

Historically, the Command group has asked for the same annual increases as POLC, as well as an additional stipend/bonus due to their supervisory responsibilities. Contributions toward healthcare, and other fringe benefits have been mirrored by each group. The retirement plans are different between these two groups in that POLC has the hybrid plan (a defined benefit and defined contribution component), while the Command group has a straight defined benefit plan. External comparable data is gathered, however the primary rationale for increases has been based primarily on POLC wages/benefits. Additionally, the Command group has significantly fewer members, 12, versus 57 in the POLC group.

Fire

The last Fire contract that was negotiated did proceed to Mediation and then to binding arbitration. The process was vastly different than I, or the City's labor attorney had experienced. Once the case was assigned to an arbitrator, the arbitrator remanded the parties back to mediation (which is common practice if there are several outstanding issues). The unusual part was that the arbitrator then also mediated the issues. I questioned the action, and voiced my concerns, however the case went as was scheduled. The Fire group's major objective was to reach comparable salaries with the POLC group. As you will see from the chart below, this was achieved through the current contract.

When negotiating with our full-time fire group (28 members), we rely primarily on internal comparable data from other public safety groups (POLC and Command). This is because our staffing model is vastly different than all surrounding communities of similar

size, taxable value, etc. As you are aware, Novi's model is 12-hour shifts 6 AM – 6 PM staffed with full -time employees, and 6 PM – 6 AM staffed with part-time.

When negotiating this past contract, the City was at a disadvantage because of the salary discrepancies between our police and fire personnel. The results of that negotiation did bring fire wages more in line with those of the police groups.

The current three-year budget includes in it a three percent (3%) wage increase for each employee group. The last offer received from POLC was a five (5%) percent wage increase for each year. The charts below show the impact on wage schedules for each group based on the budgeted three (3%) percent and the five (5%) percent requested in negotiations.

Chart Assumes a 3%, 3%, and 3%				
	<u>Current</u>	<u>26/27 (+3%)</u>	<u>27/28 (+3%)</u>	<u>28/29 (+3%)</u>
<i>Police Officer</i>	94,252.59	97,080.17	99,992.57	102,992.35
<i>Police Sergeant</i>	108,987.00	112,256.61	115,624.31	119,093.04
<i>Police Lieutenant</i>	117,410.00	120,932.30	124,560.27	128,297.08
<i>FPO</i>	95,306.00	98,165.18	101,110.14	104,143.44
<i>Fire Lieutenant</i>	103,884.00	107,000.52	110,210.54	113,516.85
<i>Fire Captain</i>	112,461.00	115,834.83	119,309.87	122,889.17
<i>Fire Training Officer</i>	112,461.00	115,834.83	119,309.87	122,889.17
<i>Fire Marshal</i>	114,650.00	118,089.50	121,632.19	125,281.15
	Current Contractual Obligation			
		Projected Wages		

Chart Assumes a 5%, 5%, and 5%				
	<u>Current</u>	<u>26/27 (+5%)</u>	<u>27/28 (+5%)</u>	<u>28/29 (+5%)</u>
<i>Police Officer</i>	94,252.59	98,965.22	103,913.48	109,109.15
<i>Police Sergeant</i>	108,987.00	114,436.35	120,158.17	126,166.08
<i>Police Lieutenant</i>	117,410.00	123,280.50	129,444.53	135,916.75
<i>FPO</i>	95,306.00	98,165.18	103,073.44	108,227.11
<i>Fire Lieutenant</i>	103,884.00	107,000.52	112,350.55	117,968.07
<i>Fire Captain</i>	112,461.00	115,834.83	121,626.57	127,707.90
<i>Fire Training Officer</i>	112,461.00	115,834.83	121,626.57	127,707.90
<i>Fire Marshal</i>	114,650.00	118,089.50	123,993.98	130,193.67
	Current Contractual Obligation			
		Projected Wages		

Additionally, there has been much discussion in negotiations, and with City Council surrounding the reduction of employees' contributions toward health care costs. I have

prepared the chart below to show the City's current annual spend on health care costs, as well as the additional cost to the City for the 1% annual reduction to employees' costs. These costs are calculated based on today's costs.

HEALTH CARE PROJECTIONS FOR POLC, COAM, FIRE - HAP Only							
Current City Spend			Add 1%		Add 1%		Add 1%
POLC	\$691,808		\$698,726		\$705,713		\$712,770
COAM	\$212,592		\$214,718		\$216,865		\$219,034
FIRE	\$394,284		\$398,227		\$402,209		\$406,231

I am happy to discuss in more detail at the Executive Session scheduled for September 22, 2025.

Thank you.