

**ILLINOIS LABOR RELATIONS BOARD
INTEREST ARBITRATION**

Before
PETER R. MEYERS
Arbitrator

In the Matter of the Interest Arbitration
between:

**POLICEMEN'S BENEVOLENT
LABOR COMMITTEE ON BEHALF
OF THE CITY OF SPARTA POLICE
OFFICERS AND DISPATCHERS,**

Case No. **S-MA-01-194**

Union,
And

CITY OF SPARTA,

Employer.

DECISION AND AWARD

Appearances on behalf of the Union

B. Jay Dowling—Attorney

Appearances on behalf of the Employer

Alan R. Farris—Attorney
Thomas Ashley—Police Chief
Randy Bertetto—Mayor

This matter came to be heard before Arbitrator Peter R. Meyers on the 26th day of June 2003 at the City Hall of Sparta, 114 West Jackson Street, Sparta, Illinois. Mr. B. Jay Dowling presented on behalf of the Union, and Mr. Alan R. Farris presented on behalf of the Employer.

Introduction

The parties in this matter are the City of Sparta, Illinois (hereinafter "the City"), and the Policemen's Benevolent Labor Committee (hereinafter "the Union"). The parties entered into collective bargaining negotiations over a successor collective bargaining agreement to replace the contract that expired on March 31, 2001. The parties engaged in extensive negotiations over the new agreement, and they were successful in resolving the majority of the issues between them. By January 2003, however, the parties had not yet successfully resolved certain of the issues raised during negotiations, and these issues were submitted for Compulsory Interest Arbitration with the Illinois Labor Relations Board.

Pursuant to the Illinois Public Labor Relations Act, 5 ILCS 315/1 *et seq.* (hereinafter "the Act"), this matter initially was scheduled to be heard by Neutral Arbitrator Peter R. Meyers on May 15, 2003. Prior to this scheduled hearing, the parties informed the Arbitrator that they had resolved the remaining issues. The May 15th hearing accordingly was canceled. The parties subsequently reported to the Arbitrator that one issue remained to be resolved, so a new hearing was scheduled. This matter then came to be heard before Neutral Arbitrator Peter R. Meyers on June 26, 2003, in Sparta, Illinois. The parties subsequently filed written, post-hearing briefs in support of their respective positions on the single issue that remains in dispute.

Relevant Statutory Provisions

ILLINOIS PUBLIC LABOR RELATIONS ACT 5 ILCS 315/1 et seq.

Section 14(h) 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, opinions and order upon the following factors, as applicable:

- (1) The lawful authority of the employer.
- (2) Stipulations of the parties.
- (3) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.
- (4) Comparisons 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:
 - (A) In public employment in comparable communities.
 - (B) In private employment in comparable communities.
- (5) The average consumer prices for goods and services, commonly known as the cost of living.
- (6) 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.
- (7) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.

(8) 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.

Impasse Issue in Dispute

Prior to the start of the evidentiary hearing in this matter, the parties confirmed that they had reached an agreement that resolved two of the three issues that originally had been submitted to binding interest arbitration, random drug testing and management work during periods of layoff. Accordingly, the sole issue remaining in dispute between the parties is the question of longevity pay.

Discussion and Decision

The City of Sparta is located in Randolph County, Illinois, about sixty miles southeast of St. Louis, Missouri, and it has a population of about 4,486, as measured by the 2000 census. The City's Police Department operates on an annual budget of about One Million Dollars (\$1,000,000.00). The Union represents all full-time and part-time patrol officers and dispatchers employed within the Police Department.

Section 14(h) of the Act sets forth eight factors that an arbitrator is to consider in analyzing competing proposals in an interest arbitration. As evidenced by the express language of Section 14(h), however, not all of the eight listed factors will apply in each case, or with equal weight. It therefore is necessary to determine which of the statutory

factors do apply, and with what degree of importance, to the instant proceeding.

As often happens in interest arbitration proceedings, the parties agree that comparison with what is done in other communities is critical to the proper resolution of their dispute, but they do not agree on which communities offer valid, relevant comparisons to the City of Sparta. The Union offered a list of fourteen comparable communities, but emphasized eleven of these as the most comparable to Sparta, based on revenues received and department size. These eleven communities are:

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| 1. Carlinville | 7. Chester |
| 2. Red Bud | 8. Staunton |
| 3. Nashville | 9. Lebanon |
| 4. DuQuoin | 10. Madison |
| 5. Millstadt | 11. Caseyville |
| 6. Pontoon Beach | |

The Union presented a wealth of demographic and economic data from these communities, including such relevant information as population, equalized assessed valuations, property tax extensions, and sales tax revenues. The Union also submitted copies of collective bargaining agreements covering police department employees in these various communities, and it has offered a specific analysis of longevity pay benefits available to similarly situated employees in all eleven of its proposed comparable

communities, and then compared these benefits to the parties' competing longevity proposals here.

During the evidentiary hearing, the City offered ten communities as proposed comparables, only one of which, Steeleville, appears on the Union's initial list of fourteen potential comparable communities; Steeleville is not one of the eleven communities upon which the Union has focused as the most comparable. In support of its assertions as to the relevance and validity of comparing its cited communities to Sparta, the City offered the testimony of Chief Ashley, who testified about the population and approximate geographic location of these different communities.

It must be noted that at the evidentiary hearing herein, the City did not offer any evidence regarding demographic or economic data from the communities that it proposed as comparables, despite the fact that the Act expressly provides that information from comparable communities is one of the factors to be considered in an interest arbitration, and despite the fact that the City had a sufficient opportunity to gather and prepare such data in advance of the hearing. Instead, the City waited until well after the hearing to submit this data, attaching it as an appendix to its post-hearing brief. The Union moved to strike this appendix, as well as the arguments based upon the Appendix that are set forth in the City's brief, asserting that this evidence should properly have been introduced at the hearing. The Union further argues that it has been prejudiced by the City's tardy

introduction of this demographic and economic data because it was not able to address and/or cross-examine witnesses regarding the relevance and validity of this material.

The Union certainly is correct in its contention that the City should have presented **all** of its evidence, including the economic and demographic data at issue, during the evidentiary hearing. The City has not offered to this Arbitrator or to opposing counsel any reasonable explanation for its failure to do so. All of this information was available well in advance of the hearing, and because the presentation of such comparable data is a normal and necessary part of virtually every interest arbitration, it cannot be supposed that the City was unaware of the need to gather, prepare, and submit such data into the evidentiary record **at the hearing**.

During the evidentiary hearing in this matter, the Union properly offered all of the demographic and economic data relating to its proposed comparables that it deemed relevant and valid. Because the Union did so, the City was able to take advantage of the opportunity to address the Union's proposed comparables, and argue for and against the adoption of the various proposed communities, as it saw fit, within the City's post-hearing brief. By delaying the presentation of the demographic and economic data relating to the City's proposed comparables until well after the hearing, the City deprived the Union of any opportunity to meaningfully address, in its own post-hearing brief, the City's proposed comparables. There can be no doubt that the City's inexplicable delay in

presenting this evidence therefore has created a real disadvantage for the Union.

That being said, however, a review of the Act and the entire record herein leads this Arbitrator to reluctantly conclude that the better course is to nevertheless consider the City's proposed comparable communities and determine, based upon the tardy demographic and economic data, whether they represent relevant and valid comparables to the City of Sparta. The primary argument in favor of considering the relevance and validity of the City's proposed comparables is the critical importance of data from properly comparable communities to the ultimate resolution of economic issues. To be assured of determining the best resolution to the disputed issue that the parties have submitted here, it is necessary for this Arbitrator to be able to review and analyze the best possible comparable data, and this requires consideration of the City's tardy demographic and economic data. The City's proposed comparable communities, and the supporting demographic and economic data, therefore shall be subjected to the same analysis here as will be applied to the Union's proposed comparables.

As the result of an analysis set forth in its post-hearing brief, the City narrows its own and the Union's original lists of proposed comparable communities to what it deems

are the ten communities most comparable to the City of Sparta. These are:

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| 1. Pinckneyville | 6. Steeleville |
| 2. Benton | 7. Waterloo |
| 3. Columbia | 8. Carlyle |
| 4. Red Bud | 9. Chester |
| 5. DuQuoin | 10. Nashville |

Apparently, the City’s post-hearing analysis led it to agree with the Union as to the relevance and validity of Red Bud, Chester, DuQuoin, and Nashville as comparable communities; none of these appeared on the initial list of proposed comparables that the City offered during the hearing. Because the parties apparently agree that these four communities represent relevant and valid comparables, I find that they shall be used as such here. The City initially proposed four other communities, Murphysboro, Marissa, New Athens, and Herrin, that the City itself subsequently eliminated through the application of a “determining factor” analysis in its post-hearing brief. I also find that these communities therefore shall not be considered here in any capacity. Steeleville, which the Union placed on its initial list, but not on its later list of “most comparable communities,” appears on the City’s list of most comparables. Because the Union agrees that Steeleville does offer some degree of relevance and validity as a comparison, this community also shall be included among the comparable communities that will be used here.

As for the remaining communities on the City's and the Union's respective lists of "most comparables," although the parties ultimately do not agree on their relevance and validity, they each have made strong arguments in support of their inclusion here, based upon the available demographic and economic data, and I find that all of these communities therefore will be considered as relevant and valid comparables.

In light of these considerations, I find that all seventeen of the communities that appear on the two parties' lists of "most comparable" communities are hereby deemed relevant and valid comparables to the City of Sparta, for purposes of analyzing the parties' competing proposals on the issue of longevity pay under Section 14(h) of the Act. The economic and demographic data from these communities, as well as the evidence relating to the compensation and benefit packages available to police department employees in these communities, establish a useful basis for analyzing the parties' competing proposals on the issue of longevity pay.

As for the other factors listed in Section 14(h) of the Act, the City's lawful authority does not appear to be at issue here, and the parties did not enter into any substantive stipulations regarding the longevity issue. The public's interest and welfare absolutely must be considered, in all of its aspects, in this proceeding; there can be no question that any contract covering law enforcement personnel can have a very real impact upon the public's safety and welfare. The cost of living also must be considered,

in varying degrees, in connection with any economic issue, such as the longevity pay issue presented here, while continuity and stability of employment, as well as a consideration of overall compensation and benefits, serve as an important part of the foundation that shall guide this Arbitrator's consideration of this disputed issue.

In connection with the City's ability to pay, the last of the statutory factors, the City has not expressly claimed any financial inability to meet the costs associated with a longevity pay provision. The record does include important evidence about the City's financial situation that nevertheless must be considered here. The City's population has dropped in each of the last two censuses, going from more than 4900 as of the 1980 census to less than 4500 as of the 2000 census. In addition, the City's equalized assessed valuation has increased by an average of about 3% over the last five years, and property tax caps apply to all local governments within Randolph County. Absent a referendum, the City is restricted from increasing its tax levy over a limit established through a calculation based on the inflation rate; the most recently calculated cap limited the City to a 1.6% increase. The City further asserted that its operations depend upon its sales tax revenue, and that this has not significantly increased over the last five years. In fact, the sales tax data shows that despite some variation, the City's annual sales tax revenue over the past five years has remained within a relatively narrow range. All of this sheds light upon the City's probable revenue stream during the term of the collective bargaining

agreement at issue here.

Turning to the remaining issue in dispute between these parties, longevity pay, it is necessary to note that this issue is economic in nature under Section 14(g) of the Act.

Pursuant to Section 14(g) of the Act, interest arbitrators do not have authority to fashion any form of compromise resolution, different from the parties' final offers, in connection with economic issues, while they do possess such authority with regard to non-economic issues. Accordingly, this Arbitrator shall select either the City's final offer or the Union's final offer as the more appropriate resolution of this disputed issue.

On the remaining issue of longevity, the Union's final offer is as follows:

Employees covered under this agreement will receive, as an addition to the base wage rates set forth in Section 1, above, the amounts set forth in the following schedule:

- a) Upon completion of four (4) years of employment - \$.20 per hour;
- b) Upon completion of nine (9) years of employment - \$.30 per hour;
- c) Upon completion of fourteen (14) years of employment - \$.40 per hour;
- d) Upon completion of nineteen (19) or more years of employment - .50 per hour.

On the issue of longevity, the City's final offer is as follows:

Employees covered under this agreement will receive, in a lump sum, the amounts set forth in the following schedule:

- a) Beginning the 11th year of employment through the end of the 15th year of employment - \$175.00 each anniversary date;
- b) Beginning the 16th year of employment through the end of the 20th year of employment - \$275.00 each anniversary date;
- c) More than 20 years of employment - \$375.00 each anniversary

date.

The parties agree that there should be some form of longevity payment available to the Department employees within the bargaining, reflecting their mutual recognition of the importance to the City and its residents of attracting and retaining qualified and experienced law enforcement employees. In fact, the parties' prior agreement included a provision calling for longevity pay as an annual cash bonus to be paid in conjunction with each employee's anniversary date, with employees receiving \$100.00 during their eleventh through fifteenth years with the Department and \$200.00 during their sixteenth through twentieth years. The Union's proposal would alter the calculation of longevity pay to one based upon a per hour figure, and it would make longevity pay available beginning in the fourth year of an employee's tenure. The City's proposal would, for the most part, preserve the current annual longevity bonus system; the City's final offer on this issue would increase the amount of the annual longevity bonus and add a longevity bonus for those employees with more than twenty years of service.

Specifically applying the relevant statutory factors, it is evident that the public's interest in the maintenance of a high quality police department may be most effectively served if the City offers a compensation and benefit package that is competitive with what is offered by the identified comparable communities. The total cost of the Union's proposal obviously is greater than the cost associated with the City's proposal, but

whether that greater cost is reasonable depends upon a review of the entire compensation and benefit package available to the City's law enforcement employees, and a comparison of that package to what is available in the comparable communities.

Of those comparable communities that offer longevity pay, I find that the data conclusively shows that the Union's proposal is more in line with what is offered elsewhere. Where specific information is available regarding how much service is required to qualify for longevity pay in the comparable communities, the overwhelming majority of comparable communities offering longevity pay make it available at a much earlier point in their employees' service than does the City of Sparta. Several of these communities, including Caseyville, Madison, DuQuoin, Maryville, and Pontoon Beach, offer longevity pay to employees after two years or less of service. The City of Sparta currently pays longevity pay to employees beginning in their eleventh year of service, and the City's proposal here would not change that. It appears that none of the comparable communities that offer longevity pay wait for an employee to reach eleven years of service before making longevity pay available.

I find that the Union's proposal, which calls for longevity pay to start upon the completion of four years of service, is entirely reasonable when viewed against what is available in the comparable communities. Carlinville pays longevity pay after five years of service, for example, but the record shows that most or all of the other comparable

communities that make longevity pay available due so at an earlier service point than the completion of four years.

As for the amount of longevity pay that the Union seeks through its proposal, this too is supported by a comparison of the longevity benefits available in the comparable communities. For those communities as to which such specific information is part of the record, the majority offer longevity pay as an addition to an employee's hourly pay, rather than as an annual bonus. Moreover, the amount of the longevity pay benefit in the comparable communities generally is far in excess of what the City of Sparta offers in its proposal. Caseyville's longevity benefit is pegged at a specific hourly increase to base pay at different levels of service time, beginning at \$0.25 per hour after two years of service. In the instant proceeding, the Union seeks \$0.20 per hour after four years of service.

Other communities calculate longevity as a percentage of base pay, with such examples as Pontoon Beach offering longevity pay starting at 3% of an employee's hourly base after two years of service and higher percentages for employees with longer service, and Madison offering 2% of the hourly base after one year of service and higher percentages after longer service. Chester and DuQuoin offer an annual longevity bonus, but the amount of these bonuses is far higher than the City would offer under its current proposal. Chester offers a longevity benefit of \$100.00 per year of service, up to a

maximum of twenty-five years, while DuQuoin's longevity benefit is calculated at the rate of one-half percent of base salary for each full year of service, up to a maximum of 5% of annual salary. Comparing these figures to the parties' competing proposals in this proceeding, it is evident that the City's proposed longevity benefit lags far behind what is available in all of the comparable communities that offer longevity pay, while the Union's proposal, though higher, nevertheless would keep the City's employees at the lower end of the range of available longevity benefits.

On every basis of comparison of the parties' competing proposals with longevity pay available in those of the comparable communities that offer a longevity benefit, I find that the Union's proposal is more appropriate and reasonable than is the City's proposal. Although the City's law enforcement employees would remain at or near the bottom of the range of available longevity benefits under either of the parties' proposals, I find that the Union's final offer on this issue places the City's law enforcement employees much nearer to those in the comparable communities that offer longevity pay.

A straight comparison of available longevity pay, however, does not end this inquiry. As previously noted, some of the comparable communities do not offer a specific longevity benefit. This would be significant if the City and Union never had included a longevity benefit in any of their prior contracts. The parties did include such a benefit in their prior collective bargaining agreement, and this represents conclusive

evidence of their mutual agreement as to the importance and value of such a benefit to the City, its employees, and its residents. Because it already offers a longevity benefit, the City of Sparta is aligned more nearly with those of the comparable communities that also offer such a benefit than with those communities that apparently do not.

Before finally determining which of the competing longevity offers is more reasonable, it is necessary to look at the overall compensation and benefit package available to the City's law enforcement employees and compare that package with what is available in the comparable communities. The record contains collective bargaining agreements from seven of the communities on the Union's list of eleven most comparable communities, along with a contract from one other community that the Union initially suggested as a comparable but that did not make its list of most comparable. As the Union correctly points out, a review of wages, vacation, holidays, sick leave, and educational incentives reveal a substantial similarity in these benefits across the comparable communities and with the benefit package available to the City's law enforcement employees. The similarity in these benefits argues in favor of the Union's proposal on longevity pay, in that adoption of the Union's proposal would put the City's law enforcement personnel closer to an equal footing with their colleagues in these other communities, while the City's proposal would maintain an imbalance as to the longevity benefit that is to the detriment of its employees.

In arguing that its longevity proposal is reasonable, the City has pointed to the fact that it has agreed to provide full employee and dependent insurance coverage. A review of the available data from the comparable communities does demonstrate that, except for Pontoon Beach, they all require a premium contribution from their employees. The collective bargaining agreements in the record show that most of these communities offer full coverage for their employees, and require an employee contribution in connection with premiums for dependent coverage. The record does not contain specific evidence as to the specific amount of such employee contributions in each of these communities; most of the contracts define employee contributions in terms of some percentage of the total cost of coverage, but do not identify the actual dollars at issue. Similarly, there is no evidence in the record that establishes the City's costs in connection with the insurance coverage that it provides to its employees.

Although it appears that the City offers a more generous insurance benefit to its employees than is available in most of the comparable communities, there is no specific evidence that allows for a calculation of how this benefit impacts the overall compensation and benefit package. It is not possible to determine, on this record, whether the insurance benefit available to the City's employees is such that their overall benefit package is markedly more generous than the benefits available to law enforcement employees in the comparable communities. Given the similarity of other benefits and the

fact that, even under the Union's proposal, the longevity benefit for the City's employees ranks below what is available in those comparable communities that offer longevity pay, I find that the Union's longevity proposal still must be viewed as more reasonable than the City's proposal, even in light of any difference in insurance benefits.

The evidence in the record suggests that although the City's population has decreased, its equalized assessed valuation has increased in four of the past five years. Moreover, despite the fluctuations in the City's sales tax revenues over the same period, this revenue has remained within a relatively narrow range, allowing for a projection that the City's revenues should continue within a stable range over the effective term of the parties' new collective bargaining agreement. I find that the evidentiary record, when analyzed pursuant to the factors appearing in Section 14(h), overwhelmingly establishes the Union's proposal on the issue of longevity as more reasonable, thereby supporting its adoption and inclusion within the parties' new contract.

Accordingly, this Arbitrator finds that the Union's final proposal on the issue of longevity pay shall be adopted, and it is set forth in the Appendix hereto.

Conclusion

I find that the Union's final proposal on the issue of longevity pay shall be adopted, and it is set forth in the Appendix hereto.

PETER R. MEYERS
Impartial Arbitrator

Dated this 8th day of October 2003
At Chicago, Illinois.

APPENDIX

The following shall be added to "Appendix "A" - Wage Rates" of the parties' collective bargaining agreement as "Section 3 - Longevity" thereof:

Employees covered under this agreement will receive, as an addition to the base wage rates set forth in Section 1, above, the amounts set forth in the following schedule:

- a) Upon completion of four (4) years of employment - \$.20 per hour;
- b) Upon completion of nine (9) years of employment - \$.30 per hour;
- c) Upon completion of fourteen (14) years of employment - \$.40 per hour;
- d) Upon completion of nineteen (19) or more years of employment – .50 per hour.