ILRB
#290

BEFORE
JAMES R. COX
ARBITRATOR

CITY OF HARVARD, ILLINOIS

and

ILLINOIS FRATERNAL ORDER OF POLICE
LABOR COUNCIL

INTEREST ARBITRATION
S-MA-03-161
May 1, 2003 - April 30, 2006 Contract

DECISION AND AWARD

The Hearing in this matter was conducted by the Arbitrator in Harvard, Illinois April 16, 2004. Attorney Gary Bailey represented the Illinois FOP Labor Council while the City case was presented and briefed by their Attorneys Stuart Gordon and Kelly Cahill. Following receipt of Transcript the Representatives filed Post-Hearing Briefs dated June 28, 2004 and Reply Briefs received by the Arbitrator in late July.

The FOP had been certified as Collective Bargaining Representative in this Unit of Patrolmen and Sergeants in 1986. Their sixth Labor Agreement expired April 30, 2003. Both Parties seek a three-year Contract commencing May 1, 2003. This is the Initial Interest Arbitration between these Parties.

It has been stipulated that procedural prerequisites for convening the Arbitration Hearing have been met and that the Arbitrator, in accordance with the Illinois Public Relations Act, has jurisdiction to rule on the five mandatory subjects of bargaining submitted. It was further agreed that the Arbitrator has authority to award increases in wages and all other forms of compensation retroactively to May 1, 2003.

Harvard and the Illinois FOP have waived Section 14(d) and 14(b) requirements and agreed that this Arbitrator shall be the sole Arbitrator of this dispute. Each of the issues before the Arbitrator is *economic* within the meaning of Section 14(g) of the Illinois Public Labor Relations Act and are the sole issues before the Arbitrator. Findings by the Arbitrator in this matter are

based upon applicable factors set forth in Section 14(h) of the Illinois State Labor Relations Act.

The parties worded the outstanding issues as follows:

(a) What increases in Wages will be received by Bargaining Unit Members for the duration of the Contract.
(a) What changes, if any, should be made to the provision regarding Health Insurance.
(b) What changes, if any, should be made to the provision regarding accumulation of Paid Days Off.
(c) What changes, if any, should be made to the provision of Sick Leave Conversion.
(d) What changes, if any, should be made to the provision regarding Scheduling Paid Days Off.

Agreement has been reached in a number of areas. Tentative Agreements deal with probationary employees, bereavement pay, uniform allowance and contract duration issues and are set forth in the Union Book at Tab 12. They are incorporated by reference into this Award.

THE ISSUES

WAGES

The Union's final demand was for a 4% across the board increase on all Steps effective retroactively to May 1, 2003 with 4% increases May 1, 2004 and May 1, 2005. The Union proposal also provides for compression of the salary schedule moving the top pay from the current 15 years to 13 years effective the second year and to 11 years the third year of the Agreement.

The City of Harvard proposes a partial year increase the first year of the Agreement. There would be a 2% increase November 1, 2003 with 2% increases effective May 1, 2004 and 3% May 1, 2005. The City proposal compresses the top pay to 11 years in the third year without the intermediate step feature of the FOP demand.

At the time of the Arbitration Hearing there were 14 Officers in the FOP Bargaining Unit - three Sergeants and eleven Patrol Officers. The only other Harvard Employees covered by a Collective Bargaining Agreement are in a larger Public Works Unit consisting of Police Dispatchers, Crossing Guards, Street Department Employees, Sewer Treatment Plant Personnel, Water Billing, Bookkeeping Clericals, a Water Worker, Custodians and RTA Bus Drivers and represented by Local 726 of the Teamsters. The IBT Contract and the FOP Agreement have the same expiration dates. The outcome of the

recent negotiations in that larger Unit resulted in wage increases of 25 cents May 1, 2003, a 2% increase retroactive to November 2003, a 2% raise effective the start of the second year of the Contract on May 1, 2004 and a 3% wage increase for the third year. The Teamsters received a richer wage package than proposed here for the FOP Unit. There is no evidence in the Record explaining the background for the Public Works Unit settlement or why the first year retroactivity not proposed here had been made a part of that Contract. It appears that the same insurance changes proposed by the City here were made a part of that Agreement.

Financial considerations

The evidence did establish a serious financial situation that Harvard has taken positive steps to resolve. Belt tightening is apparent throughout City Departments. Among efforts to enhance revenue and trim expenses, the City of Harvard has increased electric utility taxes, augmented certain administrative fees and refrained from filling vacancies in two Public Works positions. All City Employees have agreed to take one day off without pay each month as furlough. There was evidence that staffing in this Department and others has been cut back by attrition. The overall City workforce has decreased by 8% over the past two years. These are objective signs of responses to fiscal problems. They have explained their operating deficit but not their debt load.

A City Exhibit indicates actual and projected deficits for Harvard with a cash balance deficit projected to be greater than $400,000 by June 2005. In the past few years the deficit had reached that point but recovered and ran a surplus shortly thereafter of over $400,000 - then leveling off to between $200,000 and $400,000.

As in all communities, there is volatility in receipts covered by short term borrowing. Income tax revenue from the State of Illinois spikes up in May and falls in September and November. However, a 2004 graph shows a consistently overall lower level of receipts during the post-Motorola years. Reassessment of the Motorola property will likely further erode the tax base.

It is unclear when Wal-Mart arrived in Harvard but sales tax receipts have substantially increased after May 2002. Revenue from that source is highest in the fall. Sales Tax Revenues from July 2003 through April 2004 compares favorably with previous years. Some signs of stability are apparent.

Comparable Wages

The Union identifies seven municipalities as comparable to Harvard – Wauconda, Algonquin, Woodstock, McHenry, Fox Lake, Antioch, and Marengo – which as a group meet standard comparability tests better than does the

comparability group chosen by the City. While Harvard maintains that, because of their economic plight, no nearby municipality is really comparable, they are in agreement that Marengo, Algonquin, Woodstock, and McHenry are relatively comparable and, in addition, identify the ten communities of Lakewood, Fox River Groove, Spring Grove, Johnsburg, Island Lake, Huntley, Belvidere, Cary, Lake in the Hills and Crystal Lake as having characteristics similar to Harvard. Not one of either party's comparables has been subject to a dramatic economic event similar to that which has affected Harvard – the closing of the Motorola Plant. We do not know what the relative salary rank of Harvard may have been during the Motorola years or what recent wage settlements have been since then, but we do know that, among comparable municipalities, law enforcement wages rank low despite a significantly higher crime rate in the City.

There is a wide disparity among comparables. Woodstock has 20,200 residents and, fourteen miles away, is most proximate comparable to Harvard which has a population of 8,000. There has historically been a closer economic relationship with that city than others. While there was no explanation why Harvard with an EAV less than a third of that of Woodstock would have a larger budget, insurance costs appear to be a one factor. Harvard health insurance costs are off the chart Woodstock budgets $153 per capita against Harvard's $222! Woodstock has about twice the number of Officers and pays higher salaries to law enforcement Officers than Harvard...

An examination of salary rankings shows Woodstock generally toward the top of the Union comparables with Harvard ranking last or second to last among Union comparables in years 4 through 10. From the eleventh year of employment forward, while Woodstock is either second or third, Harvard is either fifth or sixth. It is clear that, after the first year when the Harvard hire rate is disproportionately low and at the bottom of Union comparables, their relative rank moves up slightly but remains in the in the lower segment of the grouping. The wage proposal of the City would not allow Harvard Officers to maintain their relative position among most comparables. As the Union Reply Brief states, in this round of negotiations, were the Harvard wage offer accepted, it would constitute the smallest wage increase among Union comparables.

The City does not dispute the relatively lower wage position of the Harvard Police Officers – a fact also reflected in their comparables – but they do emphasize limitations on their resources. While bonding indebtednesses was not mentioned, they point out the relationship between the Harvard relatively high total Police budget and Harvard's Equalized Assessed Evaluation. They show that the Equalized Assessed Value per capita in Harvard is lower than in any community in their comparables except for Belvedere, a town of almost 21,000. A median household income comparison

also puts Harvard only above Belvedere[1]. They also note that per capita income in Harvard is toward the bottom of their comparables and that this position is not significantly different when the Union comparables are examined. The Harvard citizen's relatively poor income position is reflected by lower medium house values, which again, among City comparables, exceed only Belvedere. Then, in terms of total debt per capita, Harvard ranks fourth among City comparables, behind Huntley, Lakewood and Woodstock. The Harvard top salary is substantially higher than in Lakewood.

Work load

In Marengo, a nearby town somewhat smaller than Harvard with 6,355 residents but with higher household incomes and a median home value of $140,000 compared to Harvard's $115,000, overall incidents of crime decreased 17% in 2002. The Total Crime Index in Marengo went from 207 to 171 in 2002. Burglaries were reduced from 27 to 8, Aggravated Assaults down from 8 to 3 and Thefts from 164 to 153. Marengo is shown as having 12 full-time Officers while Harvard lists a Department Total of 17 Officers.

According to the Illinois Uniform Crime Reporting Program, while crime in most categories has decreased in nearby Woodstock and Marengo, it rose in Harvard. From 2001 to 2002 the Total Crime Index went up from 207 to 262. Aggravated Assaults climbed to 33 from 27, Burglaries doubled to 30 and Thefts increased about 20%. In Woodstock, like Marengo, there was a different trend. Thefts declined from 636 to 585, Battery went down from 79 to 60 and Aggravated Assaults were reduced to 45 from 53. Robberies rose slightly from 4 to 6 and Criminal Sexual Assaults declined from 11 to 10.

The Total Crime Index in Woodstock in 2001 had been 804. That number was reduced in 2002 to 718, a 10.7% decrease compared with Harvard's 26.6% increase.

Salary increases.

The Union argues that their 4% proposal is not out of line and essential toward maintaining relative position with other law enforcement groups. Among their comparables, starting salary Increases for the 2003-2004 years averaged 4.51%, with increases of 5.04% at the fifth year, 4.77% at the tenth year, 4.77% the fifteenth year and 5.03% at twenty years of service. For 2004-2005, assuming that settlements in Fox Lake and Wauconda will average 2%, figures show an average increase in the starting wage of 3.29%, at five years

[1] As Harvard maintains, not only is median household income and per capita income significantly lower in Harvard than in any of the other similarly sized McHenry County comparables – Fox River Grove, Johnsburg, Marengo, and Wonder Lake – but equalized assessed valuation is lower .

4.01%, ten years 3.69%, fifteen years, 3.69%, and twenty years 3.54%. The increases proposed by the City Of Harvard will have the effect of causing their relative position to deteriorate.

The effect of the Wage proposals

Harvard asserts that, were the Union's final position granted, the starting wage in 2003 would be $35,168 with a top of $56,632 for Patrol Officers. Sergeant's starting salary would be $40,257 with a top of $64,787. The average top salary for 2003-2004 for Officers in the municipalities of Algonquin, Antioch, Fox Lake, Marengo, McHenry, Wauconda and Woodstock is $56,603.

Looking at top rates for the three Sergeants in the Harvard Police Department, we find, according to the Kildeer Sworn Officer 2003 salary survey referenced by the City, that they rank 36th among the approximately 60 Units surveyed. We see that Sergeants in Huntley rank 24th, in Marengo 36th and in Woodstock 11th. Full time Patrol Officers at Harvard rank 34th, whereas the pay of Huntley Officers is ranked lower at 44th, in Marengo salaries are ranked 47th. In Woodstock Patrol Officers wages are ranked 22nd . There is no information provided showing why the municipalities selected by Kildeer were chosen and what wage determination factors those communities may have in common with Harvard.

Harvard points out that according to the survey conducted by the Village of Kildeer, the total revenue per capita in Harvard is $513 whereas total expenses are $644 and that there are a number of other communities among the 14 City of Harvard comparables which have less revenue per capita than expenses including Fox River Grove, Island Lake, Marengo, and Belvedere[2]. Lake in the Hills and Johnsburg are shown as maintaining a balance between revenue and expenses per capita.

THE INSURANCE ISSUE

Article 17.1(a) currently reads:

"The City shall maintain an insurance plan for employees and, as applicable, their dependents. The City shall pay 80% of the premium costs of providing such insurance and the Employee shall pay the remaining 20% of such cost. The City shall have the

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[2] As the City correctly emphasizes, Belvedere is a little over 20 miles from Harvard and the fact that it is another County is of no consequence. I recognize that it is more proximate than some Union comparables and had some similarities as a town with a major industrial plant.

right to change the carrier or carriers or insurance plan for the Employees and dependents where changes are necessary to effectuate savings in premiums, and where there is not a significant change in either the total amount of insurance, and where such change or changes will not result in an increase during the term of the Contract in the amount of the deductible and provided that any change or changes do not reduce the lifetime cap or benefits below two million dollars."

Final Positions

The City of Harvard proposes to increase the deductible from $100 to $300 and seeks an increase in co-pay for the prescription drug benefit. The changes involve going to Plan 52212 which has a $300/$600 deductible. The current co-pay for the Drug Card of $5/$10/$20 would become $10/$20/$35 under the Harvard proposal. The Union would maintain the status quo on insurance.

The changes sought by Harvard will bring about premium reductions for both the City and those covered Bargaining Unit members. The overall cost of Health Insurance under the City proposal will be $87,000 less than if the status quo were maintained. Officer cost would be approximately $820 less per year for single employee coverage and covering an employee and spouse would be about $1700 less under the City's proposal. Family coverage will be $2629 lower than presently.

Looking at the 14 City comparables we find that only three of the other municipalities have deductibles of $300 or more and that there are five with $10/$20/$35 co-pay or higher on the Drug Card. Nine of the fourteen City comparables have lower premium co-pays for the Officers than Harvard for dependent coverage. Only one other municipality – Huntley – requires the employee to pay 20% or more.

Examining the contributory factor at Harvard – 80/20 – we find that within the Union comparable group, single coverage in Algonquin, Antioch, Woodstock, and Marengo is non-contributory. In Woodstock there is no Officer cost for Family coverage and in all the other comparables, except for Fox Lake, Family coverage employee premiums are less than in Harvard. We do not know what those premiums are buying.

THE PAID DAYS OFF ISSUE

Section 16.2 of the Labor Agreement provides that Employees accrue paid days off in accordance with a schedule set forth therein. The schedule presently provides that Officers with 15 years and more seniority accrue ten

days on their anniversary date - two days per month. The Union proposes an additional benefit; that Officers with 15 to 19 years would accrue ten days at two days a month as before but that those with 20 years or more of service would accrue ten days but at two-and-a-half days a month.

Presently Harvard provides a maximum of 34 paid days off a year ranking them fifth among the eight in the Union comparable group. Under the Union demand, an Employee with 20 years service would get 40 paid days off – an extra 6 days per year for employees with 20 years of service. According to their figures, an Algonquin Officer at 18 years of service gets 38 days off, in Antioch at 17 years - 36 days off, in Fox Lake at 18 years – 43 days off, in Marengo at 20 years – 27 days off, McHenry 25 years – 37.5 days off, Wauconda at 20 years – 28 days off and, in Woodstock, 25 days off at 20 years of service.

While an Officer with 20 years or more of service could not have more than ten days accrued as of his anniversary date, on a monthly basis he could accrue two-and-a-half days per month or an additional six days a year.

According to a City Exhibit, Harvard Officers currently has 34 paid days off, which, among their 14 comparatives, puts Harvard tenth. They assert that the Union proposal of 40 paid days off after 20 years would move Harvard up to the second rank behind Woodstock in their group.

CHANGES IN SCHEDULING – PAID TIME OFF

The Union proposes to amend 16.4 by inserting the underlined language:

Section 16.4

"During October of each year, Employees shall have the right to schedule paid days off during the following calendar year on a seniority basis. Thereafter, paid days off shall be requested at least 24 hours in advance except in cases of extreme personal emergency. An employee's schedule of paid days off must be pre-approved by the Chief of Police and once approved shall not be subject to change based upon greater seniority. Paid days off shall not be denied because said approval would result in the payment of "coverage" overtime to another Employee. Except in a state of Declared Emergency up to a maximum of three Bargaining Unit Officers (excluding Detectives, DARE, and Task Force who shall be on their own schedules due to the nature of their assignments) can use a paid day off on the same workday with the following restrictions: (1) No more than one Sergeant can use a paid day off on the same workday; (2) No more than one Patrol Officer can use the same day off on the same shift;

however, a Sergeant's paid day off does not restrict a Patrol Officer from the same shift from using a paid day off; and (3) No more that 2 Patrol Officers can use a paid day off on the same workday."

The City would maintain the status quo on this issue.

Among Union comparables, Algonquin, Antioch, Fox Lake, and Wauconda give the Chief discretion to determine minimum manpower in responding to day off requests. We do not know what the practice is in those Departments. In Woodstock there is a separate vacation selection process for Detectives and another for the Patrol Division. In McHenry there is a separate vacation selection for Detectives, Special Forces, and for Patrol Division. In Marengo there are unspecified limits on the number of Officers allowed off at the same time.

Here the Union seeks to have a separate vacation selection for Detectives and for the Patrol Division. The City would maintain the status quo on this issue which can mean that there would be a maximum of one Sergeant and two Officers off on any given day – a total of three Employees. According to the City, under the Union's proposal, which the City says would allow three additional Officers to take off on any given day, there would be a consequence of 756 additional hours of overtime should full replacement be required - an additional $2,640 in overtime expense.

There is presently one Detective and one D.A.R.E. Officer. There is no one assigned to the Task Force or to any other Specialty.

SICK LEAVE BUY BACK

As in the case of the proposed Union changes to Section 16.4, the City would maintain the status quo opposing the Union final offer that Section 17.2(E)(1) should be modified by increasing the present cap of 45 days to 80.

Section 17.2(E) - Sick Leave Conversion

"(1) Upon separation, if an Employee leaves service in good-standing after 15 years but less than 20 years of service with the City, said Employee shall have the opportunity to convert accumulated Sick Leave into Severance Pay at the rate of four Sick Days to one day of compensation at the current straight time rate of pay up to a maximum of 90 days Sick Pay converting to a maximum of 22.5 days of Severance Pay. After 20 years of service with the City, said Employee shall have the opportunity to convert accumulated Sick Leave into Severance Pay at the rate

of two Sick Days to one day of compensation at his current straight time rate of pay, up to a maximum of 160 days Sick Pay converting to a maximum of 80 days of Severance Pay."

Current language allows a maximum of 90 days of Sick Pay converting to 45 days of Severance Pay. Among Union comparables we find no sick leave buy back in Algonquin, Antioch, or Wauconda. Among City Comparables, there is no buy back in Belvedere and Cary, and Fox Lake allows conversion at a ratio of 1 to 1 to a maximum of 40 days at retirement. In Marengo and McHenry, Officers can convert at a 2 to 1 ratio at retirement. The maximum at Marengo is 120 days and at McHenry 100 days and severance in each of those cases would be 60 and 50 respectively. Woodstock has conversion on a scale; after 20 years they can convert at 50% to a maximum of 100 days; 25 years at 75% to a maximum of 100 days; and at 30 years at 80% to a maximum of 100 days. Summing up, we find maximum buy backs to be at Woodstock (80 days), Marengo (60 days, McHenry (50 days), and in Fox Lake (40 days). To reiterate, the current Harvard buyback is 45 days in this Unit. In Public Works it is 50 days.

Information provided by the City indicates that among their comparables there is a maximum of 63 days buy back in Lake in the Hills, 60 days at Crystal Lake if the Employee has more than 320 hours accumulated and McHenry provides a 50 day maximum compensation for Employees who have at least 320 hours or 40 days of accrued Sick Leave – these Employees receive 50% of all Sick Leave hours up to 800 (100 days) for a maximum of 400 hours or 50 days compensation. There is no buy back in Cary, Algonquin or Belvedere

ANALYSIS

HEALTH INSURANCE

The City proposes to modify existing Health Insurance coverage by increasing the deductible from $100 to $300 and modifying the prescription drug co pay to $10/$20/$35. These would bring about the same deductible and co pay provisions as are in effect under the Public Works Contract and throughout the City – a plus for the City.

While the Union would maintain the present program without change, the Arbitrator cannot ignore the upward trend of insurance premium costs, the relatively high premium costs at Harvard and the financial condition of that city. The sought adjustments in benefits will benefit all Officers by lowering the dollar amounts of the premiums they pay although those Officers who may have occasion to use these benefits will incur greater out of pocket costs.

The City correctly points out that their premium costs are greater than any of the other comparables cited by the parties. There was no comparative data as to what those premiums buy. According to Harvard estimates, the City would save $87,000 per year were their insurance proposal adopted. Such a yearly savings will, to some degree, offset the impact of the total salary increase the Union seeks which is costed out by the City at $101,550.20. This costing appears to have been without roll up. Since the insurance premium reductions would be prospective, the offset would not have any impact on the costs of the retroactive wage increases.

I adopt the Harvard proposal as the most reasonable final position. Changes proposed by Harvard are to become effective prospectively on an administratively acceptable date following receipt of the Arbitration Award.

PAID DAYS OFF

As the Union suggests, in Harvard Officers earn *paid days off* as an alternative to vacations or Holidays. The Union seeks to provide Officers with 20 or more years of service an additional 6 days off. – 40 days. Harvard Officers with those years of service currently receive 34 paid days off. Two Officers in the Harvard Department currently have 20 years of service and two more may reach this level before the expiration date.

Recognizing Harvard's deteriorating economic condition, under present circumstances, I find that it would not be prudent to build in an increase to this benefit which can be expected to become more meaningful in future years. Moreover, the external Comparables do not offer much support to the increase at this time. [3]

An analysis of the seven Union Comparables identified in Union Exhibit 20 shows that four provide those Officers with 20 years of service fewer days off than the 40 days sought here. Wauconda has a benefit at this service level of 28 days off, Woodstock Officers have 25 days off and there are 28.5 days off in McHenry where they do not reach 25 shifts off until they complete 25 years of service. Two communities - Algonquin with 38 days off at 18 years and Antioch with 36 days off at 17 years – also do not provide their officers with the 40 paid days off at 20 years but do have a more liberal benefit at the top end than Harvard with its 34 days off at 15 years. Only Fox Lake, among Union comparables, currently gives Officers with 20 years more paid time off than the 40 days sought here.

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[3] Internally, Telecommunications personnel under the Public Works' Contract accrue fewer paid days off each year.

A Harvard Exhibit shows that Woodstock provides 46 days off with pay each year. However, while that Municipality does have 25 working days off for employees with 20 completed calendar years of service as well as 9 holidays, they credit an employee with 12 *floating holidays* each year which must be used in the year they are granted. If any employee uses "*any floating holidays in advance of the corresponding number of designated holidays*, the City may withhold 8 hours of straight time pay from the employee final paycheck for each such floating holiday.

To reiterate, considering economic conditions in Harvard as well as comparable paid day off benefits provided elsewhere, I find the last position of the City to be most reasonable on this issue.

SCHEDULING PAID DAYS OFF

The City would maintain the status quo and the restrictions of Section 16.4 whereby a maximum of three bargaining unit officers can use a paid day off on the same workday – no more than one sergeant on the same workday, no more than one Patrol Officer on the same shift and/or no more than two Patrol Officers may use a paid day off on the same workday. These limitations maintain what the City sees as necessary manpower on each shift.

The Union proposes that Detectives as well as those Officers assigned to D.A.R.E. and the Task Force should be excluded from the restrictions of 16.4 since they are not working the street and their absence, according to the Union, would have no effect on staffing requirements.

The focus of the present language is on Patrol Officers and Sergeants. There was no evidence that Officers assigned as Detectives, to D.A.R.E and to the Task Force have been utilized to fill in for absent Patrol Officers. There is also no showing that these Officers in the Specialties are replaced when absent and consequently a lack of evidence that there would be any increase in overtime costs were the Union proposal adopted.

The Union final position is the most reasonable on this issue.

WAGES

The City maintains that the difference between the two offers on wages *"is a serious financial concern to a City that already cannot, without utilizing a line of credit, meet its financial obligations including payroll.* The difference between the Union and the City proposals, as costed out in the Harvard Brief, is $46,873.40 over three years. They assert that other communities with a

"better revenue stream are paying their officers less than what the City is offering here".

In making my determination, I have considered the total package of benefits sought by bargaining unit employees and the effect the costs of the Union proposal would have upon Harvard's financial condition. There is no question that the Motorola departure has brought about a significant financial impact which, especially as the result of downward reassessments of Motorola property, continues to impact City revenues. Yet there is no claim of inability to pay and, during negotiations preliminary to this Award, the City had provided a more liberal wage increase to a greater number of employees in the Public Works Unit than offered here.

In the Public Works Unit there was a 25 cent increase retroactive to May 1, 2003, 2% retroactive to November 1, 2003 as well as a 2% increase the second year of that Agreement and 3% the third year. The City has inaccurately written that the increase in that Unit was identical with its proposal to the FOP – that the settlement had provided *"yearly increases of 2%, 2% and 3%."* [4]

It is obvious that the 25 cent increase at the start of the first year makes the Public Works wage settlement much better than the final offer here. Employees in that Unit would be better off at the end of the first year of the Contract than FOP members even if both received 2% increases half way through that contract year. Those in the Public Works Unit not only have received an increase sooner but, at the end of the year, had a higher wage than if they had only received the 2% proposed for the Police Unit. The 25 cents was not an insignificant increase and would appear to approach 2% for those in the lower paying jobs in that Unit. Furthermore the midyear percentage increase which followed on November 1, 2003 had a compounding effect when applied to the rate in effect at that time. I do not have the data to extrapolate what the full first year increase in that Unit would be on a percentage or dollar basis.

In determining that the final offer of the Union on wages is the most reasonable, I have given special consideration to several 14(h) factors - especially the financial status of the City, the overall compensation package and the prudence of providing an increase that will not markedly erode the Officers' relative position among law enforcement units and, at the same time, protect their take home pay against their new cost vulnerability resulting from the changes in the insurance plan. I have also given special attention to the relatively high crime activity in Harvard with which this Department deals as

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[4] **If the reference in the Teamster Contract to a 35 cent first year increase is incorrect, the Arbitrator should be notified immediately.**

well as the size of wage settlements in other law enforcement Units and with other Harvard employees.

Having considered all these factors, I find the final offer of the Union on wages to be the most reasonable.

SICK LEAVE

While the primary purpose of Sick Leave is to provide paid time off for sickness, the Union says that the increase they propose would encourage early retirement with resultant cost savings for the City. As show above, the Agreement currently provides, among other things, that Officers who leave service after 20 years of service may convert accumulated sick leave into severance pay at the rate of two (2) sick days to one (1) day of compensation at their current straight time rate of pay - a maximum of ninety (90) days sick pay converting to a maximum of 45 days of severance pay. The Union seeks to increase that ninety (90) day maximum to one hundred (160) sixty days sick pay converting to a maximum of eighty days (80) of severance pay. There is little support in the comparables for making a major move from 45 days to 80.

Employees in the Public Works Unit also may convert accumulated sick leave into severance pay if they leave service after twenty years of service. They may convert a maximum of one hundred (100) days sick leave to fifty days (50) days of severance pay – five more days than the FOP negotiated benefit.. It was not indicated when that benefit had been negotiated.

The final position of the FOP on this issue is rejected for the same reason that their demand to improve the paid days off benefit was denied - Harvard's current distressed economic condition. Under present circumstances, it would not be prudent to build in an increase to this benefit which can be expected to become more meaningful in future years. According to my review, there are four Officers in the Unit who would be eligible to elect to use this proposed changed benefit during the term of this Agreement.

The Arbitrator finds that Harvard has the more reasonable final position on this issue.

AWARD

Applying statutory factors to the issues, I find the Harvard final proposals with respect to the Insurance, Sick Leave Buy Back and Paid Days Off issues to be the most reasonable. The Union has made the most reasonable final proposal on the Wage and Scheduling Paid Days Off issues.

The Tentative Agreements are to be incorporated into the new Agreement as mentioned above. I will retain jurisdiction for 30 days should there be any need for clarification of this Award.

James R. Cox
Arbitrator

Issued this 1st day of August 2004.