

STATE OF ILLINOIS
IN THE MATTER OF THE INTEREST ARBITRATION BETWEEN

CITY OF ROCK ISLAND

AND

CASE S-MA-04-137

ILLINOIS FRATERNAL ORDER OF
POLICE LABOR COUNCIL

APPEARANCES:

Arthur Eggers on behalf of the City
Gary Bailey on behalf of the Union

This is an interest arbitration award under Section 14 of the IL Public Labor Relations Act. Pursuant to Section 14 (c) of the Act, the parties selected the undersigned to serve as a single arbitrator in the matter, and pursuant thereto, a hearing in the matter was conducted on May 18, 2005, during the course of which the parties presented evidence and arguments in support of their respective positions. Briefs were filed thereafter and the record was closed on August 15, 2005. Based upon a review of the record the undersigned renders the following award based upon consideration of the factors set forth in Section 14 (h) of the Act.

The bargaining unit affected by the proceeding is the Police Department's command staff (sergeants, lieutenants, and captains). The dispute is over the terms of the parties' agreement covering 2004-05 through 2006-07.

The final offers of the parties were exchanged at the hearing. They can be summarized as follows:

Wages—

City: 2 ½ % effective 4/1/04, 2 ½% effective 4/1/05, and 2 ½% effective 4/1/06

Union: 3 ¼% effective 4/1/04, 3 ¼% effective 4/1/05, and 3 ¼% effective 4/1/06

Longevity—

City: Status Quo

Union: Add thirty year step to current pay plan effective 12/1/04

Specialty Pay—

City: Status Quo

Union: Effective 12/1/04, a new specialty pay stipend for Narcotics Specialists of \$1300.

Educational Reimbursement—

City: Status Quo

Union: Effective 12/1/04 increase educational reimbursement from \$500 to \$1000 per fiscal year per employee

The parties agree that the following 9 communities are appropriate external comparables: Normal, Moline, Belleville, Quincy, Rock Island, Urbana, Galesburg, Danville, and Alton.

The City contends that Granite City should also be included in this list, and the Union submits that Pekin should be so included.

COMPARABILITY:

City Position:

In the only other interest arbitration proceeding between these parties, the Arbitrator decided that the 9 cities agreed to herein were comparable, as was Granite City.

That finding should apply herein to assure as much stability and predictability as possible in the composition of an external comparable database. (Citation Omitted)

The Union's relies on another interest arbitration award involving the City's firefighters in support of its position on this issue; however, its' reliance on that award is misplaced since the bargaining unit covered by that award was a firefighter rather than a police unit. In addition, Granite City was excluded from the external comparables in that award because it failed to provide timely statistics as to its financial condition, (Citation Omitted), and that has not been the case in this matter.

Furthermore, the Union has not provided any comparability data concerning Pekin.

Union Position:

In an interest arbitration proceeding in 2004 involving the City and its fire fighters, the City proposed as external comparables the following cities: Alton, Belleville, Danville, Galesburg, Moline, Normal, Pekin, Quincy, and Urbana. The IAFF proposed, in addition to the above communities, Granite City and Dekalb, but the City opposed their inclusion. The Arbitrator in that proceeding excluded these two additional communities.

The Union here proposes the same comparables as those selected by the arbitrator in that proceeding. In contrast, the City now rejects Pekin and proposes the addition of Granite

City. Noteworthy in this regard is the fact that Granite City had a wage freeze in its Police Department in recent years. Relatedly, Pekin command officers received a 3.5% increase in both 2004-05 and 2005-06. Thus, it would appear that the City is simply trying to manipulate the comparables so as to exclude communities that hurt its case.

Discussion:

The only two cities over which there is a dispute in this proceeding are Pekin and Granite City. In view of the fact that both have been utilized as comparables in other interest arbitration proceedings involving the City, the apparent recurring litigation over comparability in interest arbitration proceedings involving the City, the undersigned's belief that stability and predictability on this issue is in the best interest of both parties in future negotiations, the lack of evidence of any significant changes that might affect the comparability of these cities with the City at this time, and the relatively sparse number of comparable settlements in the third year of this proposed agreement, the undersigned believes that both should be utilized as comparables herein.

WAGES:

City Position:

It is important to note that unit employees are unique among the comparables in that they receive merit increases, as well as step increases and longevity increases. Therefore, any meaningful comparison of wages must include the unit employees' merit pay, which will be part of the new agreement between the parties.

For the first year of the new agreement, 2004-2005, merit pay averaged .51 percent, which is equivalent to a .51% general wage increase. The same merit pay maximum (1 ½%) is in effect for the second year of the new agreement (2005-2006). It is anticipated that in that year the same average merit pay increase will occur. Although the merit pay maximum, and resulting merit pay average, could change in 2006-07, a reasonable approach is to calculate a 2006-07 average merit based upon what has been in place since 2004, which has been an average merit increase of .51%.

It is also reasonable and appropriate to compare the wages of affected employees based upon the longevity steps actually occupied by employees. The most accurate way to compare pay is based upon actual pay. Utilizing this method of comparison, unit employees' wages are extremely favorable when viewed in the context of the external comparables.

Even if actual pay is not utilized in making comparisons with the external comparables, the reasonableness of the City's proposal is still supported. Including anticipated merit increases, the City proposes a total wage increase of 3.01% in each year of the new contract. In the first year of the new agreement, the City's proposal exceeds five of the

increases granted amongst the comparables. The Union's proposal, in contrast, is higher than any of the comparables except one.

In the second year of the agreement, the Union's proposal is higher than any of the comparable settlements except two, one of which, Granite City, followed two years of 0% increases. Also important is the fact that in 2005-06 four external comparables have not yet settled.

In the third year of the new agreement 7 of the 10 external comparables have not settled.

Even if merit increases were not granted in the third year of the agreement, there would be little effect on external comparability since the merit increase would range from \$307 to \$410.

As for internal comparability, two other City bargaining units have settled for less than the amount being offered by the City. The Union's reliance on the firefighters' interest arbitration award is misplaced. Wage settlements for unit employees have historically not been the same as for firefighters. Furthermore, the award in the fire fighters interest arbitration focused on the elimination of merit and not the amount of the general wage increases of the parties. In contrast, in this case neither party is proposing the elimination of merit increases.

In further support of the City's offer is the fact that the City's wage increases (not including merit pay) far exceeded cost of living increases for the same period of time.

In addition, the effort of taxpayers in the City to support the payment of wages and benefits to city employees is higher than that of any of the comparable cities, and this situation is likely to become worse with recently announced BRAC closings. In this regard, the City has the lowest sales tax and sales tax per capita of any of the comparables. As a result, the City must rely on property tax, and has the highest property tax rate of any of the comparables. The City also has general fund expenditures significantly higher than revenue.

Relatedly, due to the uncertainty and unpredictability of gaming revenue, it typically goes into capital improvements for economic development and not operational costs. It is also not considered as a revenue source in interest arbitration for these same reasons.

(Citation Omitted)

Union Position:

A comparison of the salaries of unit officers with similar officers in comparable communities indicates that the City's officers are behind the average. The Union proposes to reduce this salary deficit.

In the City, officers with particular years of service earn a salary in a particular range depending upon the step to which they have progressed. Thus, officers with the same years of service may earn different salaries.

For the sake of making useful comparisons the Union proposes using salary averages, which encompass the entire spectrum of salaries earned by similarly situated officers. Utilizing 03-04 salaries, the City's sergeants were behind the average of sergeants in comparable communities (by as much as 10%) at every year of service. An analysis of comparable lieutenant wages leads to a similar conclusion, although in some instances lieutenants average up to nearly 20% below the comparable average. A similar conclusion applies to captains.

Also noteworthy is the fact that officers in this unit received 2% less than the 2001 and 02 increases received by comparable officers in comparable communities.

The Union's offer in the first two years would cause unit officers to receive a wage increase nearly ½% more than the average wage increase received by officers in comparable communities. It would reduce comparable wage disparity by approximately 1% over a three-year period. In contrast, the City's offer would cause the disparity to increase by just over 1% over the next two years.

The internal comparables also support the Union's offer. The City fire fighters wan a 3.5% increase for 2004-2005 and 2005-06.

Although the Union here does not seek to suspend the merit pay proviso in the parties' pay system, that pay system has only a negligible impact on salaries. Indeed, the merit pay system is an unreliable and uncommitted source of revenue. The City unilaterally decides whether to fund its merit pay program and at what level. Thus, it is impossible to guarantee that anyone in the unit will achieve any merit pay in the future, and if so, how much.

Since the early 1990s neither the patrol officers nor the command officers have ever agreed to a wage increase less than 3%. Thus, the size of the City's proposed increase has no historical basis based upon past voluntary settlements. In contrast the Union's proposal falls well within the size of the wage increases that have been agreed upon in the past.

In portraying itself as having a difficult time supporting the costs of providing police services, the City dismisses the existence of millions of dollars in gambling revenue. In truth, the City is in better financial shape today than it has been in the recent past.

The parties have never used the Consumer Price Index or any other cost-of-living measurement as a basis for determining wage increases. If such a measurement is deemed to be relevant, the Union's offer is not significantly in excess of relevant CPI data.

Discussion and Award:

The undersigned agrees with the City that the fairest way to compare the wages of unit officers affected by this award is to utilize their actual wages, including longevity and merit, particularly since merit pay is an agreed upon component of the parties' pay system. Based upon this conclusion, a comparison of the wages of unit officers and external comparables at the end of the parties' last agreement indicates that unit officers, in all but a few instances, are in the upper half of the comparable range of wages. Accordingly, the undersigned does not believe, based upon this comparison, that any correction is necessary to address the alleged disparity the Union asserts exists in this unit.

Based upon this conclusion, the undersigned believes that the City's offer for 2004-2005, which, with the merit pay that has already been granted, slightly exceeds a 3%, is the more comparable and reasonable of the two proposals submitted herein for that year, particularly when viewed in the context of modest cost of living increases, and the City's substantial effort to financially support the Department. In this regard, the undersigned accepts the legitimacy and reasonableness of arbitrator Nathan's reasoning in the recent interest arbitration proceeding between the City and its fire fighters that gaming revenue cannot be counted on to support and finance necessary City services, and therefore, such revenue should not be considered in a proceeding such as this.

With respect to the parties' wage proposals for 2005-06 and 2006-07, each of which the undersigned considers a separate economic issue for purposes of this interest arbitration proceeding, the undersigned does not believe that merit pay, which the City at this time has no obligation to distribute, can legitimately be considered part of the wage offers in dispute. In this regard, if the City were committed to distribute a sum certain in the form a merit pay, and the Union agreed to such an arrangement, that would, in the undersigned's opinion, constitute a legitimate part of the City's final wage offer. However, that is not the case here, and accordingly, the undersigned believes that the City's proposal of a 2.5% across the board wage each year is all that it is committing to, and therefore, that is the number that must be utilized in determining the relative reasonableness of the parties' wage proposals.

Although there is not a clear and well established pattern of external comparable settlements, particularly in the third year of the parties' proposed agreement, it seems pretty clear that among the comparables, a 3% wage increase is the comparable minimum, and based thereon, the Union's wage proposals for the second and third year of the parties' proposed agreement are the more comparable and reasonable of the two at issue herein.

Based upon the foregoing, the undersigned believes that the City's wage offer for 2004-05 and the Union's wage offer for 2005-06 and 2006-07 should be incorporated into the parties' successor agreement.

LONGEVITY PAY:

City Position:

The Union proposes a breakthrough on this issue. There is no one in the unit with 30 years of service and none of the comparable cities have a 30 year step. In fact, there is no legitimate problem that the Union's proposal reasonably addresses, and thus, the Union has not met the test (Citation Omitted) for obtaining this breakthrough.

Union Position:

The Union's offer on this issue is precisely what the patrol officers have in their agreement.

The City's fire fighters also have a thirty-year step in their pay plan.

On this issue, in the text of the final offer tendered to the arbitrator, the Union's proposal commences on 3/31/04; however, the document also describes the offer as being effective 12/1/04. While the latter statement was the result of an error in the preparation of the document, it is a distinction without a practical difference since there are no officers in the unit who had 30 years of service through 12/1/04. Thus, no conflicts will arise from implementation of the Union's offer. There is also very little economic repercussion that would occur as a result of the adoption of the Union's offer. It also impacts the morale of the unit to have officers of lesser rank receiving credit and compensation for their extended years of service without giving the same recognition to ranking officers.

Discussion and Award:

In view of the City's established policy of rewarding 30 years of service, particularly among its' uniformed personnel, there appears to be little persuasive justification for denying that prospect to unit officers at this time, even though no unit officer will immediately become eligible for such a benefit.

Although it seems clear to the undersigned, and should have been to the City, that the Union's reference to a 12/1/04 effective date was the result of a mistake, in view of the fact that the Union did not move to amend its final offer in that regard to correct the mistake, the undersigned will award the offer, as written, thereby limiting the retroactivity of said proviso back to the written effective date. In this regard the modification of the effective date should have no practical effect since no unit officer would have been eligible for the benefit in 2004.

Therefore, the Union's final offer, as written, shall be incorporated into the parties' successor agreement.

SPECIALTY PAY:

City Position:

The Union again proposes a breakthrough with this proposal, and again, has not met the well established test for obtaining such a breakthrough. The fact that patrol officers receive specialty pay for narcotics duty should not control the outcome since sergeants already receive at least 5% more in their pay than do patrol officers.

Also, the Union does not explain how the City is to make 26 equal payments during a partial fiscal year.

Union Position:

The Union's offer, again, is precisely what the patrol officers have in their agreement. The City has recognized that the work performed by a narcotics specialist deserves additional compensation.

Again, the Union's final offer on this issue was inadvertently labeled 12/1/04. The Union clearly intended its offer to be retroactive to 4/1/04; however, if, due to its stipulations, the Union is bound by the text of its final offer, the overall cost to the City would decrease in the first year of the agreement.

Discussion and Award:

In view of the fact that the City has agreed to reward narcotics duty with specialty pay in the patrol officer unit, there appears to be little persuasive reason to deny officers in this unit such a benefit. The fact that officers in this unit receive more pay than patrol officers is not relevant to the disposition of this issue since that pay is clearly based upon the fact that officers in this unit have different duties and responsibilities than officers in the patrol unit.

The retroactivity issue shall be resolved in the same manner as the longevity issue for the same reasons discussed above, with the effect that the benefit shall not kick in until 12/1/04.

The Union's offer on this issue, as written, shall be incorporated into the parties' successor agreement.

EDUCATIONAL REIMBURSEMENT:

City Position:

Again, this is a breakthrough proposal, and no legitimate problem has been identified. The fact that patrol officers receive this benefit is not such a problem.

Union Position:

The Union's offer on this issue is again what the patrol officers have in their agreement. On a benefit such as this clearly unit officers should have the same level of benefits that their subordinates have, particularly, where, as here, officers in comparable communities have a higher level of reimbursement than that offered by the City, even to its patrol officers.

Discussion and Award:

For many of the reasons discussed above, the City has not made a persuasive case why officers in this unit should have a lower level of benefits on this issue than is the case with their subordinates. Clearly the importance of continuing education for both sets of officers is in their interest as well as the interest of the City.

On this issue the retroactivity issue shall be handled in the same manner as the undersigned has discussed above, for the same reasons.

Therefore, the Union's offer, as written shall be incorporated into the parties' successor agreement.

Based upon all of the foregoing the undersigned hereby renders the following:

INTEREST ARBITRATION AWARD

The City's wage offer for 2004-05 and the Union's offer on all other disputed issues, as well as the parties' agreements on other negotiated issues, shall be incorporated into the parties' successor agreement.

Dated this 19th day of August 2005 at Chicago, IL 60660.

Byron Yaffe
Arbitrator