

**BEFORE  
JAMES R. COX  
INTEREST ARBITRATOR**

**CITY OF ZION**

**and**

**POLICE SERGEANT UNIT  
ILLINOIS LABOR RELATIONS BOARD  
CASE S-MA-09-145**

**INTERNATIONAL FRATERNAL ORDER  
OF POLICE LABOR COUNCIL**

**DECISION AND AWARD**

The October 20, 2011 Hearing in this matter was conducted by the Arbitrator in Zion, Illinois. Attorney Margaret Kostopulos represented the City of Zion and the Fraternal Order of Police case was presented by Attorney John Roche, Jr. Each filed Post-Hearing Briefs January 9, 2012.

**THE ISSUE**

The single issue before the Arbitrator is economic - *“what should the wage increases be for the Bargaining Unit for the term of the Contract?”* There are no questions of arbitrability. This matter has been properly brought before me for final and binding determination in accordance with provisions of Section 14 of the Illinois Public Labor Relations Act.

**THE FACTS**

The City of Zion, a municipality with a growing population of approximately 24,000 residents, has a Police Department currently staffed with thirty three Patrol Officers, eight Sergeants, three Lieutenants, a Deputy Chief and the Chief. Sergeants, Patrol Officers and Dispatchers are represented by the Illinois Fraternal Order of Police in separate Collective Bargaining Units. Operating Engineers Union Local 150 represents employees in three other Bargaining Units identified as Public Works, the Building Department and the Clerical Unit. Firefighters and Lieutenants are represented by the Zion Professional Fire Fighter Association, an unaffiliated Labor Organization. There is a group of unrepresented employees.

November 17, 2008 the Illinois Fraternal Order of Police was certified by the Illinois Labor Relations Board as Collective Bargaining Representative for City of Zion Sergeants. There are presently eight Sergeants in that Unit.<sup>1</sup>

Extensive and comprehensive bargaining of this first Labor Agreement began in December 2008, the month following certification. When Mediation which had commenced in March 2009 failed to completely resolve all open issues, the FOP filed a Demand for Arbitration in September 2010. Negotiations continued and, by the time this Arbitration Hearing commenced in 2011, agreements on this first Contract had been reached on each issue except wage rates. Those tentative agreements are incorporated into the new Labor Agreement by this Award. Offsetting the increased salary expenses to some extent was a single cost saving provision. Sergeants agreed to pay a greater share of the insurance premium with a not insignificant effect upon their annual take home pay.

### **Final Offers**

During these negotiations, there had not been any proposal for a wage freeze or layoff which had been discussed during bargaining in some other City Units. Both Parties agree that a wage increase is warranted. It is the size of the increase in Sergeant salaries that is in dispute.

Zion Sergeants have been paid \$75,182 a year since their last salary adjustment in May 2008 almost four years ago. It was at that time that the recent economic crises developed. Differences in the two final offers are not great. Both express the same concept; a larger increase for more senior Sergeants, a departure from the practice of granting the same raise to all Sergeants and retroactivity to April 5, 2011 – the date when, because of a wage increase in Patrol Unit, the top paid Patrol Officer began earning more than the Sergeants who directed his work.

The City of Zion's final offer is to increase the salary of Sergeants with one through five years of service in that rank to \$81,000 and the base pay for those with more than 5 years' service as a Sergeant to \$82,500. Of the eight Sergeants in the Unit, four would initially receive the larger increase based upon their time in rank. They would be in what I call "Tier 2". Both City and FOP offers provide a wage progression which the City describes as a "*step movement among sergeants to allow higher pay to reflect the greater skills and knowledge of more senior sergeants*". Zion notes that the new Contract will expire in May 2012, a little more than two months after the issuance of this Award, and that the Parties may again be considering Sergeant salary levels at that time, urging that there is no need to make a major move at this time of fiscal uncertainty in their city.

Currently the Union focus is upon the Sergeant's pay relationship to the salary of the top rated Patrol Officer, and the fact that in 2011, some higher paid Patrol Officers were paid more than their Supervisors. They point to the fact that the salary differential between top paid Firefighters and their supervising Lieutenants is greater than the existing differential between the top paid Patrol Officer and supervising Sergeants. They also state that Zion Sergeants are paid less than their peers in external comparable communities, a more compelling argument.

The FOP's final proposal is for a wage increase for Sergeants which will establish and maintain a differential between top Patrol Officer salary and the Sergeants rate - "*Sergeants to make \$5200.00 more than top Patrol Officer from entry through five years and an additional \$2264.00 added to the Sergeants wages after 5 years*". They contend that this offer would limit any immediate cost impact on the City since it does not seek any back pay from the November 17, 2008 certification date through April 4, 2011.

---

<sup>1</sup>The most senior in rank have times in grade ranging from July 1997 to August 2006. These junior in rank hold dates from October 15, 2007 to January 5, 2009.

A May 1, 2011 increase had brought the Patrol Officer top rate to \$76,953.58. The City would raise the lowest Sergeant Salary to \$81,000 effective April 5<sup>th</sup>, 2011. Under the Union proposal using City calculations, Tier 2 Sergeants would be making \$82,153.58. The difference between the two proposals is a little over \$1152.00 for Officers who will be in Tier 1. At Tier 2, after 5 years' service, Sergeants would, under the Union's Final Position, be at \$84,414.58 rather than \$82,500 as the City proposes – \$1914.58 per Sergeant greater - less than \$8000.00 for the four Sergeants with enough time in rank to be within that Tier. The total cost difference between the proposals is around \$14,000<sup>2</sup>.

The City points out that the 0/0/7.7 - 9.3% Union proposal over the term of the contract constitutes an increase 1.5% greater than Patrol for sergeants with less than five years in rank and 3.5% greater than Patrol for those with more than five years in rank. The relatively larger adjustment is a onetime feature designed to establish a meaningful differential between the Sergeants and the Officers they direct. There are factors which justify this adjustment which, as the City correctly states, is between 5.7% and 7.73% greater than all other increases in internal organized Units. Similar factors may have warranted the 6% increase in the Firefighters Unit over the last two years of that Agreement which covers both Firefighters and Lieutenants. There is no contention that those in the other Units have, with the exception of the Fire Lieutenants, similar supervisory skills and responsibilities. For that reason and the special circumstances discussed hereinafter, the size of this increase is unlikely to be recognized as a pattern for wage increases in other Zion Collective Bargaining Units.

I agree with the City's position that wage comparisons should be primarily made with salaries of comparable groups of employees – Sergeants in comparable external Units. I evaluate this situation as a singular catch up because of the special factors in this first Contract as well as the long period Zion Sergeants have been without a labor contract and had not received any increase for almost two and one half years. Moreover, in this case, Patrol Officer salaries had increased for the period during which Sergeant's salaries remained static compounding an existing disparity. As the City states, during relevant years, patrol officers had received approximately a 6.2% increase while 4% was provided Firefighters and their Lieutenants during that period.

Each offer, but to a different extent, recognizes the financial crises in Zion and limits retroactivity on all compensable time to April 5, 2011- there will not be any wage increase until the last month of the second year of what will be a three year contract despite the erosion of their relative pay positions compared with Patrol Officers. To reiterate, Zion Sergeants had last received a wage increase in May 2008.

### **Internal Comparable Units**

Despite financial exigencies, the City proposes an increase for his Unit against the background of modest increases for city employees in the six other City bargaining units they identify. Considering the lack of a compensation increase since May 2008 and other circumstances discussed below, there is insufficient evidence to warrant the extension of the pattern of smaller increases in other Units to the Sergeants.

Patrol Officers and Dispatchers have 2009 Contracts, which like this new Agreement, expire in 2012. They were provided annual increases of 2% with April 2011 and May 2011 respective effective dates over three year terms. The Public Works Contract is for four years without any first or second year increases but with 2% raises in the third and fourth years, 2012 and 2013. The Firefighter Unit was not

---

<sup>2</sup> The City estimates a difference of under \$20,000 noting that the Union offer would result in a wage freeze for almost two years of the three year agreement.

provided any first or second year raises in what is also a four year Contract but there was a 4% increase the third year, May 1, 2011, and a 2% increase the final year<sup>3</sup>. Only the Firefighters and Public Works had four year agreements. (2009-2013). The Clerical Employee and the Building Department Units represented by IUOE Local 150 have three year contracts. Each went without any increase in the first years of their Agreements and was granted 2% increases both the second and third years. The Building Department increase came August 15, 2011 without retroactivity. There have not been any layoffs in the law enforcement units.

There are two comparability factors assessed here – Fire Lieutenants pay in the Firefighter Unit internal comparable and compensation paid Sergeants in external comparable municipalities. In these negotiations, the FOP case for a salary increase was primarily based upon what they saw as an inequitable wage differential between Sergeants and the highest paid Patrol Officer. They urge that the agreement to make the higher insurance contributions that Patrol Officers and Firefighters have been making, in part offsets the costs involved in establishing the differential level they seek. The effect of those agreed upon insurance contributions is addressed below. The Sergeant’s agreement to pay that higher copay will have continuing effects upon take home pay in future years and constitutes a not insignificant reduction in the City’s insurance costs in a time when the cost of medical care is expected to accelerate. It is, however, a fixed dollar contribution subject to further negotiations.

In order to achieve a significant wage differential above the highest paid Patrol Officer for Sergeants, the FOP seeks a wage increase which would establish a contractual differential between the salary of the top paid Patrol Officer and those serving as Sergeants. They point to the percentage relationship between Zion Fire Department Firefighters and their first line supervisors, the Lieutenants. They stress that the current differential between first line supervisors and those they direct is significantly larger in the Fire Department than in the Police Unit. They explain “*The Union’s proposal is tied to an internal comparable with the Fire Department*”.

While the City opposes and offers a rebuttal for the size of the differential the Union seeks, they recognize the rationality for a greater wage difference than presently exists and the merit of the two Tier approach. As they urge, their proposal translates the recognized differences in responsibilities between Patrol Officers and their Sergeants into a meaningful pay distinction. As Zion sees it, their proposal is a step in the right direction and, once the concept is put in place, there will be an “*opportunity in the very near future to look at that issue again*” since negotiations on a new agreement will commence shortly.

Both parties have made proposals for increases in establishing a differential in this proceeding. Because of the sequence of negotiations; it is likely that there will be no increase in Top Patrol Officer Salaries until their Labor Agreement expires. The City costs their proposal to bring about 5.25% and 6.8% differentials between the Top Paid Patrol Officers and the Sergeants depending upon what Tier they may be in. They state that the Union proposal would result in a 9.7% differential for the highest paid Sergeants, equivalent to the supervisor differential in the Fire Department. They note that the top Patrol Salary is currently \$76,953.58. Sergeant pay has been \$75,182 since May 2008. Half this 8 person bargaining unit will be in the top paid Tier of Sergeants during the short period remaining in the term of the new agreement. However, others will move into that Tier shortly thereafter.

The Patrol Officer’s Contract effective May 1, 2009 covers a period when the Sergeants did not receive any increase and shows 2% percentage increases in each of the 5 salary schedule steps. The increases were from then current start wages of \$47,413.88 to \$48,362.16 and from \$51,665.18 to \$52,698.38 upon completion of the first year and- skipping to completion of the 7th Step – the Step for the highest paid Patrol Officer – went from \$72,515.08 to \$73,965.38 in 2009, then to \$75,444.69

---

<sup>3</sup> In that Contract there were some temporary concessions in return for a pledge not to implement a prospective layoff.

effective 6/1/2010 and finally to \$76,953.58 effective 5/1/2011. We have noted that the last increase for the Sergeants was in May 2008.

The Firefighters have a similarly designed progression - the same number of Steps in their progression as Patrol Officers. That Unit's 2007 Contract shows that upon completion of the 7th year, Firefighters made \$72,976.49 May 1, 2007, then \$75,530.67 May 1, 2008 (3.50003905 %) and, effective May 1, 2009, \$78,174.24. ( 3.499954323 %). The Lieutenants were paid \$80,063 effective May 1, 2007 advancing 3.5% to \$82,865 May 1, 2008 and then another 3.5% to \$85,765.00 May 1, 2009.

Zion contends that their offer addresses not only the salary disparity between Sergeants and those they supervise but also gives Sergeants a raise in the nature of a catch up increase from what they had been paid since 2008, before they achieved representation. It establishes what the City sees as a fair salary differential between Sergeant and Patrol Officer's ranks. The single time catch up move in this Contract is unquestionably significant – the City calculates it as representing a 9.27% increase for shorter service Sergeants and 12.28% for those holding that rank more than 5 years. It would be lower spread over even the time of the Contract and must be evaluated considering that the Sergeants were relatively far behind in wages during their long period of non-representation considering not only wages paid their counterparts in comparable external communities and those paid Zion Patrol Officers and well as the fact that their share of insurance contributions had been, in effect, subsidized by the City as partial consideration for lower wage rates. At the time of their April 2011 increase, the Sergeant's rate of pay will have been in effect almost three full years despite (1) increases in the cost of living and (2) wage increases for Sergeants in external comparable Police Departments.

### **External Comparable Units**

The FOP proposes that Sergeant Bargaining Units in Libertyville, Round Lake Beach and Vernon Hills, municipalities found comparable by an Arbitrator who made an Interest Arbitration determination involving the Patrol Officers' Bargaining Unit in 1996<sup>4</sup>, be considered external comparables here. The City asserts that the municipalities of Wauconda, Antioch, Round Lake, Round Lake Beach, and Gurnee are comparable communities where Sergeants are currently covered by a Labor Contract<sup>5</sup>.

The Union asserts that Zion Sergeants after 7 years trail their counterparts in the Units upon which they rely by 11.4%. While I have considered this evidence in making my determination, I realize the limitations in giving disproportionate weight to such a small comparable group<sup>6</sup>. Furthermore, as the City points out, during those 15 years since that Interest Arbitration, there have been changes in the components of comparability in the communities that Arbitrator assessed. However, the Sergeants at Zion do have markedly lower salaries than the comparable communities cited by each of the Parties.

Looking at City cited comparable towns and top rates paid Sergeants, we find a pattern of much higher wages than in Zion. Wauconda Top Paid Patrol Officers have a separate Contract and a rate of pay

---

He had also treated Lake Zurich, Mundelein, and North Chicago as comparable but their contracts did not include Sergeants. <sup>4</sup>

<sup>5</sup> Each of these municipalities has a small population than Zion except for Gurnee (32,770) and Round Lake Beach.(27,959).

<sup>6</sup> There was no showing of salary increases for Vernon Hills in any of the relevant years here or in Libertyville where there was a first year Sergeant's contract in 2010. The only Village upon which the parties agreed is Round Lake Beach where Sergeant Wages have been increased 3% both in 2008 and in 2009. There was no showing there of more recent data but that group was ahead and moved further ahead of Zion Sergeants during those years

effective May 1, 2011 of \$92,693 after four years. Wauconda Sergeants received 5% increases in 2009, 4.75% increases in 2010, no increase in 2011 but a 3% raise in 2012 when their top rate became \$95,466. Substantially up from the 2011 level. The differential was narrower than the Union seeks in Zion.

In Antioch, Patrol Officers with 8 years service have an hourly rate after 8 years of 36.22 (\$75,337) and Sergeants make \$42.74 (\$88,899) after three years' service under their 2011-2013 Contract which had a reopener in the third year. In that municipality, there were increases of 3.5% in 2009, 3.5% in 2010, 1.75% raises in 2011 and no raise is set for 2012.

The Round Lake Contract covers both Patrol Officers and Sergeants and reveals that in 2009 there is was a minimum \$4301.00 minimum wage differential between the top paid Patrol Officers who made \$66,290 at 7 years and Sergeants whose pay ranges were from \$70,591 at one year to \$76,404 at 5 years, a differential more than \$10,000 for the more senior Sergeants. There was also a 2010-2011 Wage Schedule showing Sergeants with pay steps from \$70,802 to \$78,869 from May 1, 2010 through April 30, 2011.

The Gurnee 2008 Sergeants Labor Agreement had progression rates effective June 1, 2010 of \$90,000 for a year of Service, then movement to \$94,575 for another year and thereafter a Sergeant's top rate of \$99,304. There, a two year successor Agreement effective May 1, 2011 increased the rates further with an initial increase to \$91,872 followed by higher rates. Gurnee Sergeants had 4% wage increases in 2009, raises of 5% in 2010 and 2% increases in 2011. Sergeants in that Unit are paid a higher salary after two years' service than any of their counterparts in any comparable Department identified in this Hearing. Gurnee has a much larger tax basis there than in any asserted comparable.

. When we look at Zion among comparable municipalities, the most significant factor is that Sergeants since 2008 have had a relatively low starting pay and had not received any increase in 2009 or 2010. Sergeants in Round Lake, Wauconda, Antioch and Gurnee received significant percentage increases over the terms of their most recent Agreements. Sergeant salaries in Wauconda, Antioch and Gurnee are substantially greater than the City's proposal for Zion. The City acknowledges that Sergeant salaries in Zion are comparatively low, a position that appears to be in part due to the long time they have been without an increase.

### **Financial Constraints**

Zion has taken positive steps during the past few years to lay the foundation for economic development with downtown improvements, creation of an industrial park and programs to encourage sport and recreational in town activities which, by attracting visitors, will increase revenue. The Union points to the groundwork the City has instituted which should facilitate the currently uncertain economic recovery –development plans for the Village Center, the Industrial Park, the Conference Center and recreational space. While there may be a lot of potential for revenue increases, currently there is no question that Zion, a non-home rule community, is in a serious adverse financial situation. Director of Finance Larry Pannell reviewed the municipality's efforts to pay their bills referring to Financial Reports which, among other matters, confirm the extent to which costs have been reduced through layoffs. In 2010 and 2011, between 35 to 40 employees have been laid off. Some of those curtailed had been part timers working as few as two hours a pay period but about half were full-time employees. A cut back of that number in a city of this size was a dramatic move.. Pannell testified that additional layoffs of the 127 remaining City employees, would adversely affect City services. He talked of the shortfall between revenue and expenses<sup>7</sup>.

---

<sup>7</sup>The City continues to cut costs by adopting measures such as leaving vehicles rather than buying. They have imposed significant limitations on training and travel.

The pain of cost control has been shared by both bargaining unit and non-represented employees. As mentioned, Patrol Officers had signed a new contract which deferred receipt of their wage increase until 2011. Those covered by the Public Works Agreement gave back three vacation days and agreed to forego a scheduled wage increase until the last day of the fiscal year in 2010. They accepted smaller salary increases than other Units. Still during the fiscal year ending April 30, 2011, the City of Zion had a deficit exceeding \$1,000,000. Previously reliable revenue sources were longer sufficient to carry the City's cost needs. It is a problem generated by the nationwide 2008 economic downturn.

Wages and benefits, including insurance, are paid from the General Fund which is funded by revenue from property, utility, state income and entertainment taxes as well as from secondary sources such as license fees, permits and fines. The continued viability of some of those income sources is in jeopardy. The budget for the present fiscal year had not been finalized at the time of the Arbitration Hearing. The feasibility of sales of City property was being reviewed.

Property taxes are based upon the equalized assessed value (EAV) of property in the City of Zion except for TIF properties. As values decline, while there is a lag, property tax revenue eventually falls. There is no dispute that in Zion and elsewhere in Northern Illinois, even desirable homes are not selling. Assessed values have fallen. Until 2009 EAV had consistently increased. It decreased 6% in 2010 and a 15% decrease is expected in 2011. Pannell explained that taxes levied in 2010 will reach the City Treasury in 2012.

According to documentation from the Zion Township Assessor, there will be continuing EAV declines over the next two years with a concomitant negative impact upon property tax revenue. Even when the expected economic recovery does come, and there are good signs as the time this Award is being prepared, there will be a substantial lag time before property values and taxes increase and provide increased revenue into the General Fund. In the short run, the situation is serious. There was a concern that Zion would not be able to make payroll in December 2011. The City is seeking loans. An option of transferring funds from the Enterprise Fund into the General Fund was mentioned. The extent to which they have long term financing was not shown. At the time of the Hearing efforts to obtain funds through issuance of Municipal Bonds had not been fruitful. Bond indebtedness appears to be relatively low and Zion is in the process of retiring six bonds. The Tax Anticipation Warrant alternative was being explored along with the sale of City Real Estate some or which is lake front. The City has been able to use funds from the Water Fund to meet expenses, having made a loan of 5.2 million payable in 10 years. There is revenue from the decommission of the power plant - \$1,000,000 in fiscal years 2011 – 2015, less a fee of \$625,000.

There are some bright spots. In Fiscal Year 2012 population had increased significantly from 22,866 to 24,413 with resultant higher income from State Sales and State Income Taxes. Recently there have been increases in Sales Tax Revenue and the advent of a new Wal-Mart store. Remaining obstacles include dealing with relatively large number of properties in foreclosure, a reported approximately 750 sites. It is anticipated that current revenue generated by tax will not significantly affect the deficit. Expenses exceeded revenue in the General Fund in the 2009 and 2010 fiscal years. City services supported by revenue from the General Fund are, in the judgment of Mr. Pannell, at risk. He was unable to identify any alternatives to deal with the deficit by transferring or borrowing funds. Pannell testified that the City of Zion is presently facing what he termed a "*significant shortfall between our revenues and our expenses*" with a General Fund deficit "slightly under \$1,000,000". During his testimony at the October 2011 Arbitration Hearing, he envisioned a prospective deficit increase to \$1.8 million before the end of Calendar 2011. Expected costs exceed anticipated revenue.

## A Cost Reduction.

There has been a historical insurance co pay differential between nonunion and organized Zion employees. Non-Union employees make a lower insurance contribution than those in the represented groups. Despite the substantial increase in insurance premiums over recent years, unrepresented Zion employees continue to enjoy lower insurance contributions and the City has not increased their co pay obligations for more than six years. During that time period, that group has been paying significantly less for their insurance than Unionized employees.

Except for the Operating Engineers who have hospitalization insurance through their Union, all City of Zion employees are covered by essentially the same insurance plan, herein called the *City Plan*.. The Operating Engineer's Plan provides not only Health Insurance (hospitalization and major medical coverage) but also Life and Dental Benefits. As of May 1, 2011 that coverage cost employees \$550 a month for Single Coverage and \$1350 for Family Coverage and will go up to \$605 for Single and \$1485 per month for Family Coverage in Fiscal Year 2012. The insurance cost shares of employees represented by the Illinois FOP and the Firefighters is less expensive for employees and the cost of insurance for unrepresented City employees is even lower.

Nonunion employees have been required to pay a very low percentage of actual insurance premium cost. The non-union active employee has three different coverage options, each much lower than the rate for unionized employees. For non-Union employees, monthly single coverage costs \$85.00, single plus one coverage is \$105 per month and their family coverage co pay is \$115 per month. This is a remarkable benefit since, as of October 2011, the City of Zion had annual premium costs of \$9,905.40 for Single Coverage, \$17,742.96 for single plus one coverage and, for family coverage, \$25,330.44! Benefit reductions have not been proposed as far as the Record indicates.

All Patrol Officers pay much more than Non Union employees for the same monthly coverage: \$25 more for single coverage, \$50 more for single plus one and \$95 more for family coverage each month. In the course of bargaining this Agreement, the Union asserts that Sergeants have made a concession by agreeing, as part of the Settlement, to pay more money for the same benefits they had been receiving at lower rates and, in return for what they see as that allowance, they expect to receive a salary catch up increase which will, partially offset the continuing effect of those higher insurance contributions.

The parties have agreed that Sergeants will begin making employee insurance contributions at the same amounts such contributions are made by those in other FOP Units. As mentioned, their new contribution levels are not based upon insurance costs to the City and are not a percentage of the premium. Depending on the coverage, under current rates, it will cost the Sergeants \$300.00, \$600.00 and \$1140.00 more each year than they had been paying for the same coverage. As the City correctly points out, in the short run the insurance change will have negligible effects<sup>8</sup>. However, there will be continuing higher insurance contributions. This agreement was a major cost reduction factor for the City.

---

<sup>8</sup> The City asserts that two sergeants have opted out of City coverage and receive cash payments totaling \$6,000 in lieu. It was not specified how the payment was divided. The effect on City costs would be noteworthy. Of the remaining Sergeants the City indicates that two had single coverage and the other four Sergeants have the most expensive insurance, family coverage. While as Zion correctly states, in the short term, because the increased co pay contributions become effective only after the Agreement becomes effective and there are but a few months remaining in the term of the Contract, there would be little insurance cost impact upon the newly represented Sergeants back pay. Paying the higher percentage of the premium will, of course, have a continuing effect on net wages in the future

## ANALYSIS

Following a careful study of the circumstances here and the positions of each Party, I find the final offer of the Union to be the most reasonable. There are several reasons.

Sergeant pay in Zion ranks toward the bottom comparing compensation of their peers in comparable communities. While there have not been any turnover problems, salary levels in this Unit reached a critical point April 5, 2011 when the highest paid Patrol Officers salaries exceeded the pay rates of their supervisors, an event without parallel in Zion. Presently recognizing the importance of retaining and compensating Sergeants, Zion has made it clear that, while they have fiscal justification for deferring any increases in this Unit, they intend to cut elsewhere in order to retain law enforcement first line supervisory services and keep this Unit of Sergeants intact.

Not only are Sergeant salaries comparatively low, but those in this Unit have gone a significant period without any increase in compensation – since May 2008. Whatever last offer is recognized, the members of this Unit will have been without any wage adjustment at all in 2009, 2010 and during three months of 2011, despite cost of living increases during this period and compensation increases in other external and internal Units. A not insignificant factor in this situation is that these Sergeants have relatively long service City employment, each has more than ten years service with Zion.. The least senior has a January 2001 hire date and four have five or more years of service in this first line supervisory position. Then there are the additional required insurance contributions to maintain coverage the new contract brings, for those with family coverage, \$1140 more a month.

The City, while not making an inability to pay argument, has critical financial constraints and a near term cost squeeze which, they argue, justifies no more than the limited wage increase they propose. They too recognize that their Sergeants have not had a wage increase since their 2008 certification and that their last wage increase dates back to May 2008. - almost three years before the April 5, 2011 agreed retroactivity date for the increase under this first Contract! There is no contention that there is not a salary inequity which warrants immediate correction.

In describing their salary package for this Agreement, the FOP reminds the Arbitrator that such a proposal does not provide any back pay during the period since the November 17, 2008 certification of their right to represent Sergeants through April 4, 2011 - two years and four months. Both parties have made serious efforts to reach accord, both structuring their final offers to deal with the disparity between salaries of Patrol Officers and their Supervisors and narrowing the differences between the two final proposals to less than \$15,000 less savings the City will realize now and in the future by having Sergeants pay a greater portion of the insurance premium. I recognize that, as Zion emphasizes, there will be indirect effects in pension costs and roll up cost factors associated with the wage increase.

The FOP last offer ties increases over the three year Agreement to the Top Patrol Salary. There would not be any retroactivity under their proposal back to the effective date of the Patrol Contract, May 1, 2009. Retroactivity will be only to April 5, 2011. The Sergeant's Salary which has been \$75,182 since May 2008 will, after the effective date, be \$82,153.58 and, for those with more than 5 years of service, \$84,417.58<sup>9</sup>.

---

<sup>9</sup> The Union notes that during this last year of their Contract, only half of Zion Sergeants will be entitled to the larger 5 year service differential Tier 2 provides.

Considering the circumstances, the FOP proposal has relatively limited impact during the remaining term of this three year Agreement. During this period, Sergeants with less than 5 years' service will be making \$1153.00 more under the FOP Proposal and those with longer service \$1917 more. In the immediate future, the Parties will be able once again to assess the financial situation. At that time, the differential will be in place and the efforts of the past year to raise revenue will be assessed.

Because of external factors which impact upon this unusual economic condition in Zion, this determination has been extremely difficult. Having recognized that both parties are in agreement that a wage increase should be implemented and that a meaningful differential should be instituted between these Supervisors and the Officers they supervise, I find that the final position of the City is inadequate considering the circumstances and that the most reasonable final position is that of the FOP.

### **AWARD SUMMARY**

Having considered the evidence in accordance with applicable Statutory Criteria, I find the final offer of the Union to be the most reasonable. The Parties Collective Bargaining Agreement shall be modified to incorporate this determination as well as all other matters previously agreed upon by the parties. I will retain jurisdiction for 60 calendar days to resolve any dispute with respect to implementation of this Award.

James R. Cox  
Arbitrator

Issued this 7<sup>th</sup> day of February 7, 2012.