ILLINOIS LABOR RELATIONS BOARD

BEFORE ARBITRATOR ROBERT PERKOVICH

In the Matter of an

Interest Arbitration between

City of Canton, Illinois	)	
	)	
and	)	Case # S-MA-1-0-316
	)	
Policemen's Benevolent Labor	)	
Committee	)	

INTEREST ARBITRATION OPINON AND AWARD

A hearing was held on October 22, 2012 in Canton, Illinois before Arbitrator Robert Perkovich who was chosen to serve as such by the parties, City of Canton ("Employer") and Policemen's Benevolent Labor Committee ("Union"). The Employer was represented by its counsel, Bruce Beal, and the Union was represented by its counsel, Shane Voyles. Both parties chose to present their evidence in narrative fashion and filed timely post-hearing briefs that were received on December 18, 2012.

ISSUES PRESENTED

The issues presented for resolution are as follows:

1. Wages

2. Pay Period

BACKGROUND

The Union is the exclusive bargaining representative of a bargaining unit consisting of 14 patrol officers, three sergeants, four lieutenants, and seven dispatchers. The parties have had collective bargaining agreements governing that bargaining unit for on or about 20 years and the last of those agreements ended on April 30, 2010.

In addition the Employer has collective bargaining agreements with two other bargaining units, one for its fire fighters and one for its public works employees.

EXTERNAL COMPARABLES

The parties stipulated that the following Illinois external comparables are to be used in resolving this interest dispute shall be as follows:

East Peoria

Kewanee

Jacksonville

Lincoln

Macomb

Monmouth

Morton

Washington

THE FINAL OFFERS

On the issue of wages the parties agree that the wage increases for this bargaining unit in years 2011, 2012, and 2012 should be 2.5%. Thus, they disagree only with respect to the wage increase in the first year of their agreement, 2010, with the Union proposing 4% and the Employer proposing 2.5%.

On the issue of pay periods the Employer proposes that the existing weekly pay period be changed to a bi-weekly pay period while the Union asserts that the status quo should remain unchanged[1].

THE GOVERNING STATUORY FACTORS

Section 14 (h) of the Illinois Public Labor Relations Act sets forth the statutory factors to be used in resolving interests disputes. They are as follows:

1. the lawful authority of the employer

2. the stipulations of the parties

3. the interests and welfare of the public and the financial ability of the employer to pay

4. externally comparable communities

5. the cost of living

6. employees' overall compensation

7. changes to any of the foregoing during the pendency of the interest arbitration

8. such other factors "which are normally or traditionally taken into consideration."

[1] In its post-hearing brief the Union cites to the Employer's assertion at the hearing in this matter that it was offering to increase the number of paid holidays to employees in this bargaining unit as a quid pro quo in support of its final offer on this issue. However, in its post-hearing brief the Employer does not renew that assertion.

WAGES

As noted above, the parties disagree only as to the general wage increase for bargaining unit employees in 2010, the first year of their agreement, with the Union proposing a wage increase of 4% and the Employer proposing a wage increase of 2.5%.

The record reflects that as a general matter the Employer's fire fighters are the best paid among the three bargaining units with which it negotiates and that the instant bargaining unit is next in line and the public works employees paid the least relative to the other two units. Moreover, there has been no history of parity among the three unions regarding wage increases between 1999 and 2009 and that only once, in 2004 did all three bargaining units receive the same percentage wage increase. More particularly, in only two of the past ten years did the wage increase for police officers match that of the Employer's public works employees while in eight of those ten years the wage increases for police and fire employees were the same.

With regard to the period between 2010 and 2013, the record reflects that the Employer's fire fighters will receive, respectively, percentage wage increases of 4%[2], 2.5%, 2.5%, and 2.5%, that its public works employees will receive, respectively, percentage wage increases of 2.5% in each of the first of those three years with the percentage wage increase for 2013 yet to be determined[3], and that its non-union employees received a 2.5% wage increase in 2010.

With respect to the external comparables, the general wage increases for 2010 in East Peoria, Kewanee, Jacksonviille, Lincoln, Macomb, Monmouth, Morton, and Washington were an average of 3.99% and when Morton is disregarded with its 13.94% wage increase the average is 2.5%. Finally, the Employer's proposed 2.5% wage increase is less than all of the external comparables but for Kewanee.

As for the cost of living, in 2010 it increased between 1.6 and 2.0%, depending on which measure is used.

With regard to the "welfare of the public," the record reflects that the Employer's carryover of unused revenue in 201 was only 2.67 months, but that between 2006 and 2012 the Employer had a general fund balance of on or about 2.5 million dollars and that it held 1.9 million dollars in reserve. Moreover, one of its public officials described the economic development in the community during the relevant period as a "renaissance."

Finally, on the measure of overall compensation, the record reflects that while the police officers' health care premiums are generally much lower than those in the external comparable communities they do in fact pay more for single coverage, have a higher deductible than employees in those communities, and their premium for family coverage is in the middle of that range. Similarly, although the Employer's bargaining unit employees here receive more personal and stress days off, their sick leave accrues at a slower rate and caps sooner than in the external comparables.

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[3] The 4% wage increase to fire fighters was a result of an interest arbitration award in which the Employer's final offer was adopted. With regard to the 2.5% wage increase awarded to the Employer's non-unio employees, I reject the use of that measure for a comparability analysis as it was the product of unilateral employer action and not collectively bargained. As such, it is not comparable but for the fact that those employees, like the police officers, work for the same Employer.

On the issue of wages it seems to me that when the external and internal comparables are utilized the Union's wage proposal for the 2010 general wage increase is more appropriate. As noted above, the average wage increase among the external comparables was 3.99% and the wage increase that the Employer's fire fighters received in 2010, pursuant to the adoption of the Employer's own final offer in arbitration, matched that of the Union's final offer herein.

I am mindful that the Employer's public works employees received a 2.5% wage increase in 2010, but I agree with the Union that a comparison of the work of police officers with those of fire fighters is a better measure in light of the fact that both units are engaged in public safety with its attendant risks and burdens. I am equally mindful of the Employer's argument that the police officers received a 2% post employment health plan, but I cannot ignore the fact that in 2008, two years before the year at issue herein, that benefit was also afforded the fire fighters.

With regard to the cost of living, it is clear that both final offers exceed the relevant cost of living and thus, neither final offer is a compelling choice in light of that fact.

On the measure of the "welfare of the public," I note first that the Employer, by its own admission in its post-hearing brief, is not "screaming poor mouth." Moreover, although it is true that its carryover of unused revenue is only 2.67 months, its general fiscal health, as demonstrated by various measures such as general fund balance and general fund reserves is quite sound.

There remains then the measure of the bargaining unit's overall compensation and on this point the parties look to the employees' health care benefits and burdens and the amount of paid time off that they receive. When I look to those items however, I cannot agree with the Employer that they compel the selection of its final offer on wages because both present the proverbial "mixed bag." More particularly, although the bargaining unit herein enjoys lower health care premiums in general and more paid time off that then external comparables, that distinction is ameliorated by the fact that they pay more for single coverage and have a higher deductible, and that their sick leave benefit accrues more slowly and caps faster than in the external comparable communities[4].

Thus, in light of the clear preference for the Union's final offer on wages when it is viewed against the external and internal comparables, and because the Employer's arguments regarding the cost of living, the welfare of the public and overall compensation do not negate that preference, the Union's final offer is adopted.

Pay Period

On this issue the record evidence shows that all of the Employer's employees are on a weekly pay period but for the police and that in seven of eight of the comparable communities police employees are paid on that basis as well. Clearly therefore, both external and internal comparability favors the Employer's final offer on this issue.

Despite that fact the Union contends that this issue is a "breakthrough" and that the Employer has failed to meet the burden of proving that its final offer should be chosen because it has shown no proven need for the change, because the change would cause a hardship to employees, and because it has not offered a suitable *quid pro quo* for the change.

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[4] I also note that, at least at the hearing, the Employer made reference to an increase in the police employees' paid time off as a *quid pro quo* for its final offer on pay periods. Thus, it seems a bit of an anomaly that it will then cite the overall compensation as a reason for rejecting the Union's final offer on wages.

However, the Union also concedes in its post-hearing brief that a final offer that "does not constitute the type of comprehensive, game-changing alteration" on an issue is not a "breakthrough." (See e.g., *City of Danville,* #S-MA-07-220 (Meyers, 2010).

On this point the Union in its post-hearing brief contends, apparently in an effort to characterize the Employer's final offer as a "comprehensive, game-changing alteration," that the change in pay periods will require employees to "perform a juggling act with respect to their monthly bills in order to get acquainted with the new pay schedule." However, it also asserts therein that "discontinuing the current weekly payroll will be an inconvenience to the employees in this bargaining unit." In light of those two apparent conflicting assertions I cannot find that the Employer's final offer herein is the type of "comprehensive, game-changing alteration" that requires utilizing the "breakthrough" analysis described above.

Thus, I am left with the comparability evidence described above which in my view compels the adoption of the Employers' final offer on this issue.

AWARD

1. The Union's final offer on wages is adopted.
2. The Employer's final offer on pay periods is adopted.
3. The parties' tentative agreements are adopted.

DATED: February 12, 2013

Robert Perkovich, Arbitrator