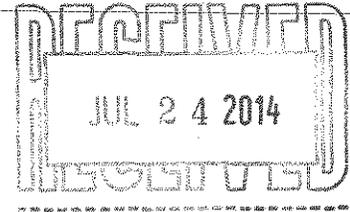


Before
PETER R. MEYERS
Arbitrator



In the Matter of the Interest
Arbitration between:

**METROPOLITAN ALLIANCE
OF POLICE, CHAPTER NO. 216,
STREAMWOOD POLICE
OFFICERS,**

Union,
And

VILLAGE OF STREAMWOOD,

Employer.

FMCS Case No. **131025-02661-6**

DECISION AND AWARD

Appearances on behalf of the Union

Richard J. Reimer—Attorney
Alfred J. Molinaro—Legal Assistant
Tony Martin—Attorney
Keith Karlson—Attorney
Daniel Fischer—Union Steward
Matthew McLean—Union Steward
Peter Woolsey—Union Steward
Henry Bradtke—Union Steward

Appearances on behalf of the Employer

Michael K. Durkin—Village Attorney
Adam R. Durkin—Attorney
Thomas J. Halleran—Attorney
Gary D. O'Rourke—Village Manager
Jim Keegan—Police Chief
Jim Gremo—Deputy Police Chief

This matter came to be heard before Arbitrator Peter R. Meyers on the 24th day of March 2014 at Streamwood Police Department, 401 East Irving Park Road, Streamwood, Illinois. Mr. Richard J. Reimer presented on behalf of the Union, and Mr. Michael K. Durkin presented on behalf of the Employer.

Introduction

In March 2013, the Village of Streamwood, Illinois (hereinafter “the Village”), and the Metropolitan Alliance of Police, Chapter #216, Streamwood Police Officers (hereinafter “the Union”) entered into negotiations over a successor collective bargaining agreement to the contract scheduled to expire as of December 31, 2012. The bargaining unit in question is composed of sworn officers below the rank of sergeant working within the Village’s Police Department (hereinafter “the Department”). Although the parties were able to resolve and agree upon most of the provisions that will make up their new collective bargaining agreement, the issue of wages nevertheless remains unresolved.

Pursuant to the Illinois Public Labor Relations Act, 5 ILCS 315/1 *et seq.*, this matter was submitted for Compulsory Interest Arbitration and came to be heard before Neutral Arbitrator Peter R. Meyers on March 24, 2014, in Streamwood, Illinois. The parties submitted written, post-hearing briefs in support of their respective positions, with the Village’s brief being received on or about May 28, 2014, and the Union’s on or about May 23, 2014.

Relevant Statutory Provisions

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

Section 14(h) Where there is no agreement between the parties, or where there is an agreement but the parties have begun negotiations or discussions looking to a new agreement or amendment of the existing agreement, and wage rates or other conditions of employment under the proposed new or amended agreement are in dispute, the arbitration panel shall base its findings, opinions and order upon the following factors, as applicable:

- (1) The lawful authority of the employer.

- (2) Stipulations of the parties.
- (3) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.
- (4) Comparisons of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
 - (A) In public employment in comparable communities.
 - (B) In private employment in comparable communities.
- (5) The average consumer prices for goods and services, commonly known as the cost of living.
- (6) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment and all other benefits received.
- (7) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- (8) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

Issue Submitted for Arbitration

The economic issue of wages remains in dispute between the parties, affecting Section 22.4 of the parties' collective bargaining agreement, entitled "Wages," as well as Attachment A to the Agreement, entitled "Police Unit 1 Salary Schedule."

Discussion and Decision

The Village of Streamwood is located about thirty-three miles northwest of

Chicago, and it primarily is a suburban, residential community with a current population of just under 40,000. The record establishes that as of December 31, 2012, the Village employed a total of 175 full-time and twenty-nine part-time employees, including fifty-five sworn employees working within the Department. As of December 31, 2012, forty-three of the Department's sworn members were below the rank of sergeant and, therefore, members of the bargaining unit. The evidence demonstrates that by March 11, 2014, the Department had grown to fifty-eight sworn officers, with forty-six of them belonging to the bargaining unit.

The evidentiary record further establishes that the sworn members of the Department below the rank of sergeant have been represented by a union since 1988, while MAP was certified as the bargaining unit's exclusive representative in March 2007. The first collective bargaining agreement between the Village and this Union was executed in 2008, and the parties negotiated and executed a second Agreement that was in effect from January 1, 2010, through December 31, 2012. This proceeding involves the successor to that 2010-2012 Agreement.

The parties were able to resolve all but one of the issues between them in the course of their negotiations and in advance of this proceeding. That single remaining issue, wages, is economic in nature. Pursuant to Section 14(g) of the Illinois Public Labor Relations Act, 5 ILCS 315/14(g) (hereinafter "the Act"), this Arbitrator is without authority to devise a compromise resolution different from the parties' final offers in connection with economic issues. Instead, this Arbitrator must select either the Village's final offer or the Union's final offer as the resolution on the issue of wages.

Section 14(h) of the Act, 5 ILCS 315/14(h), sets forth certain statutory factors that serve as the framework for evaluating final proposals in proceedings such as the instant matter. Not all of the listed statutory factors will apply to this matter with equal weight and relevance; one or more of these factors, in fact, may not apply here at all. The proper first step in analyzing the impasse issues in dispute, therefore, is to determine which of the statutory factors are relevant and applicable to the instant proceeding and which are not particularly relevant.

Some of the listed statutory factors appear to have little or no applicability to this matter. The lawful authority of the Village, for example, does not appear to be at issue, and the evidentiary record herein contains nothing that would suggest that there has been any change in either party's circumstances during the pendency of this matter that would affect its outcome. The parties have entered into a set of ground rules and stipulations, raising another of the statutory factors. With the exception of the parties' stipulation regarding external comparables, as referenced hereafter, the ground rules and stipulations generally address procedural matters that will not substantively impact the determination as to which of the competing wage proposals is more appropriate.

Some of the statutory factors are particularly useful in shaping the proper analysis of competing wage proposals. External and internal comparables often play a critical role in such cases, as does data on consumer prices and overall compensation. The parties have developed an agreed list of communities that represent appropriate external comparables. These communities are the Village of Addison, the Village of Bartlett, the Village of Bloomingdale, the Village of Carol Stream, the Village of Carpentersville, the

Village of Glendale Heights, the Village of Hanover Park, the City of Rolling Meadows, the Village of Roselle, the Village of South Elgin, and the City of West Chicago. A review of the evidence in the record relating to this list of external comparables establishes that the parties have chosen well for purposes of this proceeding. These communities do, in fact, offer appropriate comparisons to the Village in terms of geography, demographics, crime statistics, and economic data. The proposed communities also establish an appropriate range of data as to both total compensation and wages for their public safety employees. The parties' agreed list of external comparables therefore shall be accepted in its entirety.

As for internal comparables, the record establishes that there are four other bargaining units composed of different groups of Village employees that are represented by other unions. These bargaining units are (1) firefighters and fire lieutenants working within the Village's Fire Department; (2) Police Department civilian employees; (3) clerical, inspection, and maintenance staff; and (4) public works employees. The wage provisions in the contracts covering these other Village bargaining units also will provide useful guidance in the analysis of the competing wage proposals in this proceeding.

Most of the remaining statutory factors will play some role in the analysis of the parties' competing wage proposals. In these difficult economic times, the Village's financial health must be addressed with respect to the costs associated with the wage proposals in question here, even though the Village is not asserting an inability to pay. Cost-of-living data also represent important elements of the analysis when wages are at issue, while the overall compensation available to bargaining unit members also will have

an impact on the resolution of the remaining wage issue. Finally, as this Arbitrator has noted in prior interest arbitration proceedings, the interest and welfare of the public always must be a consideration in resolving issues that govern the terms and conditions of employment for public sector employees.

The next step is to embark upon a focused analysis of each party's final proposal on the sole remaining issue of wages, in light of the relevant statutory factors, the evidence in the record, and the parties' arguments in support of their respective proposals. This Arbitrator reiterates that the impasse wage issue here incorporates two elements, although it is a single issue. One of these elements centers on the appropriate annual percentage wage increases during the term of the parties' new collective bargaining agreement, while the other element addresses the structure of the steps in the contractual wage schedule.

The Union's final offer on the impasse issue of wages is as follows:

A. Wage Increase

- 2.0% retroactively to January 1, 2013
- 2.35% retroactively to January 1, 2014
- 2.75% on January 2, 2015

B. Wage Schedule Structure

Maintain the *status quo*.

The Village's final offer on the impasse issue of wages is as follows:

A. Wage Increase

- 2.25% base wage increase effective January 1, 2013
- 2.25% base wage increase effective January 1, 2014
- 2.25% base wage increase effective January 1, 2015

Eliminate consistent 5.25% step increase.

B. Wage Schedule Structure

Increase total number of steps in wage schedule from seven (7) to nine (9).

Upon the effective date of this 2013-2015 contract, employees hired before April 1, 2014 shall be placed upon the salary schedule by having their step placement adjusted by 2 steps (e.g., an employee who was at previous Step 6 on 12/31/2012 shall move to Step 8 on 1/1/2013).

New hires move from Step 1 to Step 2 upon anniversary of hire date, as per Section 22.4.

As these final offers demonstrate, both parties are proposing annual wage increases for the members of the bargaining unit, although these proposals do differ as to the percentages that should apply. The Village seeks further alterations in the contractual wage provisions. The first of these proposed changes is the elimination of existing language in Section 22.4 of the Agreement that sets annual step increases at a standard 5.25% of base wage. Under the Village's proposed change to the step increase, it appears that bargaining unit members still would be eligible for "a step increase pursuant to a satisfactory review" in accordance with Section 22.4, but that step increase no longer would be an automatic 5.25% of base wage.

The second change that the Village has proposed affects the salary schedule for bargaining unit members that appears in Attachment A to the Agreement. That salary schedule currently is comprised of six steps, and the Village proposes adding two more steps to that schedule. The two additional steps would be placed at the beginning of the salary schedule, structured so that new hires, those hired after April 1, 2014, would earn a starting wage until they complete field training officer (FTO) training, which typically

occurs six weeks to six months after being hired and during a new officer's probationary period. Under the Village's proposal, a new officer then would advance to the new Step 1 of the salary schedule. On the first anniversary of employment, an officer would advance to Step 2 of the salary schedule, and thereafter would advance one step on each anniversary until reaching Step 8, which would be the top step under the Village's proposal. The overall impact of the Village's proposed changes to the salary schedule is that an officer hired on or after April 1, 2014, will take seven years to reach the top step, instead of the current six years. As for officers hired before April 1, 2014, the Village proposes that their positions on the salary schedule would be adjusted to account for the two new steps at the bottom of the salary schedule. These officers would be moved two steps higher on the proposed salary scale.

As the Village itself has acknowledged, it bears the burden of establishing, by clear and convincing evidence, that there is a reasonable basis for making the changes that it proposes to the wage provision and the salary schedule. This aspect of the matter creates some complexity that is not often a part of an analysis of competing economic proposals. As already noted, Section 14(g) of the Act requires this Arbitrator to choose between the Union's and the Village's final offers on the sole remaining impasse issue of wages because that issue is economic in nature. If an analysis of the Village's proposed changes to the contractual wage structure leads to the conclusion that the Village has not met its burden of proof as to the changes it proposes to the contractual 5.25% annual step increases and to the salary schedule, then it may not be possible to adopt the Village's entire proposal on wages, even if that part of the Village's proposal relating to annual

wage increases is more appropriate than the Union's proposal on annual wage increases in light of Section 14(h)'s factors.

For this reason, it is necessary to look first at the Village's proposed changes to Section 22.4 and Attachment A to the Agreement, before considering the parties' competing final offers on annual wage increases. The Village has asserted that a reasonable basis for making its proposed changes may be found in the fact that it still must resort to deficit spending because of the continuing impact of the recent Great Recession, in the need to maintain internal comparability and harmony among its other bargaining units and employees, and in the stability of the Department that would be achieved by bringing the Village's starting salary and number of years to reach top pay more in line with those of the external comparable communities. Each of these stated reasons must be more closely considered.

With regard to the Village's assertion of a recent and continuing history of deficit spending, it is important to emphasize that the Village is not claiming a financial inability to pay. Instead, the Village suggests that the continuing negative impact upon its finances from the global economic recession that began in 2008 represents a factor that this Arbitrator may consider in evaluating its proposal to change the language of the contractual wage provision and salary schedule.

An employer's overall financial condition certainly is a factor that may be considered during an analysis of competing wage proposals. The record contains the Village's Comprehensive Annual Financial Reports from 2009, 2010, 2011, and 2012, as well as Village Budgets for 2013 and 2014. As will be discussed more fully below in

connection with the application of the Act's itemized factors to the substance of the parties' competing wage proposals, a review of these documents allows for a detailed understanding of the Village's financial condition and the manner in which the Village has managed to cope with the effects of the global economic downturn that began in late 2008. In response to the very real economic problems that the Village and virtually every other governmental unit has faced in recent years, the Village has had to take a number of difficult steps beginning in 2009, including raising existing taxes, implementing new taxes and fees, refinancing its only outstanding bond issue, temporarily reducing spending in such areas as street improvements, and enacting voluntary reduction-in-force programs that have cut the total number of full-time Village employees.

The financial documents establish that the Village has done an admirable job in managing and minimizing the negative effects of the economic downturn. In fact, after some difficult years, the Village's financial condition appears to be improving. Although the Village still faces challenges and must continue its efforts to control spending and maximize efficiencies, it appears that the Village has weathered the worst of the storm and is in sound financial shape.

Pinpointing the Village's suggestion that it has had and must continue to resort to deficit spending, it is necessary to focus on the Village's General Fund because that Fund covers Police Department expenditures, including salaries. The financial documents introduced at the hearing in this matter conclusively establish that the Village did run a deficit in its General Fund during 2009. In its post-hearing brief, the Village argued that its General Fund also operated at a deficit during 2010, 2011, and 2012, but this appears

to be based on an inadvertent reliance on original budget projections for those years, rather than on the actual revenue, expenditures, and General Fund balance numbers, including data on “other funding sources.” The General Fund revenue and expenditure numbers for 2010, 2011, and 2012 that the Village referenced on Page Forty-Three of its brief come from a column documenting the original budget estimates for each year that are part of a larger table addressing budget and actual General Fund data for the year that is the subject of each annual report. The actual revenue, expenditures, and General Fund balance numbers for each year appear two columns away in the same table. The actual numbers show that the Village experienced a General Fund surplus in 2010, 2011, and 2012.

The Village’s 2013 and 2014 budgets similarly suggest that the Village is not currently facing any need for deficit spending with respect to its General Fund. Each of these budgets necessarily adopts conservative revenue and expenditure estimates, but both forecast a surplus of revenues over expenditures. The 2013 budget, for example, includes a forecast that General Fund revenue will exceed expenditures by just over \$1,000.00 during that calendar year. In addition to forecasts for the year ahead, the 2014 budget contains estimates of actual 2013 General Fund revenue and expenditures figures, based on what actually happened during 2013 prior to the point at which this data was gathered for inclusion in the 2014 budget. Interestingly, the 2014 budget indicates that 2013 General Fund revenues exceeded expenditures by about \$1.2 million, far in excess of the approximate \$1,000.00 surplus projected in the 2013 budget.

The 2014 budget also confirms that at the end of 2012, the General Fund’s balance

was more than \$9 million. The 2014 budget documents that because of this favorable situation, the Village Board decided to institute a series of transfers from the General Fund to other of its funds during 2013, helping to shore up the Village's ability to pay for capital projects, equipment replacement, pension obligations, and other items that are financed through funds other than the General Fund. These transfers totaled almost \$2.7 million. This constitutes further evidence that the Village has been quite successful in managing its finances, even in the face of the difficulties presented by the global economic downturn.

The financial documents in the record therefore do not establish that the Village currently must engage in deficit spending through its General Fund, so the first reason advanced by the Village to support its proposed changes to Section 22.4 and Attachment A to the Agreement cannot be accepted as a reasonable basis for making those changes.

The second reason that the Village has advanced in support of its proposal to change Section 22.4 and Attachment A to the Agreement is that it needs to maintain internal comparability and harmony among its other bargaining units and employees. In a sense, this second asserted reason builds on the first in that the Village contends that as part of its efforts to cope with the effects of the economic downturn, it reached agreement with all of its other internal bargaining units to lower starting pay and increase the number of steps in the salary schedules.

While it does appear that the other bargaining units of Village employees did agree to changes in the number of steps in their respective salary schedules, there is little harmony or comparability, and certainly no uniformity, between these different salary

schedules. There is a wide range of steps in these units' salary schedules, as well as a wide range in the number of steps that each unit agreed to add to its current salary schedule. During negotiations pursuant to a wage reopener, the Fire Department bargaining unit agreed to the addition of one step for newly hired employees. This single new step apparently lasts for only six months because the overall effect was to increase the number of years to reach the top of the Fire Department wage scale from six to six and one-half years. In this proceeding, the Village seeks to increase the number of years to reach the top of the Police Department wage scale from six to seven full years.

The other three Village bargaining units are not comprised of first responders, so they are not really as comparable to the Police Department unit as is the Fire Department unit. The AFSCME unit's salary schedule was increased by five steps, meaning that the members of that unit will reach the top of their salary schedule in nineteen years, instead of fourteen years. The LIUNA unit's salary schedule increased by nine steps, with the members of that unit reaching the top of their salary schedule in nineteen years, rather than ten years. The MAP 567 unit's salary schedule increased by eleven steps, from nine to twenty. In addition, some of the new steps in the MAP 567 salary schedule were placed at the top of the schedule, making the most senior employees eligible for both step increases and annual increases and raising the maximum possible wage for that unit of civilian employees by about twelve percent.

The Village's proposed changes to the Police Department's salary schedule are not the same as those that were adopted in connection with the other internal bargaining units. If the Village's proposal to change the salary schedule were to be adopted, the end

result would not be parity between the Police Department unit and the Fire Department unit, nor would it be parity between the Police Department unit and the other bargaining units that do not include first responders. Whatever harmony and internal comparability may be possible between the Village's different bargaining units, I find that the evidence shows that these goals would not be promoted by the adoption of the Village's proposed changes to Section 22.4 and Attachment A to the Agreement.

The third reason offered by the Village to support its proposed changes to Section 22.4 and Attachment A to the Agreement is that it would reinforce stability within the Department by bringing the Village's starting salary and number of years to reach top pay more in line with those of the external comparable communities. The evidence does suggest that the starting salary for police officers newly hired by the Village will be near the top of the range established across the external comparable communities if the Village's proposed changes to the salary schedule are not adopted. The evidence further demonstrates that some of these other communities have increased the number of years that it will take their officers, often only newly hired officers, to reach the top of their salary schedules. The clear majority of the external comparable communities, however, have not increased the number of years it takes their officers to reach top pay. Moreover, one of the communities that increased the number of steps in its salary structure, Rolling Meadows, added three steps to the low end of the structure in accordance with a Side Letter Agreement to a 2011 collective bargaining agreement, but then agreed to reduce the total number of steps by one in the very next collective bargaining agreement.

It also is evident from the data that the increase in the average number of years to

top pay for new hires beginning in 2013 across all of the external comparables, which amounts to half a year, is largely driven by the six-year increase to top pay in just one of these communities, Roselle, for those hired after January 1, 2013. From this, it appears that a change to the salary schedule for the Police Department bargaining unit is not particularly necessary for the Village's salary schedule to remain comparable to the police salary schedules in these other communities. I find that the evidence relating to the changes in salary schedules among the external comparable communities simply is not strong enough to support the Village's third asserted reason for seeking a change in Section 22.4 and Attachment A to the Agreement.

In addition to these three asserted reasons, the Village has recognized the need for a *quid pro quo* to support its proposed changes to the existing language of Section 22.4 and the structure of the salary schedule in Attachment A. The Village has emphasized that as part of its final wage proposal, it is offering a *quid pro quo* to the members of the bargaining unit in the form of wage increases to every bargaining unit employee, valued at over \$1,250.00 over the life of the new Agreement, in exchange for the contractual modifications that the Village seeks. More specifically, the Village asserts that it is offering the members of this bargaining unit an extra 0.25% addition to their annual wage increases during the life of the parties' new Agreement that the members of the other Village bargaining units did not receive, and that this extra annual increase therefore constitutes a *quid pro quo* that its other employees did not receive because they agreed to the changes in the salary schedule without going to interest arbitration.

The problem for the Village in making this argument is that there is no certainty

that had the parties in the instant case succeeded in reaching agreement on wages without resorting to interest arbitration, and without any *quid pro quo* in the calculation, they would have agreed on 2.0% annual wage increases for the entire term of their new Agreement. The Union's final offer does include a proposal for a 2.0% increase during the first year of the new Agreement, but the Union seeks higher increases in each of the succeeding years. In fact, the Union's proposed annual wage increases for the second and third year of the new Agreement are higher than the Village's proposed 2.25%, and the Union's proposals are not based on the inclusion of any *quid pro quo*. There is nothing in the record that suggests that the Union readily would have agreed to annual increases at rates less than 2.25% for the second and third years of the new Agreement in any event, even if there were no *quid pro quo* as part of the equation. The Village may consider itself as offering an "extra" 0.25% wage increase to this bargaining unit, and it may deem that "extra" wage increase a *quid pro quo* in exchange for the bargaining unit's agreement to the Village's proposed changes to Section 2.24 and Attachment A to the new Agreement, but I find that the record does not support a finding that the Village is offering a valid and reasonable *quid pro quo* in exchange for the bargaining unit's acceptance of the Village's proposed changes.

This Arbitrator also notes that the record indicates that where additional steps have been added to existing salary structures, this appears to have been the result of negotiated agreements, and not the result of an imposed dispute resolution through an interest arbitration proceeding. The Village is seeking significant changes to the salary structure that will have a measurable impact upon the employees within the bargaining unit,

especially new hires who may feel the effect of those changes throughout long careers with the Department. Many arbitrators have ruled that such changes ought to be the result of negotiated agreement between the parties, rather than imposed from the outside by means of an interest arbitrator.

I find that the Village therefore has failed to meet its burden of establishing a reasonable basis for making the changes that it has proposed to Section 22.4 and Attachment A to the Agreement. The evidentiary record does not support a finding that these proposed changes are reasonable, needed, or sufficiently counterbalanced by an appropriate *quid pro quo*.

This analysis now proceeds to a consideration of the parties' competing proposals relating to the amount of the annual wage increases under their new Agreement. The parties' wage increase proposals are quite interesting in that they are very close in terms of the overall changes that they would make to the salaries of the bargaining unit's members. The Union has calculated that the current members of the bargaining unit all together will make only about \$8,000.00 more over the course of the new Agreement under the Union's proposed annual increases than they all would make under the Village's proposed annual increases. Another point of interest with regard to these two proposals is that for the first two years of the new Agreement's term, bargaining unit employees would make more under the Village's proposal than under the Union's proposal, although this would turn around during the third year of the Agreement. Over the entire course of the contract, as noted above, bargaining unit members would make slightly more under the Union's proposal than under the Village's proposal. Because the

two wage proposals here are so close, the proper resolution of this dispute will require particular attention to the proper application of the relevant statutory factors.

As has been emphasized in many, if not most, interest arbitration awards, the salaries paid to employees in external comparable communities often is the most important of the statutory factors when wages are at issue. The selection of appropriate external comparables for an interest arbitration proceeding allows for the collection of data that will establish a range of salaries paid for work comparable to that performed by the bargaining unit in question in communities comparable to the one involved in the arbitration. Generally, the appropriate resolution of a wage dispute in an interest arbitration proceeding will place the new contract's wage structure somewhere within the range established by the external comparables.

In the instant case, it appears that both sides recognize the utility in generally maintaining the Village's historical ranking among the external comparables in terms of annual wage rates, including both starting and top rates, and annual increases. The Union has emphasized that its proposal essentially would maintain the Village's fourth place ranking among the external comparables for top base salaries, while its proposed annual increases are similar to the average wage increases offered among the external comparables. The Union also points out that its proposed annual increases for the first two years of the parties' new Agreement actually are below the average established by the data from the external comparables. In support of its argument that a comparison with the external comparables is not determinative on the impasse issue of wages, the Village suggests that whether its own or the Union's wage proposal is adopted here, there

would be little difference in this bargaining unit's ranking among the external comparables with respect to the top step of the salary schedule.

Although a comparison of the competing wage proposals here to the wages offered in the external comparable communities does not serve to separate the two proposals in any meaningful way, and certainly does not eliminate either proposal as being less appropriate than the other, this comparison nevertheless is helpful because it establishes both proposals as worthy of further consideration. Neither proposal results in an unreasonable jump or drop in the Village's ranking among the external comparables in terms of top pay, annual percentage increases, or total percentage increases during the term of the parties' new Agreement. Both proposals are entitled to additional analysis based on the other relevant statutory factors.

An internal comparison of the parties' competing wage proposals to the wage structures currently in place for the Village's other bargaining units also yields somewhat mixed results. A look at wage increase data for the years 2013-2015, the term of the parties' new Agreement, reveals that the other bargaining units are scheduled to receive average annual wage increases ranging from 0.0% to 2.0%. The Village's proposal of 2.25% annual wage increases during the term of the parties' new Agreement offers increases that are higher than those scheduled for the other bargaining units during each year of the new Agreement. The Union's proposal calls for a 2.0% increase during the first year of the new Agreement, equaling the highest annual increase specified for any of the other Village bargaining units, and then calls for higher annual increases in the remaining two years of the new Agreement. This straight-up internal comparison

therefore does not serve to meaningfully separate the two proposals at issue here.

Both parties have focused on a comparison between the wages of the Village's police unit and fire unit based on the recognition that the fire unit is more comparable to the police unit than are the other Village bargaining units composed of non-sworn, civilian employees. The Union, it must be emphasized, has contended that the fire unit does not offer a reasonable comparison with the police unit, while the Village has suggested that the internal comparisons generally favor its own wage increase proposal. The evidence in the record regarding wages and increases in these two units over time show that these two units more often have not seen the same annual percentage increases. In fact, the two units have received the same percentage increases in only two years during the period from 2004 through 2012. It is important to note that 2012 represents a third year of equal percentage increases between the two units with regard to most of the members of the firefighters' unit. In 2012, the police unit and the majority of the fire unit all received a 2.0% annual increase. The record establishes however that those members of the fire unit at the top of that unit's salary schedule received a 2.68% increase for 2012. The evidence on this point demonstrates that there is no history of parity between the Village's police and fire units with regard to annual percentage increases.

A look at the most recent contracts governing these two units of sworn first responders further reveals that there is no parity between them as to the actual annual base pay at the corresponding steps for police officers and firefighters/paramedics. The top pay available in these two units differed by more than \$5,000.00 during each year from 2010 through 2012, and there has been a significant historical difference in top base

wages between these two units dating back to at least 2004.

The absence of parity between the Village's police and fire units is further emphasized by the Village's own final wage proposal here. Although the Village has argued that 0.25% of its proposed 2.25% annual wage increases during the term of the parties' new Agreement actually is a *quid pro quo* offered in exchange for the Union's acceptance of changes that the Village wishes to make to Section 22.4 and Attachment A to the parties' Agreement, as already discussed, the fact is that the Village's proposal on the police unit's wages is significantly higher than what it negotiated with the fire unit. Moreover, as previously noted, the Village's proposed changes to the police unit's salary schedule would result in more steps and a longer path to top pay than currently applies to the fire unit's salary schedule. The Village's own proposal here therefore suggests that there is little or no salary or salary-schedule parity between the police and fire units, rendering the fire unit of no more real utility as an internal comparable than are the Village's bargaining units composed of unsworn, civilian employees.

In accordance with these considerations, this Arbitrator therefore finds that internal comparisons with other Village bargaining units do not offer a meaningful basis for distinguishing between the parties' competing wage proposals in this particular proceeding.

Turning to the consumer price index, the current analysis benefits from the fact that salary increases for 2013 and 2014 are under consideration, in addition to increases for 2015. Data on the actual changes in consumer prices during 2013 are available for use, as well as actual data compiled so far for the early months of 2014. Applying this

real data to the parties' wage proposals for 2013 and 2014 demonstrates that both proposals seek increases greater than the CPI-U for the Chicago region during 2013 and the early months of 2014. This means that both proposals actually involve an increase in wages, instead of merely keeping pace with inflation.

Applying the actual CPI-U data to the parties' wage proposals, it is appropriate to compare the 2013 CPI-U increase of 1.2% to the wage proposals for 2013 from each party. Both parties have proposed a 2013 wage increase that exceeds the actual rate of inflation for that year. The Union's proposal of a 2.0% increase for 2013 is closer to the 2013 CPI-U rate than is the Village's proposed 2.25% increase for 2013, and this offers some support, albeit minimal, for the Union's proposal for that year. The data from the early months of 2014 establish a CPI-U rate for the Chicago region of 1.4%, and both parties' proposed increases for 2014 again exceed this rate. For 2014, the Union has proposed a 2.35% increase, while the Village offers a 2.25% increase. Although the Village's proposal is closer to the inflation rate for the first two months of 2014, the slight increase during early 2014 over the year-long average for 2013 may or may not suggest that 2014's overall inflation rate will be higher than the rate for 2013. Two months of data for 2014 simply are not enough to accurately estimate the likely inflation rate for the entire year, so it is not possible to conclusively determine, on this record, which of the parties' wage proposals for 2014 will end up being closer to the actual inflation rate for the year. Obviously, no such determination can be made for 2015.

The consumer price data therefore are largely inconclusive, except for a slight tilt in favor of the Union's wage increase proposal for 2013.

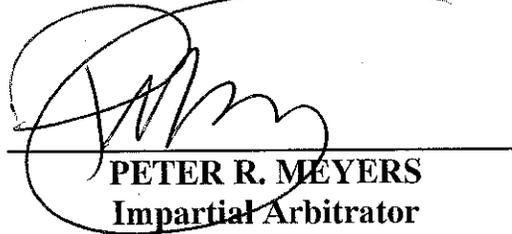
Many of the other relevant statutory factors are similarly inconclusive. Because the cost difference between the two proposals is rather small, the Village's financial ability to meet the costs of either proposal is not at issue. The interests and welfare of the public would not be negatively impacted by either proposal because it appears that no tax increase will be necessary to pay for either wage proposal, and because it appears that neither wage proposal will harm the Village's historic ability to attract and retain high-quality personnel for its Police Department. The overall compensation available to the members of the Department also does not serve to differentiate between these two wage proposals that are so close in their overall impact upon police officers' wages during the term of the parties' new Agreement.

What does differentiate between these two proposals on annual wage increases is that, as extensively discussed above, the Village has not satisfied its burden of proof as to that part of its larger proposal that seeks to make changes to Section 22.4 and Attachment A to the Agreement. This means that a significant part of the Village's overall proposal here has been deemed not reasonable and not sufficiently supported by the record. The Union's wage proposal is fully supported by the evidence and by the relevant statutory factors, even if those factors do not really serve to establish which of the two proposals on annual wage increases is more appropriate.

In light of the relevant evidence and statutory factors, this Arbitrator finds that the Union's proposal on the impasse issue of wages is more appropriate. Accordingly, the Union's proposal on this issue shall be included within the parties' new collective bargaining agreement, and it is set forth in the Appendix attached hereto.

Award

This Arbitrator finds that the language set forth in the attached Appendix shall be adopted and incorporated into the parties' new collective bargaining agreement.



PETER R. MEYERS
Impartial Arbitrator

**Dated this 23rd day of July 2014 at
Chicago, Illinois.**

APPENDIX

ARTICLE 22 – GENERAL ECONOMICS

Section 22.4: Wages

Effective January 1, 2013, all employees covered by the terms of this Agreement shall be subject to the wage provisions contained in “Attachment A.”

A narrative explanation of the wage provisions contained in “Attachment A” is as follows:

- (a) A 2.0% base wage increase effective January 1, 2013
- (b) A 2.35% base wage increase effective January 1, 2014
- (c) A 2.75% base wage increase effective January 1, 2015.

For all employees covered under this Agreement, who are not at their present maximum salary base, the following shall apply:

Upon the employee’s annual merit review evaluation, he/she shall be eligible for a step increase pursuant to a satisfactory review. Such step increase shall be worth 5.25% of base wage, but in no instance can a base wage exceed the maximum salary as found in Attachment A.

An employee’s eligibility for movement through each step of the step plan will be evaluated and decided on 12-month intervals.

- (a) Officer in Charge (OIC) pay shall be \$40.00 a shift.
- (b) Field Training Officer (FTO) pay shall be one (1) hour of additional pay per day of training.