

ARBITRATION OPINION AND AWARD

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IN THE MATTER OF INTEREST
 ARBITRATION BETWEEN

THE CITY OF ALTON, ILLINOIS

and

INTERNATIONAL ASSOCIATION OF FIRE-
 FIGHTERS, LOCAL #1255

* * * * *

* Illinois State Labor
 * Relations Board No.
 * S-MA-33

* Findings of Facts and
 * Opinion

ARBITRATION PANEL

NEUTRAL ARBITRATOR

DUANE L. TRAYNOR
 909 Myers Building
 1 West Old State Capitol Plaza
 Springfield, IL 62701

UNION PANEL MEMBER

GLEN WALTERS, SR.
 President
 ASSOCIATED FIREFIGHTERS OF
 ILLINOIS
 3407 Milton Drive
 Alton, IL 62002

CITY PANEL MEMBER

MAT MELUCCI
 EXECUTIVE SERVICES, INC.
 68R3 North Bluff Road
 Collinsville, IL 62234

DATES AND PLACE OF HEARINGS

May 5 & 12 and June 17, 1986
 City of Alton Council Chambers

CITY'S REPRESENTATIVE

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ARBITRATION PANEL'S FINDING OF FACT AND AWARD

On April 3, 1986, the ILLINOIS STATE LABOR RELATIONS BOARD notified the neutral arbitrator of his appointment as chairman of the Interest Arbitration Panel in the above-identified proceeding, and that MAT MELUCCI was the City's panel member and GLEN WALTERS, SR. was the Union's panel member. These proceedings were held pursuant to Section 14 of the Illinois Public Relations Act and Section 1230.40 of the Board's Impasse Resolution Rules. The proceedings were held on three separate days, to-wit: May 5, May 12, and June 17, 1986, and reported by JACQUELINE KITTEL, KITTEL REPORTING COMPANY, Granite City, Illinois. A transcript of the proceedings were filed with the chairman of the Panel on July 16, 1986. Closing arguments were made by the parties' representatives at the close of all the testimony and it was agreed that the Panel had 30 days from the date the transcript was mailed to the chairman within which to render an award.

Under Section 14 of the Illinois Labor Relations Act and Section 1230.40(8) of the Illinois State Labor Relations Board Rules and Regulations, the Interest Arbitration Panel is required to base its award upon certain enumerated factors. With respect to each of those enumerated items the Panel makes the following findings of fact:

(A) THE LAWFUL AUTHORITY OF THE EMPLOYER

As to this factor the lawful authority of the City was not contested and in fact conceded.

(B) STIPULATION OF THE PARTIES

The parties stipulated that the CITY OF ALTON, Illinois, and the ALTON FIREFIGHTERS' UNION, LOCAL 1255, during the the course of good faith bargaining, while agreeing on all other issues, had failed to reach final agreement on the basic salary to be paid members of the ALTON FIRE DEPARTMENT BARGAINING UNIT for fiscal year 1986-87; that their failure to negotiate a settlement is based primarily on the City's belief and position that it does not have sufficient economic resources to grant a salary increase to the firefighters or any other city employees and that therefore the single issue submitted for determination by the arbitration panel is:

"Whether or not the CITY OF ALTON has the ability to pay a 2% basic salary increase to the Bargaining Unit represented by Local 1255 for the fiscal year 1986-87".

It was further stipulated that the City's final offer is 0% and that the Union's final salary offer is a 2% increase in the basic wage. It was further stipulated that any provision in the rules requiring the arbitration panel's identifying the economic issues in dispute and serving a copy of that determination on the parties, has no application to these proceedings as the bargaining between the parties is at the stage where the arbitration panel must render an award which either adopts the City's final offer of 0% or the Union's final salary offer of a 2% increase in the basic wage of the firemen.

It was also stipulated that the City's fiscal year begins on April 1 and ends on the following March 31 and that the arbitration procedures commenced prior to the beginning date of the fiscal 1987 budget, namely, prior to April 1, 1986.

(C) INTERESTS AND WELFARE OF THE PUBLIC AND
THE FINANCIAL ABILITY OF THE UNIT OF
GOVERNMENT TO PAY

The greatest portion of the testimony dealt with this factor. On the basis of the testimony and exhibits offered we find as follows:

(1) The greatest single sources of City revenue is taxes on assessed value of real property and sales taxes. These go into the General Fund.

(2) The City imposed a sales tax in 1983. This added revenue helped fund a 6% firefighter pay increase in 1983 and a 15% one in 1984 after not having received one in 1982.

(3) City has several fund sources; the two greatest in terms of money raised include the General Fund and Federal Revenue Sharing Fund. It is City policy to use the latter for capital improvement purposes leaving only monies in the General Fund as sources from which to fund firefighter pay increases.

(4) For the past 16 years the City has met its financial obligations without resorting to the issuance of "anticipatory warrants". In adopting a budget the City Council seeks to exercise financial restraint and in considering the fiscal 1987 budget refused to increase its tax rate. The City administration had proposed a Budget Ordinance No. 4996 increasing the tax rate from fiscal 1986 of 2.1463 to 2.4196 per \$100 valuation to finance an estimated \$14,941,334 budget. The administration felt this was needed to offset a greatly increased cost of insurance. Included therein was \$2,075,421 for Fire Department salaries and related items. This budget was passed with the proviso that it would have to be reworked and represented with a comprehensive amendment for the purposes of not increasing the general taxes.

This Ordinance was amended by Ordinance No. 5034 on June 11, 1986, so that the total of fiscal year 1986-87 budget was \$15,071,967, \$30,045 less than the 1985-86 budget.

In order to accomplish this increase over the \$14,991,334 Ordinance No. 4996 the estimated revenue was increased by including revenue sharing funds of \$360,909 and reappropriating \$313,672 from prior year's revenue, decreasing estimated revenue from the IMR Fund from an estimated \$375,000 to \$270,779; the police pension fund from \$393,357 to \$289,203 and the fire pension fund from \$464,634 to \$360,488. At the same time it increased its estimated expenses by upping the personal services expense by approximately \$6,000, decreasing the contractual services estimate by nearly \$21,000 and increasing commodity expense by \$1,000. The capital outlay account was increased by \$116,500.

There was no reduction in the Fire Department budget which included no pay increases for firefighters. Ordinance No. 5034 revised the proposed tax rate back to that of fiscal 1986 (2.1463). It was indicated at the hearing that this amended budget would be passed prior to the rendering of an award herein.

(5) While the CITY OF ALTON'S assessed property valuations between 1982 through 1985 steadily declined from \$141,698,798 to \$126,576,840 the City Council yearly increased the tax rate from 1.635 per \$100.00 valuation to 2.1463 in 1985. In 1986 there was an upward assessed property valuation to \$127,066.450. By applying the same 1985 rate for the fiscal 1986-87 budget against this higher valuation there will be a tax rate decrease of .0080 which if used would have generated \$101,653.

(6) Audits of prior years' CITY OF ALTON's financial statements show fund balances at the end of each fiscal year as follows:

March 31, 1981	\$ 1,988,228
March 31, 1982	1,273,539
March 31, 1983	1,400,956
March 31, 1984	1,143,874
March 31, 1985	1,035,942

Thus since 1981 the City council has drawn on unused funds to supplement its estimated revenue in funding its budget.

(7) An examination of the City's financial statement for the fiscal year ending March 31, 1985, as certified by its auditors, shows the General Fund had \$3,049,608 in total assets and liabilities of \$2,013,666, leaving a fund balance, according to a Union exhibit, of \$1,035,942. That audit shows \$106,800 of that amount was reserved for equipment acquisition, leaving, according to the Union, \$929,142 in funds currently available for disbursement at the City's discretion as of March 31, 1985. Of that total amount \$319,838 was a cash balance. The Union points out that Ordinance No. 4996 shows this amount is still available to fund a 2% pay increase where, as testimony and exhibits show, the City is not fully funding special funds such as playground and recreation, garbage, sanitation and parks through authorized tax levies, but supplementing those funds from General Fund monies.

Testimony reflected that in order for the City to meet its current obligations it must maintain a sizeable fund balance as it's revenue sources, being dependent on tax payment dates, are sporadic as to their time of receipt.

(8) The City's fund balance is its working cash fund needed to pay the City's bills. As reflected above, this balance on March 31, 1985, was \$1,035,942. In order to balance its fiscal 1986 budget the City appropriated \$423,050 from the previous year's revenue (the fund balance) reducing the fund balance to \$612,892. During the 1985-86 fiscal year the firefighters won an arbitration awarding them a 6% pay increase for a half a year. The City then granted this increase to all employees. This required an amendment to

the 1985-86 Budget Ordinance to fund the total amount of the increase of \$191,505. The increase was funded by a transfer of budget funds as follows:

From Community Development	
To Personal Services Account #A-1	\$ 44,938
From Contingent Appropriation	
To Personal Services Account #A-1	93,651
From Prior Year's Reserve	
To Personal Services Account #A-1	<u>52,916</u>
Total to be transferred	\$ 191,505

Such transfers further reduced the fund balance to \$559,976.

According to the City Controller the fiscal 1987 budget contemplates an additional reduction of \$313,674, leaving the fund balance in a dangerously low position. This figure, however, is subject to audit and might change.

(9) The City's current auditors have advised the Council that if it does not maintain at least a working capital of \$500,000 it could very well find itself where it could not pay its current operating expenses of \$770,927 each half month. Anticipation warrants could result.

(10) The City comptroller computes the 2% increase in firefighters' wages taking into consideration the increased cost of longevity pay and added benefits at \$92,111. The City has three other Unions to deal with and traditionally has granted the same wage increase to all three. Accordingly the City computes the across-the-board 2% wage increase as increasing the City's cost as follows:

<u>Department</u>	<u>Current Budget</u>	<u>Additional 2% + Long.</u>	<u>Amount of Increase</u>	<u>Added Benefits</u>	<u>Totals</u>
Fire Dept.	\$1,657,824	\$1,726,057	\$ 68,233	\$ 23,878	\$ 92,111
Police Dept.	1,595,580	1,658,256	62,676	21,937	84,613
Teamsters	1,738,899	1,776,035	37,136	12,998	50,134
AFSCME	775,311	791,274	<u>15,963</u>	<u>5,587</u>	<u>21,550</u>
Total Additional Cost:			\$ 184,008	\$ 64,400	\$248,408

Under Section 14(j) of the Illinois Public Relations Act if arbitration procedures are initiated after the commencement of the new municipal fiscal year any increase in rates of compensation awarded by the panel may be effective only at the start of the fiscal year next commencing after the date of the award. No evidence was introduced to show that the other three unions had initiated arbitration proceedings prior to April 1, 1986, the commencement date of the City's fiscal year. The Police Department Union would be the only one affected by the provision of 14(j).

Under the final budget as proposed, and presumably passed, the total budgeted figure for Fire Department personnel, exclusive of the Chief and Receptionist Clerk, is \$2,075.421. The increased costs are computed by the City on the actual payroll figures, not the budgeted figures. The computations were made as of May 5, 1986 prior to the adoption of the new budget and projects the cost for fiscal year 1987.

The Union disputes these computations maintaining the budgeted figures covering salaries and longevity for the Assistant Chief, Captains, Engineers and Firefighters, is \$1,614,624 so that a 2% increase would cost \$32,299.48. Even assuming that the 2% figure was to be applied to the budgeted estimated sum of \$290,000 for holiday pay, overtime, sick and injury leave, retirement and compensatory paramedic pay, the cost would be \$38,099.48. (This is the panel of arbitrators' computation based on the Union's theory). Union cross-examination would indicate the figure was \$46,498. The City's testimony was that such computation ignores other costs to the City such as increased pensions, FICA and withholding obligations. (Panel member WALTERS using his own research figured what he believed to be the increased cost to the City. Since that was not part of the evidence those calculations cannot be considered by the Panel).

(11) An analysis of the City's fiscal capacity for revenue-generating potential given the revenue sources under its jurisdiction as compared with 16 other municipalities of Madison and St. Clair counties (referred to as the "Metro East Municipalities") based on fiscal 1985 data, shows that the City's tax base has suffered significant deterioration over the past 10 years. It has increased its tax rates in an attempt to preserve its budget and services while suffering a decline in assessed valuations and in sales tax revenue. The latter due in part to Missouri repealing its Blue Sky laws permitting purchasing of goods in St. Louis and environs on Sunday rather than purchasers travelling to Illinois to buy goods.

Among the Metro-East Municipalities Alton's assessed value per capita went from 4th highest to 11th between 1974 and 1985. A composite picture of its fiscal capacity to raise funds shows it dropped from 7th highest to 10th highest in the same period compared with the Alton Metro-East communities. In terms of its attempt to fund its expanding budget, Alton ranked second highest in 1985. The conclusion of the researcher who compiled the above data was that Alton's financial position has deteriorated substantially relative to other major Metro-East communities in the same labor market.

(D) COMPARISON OF WAGES, HOURS AND CONDITIONS OF EMPLOYMENT OF THE EMPLOYEES INVOLVED IN THE ARBITRATION PROCEEDING WITH WAGES, HOURS AND CONDITIONS OF OTHER EMPLOYEES PERFORMING SIMILAR SERVICES AND WITH OTHER EMPLOYEES GENERALLY

1. COMPARISON WITH OTHER FIREFIGHTERS:

Both the Union and the City presented data with respect to base wages paid firefighters after one year's employment or after probation. The Union data covered 16 cities throughout the State somewhat comparable in population size to the CITY OF ALTON. Five were located in the counties of Madison and St. Clair. Those cities were: East Alton, Belleville, Granite City, Edwardsville and Collinsville. Their salaries were as follows:

East Alton	\$19,389.60
Belleville	\$20,932.00
Granite City	\$21,478.32
Edwardsville	\$21,685.00

When compared with ALTON's \$21,200.00 base wage only Collinsville pays a much higher wage and only East Alton pays a much lower wage. Of the 16 cities Pekin and De Kalb paid slightly more than \$25,000.00 while the cities of Kankakee, Freeport, Quincy, Danville and Carbondale had salary ranges from \$16,509.00 to slightly over \$18,000.00. The average of all 16 was \$20,789.70.

The City's survey sought to make a comparison with cities of comparable size throughout the State and also a comparison of cities in Madison County. The statewide survey encompassed the cities of Alton, Bolingbrook, De Kalb, Danville, Galesburg, Kankakee, Lombard, Normal, Pekin and Urbana, Illinois, all comparing population-wise with Alton's 33,545. This survey showed that Alton had 65 firefighters; Danville had 60; Pekin and Kankakee had 50, and the rest had an average of about 44, with the exception of Normal which had only 34. Alton's firefighter base salary after one year is \$20,004. The Union's exhibit indicates it to be \$21,200.00. Of the nine other cities only three had salaries relatively higher than Alton's. They were for Bolingbrook, Pekin and Urbana at \$22,001, \$23,714, and \$20,912, respectively. Two cities Galesburg and Lombard were within \$400 higher than Alton. The others ranged from \$600 to \$3,000 less than that of Alton's. The survey showed that the hours per week including Alton were 56. Bolingbrook and Kankakee had 53 hours and Normal had 51.8 hours per week. In the area of hospitalization Alton's benefits equalled or exceeded those of the other units. In the area of vacations, the Alton firefighters as a general proposition enjoyed greater benefits over the others. Only two, Bolingbrook with 9 and Pekin with 11½, had more paid holidays exceeding Alton's by 1 and 1½ respectively. Alton's longevity pay scale greatly exceeded that of the other units with which it was compared. As a general proposition Alton's provisions for education, associate degrees, EMT, paramedics, were equal to or greater than the other units with which it was being compared.

The City's survey of the cities in Madison County included Collinsville, East Alton, Edwardsville, Granite City, Roxana and Wood River. With the exception of Granite City which has a population of 35,990, compared with Alton's 33,545, none of the other cities had populations over 20,000. Compared with Alton's base salary of \$20,004 and 65 firefighters, Collinsville had a base salary of \$22,091 with 24 firefighters. Edwardsville's salary was \$22,750 with 16 firefighters. Granite City's salary was \$21,621 with 42 firefighters and Roxana's and Wood River's salaries were slightly more than \$21,000 with firefighters numbering 5 and 8 respectively. All cities were comparable to Alton except Edwardsville with respect to hospitalization benefits. All worked comparable 56 hours a week except Roxana and Collinsville with hours of 60 and 42 respectively. Alton's vacation benefits were greater than any of the others. Again, in the area of longevity, Alton's benefits greatly exceeded any of the others. This was true with respect to funds available for education.

Because of the varying numbers of firefighters in the compared cities which could affect salary ranges, it is difficult to make a comparison of wages, hours and conditions of employment of the employees involved as compared to other cities. All of the data supplied by the Union or the City were based upon 1985 figures. Alton's figures didn't take into consideration 1986 salary adjustments which would increase the base salary to \$20,754. Because of the lack of current information and varying sizes of the departments, it is difficult to reach any specific conclusions other than to state generally that the figures would indicate Alton's base salary is generally comparable to other firefighter units with which it was compared and in the area of paid vacations and longevity increases it exceeds comparable benefits in compared units.

2. COMPARISON WITH PRIVATE EMPLOYMENT

Under this heading or factor to be considered by the Panel was private employment in comparable communities. No evidence was introduced by which any such comparison could be made.

(E) THE AVERAGE CONSUMER PRICE FOR GOODS AND SERVICES COMMONLY KNOWN AS COST OF LIVING

The Union presented an exhibit and testimony showing that from 1977 through 1986 the cost of living based upon the Consumer Price Index averaged 6.92% per year. Alton firefighters received cost of living increases in all of those years except 1982. In that period Alton firefighters' cost of living increases averaged 6.268 through 1985 for an average year. If the 2% increase was granted by the Panel the average would be 6.468.

(F) OVERALL COMPENSATION, INCLUDING THE VALUE OF FRINGE BENEFITS CURRENTLY BEING RECEIVED BY THE EMPLOYEES INCLUDING DIRECT WAGE COMPENSATION, VACATIONS, HOLIDAYS, AND OTHER EXCUSED TIME, INSURANCE AND PENSIONS, MEDICAL AND HOSPITAL BENEFITS AND THE CONTINUITY AND STABILITY OF EMPLOYMENT AND ALL OTHER BENEFITS RECEIVED

In view of the stipulation that the Panel was to determine whether the City had the ability to pay a 2% basic salary increase, no findings of fact are made under this

heading as these matters have been settled through negotiations and do not affect the issue to be decided.

(G) CHANGING ANY OF THE FOREGOING CIRCUMSTANCES DURING THE PENDING OF THE ARBITRATION PROCEEDINGS

No such changes occurred, thus obviating the finding of facts under this factor.

(H) SUCH OTHER FACTORS, NOT CONFINED TO THE FOREGOING WHICH NORMALLY OR TRADITIONALLY ARE TAKEN INTO CONSIDERATION IN DETERMINING WAGES, HOURS AND CONDITIONS OF EMPLOYMENT THROUGH VOLUNTARY COLLECTIVE BARGAINING, MEDIATION, FACT-FINDING, ARBITRATION OR OTHERWISE IN PUBLIC SERVICE OR IN PRIVATE EMPLOYMENT

Under this heading the City submits the Panel should consider the affect of the granting of a 2% increase to the firefighters as it would affect the total cost to the City amounting to \$248,408 as set forth under Item 10 under heading (C) supra. The Panel was not furnished any information concerning the status of the Collective Bargaining Contracts with regard to bargaining units for other employees. The granting of a 2% increase to the firefighters will, under any circumstance, be a factor in the fiscal 1988 budget.

BASED UPON THE FOREGOING FINDINGS OF FACT THE PANEL CONCLUDES AS FOLLOWS:

The stipulated issue was whether or not the CITY OF ALTON has the ability to pay a 2% basic salary increase to the bargaining unit represented by Local 1255 for fiscal year 1986. The Union argues that a 2% raise would merely cost the City somewhere between \$40,000 and \$50,000 and the City has the ability to grant the firefighters that amount of increased wages. The City maintains that an increase to the firefighters of 2%, taking into account its affect on the amount needed for pensions, longevity, FICA, withholding, and other factors, would cost the City \$92,111. We conclude that this figure is more nearly accurate than that claimed by the Union.

The Union likewise maintains that the only issue to be decided by the Panel is whether the City has the ability to pay that sum of money and any consideration of whether the

City can afford to grant a 2% basic salary increase to all of its employees, which the City calculates at \$248,408, has no relevance. The City, on the other hand, maintains that the Panel cannot decide this issue in a vacuum but must not ignore the practicalities of the granting of a 2% increase to the firefighters as it will affect the overall City budget for the City will have to grant the same increase to all employees. We conclude the evidence is unclear as to whether the City would be obligated to make a 2% increase to all employees during the term of the fiscal 1987 budget, but that certainly it will be a factor in dealing with employees in connection with the fiscal 1988 budget. If the police union has not filed for arbitration before April 1, 1986, it could do so under Section 14 of the Act, but any award would only be included in the fiscal 1988 budget. Other employee unions must proceed in accordance with the provisions of Illinois Public Relations Act in their attempts to secure increases.

We are mandated under the statute and the published rules and regulations issued in relation to the statute, to consider other factors which normally or traditionally are taken into consideration in the determination of wages, hours and conditions of employment through voluntarily collective bargaining. In any bargaining over wages, the potential cost to the City of any proposed increase as it relates to the City's ability to pay, would have to be considered by the parties in their negotiations. We thus cannot ignore the fact that eventually if a 2% increase is granted to the firefighters the City sooner or later will have to deal with how it will handle increased salary costs for other City employees.

From the evidence certain facts are apparent. From the City's viewpoint it is obvious that for several years in making budget appropriations it has engaged in what can best be referred to as "deficit spending" in that it has drawn on its fund balances to balance its budgets to a point where in 1986 fund balances have been reduced to a point where they are dangerously low and could cause the City to incur the expense of anticipation warrants. During this same period property valuations have decreased, with the City increasing its tax rate to a point where the City Council feels further increases will not permit the City to maintain its present businesses and will deter industry from being attracted to the City permitting it to grow.

There isn't any question that under the City's evidence it faces, and is presently faced, with financial problems which the Council now faces and must face in the future.

Corporate counsel notes that their choices are four in number: (1) reduce expenses; (2) reduce services; (3) use up prior year's fund balances; or (4) use revenue sharing funds, which have not been done in the past. With respect to the latter, we take judicial notice of the fact that it is the expressed policy of the Reagan administration to curtail and eventually eliminate funding city budgets. This will cause Alton and all cities to find means of replacing these funds.

As to whether at this time the City can pay an increase of 2% in firefighters base salaries, there are certain other matters which we must consider. The City administration felt that the City could afford an increase in the tax rate of 2.4196. This fact would seem to indicate that tax rates have not reached an unacceptable point. City Council refused to approve such recommendations, insisting that the tax rate remain at fiscal 1986 level of 2.1463. The higher rate would have funded salary increases. It by applying the same tax rate as had been used in the fiscal 1986 budget to the increase in the assessed valuation actually reduced the tax levy by .0080 or a reduction in revenue of \$101,653 which could have been used to finance the firefighters 2% increase in base salary. By increasing the capital outlay account by \$116,000 over Budget Ordinance No. 4996, the proposed amended budget, Ordinance No. 5034, indicated that capital outlay was of higher priority than consideration for salary increases.

As the testimony indicates the Council has authority to levy higher rates of taxation for special funds such as parks, playgrounds & recreation, sanitation, garbage, etc. The evidence indicates that the City in the past has declined to levy taxes at the maximum rate for these special funds but has chosen to pay a portion thereof from the General Fund, thus reducing monies available for personal services.

The City would have us decide the issue based on the City's bleak financial future. We are mandated under the statute and the regulations to consider that as one factor not necessarily a controlling factor in arriving at a decision. One of the other factors is the overall compensation presently received by the employees. As indicated in our findings, data presented dealt with 1985. In making a comparison there are so many factors involved in trying to make a comparison that it is virtually impossible to do so. Such things as the number of firefighters in a community can have a direct bearing on the salaries which their communities can pay. This number does not only affect salaries but the

ability to furnish other things such as equipment and uniforms. Only a general overall impression can be gained from the evidence on comparable wages. That impression is that the Alton firefighters with their salaries, longevity pay, and benefits, are relatively equal, if not slightly better off than the average of comparable communities.

We are also required to give consideration to cost of living increases. The undisputed evidence is that even with a 2% increase the Alton firefighters would be .452% below the average cost of living figures for the past 10 years, without it they are .652% below the average cost.

Then we are also to give consideration to the interests and welfare of the public. This consideration is not limited just to the City's financial ability. It also includes the need of the public to have, in this case, the immediate services of firefighters. The mere fact that the legislature saw fit to prevent police and firefighters from striking and requiring them to submit to interest arbitration, is a very strong indication that the services of these units are of the greatest interest and welfare of the public. The City and the public in getting the benefit of the no-strike provisions of the Public Labor Relations Act as it relates to firefighters, are gaining assurance of firefighter services which are in their best interests and welfare. They are then obligated to make recompense for the Union's loss of its right to effectuate its economic demands through a strike. The amount of the recompense is negotiable. Maintaining that no recompense is due is not furnishing any consideration for the public's gain. Since the public welfare is enhanced by having continuous fire protection we need to give consideration to this factor in determining the issue presented.

The CITY OF ALTON, like all cities, is faced with a financial crisis. Neither it, nor they, can avoid their responsibilities of recognizing that their employees are entitled to raises in wages where, even in this day of "give-backs", many employees throughout the nation are receiving wage increases. That wage increases are the norm is illustrated by the fact that the City has voluntarily granted them every year from 1977 through 1984, with the exception of 1982. The firefighters winning an arbitration wage award in 1985 further strengthens this position. It is incumbent upon the City Council to determine their priorities as to what funds they will generate and how they will be utilized. The City has a budget of over \$15,000,000. Thus the City has the funds with which to pay salary increases if

it chooses to give them priority over other expenditures. The plea that it doesn't have the ability to pay them in fiscal 1987, is based upon its steadily worsening financial position. The evidence shows that unless the City Council takes action to reverse that condition, the same plea to negate salary increases will be made next year and each year thereafter. Under that state of things the City can always claim an inability to increase wages.

As the corporate counsel indicates, they have choices such as reducing expenses which could include a curtailment of a number of employees who they hire, or reducing services. Alternatively, if the public wants the services they should be willing to pay for them. When it has to the City has demonstrated that it can readjust its priorities as it did when the firemen received an award mandating a 6% increase in pay. On that occasion it adjusted its priorities by transferring funds from other accounts to the personal services account.

It is not for this Panel to determine how the City adjusts its priorities, decides its tax rates, or how to curtail its expenses. We are charged with determining whether the City has the ability to pay a 2% basic salary increase to the Bargaining Unit represented by Local #1255 for the fiscal year 1986-87. The City's position is that it hasn't the ability to pay the increase because it will not raise taxes and the fiscal 1986-87 budget of over \$15,000,000 does not permit any allocation for wage increases. In addition it has a deteriorating fiscal condition which, with its other budget obligations, deprives it of the means to fund wage increases.

The position offers excuses but doesn't affect the City's ability to pay. What it allocates its funds to is discretionary to some degree with what it perceives as its priorities. It can allocate funds for wage increases if it gives them a high enough priority.

When we consider that the City's property assessed valuation rose slightly in 1986 and the Council by not increasing its tax rate permitted a lower tax levy, resulting in \$101,653 shorting of its income had the levy remained as it was in 1985; the changed budget increase of the contractual services estimate by adding \$116,500, we question whether this shows an inability to pay rather than an unwillingness to consider any pay increases.

We also recognize that the Section 14 and the regulations indicate the perceived inability to pay is only one factor to be considered in resolving the issue presented. We give

consideration to the fact that over a 10 year period the firefighters wage increases have not kept pace with the cost of living; that while the base wage may be comparable to other cities, there are others which are higher; and finally, we give consideration to the fact that the City has made no offer to increase the firefighters' wages in exchange for its inability to strike in an effort to enforce its economic demands. This is not a situation where the City is offering a wage increase but far less than demanded by the Union. If that was the situation the extent of the City's inability to pay would be relevant to an award. Where it makes no offer it demonstrates an unwillingness to consider wage increases as a priority item of any kind in allocating budget funds.

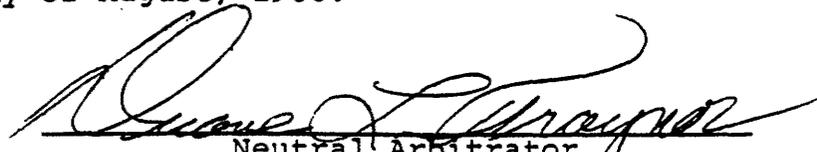
We are convinced by the record before us that the City is unwilling to grant any wage increase but we are not convinced that it doesn't have the ability to pay if it gave some priority ranking as to the wage increases when compared with other needed fund requirements.

Finally we are convinced that the City's perceived inability to pay wage increases relates to its admitted erosion of its financial position. The evidence convinces us that unless the Council "bites the bullet", so to speak, and faces up to considering wage increases, these claims for denial of wage increases will continue year after year. The problem must be met now.

AWARD

The City has the ability to pay a 2% salary increase to the bargaining unit represented by Local 1255 for the fiscal year 1986-87 and such pay increase should be granted.

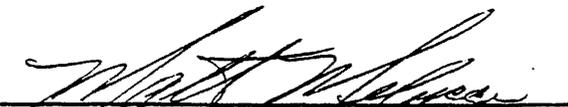
DATED this 15th day of August, 1986.


Neutral Arbitrator

I CONCUR:

I DO NOT CONCUR:


PANEL MEMBER


PANEL MEMBER

PANEL MEMBER

PANEL MEMBER