

**ILLINOIS**  
**STATE LABOR RELATIONS BOARD**  
**INTEREST ARBITRATION**

In The Matter of the Arbitration

between

VILLAGE OF LOMBARD, ILLINOIS

and

POLICEMEN'S BENEVOLENT and  
PROTECTIVE ASSOCIATION  
Local No. 89

ISLRB Case No. S-MA-89-153

**OPINION AND AWARD**

of the

**ARBITRATION PANEL**

John C. Fletcher  
Chairman and Neutral Arbitrator

Thomas J. Riggs,  
Village Delegate

Richard F. Spika  
Union Delegate

**APPEARANCES**

For the Union:           Sherman Carmell, Esq.  
                                  CARMELL, CHARONE, WIDMER, MATHEWS and MOSS, Ltd.

For the Village:         Donald W. Anderson, Esq.  
                                  SEYFARTH, SHAW, FAIRWEATHER and GERALDSON

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**BACKGROUND:**

The Village of Lombard and the Policemen's Benevolent and Protective Association, on September 7, 1988, entered into a collective bargaining agreement covering sworn police officers below the rank of sergeant. Article XXVII and Appendix H of the Agreement established, retroactive to June 1, 1988, a seven-step wage schedule. Article XXIX permitted either the Village or the Union to reopen negotiations on wages to be paid during the second year of the Agreement - June 1, 1989 through May 31, 1990.

The Union reopened and negotiations ensued. The parties were unable to reach an agreement and the impasse procedures of Section 14 of the Illinois Public Labor Relations Act were invoked. The Illinois Labor Relations Board appointed the Chairman on June 27, 1989. Upon contacting the parties' delegates to this Arbitration Panel it was determined that mediation might produce a settlement. Mediation activity occurred on July 21, 1989 without such a result.

The matter went forward to hearing on August 29, 1989. The proceedings were recorded by Jeanette Horn, C.S.R. At the start of the proceedings the parties exchanged their final offers of settlement. Sworn testimony was taken from two witnesses: Professor Allan R. Drebin, J. L. Kellogg Graduate School of Management, Northwestern University, on behalf of the Union; and, Mr. Joseph Breinig, Assistant Village Manager, on behalf of the Village. Both parties submitted a number of exhibits in support of their positions. Following the conclusion of the hearing the parties were given an opportunity to file post-hearing briefs, which were received by the Chairman on October 10, 1989.

**THE STATUTE INVOLVED:**

Effective January 1, 1986, the Illinois Public Labor Relations Act was made applicable to police and firefighters. The Act requires interest arbitration if negotiations and mediation fail to resolve impasses. Section 14(g) of the statute provides as to economic issues that "... the arbitration panel shall adopt the last offer of settlement which, in the opinion of the arbitration panel, more nearly complies with the applicable factors prescribed in subsection (h)."

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The factors set forth in subsection (h) are:

- (1) The lawful authority of the employer.
- (2) Stipulations of the parties.
- (3) The interest and welfare of the public and the financial ability of the unit of government to meet those costs.
- (4) Comparison 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.

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**THE ISSUE:**

The issue before the Arbitration Panel is which last, best and final wage offer made by the parties "... more nearly complies with the applicable factors prescribed ..." in the act?

**THE LAST OFFERS:**

The last offers of the parties were as follows:

**The Union:**

Five percent (5%) across-the-board increase in base rates retroactive to June 1, 1989.

**The Village:**

Four percent (4%) across-the-board increase in base rates retroactive to June 1, 1989, plus roll-in to base rate of \$125.00 uniform alteration fee provided in Section 16.4 of the Agreement.

**THE POSITIONS OF THE PARTIES:**

**The Position of the Union:**

The Union contends that the Village does not assert a lack of lawful authority to comply with the Union's final offer if it is adopted by the Panel. It also notes that the village has the financial ability to meet those costs associated with the Union's offer and that the question of financial inability to pay is not something which the Village is asserting.

The Union contends that the parties are in apparent agreement that ten communities; Addison, Bolingbrook, Downers Grove, Elk Grove Village, Elmhurst, Hanover Park, Hoffman Estates, Palatine, Park Ridge, and Wheaton, are comparable to Lombard for purposes of this arbitration. Four other communities; Maywood, Glen Ellyn, Naperville and Villa Park, which were discussed and disputed in the hearing, should, according to the Union, be disregarded for various reasons. And when the maximum salary, which applies to 63% of the officers in the unit, proposed in the Union offer is compared with maximum salaries paid in the ten communities, selection of the

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Union's offer will not affect the base realities of comparability created by the Village's offer.

The Union also contends that comparisons between police officers and private employment is not relevant here. It, though, suggests a comparison between police officer and building inspector compensation. The pay range that Village has established for its building inspector classification demonstrate, it is argued, that the Union's offer should be accepted.

On cost of living, the Union argues that the five percent increase it is seeking does not equal the 5.9 or 5.7 percent COL increase which occurred between May/June 1988 and May/June 1989, thus while the Union proposal does not equal the effects of inflation, adoption of the Village's offer would place two-thirds of the officers in the unit in worse economic shape than fellow officers with less time on the job.

The Union argues that the Village's internal equity concern - it granted 4% increases to certain of its other employees - is extinguished by the nature of its final offer which concedes minimum and maximum increases of 4.37% and 4.51% to Village police officers.

#### The Position of the Village:

The Village contends that the process here involved is a quasi-judicial procedure formulated as a strike substitute for the resolution of collective bargaining disputes. Such impasse arbitration, it is argued, should not yield substantially different results from that which would be obtained through collective bargaining. The instant matter is the second collective bargaining impasse dispute in which the Village went to arbitration pursuant to Section 14 of the Act. The first, involving Village firefighters, Lombard and IAFF Local 3009 ISLRB Case S-MA-87-73, Arbitrator Berman, it is suggested, serves as a precedent for an award in this case. A similar approach here supports the adoption of the Village's offer and would not be in excess of that which the Union could reasonably have expected to attain at the bargaining table.

The Village also argues that its final offer is consistent with its stated compensation philosophy which is to "... place its total salary practice on or near the fiftieth percentile of the

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prevailing rate model for jobs of similar content within each salary practice group's relevant survey market segment." In this regard Lombard's relative ranking does not change whether the Village's offer or the Union's offer is selected when comparables on starting salary are reviewed, thus, the lower cost of the Village proposal would be the more reasonable. On the top end a difference exists between the two proposals with the Union proposal, it is argued, changing ranking positions dramatically. The Village contends that this would place the Union proposal out of line with maximum salaries paid in comparable communities.

The Village argues that the Union seems to place undue emphasis on negotiated increases that are scheduled to go into effect, later this year, in two neighboring communities. It suggests that the Panel has no statutory authority or obligation to embroil the process in a game of "catch up." In this regard it also notes that negotiations for a new contract may begin in approximately four months. The negotiation process, Village argues, would be the appropriate forum for consideration of the impact of negotiated increases in these communities.

On the cost of living factor the Village suggests that impact of the change is the appropriate measure to be used by the Panel, rather than any measure resulting from the aggregate change. It points out that the impact change concept was recognized in interest arbitration in the Lombard Firefighters (supra). Under the impact approach, which measures the change over a twelve month period by multiplying each month's increase or decrease by the number of months it was in effect and then divides the sum by twelve, Village contends that police officer wage increases during the first year of the contract outstripped any cost of living increase. Moreover, when the Village's offer for the second year is coupled with first year increases police, officers are still ahead of COL increases.

With regard to the matter of interest and welfare of the public, Village argues that this factor is better served by the lower cost of their offer. Lombard contends that the Union's offer would cost the Village approximately \$97,624.00 more than the Village's offer. But here, where similar objectives are to be served by either proposal, the less costly alternative will better serve the public interest.

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**DISCUSSION:**

This Panel has examined all of the items and authorities directed to our attention by both parties, and considered carefully their articulation, concerning the proper role of impasse interest arbitration within the posture in which this dispute is being considered. We have noted with considerable interest comments in other arbitrations concerning among other things; catch-up demands, substitutes for arms length bargaining, what may or may not have developed if a strike or strike threat occurred or were available, the role of fact-finding, the continuation of historical relationships, the notion that interest arbitration must not yield a substantially different result than that which could be obtained by the parties through bargaining, etc. We question, though, if such considerations are truly appropriate under the Statute from which we draw our authority.

For instance, explore the notion that impasse arbitration had ought not award either party a better deal than that which it could have expected to achieve through negotiations at the bargaining table. Without a crystal ball, who can tell with any degree of certainty what the expectations of either party were. Going in both sides know that the final option available, if impasse occurs, is last best offer arbitration. The bargaining table, in most negotiating environments, is not the final available stop. Mediation, fact-finding, emergency boards, arbitration, strike, lockout, blue flu, discharge, bankruptcy, discontinuance of the enterprise, decertification, as well as legislative lobbying and court action, may also be viable pursuits for a negotiating objective.

Moreover, and importantly, under the IPLRA, impasse arbitration, with its last best offer approach, is an essential ingredient of the labor relations process for Illinois security employees, peace officers and firefighters. The Act is designed to substitute self help and other traumatic alternatives, resources available to negotiators in some other environments, (and also the threat of self help which may hang as a sword over the negotiating table), with a less disruptive procedure to produce a settlement. The concept that arbitrators should do no more than the parties would do themselves is patently circuitous since in fact the parties were not able through negotiations to do it themselves. Last best offer arbitration, under the Statute, is the self help alternative

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available to either party and must be viewed as an extension of the collective bargaining process.

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The Act directs the Panel to adopt the last settlement offer which more nearly complies with the eight applicable factors prescribed in subsection (h). The preponderance of the evidence placed before the Panel dealt with factor (4), comparison of wages of police officers in neighboring communities. The Union used the communities of Addison, Bolingbrook, Downers Grove, Elk Grove Village, Elmhurst, Hanover Park, Hoffman Estates, Palatine, Park Ridge and Wheaton in their data. The Village used the same ten but also submitted data on four others; Glen Ellyn, Maywood, Naperville and Villa Park. The Union pleads that the Panel exclude comparisons on these four on the basis that Maywood is comparable with Lombard only in population and then only barely so and that the other three, by the Village's own testimony, are not comparable because they fall outside the parameters of comparability criteria.

Unlike the District of Columbia Law the Illinois Statute offers no guidelines on comparability. Factors to be used in selecting those jurisdictions against which Lombard is to be measured is pretty much within the control of each party and for obvious reasons tilt in favor of the result desired. Moreover, we doubt that any community clones another. Faced with a similar problem in Streamwood and LIU of NA, Local 1002 ISLRB Case S-MA-89-89, Arbitrator Benn remarked:

"It is not unusual in interest arbitration for parties to choose for comparison purposes those communities supportive of their respective positions. The concept of a true 'comparable' is often times elusive to the fact finder. Differences due to geography, population, department size, budgetary constraints, future financial well-being, and a myriad of other factors often lead to the conclusion that true reliable comparables cannot be found. The notion that two municipalities can be so similar (or dissimilar) in all respects that definitive conclusions can be drawn tilts more towards hope than reality. The best we can hope for is to get a general picture of the existing market by examining a number of surrounding communities."

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Nonetheless, here, it seems that the parties selections are not critically at odds with each other. The Panel, accordingly, will consider all of the communities on which data has been furnished.

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The evidence before the Panel indicates that approximately two-thirds of the officers in the unit are in Step 7, the maximum salary range provided in the Agreement. Obviously our Award, both as to cost to the Village and compensation to the officer, will have its greatest impact in this area. Accordingly, while the Panel has reviewed and considered all material before it, our determinations are being based mainly from study of data as its concerns Step 7.

The wage rates which will be adjusted by this Award were effective June 1, 1988. The maximum salary provided by the schedule in Section 27.2 of the Agreement is \$33,746.00. When this salary is compared with the maximum salaries provided by schedule and longevity in the fourteen other jurisdictions, during calendar year 1988, the following rankings result:

Jurisdiction	Maximum 1988 Salary
Addison	35,423
Park Ridge	35,199
Bolingbrook	35,020
Downers Grove	34,762
Palatine	34,351
Villa Park	34,263
Elmhurst	34,249
Elk Grove Village	33,950
Hoffman Estates	33,879
<b>Lombard</b>	<b>33,746</b>
Wheaton	32,874
Maywood	32,578
Glen Ellyn	32,558
Naperville	32,285
Hanover Park	30,784

Lombard is in the lower half, ranked tenth.

PB&PA Local 89  
and  
Village of Lombard

Interest Arbitration  
ISLRB S-MA-89-153

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The final offers of the parties would revise the wage schedule of Section 27.2 as follows:

Step	Present Salary	Village offer *	Union offer	Difference
1	24,301	25,398	25,515	117
2	25,515	26,661	26,791	130
3	26,801	27,998	28,141	143
4	28,130	29,380	29,537	157
5	29,537	30,843	31,014	171
6	31,014	32,380	32,565	185
7	33,746	35,221	35,443	212

\* Includes the roll-in of \$125, uniform alteration fee.

Adoption of the Union's offer would move Lombard to the fourth position while adoption of the Village's offer would result in a move to the sixth position, when comparisons with 1989 maximum salary schedules are made, as indicated below:

Jurisdiction	Maximum 1989 Salary
Elmhurst	35,705
Villa Park	35,634
Downers Grove	35,457
Lombard - Union offer	35,433
Addison	35,423
Hoffman Estates	35,404
Lombard - Village offer	35,221
Park Ridge	35,199
Bolingbrook	35,020
Elk Grove	34,731
Wheaton	34,518
Palatine	34,351
Naperville	33,576
Maywood	33,556
Glen Ellyn	32,558
Hanover Park	30,784

Addison and Hoffman Estates are ranked between the Union offer and the Village offer. Presently there is a \$10.00 difference between the Union offer and Addison and a \$19.00 difference between

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the Union offer and Hoffman Estates. Also on November 1, 1989 Addison is scheduled to receive a five percent increase. Park Ridge, which ranks below the Village offer by \$22.00 is presently in negotiations. It would be rare indeed if rankings were not altered as a result.

Clearly, the realities of the situation are that little differences exist in comparable rankings were the Union offer to be adopted or were the Village offer to be adopted.

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Under the Act another comparison factor to be used is hours and conditions of employment. In this matter we have received some data on this factor. This factor was also dealt with in the brief of the Village, however, it was not mentioned in the brief of the Union. The Panel has examined the evidence on this factor and concludes that the adoption of either offer will not significantly alter rankings in this area. Data is available on total benefits from 12 jurisdictions. Total benefits being described by the employer as its annual costs for all employee benefits including deferred compensation and pensions. (It is recognized that pension contributions fluctuate from village to village and from year to year. On this point see Streamwood Police (supra).) Nonetheless, in 1988 the rankings for the 12 jurisdictions for these benefits were:

Jurisdiction	1988 Total benefits Exclusive of Salary
Elmhurst	18,419.
Palatine	16,979.
Maywood	16,318.
Lombard	15,717.
Bolingbrook	14,693.
Hanover Park	14,680.
Addison	14,479.
Hoffman Estates	13,885.
Downers Grove	13,541.
Wheaton	13,477.
Elk Grove Village	12,007.
Park Ridge	11,489.

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As can be seen Lombard ranks fourth. This ranking changes slightly when 1988 maximum salaries from the schedules are added to the benefit cost of each jurisdiction. Lombard drops one position to fifth.

Jurisdiction	Benefits plus 1988 maximum salary.
Elmhurst	52,607.
Palatine	50,531.
Addison	50,172.
Bolingbrook	49,713.
<b>Lombard</b>	<b>49,463.</b>
Maywood	48,898.
Downers Grove	48,303.
Hoffman Estates	47,764.
Park Ridge	46,668.
Wheaton	46,351.
Elk Grove Village	45,957.
Hanover Park	45,464.

Data is not available on benefit costs for 1989 so any comparisons using that factor for this period are difficult to make and may very well require correction when the data does become available. However some clues on ranking may be developed if the benefit costs for 1988 are totaled with maximum salary numbers for 1989. When this is done the final offers of the parties both rank third among the twelve jurisdictions with the Village offer below that of the Union.

Jurisdiction	1988 benefits costs with 1989 maximum salary
Elmhurst	54,124.
Palatine	51,330.
Lombard - Union offer	51,150.
Lombard - Village offer	50,938.
Addison	50,172.
Maywood	49,874.
Bolingbrook	49,713.
Hoffman Estates	49,289.
Downers Grove	48,998.
Wheaton	47,995.
Elk Grove Village	46,738.

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Park Ridge 46,668.  
Hanover Park 45,464.

Again, like the maximum salary factor reviewed above, the realities of the situation suggest that when employee benefits are considered, little differences exist in comparable rankings were the Union offer to be adopted or were the Village offer to be adopted.

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As noted earlier both the Union and the Village submitted data on cost of living. Both also argued the matter in their post hearing briefs. The evidence demonstrates that on an aggregate basis the index for Urban Consumers (CPI-U) from May 1988 to May 1989 increased 5.9%. The index for Urban Wage Earners (CPI-W) from June 1988 to June 1989 had an aggregate increase of 5.7%. The impact change in the CPI-W index for this period was 2.7%.

For the purposes of this arbitration the Panel is opting to use the CPI-U index. CPI indexes have been with us for a long time and in 1970 the Bureau of Labor Statistics began a major revision which was completed in 1978. In the process BLS created CPI-U because it foresaw a need for broader population coverage than that provided in the old index. CPI-U represents 80% of the population while CPI-W represents only about half of the urban population. This change was explained in BLS Report No. 517 (1977) as:

A more comprehensive consumer price index was needed to reflect expenditures for the many population groups other than wage earners and clerical workers whose income payments are now being escalated and to measure inflation and guide monetary and fiscal policy for the Nation as a whole."

The Panel finds inappropriate consideration of the Village's impact cost of living concept. With the exception of Lombard Firefighters (supra), we have been unable to find any decisions where this notion on cost of living has been discussed.

The salary schedule before us became effective on June 1, 1988. On that date the CPI-U index was 117.0. A year later the index measured 123.9. This is a 6.9 point change which represents a

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5.9% increase. In that period the salary schedule did not go up as the cost of living rose from month to month. Thus while the impact of the change may be argued to be something less than 5.9% the salary schedule is, nonetheless, 5.9% less valuable in June 1989 than it was in June 1988 when measured against the cost of living index, and because of lags in applying cost of living increases to wages there is an obvious erosion of wages during the period.

Under the Village's proposal all officers would receive a 4% wage increase effective June 1, 1989. A uniform alteration fee of \$125.00, which has already been paid to members of the unit, would be incorporated into the salary schedule after the percentage increase was made. The Village's proposed increase and the inclusion of the uniform alteration fee would result in changes between 4.37% and 4.51 % in the salary schedule. The net result of the Village proposal is that it is below the inflation rate for the year ending June 1989. The across the board 5% increase in the Union's proposal also falls below the inflation rate for the year ending June 1989. However, the Panel views the Union proposal to more nearly comply with Factor (5) prescribed in the Act.

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Factor 8 of Section (h) of the Act requires consideration of other criteria bearing upon the particular case under review. Under this factor we have data and argument concerning internal equity within the Village, wage adjustments negotiated or granted other Village employees and comparisons between a police officer and a building inspector. Study of the data does not persuade the Panel that either party has made a convincing case that their last final offer should prevail on the basis of this criteria.

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As mentioned above the financial ability of the Village to meet the costs of our Award is not at issue. Nonetheless the Village argues that public interest and welfare would be better served by adoption of its lower cost proposal. It states the difference between the two proposals to be \$97,624. Calculations by the Panel produce a much smaller number - a number approximating 15% of that.

As of June 1, 1989 forty-six police officer positions were scheduled, of which 2 in step 1 were vacant. The 44 filled positions were distributed: 7 in step 2; 4 in step 3; 1 in step 4; 2 in step 5; 2 in step 6; and, 28 in step 7. The cost difference between the Village offer and the Union offer, extended by the number of officers in each step, is demonstrated by the following chart.

Step	Difference between Proposals	Number of Officers in Step	Total Difference Each Step
1	117.00	0	0
2	130.00	7	910.00
3	143.00	4	572.00
4	157.00	1	157.00
5	171.00	2	342.00
6	185.00	2	370.00
7	212.00	28	5936.00

Total difference 44 officers = \$ 8444.00

When \$234.00, representing the difference between two vacancies in step 1, is added to the total the difference becomes \$8,678.00. If \$5500.00, representing total uniform alteration costs which have already been paid under the Agreement, is also credited the difference becomes \$14,178.00. The difference in cost between the two proposals is relatively insignificant and the adoption of the Union's proposal should not have an adverse effect upon the interest and welfare of the public and the financial ability of the Village to pay.

**CONCLUSION:**

In this arbitration, the Panel must select which of the two competing final offers shall be implemented. The single issue economic package has been fashioned by both parties and when they were unable to agree upon which shall be implemented or some middle ground, by license of the Act our chore is to decide which is more reasonable and equitable under applicable standards.

The evidence, when considered in light of Section 14 (h) factors, demonstrates that, except for cost of living, there are no

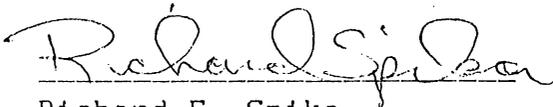
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significant differences between the two final offers so as to make one more reasonable and equitable than the other. On the cost of living factor, however, the evidence tilts in favor of the final offer of the Union. Accordingly, the final offer of the Union will be selected as the one which more nearly complies with the applicable factors prescribed in the Act.

A W A R D

Consistent with the above the Union's Final Offer of Settlement shall be implemented.



John C. Fletcher  
Chairman and Neutral Arbitrator



Richard F. Spika  
Union Delegate

Thomas J. Riggs  
Village Delegate

Dated

Nov. 3, 1989