

JUN 13 1989

Ill. State Labor Relations Bd.

**In the Matter of the Arbitration**

**between**

**VILLAGE OF STREAMWOOD,  
ILLINOIS,**

**and**

**LABORERS INTERNATIONAL UNION  
OF NORTH AMERICA, LOCAL 1002,  
AFL-CIO.**

**CASE NO.: S-MA-89-89**

**(Wage Interest Arbitration)**

**OPINION AND AWARD**

**APPEARANCES:**

**For the Village:**

**Robert Gildo, Esq.**

**For the Union:**

**Donald Schwartz, Esq.**

**Place of Hearing:**

**Streamwood, Illinois**

**Date of Hearing:**

**April 20, 1989**

**Date of Award:**

**May 22, 1989**

## CONTENTS

I. ISSUES .....	1
II. RELEVANT CONTRACT PROVISIONS AND STIPULATIONS.....	1
III. FACTS .....	2
A. The Last Offers .....	3
B. The Union's Evidence .....	3
1. Demographics .....	3
2. Pay Comparisons .....	4
C. The Village's Evidence .....	7
1. Comparisons .....	7
2. Financial Considerations.....	10
D. The Sergeants.....	14
IV. POSITIONS OF THE PARTIES .....	16
A. The Village.....	16
B. The Union.....	18
V. DISCUSSION.....	19
A. The Relevant Factors.....	20
1. Stipulations of the Parties.....	20
2. Ability to Pay.....	20
3. Comparisons and Overall Compensation .....	21
a. Base Pay .....	22
b. Overall Compensation.....	23
4. Summary Concerning the Relevant Factors .....	25
B. The Appropriate Increase.....	25
1. Cost of Living.....	26
2. Equity Adjustment .....	26
a. Is a Further Increase Beyond 5% in 1989 Warranted? .....	26
b. The Amount of the Additional Increase .....	30
c. 1990 .....	34
d. 1991 .....	34
VI. SUMMARY .....	34
VII. AWARD.....	35

## **I. ISSUES**

As agreed by the parties (Jt. Exh. 1):

1. Whether a 5% cost of living adjustment be provided for in 1989, 1990 and 1991 as proposed by the Union, or whether the wage adjustment be 4% in 1989, 4.5% in 1990, and 5% in 1991, as proposed by the Village.
2. Whether a 3.9% for 1989 and a 3.9% for 1990 equity adjustment be added to the base pay as proposed by the Union shall be granted, or whether no equity adjustment be granted as proposed by the Village.

## **II. RELEVANT CONTRACT PROVISIONS AND STIPULATIONS**

### **ARTICLE X** **RESOLUTION OF IMPASSE**

\* \* \*

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 economic 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:

- (a) lawful authority of the Employer;
- (b) stipulations by the parties;
- (c) interests and welfare of the public and the financial ability of the Employer to meet those costs;
- (d) 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;
  - (1) in public employment in comparable communities;
  - (2) in private employment in comparable communities;
- (e) average consumer prices for goods and services, commonly known as the cost-of-living index;
- (f) 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;

- (g) changes in any of the foregoing circumstances during the pendency of the arbitration proceedings; and,
- (h) such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in 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.

The determination of the majority of the Board of Arbitration thus established shall be final on the issue or issues in dispute and shall be binding upon the Employer and the Union involved, subject to the ratification authority of the Employer, and said determination will be based upon the final offer of the settlement of each party as to each economic issue submitted to the Board of Arbitration. Such determination shall be in writing and a copy thereof shall be forwarded to both parties to the dispute.

\* \* \*

**AGREED STATEMENT OF ISSUES AND PROCEDURES TO  
RESOLVE COLLECTIVE BARGAINING IMPASSE**

\* \* \*

With regard to the agreed upon limitation on the rights of the Board of Arbitrators to settle the issues in dispute, each of the above numbered issues shall be treated as a separate item and the Board shall not have the power to compromise one of the numbered issues against another. For example, the Board cannot trade off issue one for issue two. Each issue should be decided on its own merits.

The Board of Arbitrators may, however, compromise within the confines of each of the stated issues. For example on issue one, the Board may settle the issue somewhere between the Union's demands and the Village's offers, or it may decide the issue totally in favor of the Union or totally in favor of the Village.

\* \* \*

**III. FACTS**

For purposes of this proceeding, the relevant unit of employees consists of certain employees in the Police Department as set forth in the parties' 1987-88 collective

bargaining Agreement.<sup>1</sup> The parties have agreed to the terms for a new Agreement for the period 1989-91 with the exception of wages.

**A. The Last Offers**

The last offers of the parties are as follows:

	<u>Union</u>	<u>Village</u>
1. Cost of Living Adjustment:		
1989 -	5.0%	4.0%
1990 -	5.0%	4.5%
1991 -	5.0%	5.0%
2. Equity Adjustment added to base pay:		
1989 -	3.9%	0.0%
1990 -	3.9%	0.0%

**B. The Union's Evidence**

**1. Demographics**

Based upon information collated from Chicago Sun Times, *The 1989 Chicago House Hunt Book*, the population and median income comparisons for the Village and 16 neighboring communities are as follows:

Community <sup>2</sup>	Population	Median Income
1. Arlington Heights	71,300	47,185
2. Barrington	9,410	50,162
3. Bartlett	16,792	40,970
4. Bloomingdale	13,500	43,587
5. Buffalo Grove	32,380	47,524
6. Carol Stream	21,951	32,146
7. Elgin	69,620	29,051
8. Elk Grove	30,500	43,799
9. Hanover Pk.	31,349	40,517
10. Hoffman Estates	40,000	43,088
11. Mt. Prospect	-----	-----
12. Palatine	34,262	47,387

<sup>1</sup> That Agreement was the first contract between the parties and was effective from February 1, 1987 through December 31, 1988. There are approximately 30 police officers in the unit.

<sup>2</sup> Geographically, the closest municipalities to the Village are Bartlett, Hanover Pk., Schaumburg, Hoffman Estates and Elgin.

13. Rolling Meadows	20,167	38,901
14. Roselle	19,603	42,962
15. Schaumburg	63,000	40,815
16. Streamwood	26,101	40,582
17. Wheeling	26,276	36,283

## 2. Pay Comparisons

The Village utilizes a grade/step pay system. Step increases are granted on an employee's anniversary date and are based upon performance. The evidence shows that patrol officers and sergeants are mostly at the high end of the step levels in their respective grade levels.<sup>3</sup>

Based upon a survey conducted by Officer Thomas Cooper, the following pay comparisons were made for officers effective January 1, 1989<sup>4</sup>:

Community	Officer to Officer		Sergeant to Sergeant	
	Min.	Max.	Min.	Max
1. Arlington Heights	22,732	33,586	27,897	35,605
2. Barrington	23,731	32,438	31,563	37,075
3. Bartlett	21,600	30,800	32,260	39,300
4. Bloomingdale	21,673	31,844	24,565	34,902
5. Buffalo Grove	24,819	33,457	27,416	36,955
6. Carol Stream	22,839	32,471	28,931	41,131
7. Elgin	25,860	35,016	35,448	41,988
8. Elk Grove	22,301	33,950	27,932	40,661
9. Hanover Pk.	23,441	30,784	26,832	37,731
10. Hoffman Estates	24,243	33,879	36,250	39,418
11. Mt. Prospect	22,604	34,445	-----	-----
12. Palatine	24,054	33,551	28,742	40,090
13. Rolling Meadows	23,500	35,818	38,167	42,739
14. Roselle	23,444	33,813	32,998	39,143
15. Schaumburg	24,610	34,737	37,354	41,232

<sup>3</sup> The parties further agreed that 18 of the approximate 30 patrol officers in the unit are at the top of the pay scale.

<sup>4</sup> Cooper testified that he or someone under his direction contacted individuals employed in the various departments of the surrounding communities. On cross-examination, Cooper testified that approximately one-half of the listed communities (unspecified in the record) will be receiving further increases for officers and sergeants on May 1, 1989. Cooper's wage figures for the Village's sergeants are based upon the increases given as of January 1, 1989. Additionally, according to Cooper, Arlington Heights, Barrington, Bartlett, Buffalo Grove, Carol Stream, Elk Grove, Hanover Pk., Hoffman Estates, Mount Prospect, Palatine, Rolling Meadows, Roselle and Schaumburg have lieutenants. Cooper did not compare the wages for the Village's sergeants with the wages for lieutenants in those communities. Cooper further testified that he did not compare the duties of lieutenants in the listed communities with those duties performed by the Village's sergeants.

16. Streamwood	20,161 <sup>5</sup>	30,522	27,382	41,240
17. Wheeling	25,826	34,812	29,300	41,400

According to the Union's survey, Streamwood is last in the category of maximum pay for officers and at the higher range (fourth) in the category of maximum pay for sergeants. Further, according to the Union's survey, exclusive of the Village, the average pay of patrol officer at the maximum level is \$33,462.56. Using the \$30,522 figure, the Village's officers at the maximum level are 9.6% below the average.

Based upon the above chart, further comparisons were made by the Union concerning the relationship between the differences in salaries between officers and sergeants:

Community	Officer to Sergeant			
	Minimum Differential	Percentage	Maximum Differential	Percentage
1. Arlington Heights	2,593	9.0%	3,311	9.0%
2. Barrington	7,832	24.8%	4,637	12.5%
3. Bartlett	10,660	49.0%	8,500	27.0%
4. Bloomingdale	3,349	13.6%	4,742	13.5%
5. Buffalo Grove	2,597	9.4%	3,498	9.4%
6. Carol Stream	5,178	17.8%	7,361	17.8%
7. Elgin	9,588	27.0%	6,972	16.6%
8. Elk Grove	5,631	20.0%	6,711	16.5%
9. Hanover Pk.	3,391	14.0%	6,947	22.0%
10. Hoffman Estates	12,007	49.0%	5,539	16.0%
11. Mt. Prospect	5,631	20.0%	7,055	20.0%
12. Palatine	4,688	16.3%	6,539	16.3%
13. Rolling Meadows	14,667	38.0%	6,921	16.0%
14. Roselle	9,544	40.0%	5,330	15.0%
15. Schaumburg	12,744	51.0%	6,495	18.0%

<sup>5</sup> In the new Agreement, the parties have agreed to the reduction of the number of steps at the entry level for new officers thereby increasing the starting rate of pay. In 1989 the probationary step (step 0) will be eliminated and starting pay will be at the step 1 figure. In 1990, both steps 0 and 1 will be eliminated and in 1991, steps 0, 1 and 2 will be eliminated. With the agreed upon raise of at least 4%, 4.5% and 5% (i.e., the Village's offer), those base or minimum amounts would increase accordingly with the compounding increases. According to Village Manager Scheidel, the reason for making the reduction in the number of steps and thereby raising the entry level wage was because the base pay for patrol officers at the low end of the scale was recognized as being low since prior pay adjustments focused upon the high end of the scale through the addition of additional steps as opposed to addressing the entire range of the scale.

16. Streamwood <sup>6</sup>	6,295	23.7%	9,324	23.4%
17. Wheeling	3,474	11.8%	6,588	15.9%
Average		25.4%		16.6%

Under this analysis, the Union points out that the Village's 23.4% differential in comparison of officer to sergeant's wages at the maximum level is at the high end (second) of the other compared communities and approximately 7% over the average percentage differential.

Utilizing the *32nd Semi-Annual Regional Governmental Survey Cook County Bureau of Administration July 1988*, the Union compared other benefits received by officers in the cited communities. According to information collated from that source, officers in all the communities relied upon by the Union worked a 40 hour week; received time and one-half for overtime; received hospitalization benefits for full-time employees, but not retirees; and received life insurance.<sup>7</sup> According to the Union, the differences in other benefits were as follows:

Community	Longevity	Sick days	Vacation	Unifs.	Training Assistance
1. Arlington Heights	*1	12	2-1, 3-6, 4-15	Full	100%
2. Barrington	None	12	2-1, 3-5, 4-10 5-15	Prov	100%
3. Bartlett	None	12	2-1, 3-5, 4-10	\$225	100%
4. Bloomingdale	None	12	2-1, 3-5, 4-15	\$400	100%
5. Buffalo Grove	*2	10	2-1, 3-5, 4-15	\$300	100%
6. Carol Stream	None	12	2-1, 3-8, 4-15	Prov	Full
7. Elgin	None	12	1-1/2, 2-1, 3-6, 4-13	\$500	Varies
8. Elk Grove	None	12	2-1, 3-10, 4-15, 5-25	Cost	100%
9. Hanover Pk.	None	12	2-1, 3-6, 4-13	As need	100%
10. Hoffman Estates	None	12	2-1, 3-5, 4-12	\$500	100%
11. Mt. Prospect	*3	12	1-1/2, 2-1, 3-8, 4-15	\$450	100%

<sup>6</sup> According to Cooper, the Streamwood comparisons are based upon 1988 salaries since the officers in Streamwood had not yet received increases.

<sup>7</sup> According to the information gathered by the Union for its comparisons, that survey showed that all police departments were organized with the exception of Buffalo Grove, Palatine and Roselle.

12. Palatine	*4	12	2-1, 3-7, 4-15	\$310	0%
13. Rolling Meadows	None	12	2-1, 3-5, 4-10	QM	Varies
14. Roselle	None	12	2-1, 3-5, 4-15	Prov	100%
15. Schaumburg	*5	12	2-1, 3-5, 4-10, 5-15	QM	100%
16. Streamwood	None	12	12 da-1, 17 da-5 22 da-13	QM	100%
17. Wheeling	*6	12	2-1, 3-6, 4-12 5-18	\$450	0%

The Union also made a comparison of the Village's sergeant and officer pay for the years 1981 through 1988:

Year	Top Sgt.	Top Officer	Difference	% Difference (Top Sgt.)	% Difference (Top Officer)
1981	28,683	23,196	5,487	19.0%	23.6%
1982	28,683	23,196	5,487	19.0%	23.6%
1983	33,196	26,852	6,344	19.0%	23.6%
1984	33,196	26,852	6,344	19.0%	23.6%
1985	34,195	27,664	6,531	19.0%	23.6%
1986	35,214	28,496	6,718	19.0%	23.6%
1987	38,313 <sup>8</sup>	29,348	6,927	23.4%	30.5%
1988	39,846	30,522	9,324	23.4%	30.5%

**C. The Village's Evidence**

**1. Comparisons**

In performing its analysis of comparable communities, the Village focused upon the concept of a total compensation package and particularly noted the cost of benefits as well as the cost of pension contributions for the employees.<sup>9</sup> With respect to comparable communities, the Village took issue with the inclusion of Schaumburg due to population differences giving Schaumburg a greater service area and larger number of resources as

<sup>8</sup> According to Cooper, in March 1987 sergeants were given a one grade increase. By ordinance dated March 3, 1987 (No. 1987-16), sergeants were placed in salary grade 11 whereas previously they were in grade 10. Patrol officers remained in grade 7. The initial Agreement covering patrol officers was adopted by resolution dated January 20, 1987 (No. 1987-4).

<sup>9</sup> The Village noted that the Union's analysis did not specifically focus upon these items and indeed, omitted the pension factor. The Village also focused upon the maximum figures for the various communities asserting that those figures are blind to all of the differences throughout the various pay plans and further because the maximum figures were stressed by the Union during the course of negotiations.

well as a greater and more diversified tax base due to the commercial and light industrial development that is present in Schaumburg but absent in Streamwood.<sup>10</sup>

Utilizing its total compensation analysis, the Village examined communities proffered by the Union during negotiations as comparable and arrived at the following analysis:

Community	Base Pay	Benefits	Pension	Total Compensation
Schaumburg	34,737	15,840	2,732	53,309
Hoffman Estates	33,879	13,885	3,496	51,260
Streamwood	30,522	11,301	5,405	47,228
Roselle	33,813	10,399	1,406	45,618
Hanover Pk.	30,784	10,671	4,009	45,464
Bartlett	30,800	10,461	1,789	43,050

Based upon 1988 figures prior to the offers of increase, the Village acknowledges that with respect to the above communities, it ranks last in base pay. However, the Village concludes that when the total compensation package is considered, the Village is in the upper middle of the range (third).

<sup>10</sup> Pointing to a history of volume of sales tax and other revenues different from property taxes enjoyed by Schaumburg, Scheidel testified that Schaumburg's cash position is "phenomenal compared to ours." Scheidel gave an example of how Schaumburg built a public works facility and paid \$4 million "in cash to build the facility which, in the municipal setting, is almost unheard of unless you have a strong cash position."

Director of Finance Richardson compared Streamwood to Schaumburg and Hoffman Estates (using those towns' 1988 Comprehensive Annual Financial Reports), and his analysis showed the following:

Key Component	Streamwood	Schaumburg	Hoffman Estates
Population	26,101	64,050	45,174
Sources of Revenue			
Assessed Valuation	148,896,013	1,163,722,833	360,038,986
Property Tax Rate per \$100 E.A.V	1.53	0	1.20
Sales Tax	889,529	14,272,855	2,709,664
Utility Tax	1,086,795	0	0

Further using its total compensation analysis and choosing what it considered comparable communities<sup>11</sup>, the Village made the following comparisons:

**Total Police Officer Salaries - 1988**

Community	Base Pay	Benefits <sup>12</sup>	Pension <sup>13</sup>	Total Compensation
Addison	35,423	9,240	5,238.85	49,902
Bartlett	35,200	10,461	1,789.33	47,450
Carol Stream	33,770	9,526	2,879.27	46,175
Elmwood Pk.	30,354	9,341	6,756.76	46,452
Franklin Pk.	28,026	9,759	6,967.70	44,753
Glen Ellyn	29,828	10,253	6,468.75	46,550
Hanover Pk.	30,784	10,671	4,008.55	45,464
Roselle	32,203	10,399	1,406.25	44,008
Streamwood	30,514	11,301	5,405.41	47,220
St. Charles	34,176	11,329	3,921.28	49,426
Tinley Pk.	33,564	10,034	4,448.90	48,047
Villa Pk.	34,263	9,479	5,750.00	49,492
Wheeling	34,812	9,898	4,424.36	49,134
Wilmette	34,167	9,366	5,983.70	49,517
Wood Dale	30,067	11,447	889.75	42,404
Woodridge	35,734	10,721	1,750.00	48,205

Under this analysis, the Village finds itself around the mid-point (ninth out of 16). If the cost of benefits (exclusive of pension) are examined, then the Village is at the high end (third). If the cost of benefits and base pay are combined (exclusive of pension) then the Village ranks at the lower end (11th out of 16).

<sup>11</sup> This determination was based upon similar population and department population size and was supplied by the Northwest Municipal Conference. However, the locations of these communities are not in the immediate geographic proximity to Streamwood. Scheidel acknowledged that the selected comparable communities crossed economic lines (e.g., Wheeling and Wilmette have a higher cost of living and higher per capita income than Streamwood).

<sup>12</sup> Included in this computation are health insurance, life insurance, workers compensation, vacation cost, sick leave cost, holiday cost, other leave cost, uniforms and miscellaneous costs.

<sup>13</sup> As demonstrated at the hearing, pension contributions are controlled by State law and are actuarially reflective of experience in terms of employee age and numbers of retirees thereby explaining the differences in the various pension contributions. Those figures are subject to yearly fluctuations.

Scheidel testified that with respect to other employee groups, the offer to the Police Department is higher by .5%<sup>14</sup>. Scheidel explained the differences in the offers in that he recognized that the base pay for officers was low.

## 2. Financial Considerations

The Village's Director of Finance and Treasurer, David Richardson, testified that he is responsible for assembling data and presenting the budget to the Village Board and was responsible for preparation for the 1989 budget. Richardson costed out the parties' proposals and, for 1989, the difference between the two offers is approximately \$54,000.<sup>15</sup>

Richardson testified that as part of the budget process, the Village establishes a Contingency Account that is set up to absorb salary increases and unforeseen capital and operating expenditures that the Village may encounter during a calendar year. At the time the budget was put together, collective bargaining agreements for the Fire and Public Works Departments had been negotiated and those increases were incorporated into the budget for 1989. The police and the non-union employees were not yet incorporated into the budget's individual line items. Those salary increases will be absorbed by the Contingency Account.<sup>16</sup> Utilizing the Village's proposals in this proceeding, the negotiated agreements with the other organized groups, and further considering the non-union employees, the Village allocated \$175,000 to the Contingency Account as follows:

Department	COLA %	Bonus %	Total Impact
Fire	4.5% <sup>17</sup>	1.5%	0
Public Works	3.5%	1.5%	0
Non-Union	3.5%	2.0%	72,135

<sup>14</sup> Scheidel testified that non-union employees received a 3.5% increase whereas the Village is proposing 4% for the police.

<sup>15</sup> According to Richardson, the difference amounts to five or six percent of the Police Department budget.

<sup>16</sup> Richardson testified that the same procedure was used for the 1987 and 1988 budgets.

<sup>17</sup> The Fire Department employees received no cost of living adjustment for 1987 but received 4.5% in both 1988 and 1989 under their two year agreement. According to Richardson, over three years, the Fire Department received an average 3% for 1987-1989.

Police	4.0	2.0% <sup>18</sup>	74,105
Unforeseen Expenditures <sup>19</sup>			<u>28,760</u>
		Total	\$175,000

Richardson concluded that the offer made to the Police Department employees exceeds that already provided to other Village employees and the Contingency Account has no further monies available to pay for salary requests beyond that offered by the Village.

Richardson testified that he foresaw further demands upon the Contingency Account other than those indicated as unforeseen expenditures due to an anticipated strong demand from the newly elected Village Board to increase the amount of funds that are going to be applied to a road improvement program. Richardson testified that he anticipated a need of having to come up with an additional \$500,000 in 1989 to fund those road improvements.<sup>20</sup> Richardson testified that the money for this program will come from several sources, mainly reserves in various specified funds such as capital improvement or the motor fuel tax funds - i.e., funds exclusively reserved for the use of those revenues.<sup>21</sup> Richardson sees requests for additional funding for road improvements as taking priority over other requests for additional funding. However, Richardson testified:

- Q. Are there sufficient monies in the funds to cover a half million dollar expenditure?
- A. For 1989, I anticipate there will be.
- Q. For future years?
- A. For future years, that is a question mark.

---

<sup>18</sup> Richardson testified that during negotiations, the parties agreed that employees in the top of their salary range are to receive this bonus.

<sup>19</sup> These include items designated as Rule of 44 - L Schoening (per court order for a retired officer); elimination of step 0 and additional legal fees.

<sup>20</sup> Richardson testified that historically the condition of the roads in Streamwood has been "poor".

<sup>21</sup> Richardson testified that the sources of revenues for these funds are "one time revenues" such as building permit fee revenues which are already taken into account in determining how much to budget for capital improvements for the year.

Richardson also testified that "the financial condition of the Village of Streamwood has improved". In the 1989 budget, at II-III, the following is found:

The General Fund continued to perform well in 1988. We expect fund surplus to increase from \$800,000 at 1/1/88 to \$1,100,000 at 1/1/89. A level of between one and two months expenditures is an acceptable General Fund fund balance. A \$1,100,000 fund balance falls within that definition.

\* \* \*

Total General Fund revenues are up from \$5,431,603 in 1988 to \$6,336,670 in 1989 or 16.7%.

When questioned on cross-examination about that conclusion, Richardson testified:

Q. You're very satisfied with the General Fund balance as of 1/1/89 for the Village of Streamwood, aren't you? ...

A. Yes, I am.

On re-direct, Richardson emphasized that his satisfaction with the financial condition of the Village is based upon an accepted formula for proper reserves for an operating fund of one to two months expenditures to carry forward from year to year. Under that formula and based upon an approximate \$6,000,000 budget, the surplus level for Streamwood should be between \$600,000 and \$1,200,000. According to Richardson, these funds have nothing to do with funds that are otherwise available for the Police Department. These funds are designed for reserve on hand for year to year. Richardson did acknowledge, however, that the current existing surplus was at the "high end" of what is considered an acceptable surplus level. Specifically, Richardson testified:

Q. And the \$54,000 that you acknowledge our demand is, in excess of what you have budgeted, would still leave you on the high end of your General Fund, if you had to take out \$54,000 from the \$1.1 million? ...

A. Yes.

With respect to ability to pay, Richardson testified:

Q. Am I correct in thinking that the City, in this case before us, is not pleading a literal inability to pay, but merely the necessity to adjust

some priorities and preferences if this panel should decide the City should agree to pay the additional \$54,000.

- A. Based on the fact that our reserves are at a level that I feel comfortable with, there would be funds available.

Richardson further acknowledged that the granting of the Union's request would not necessitate a tax increase. Further, according to Richardson, at the present time he did not anticipate any changes in the revenue in the General Fund for 1990.

With respect to the Working Cash Fund, also found in the Budget at VIII, is the following:

This fund is used to make loans to other funds in cash flow emergencies. The Village will discontinue its property tax levy in 1989.<sup>22</sup> Monies on hand (estimated to be about \$310,000 on 1/1/89) will continue to be used for emergency loan purposes.

When questioned about the Working Cash Fund, on cross-examination, Richardson testified:

- Q. Your Working Cash Fund, which is available to transfer money to other funds such as the General Fund, has an estimated \$310,000 as of 1/1/89.
- A. It has that, but it's available for transfer only.
- Q. For transfer only. It could be transferred to the General Fund during the year to cover whatever addition the \$54,000 that we are asking for over and above the amount that you have budgeted. You could transfer those during the year?
- A. Those funds could be transferred and they have to be transferred back before the end of the year.
- Q. That's right, but if you have a surplus of 1.1 million in your General Fund, then in fact, the \$54,000 would be only 5% and you could easily transfer that 5% back to the Working Cash Fund at the end of the year? ... You could use it to cover the expenses that would be incurred ... for our wage increase?
- A. ... It could be transferred.

---

<sup>22</sup> Richardson testified that revenues from property tax levies (which have been used during the past three or four years) have been channeled into this fund. Richardson acknowledged that if there was a cash shortage as a result of meeting the Union's demands, a levy for 1989 could have been used to meet such a shortage. However, such a levy, according to Richardson, would not be prudent due to what is considered a present high level for property taxes.

Q. And in fact, every year you do a semi-annual review of the budget and you make adjustments in the budget?

A. At mid-year I make it.

Q. And, in fact, our demand of \$50,000 out of the \$6,000,000 budget is less than one percent and I'm sure that your adjustments at mid-year are often times in excess of one percent in different categories, isn't that true?

A. That statement of one percent is correct. And have I made adjustments greater than one percent? Yes, I have.

Richardson further testified that the completion of a large shopping center on the east side of the Village will incorporate some large commercial development where the Village anticipates receiving sale tax revenues estimated between \$500,000 and \$1,000,000 per year. Richardson foresees the beginning of those revenues coming in later on 1989.<sup>23</sup> On the other side of the coin, aside from the previously discussed road project, Richardson testified that the Village has committed to a Village Hall project which is over \$300,000 per year of debt service.<sup>24</sup> Further, as of the date of the hearing, projected growth in utility tax revenues for 1989 were not as great due to a mild winter.

#### D. The Sergeants

Streamwood functions without individuals in the ranks of lieutenant or captain. Historically, sergeants perform the functions of watch commanders.<sup>25</sup> The Village asserts that in various other communities, the functions of watch commander are often performed

---

<sup>23</sup> The 1989 budget refers to the expected increase as follows at III:

- Sales Tax - An increase from \$900,000 up to \$1,320,000 is projected for 1989. This equates to a 46.6% increase. During 1988, sales tax receipts have been trending higher than budgeted. Since the Westview Shopping Center will be operative in 1989, we believe that an increase from the \$80,000 per month that is currently received to \$110,000 per month is a reasonable assumption.

Richardson testified that as of the date of the hearing, the Village was in reality projecting \$950,000 to \$1,000,000, but later in the year, the amounts might increase.

<sup>24</sup> Richardson testified that although General Fund revenues for 1989 would not be used for this project as well as other projects that are paid from specially designated funds, ultimately the General Fund is affected since revenues normally targeted for the General Fund will be used to pay the debt service on bonds issued to subsidize a particular project.

<sup>25</sup> There are presently four sergeants with one vacancy.

by lieutenants.<sup>26</sup> Comparing the sergeants to lieutenants in comparable communities presented by the Union during negotiations, and further noting that the Streamwood figures are based upon 1989 salaries whereas the salaries listed for lieutenants in Schaumburg, Hoffman Estates and Hanover Park are based upon 1988 salaries to be adjusted effective May 1, 1989, the Village showed the following comparisons:

**Lieutenants**

Community	Minimum Salary	Maximum Salary
Schaumburg	41,556	45,871
Hoffman Estates	41,387	44,629
Bartlett	open	40,700
Hanover Pk.	29,598	41,600
Roselle	36,369	44,300
Streamwood	n/a	n/a

**Sergeants**

Community	Minimum Salary	Maximum Salary
Schaumburg	37,354	41,232
Hoffman Estates	36,250	39,418
Bartlett	32,260	39,300
Hanover Pk.	26,832	37,731
Roselle	32,928	39,143
Streamwood	27,382	41,240

Therefore, based upon a comparison concerning the performance of watch commander functions, the sergeants in Streamwood compared to the lieutenants performing similar functions in Schaumburg, Hoffman Estates and Hanover Park, and again recognizing that the Streamwood salary is a 1989 figure whereas the compared salaries are 1988 figures, Streamwood's sergeants are at the bottom. For the other communities

---

<sup>26</sup> According to Deputy Chief Rudy Rossmly, Schaumburg, Hoffman Estates and Hanover Pk. have lieutenants performing this function, whereas Streamwood, Roselle and Bartlett have sergeants. Cooper testified that he did not perform a study concerning whether the sergeants perform duties of shift commander in the listed communities relied upon by the Union. According to Cooper, the Village's sergeants have always been in charge of the shift.

utilizing sergeants as watch commanders (Bartlett and Roselle), although the charted comparisons show Streamwood at the top in the maximum salary range, the Village asserts that when the May 1, 1989 adjustments come into effect for those communities, the Village will have to take a "back seat".

According to Deputy Chief Rossmly, job responsibilities for sergeants were outlined at the end of 1985 and were expanded requiring additional time and duties.<sup>27</sup> The sergeants had discussions over a period of time with the Village, which discussions resulted in the March 3, 1987 increase from grade 10 to 11.<sup>28</sup> According to Rossmly, the increase was given because sergeants were functioning as watch commanders in a similar capacity as lieutenants in the other communities.

#### **IV. POSITIONS OF THE PARTIES**

##### **A. The Village**

In support of its position concerning the equity adjustment issue, the Village first argues that sergeant's pay is a question of management decision and the current Agreement strictly prohibits the negotiation and arbitration of matters of management decision. Alternatively, the Village asserts that every officer has access to the opportunity of becoming a sergeant through the statutorily established Police and Fire Commission with its objective testing and appointment procedures. The Village asserts that while in the private sector there may be a need for an equity adjustment where management puts certain people in a top position and does not allow the rest of the employees access to that position and a disparity in pay results, in municipal law, the law controls and that law provides that every officer has access to a sergeant's position. In short, if officers aspire to the higher

---

<sup>27</sup> The Union disputes that the changes were in any degree significant.

<sup>28</sup> Rossmly testified that certain overtime concessions were given by the sergeants as part of receiving the wage increase. Based on a 48 week year (because of vacations) the new duties amounted to 128 hours per year or, at the maximum salary of a sergeant at overtime rate, \$3,448.80 per year, at a minimum. According to Rossmly, patrol officers traditionally receive overtime at the time and one-half rate. Rossmly estimated that patrol officers have a potential of making approximately \$3,000 per year in overtime.

pay of sergeants, there is an objective statutory vehicle for those employees to achieve that aspiration.

Second, the Village argues that the 1987 increase for sergeants was a result of changes in duties and responsibilities for that group of employees and any contention by the Union that the increase was an award given to the sergeants because they did not organize is unproven by the evidence in this case. The Village asserts that sergeants were always underpaid prior to that adjustment. The Village further argues that the concept of equity adjustment has no significance since the reason the sergeants received a substantial raise in pay is because they function as watch commanders and perform duties of captains and lieutenants in other communities. The Village argues that in the municipalities relied upon by the Union, the positions and duties currently performed by Streamwood sergeants are performed in the other municipalities by lieutenants and captains who are paid a much greater salary than the sergeants in Streamwood. When the municipalities that have sergeants performing shift commander functions are compared to the Village's sergeants, those salaries are comparable to the Streamwood salaries for sergeants and patrolman and the same disparity in pay exists. The Village thus feels that the disparity is justifiable both in law and in logic.

Third, with respect to the cost of living increase, the Village observes that there is not much of a difference between the respective offers. However, the Village argues that based upon comparables provided by the Union, the officers are in the middle to upper range of the comparable communities. The Village asserts that with respect to other communities in the Northwest Municipal Region, Streamwood ranks well in the middle of those communities in terms of compensation for officers.

Fourth, with respect to pension contributions, the Village acknowledges that those contributions can fluctuate from community to community and from year to year, but the fact remains that pension contributions are a cost factor that are higher in Streamwood than

in some of the other examined communities and that fact must be considered. But even exclusive of pension, considering the other benefits and their attached costs, Streamwood is comparable to the other communities, especially the surrounding communities. The Village stresses that in examining the other communities and exclusive of pension contributions, a pattern is shown that where the base pay of officers is high, the benefits are low, and conversely, where pay is low, the benefits are high. In short, the Village argues that the benefits and pay effectively balance out. The Village sees the officers in Streamwood as falling into that pattern.

Fifth, the Village also asserts that with respect to ability to pay, the availability of funding and budgeting for this year and future years requires that its offer be accepted.

#### **B. The Union**

In support of the wage increases it seeks as set forth in the statement of issues, the Union first argues that there is an unjustified disparity between the top pay for officers and sergeants. According to the Union, that disparity has traditionally been in the area of 19% and a 1987 salary increase granted to sergeants gave those employees an undue disparity in pay at the high end compared to the officers. The Union argues that there was no real change in the sergeants' duties to justify a widening of the wage differential between the two groups of employees in 1987. The Union sees the widening of the difference in pay between sergeants and officers as a reward to the sergeants as a result of the officers' organizational efforts. In this proceeding, the Union is seeking a return to the historical differences between the salary of the officers and sergeants, and most particularly with concentration at the high end of the scale where most of the sergeants and officers are located. The Union, contrary to the Village, asserts that the equity adjustment question is not a separate issue and the Union does not desire to have a separate contract provision for equity adjustments, but sees this factor as part of a total package.

Second, the Union argues that the salaries of the officers at the top end are low in comparison to other comparable communities in the area. The Union points out that the percentage differential between those communities is greater than the percentage increase it seeks and further points out that effective May 1, 1989, a number of those communities will be receiving further increases thereby widening the differences in pay. Stressing the differences in pay, the Union argues that its request for 8.9% in the first year will not bring the officers up to the average pay in the comparable communities.

Third, the Union asserts that under traditional ability to pay criteria, the amount of reserves shows a clear ability to meet the requested increases.

Fourth, with respect to the consideration of pensions, the Union argues that pensions should not be considered as part of the compensation package for making the required comparisons in this case due to the manner in which pension contributions are calculated.

Fifth, with respect to the comparisons made by the Village to other communities that have lieutenants, the Union sees those comparisons as irrelevant simply by the fact that the Village has made a decision not to have lieutenants.

## V. DISCUSSION

As recognized by the parties, the authority of this Board is determined by Article X of the prior Agreement concerning the resolution of impasse. The specific factors set forth in Article X (which track the statutory factors found in Ill.Rev.Stat. Ch. 48, § 1614), are the factors that we are contractually required to follow. Although Article X addresses eight factors, the evidence presented and the arguments of the parties focused mainly upon four of those factors, specifically the stipulations of the parties, ability to pay, comparisons and overall compensation. Our analysis shall proceed along the lines of discussing the relevant factors and determining the weight to be attached to those factors and then applying those factors to the facts of this case for determining the appropriate increases.

## A. The Relevant Factors

### 1. Stipulations of the Parties

The parties have specifically agreed that we are not required to choose one of the two positions advanced. In the Agreed Statement of Issues (Jt. Exh. 1), the parties state that the "Board of Arbitrators may, however, compromise within the confines of each of the stated issues." Therefore, in terms of statutory considerations and since the statute requires the selection of one of the two last offers<sup>29</sup>, we have more than the normal amount of discretion in an interest arbitration.

### 2. Ability to Pay

For 1989, the parties' offers are approximately \$54,000 apart. It is well established that "Employers who have pleaded inability to pay have been held to have the burden of producing sufficient evidence to support the plea." Elkouri and Elkouri, *How Arbitration Works* (BNA 4th ed.), 830. We do not believe that the Village has met that burden in this case. Indeed, Village Director of Finance Richardson's testimony demonstrates that the Village has the financial ability to meet the Union's offer. According to Richardson, and as reflected in the 1989 budget, there will be an approximate \$1.1 million surplus in the General Fund which is at the high end of the accepted formula for reserves and that surplus is expected to continue in 1990; if the Union's offer is granted and the \$54,000 differential is considered, that difference will nevertheless leave the surplus at the high end of acceptable amounts; Richardson is very satisfied with the General Fund balance; although needed to be transferred back by the end of the year, additional monies are available in the Working Cash Fund's \$310,000 balance for transfer to cover the difference between the parties' offers; mid-year adjustments to the budget in excess of the difference between the offers have been made in the past; and although there are anticipated expenses for

---

<sup>29</sup> See Ch. 48 § 1614(g) ("As to each economic issue, 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 ....").

committed projects, there are additional substantial revenues forecasted, especially in the area of increased sales tax revenue as a result of the opening of a new shopping center later in 1989. While the Village anticipates spending money for capital projects such as road improvements, the evidence shows that the money for those projects has been earmarked and allocated in other funds and any shortages do not appear sufficiently substantial to detract from the rather positive position described by Richardson. The fact that only certain amounts were budgeted to the Contingency Account and the amount sought by the Union is in excess of those allocated amounts does not outweigh the rather positive financial portrait painted by Richardson. In short, the evidence establishes that for the purposes of this case, the financial picture painted fails to demonstrate an inability to pay.<sup>30</sup>

### **3. Comparisons and Overall Compensation**

It is not unusual in interest arbitrations 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

---

<sup>30</sup> We are cognizant the evidence shows that employees in the Fire Department received 4.5% increases for 1988 and 1989; employees in the Public Works Department and non-union employees received 3.5% for 1989 and the non-union increase was factored into the Contingency Account for 1989. However, we do not find those facts sufficient to change our conclusion. First, like the sergeants discussed *infra*, there is no evidence establishing a required binding traditional linkage or parity between those groups and the employees involved in this matter. Second, with respect to the amounts of funds allocated to the Contingency Account, in light of the other showings concerning the ability of the Village to meet the Union's offer, especially because of the positive status of the General Fund's surplus for 1989 and 1990, the accounting technique of allocating only certain amounts to the Contingency Account is not binding upon us in setting a wage rate. Third, the record does not disclose how the other groups of employees fared in comparison to other comparable employee groups.

can hope for is to get a general picture of the existing market by examining a number of surrounding communities.<sup>31</sup>

**a. Base Pay**

With respect to base pay for police officers, it is unnecessary for us to determine which of the parties' lists of comparables is the more "comparable". With respect to base pay, in comparison to the other cited municipalities, there appears to be no dispute that the Village's police officers are underpaid. According to the Union's list of comparables, at the maximum level the Village's officers are lowest paid of the 17 listed municipalities.<sup>32</sup> Similarly, according to the Village's list of comparables, the Village's officers are 12th out of the 16 listed communities.<sup>33</sup>

---

<sup>31</sup> Therefore, the issue raised by the Village of whether Schaumburg is an appropriate comparable due to its significant differences when compared to Streamwood and the Union's questioning of several comparables not in the immediate geographic proximity of Streamwood that were relied upon by the Village become academic for our purposes. As shown *infra*, our analysis assumes the propriety of both sets of comparables.

Another reason exists for analysis based upon the propriety of the different comparisons. The parties have provided us with differing data. For example, with respect to top pay for officers, the 1988 salary matrix provides a figure of \$30,522 (a figure utilized by the Union). However, the Agreement at Attachment A specifies a figure of \$30,514 (a figure used by the Village). Similarly, with respect to comparables, where the parties agree that a particular community is comparable, they do not always agree upon the salaries for officers in those communities. For example, Bartlett, Carol Stream, Hanover Pk., Roselle and Wheeling appear on both lists, but only Hanover Pk. and Wheeling have the same salary figures. Yet, at the hearing, the parties did not really contest the differentials in the salaries or other offered data. Technically, under the circumstances, both sets of data are hearsay but are not disputed. Given that scenario, we feel compelled to examine both sets of data independently.

<sup>32</sup> Although for different reasons, the parties are in apparent agreement that the most relevant measure for base pay is the top end of the salary scale. Therefore, whether it is because most of the officers are at the high end of that scale (as argued by the Union) or because using the high end makes the analysis blind to other factors (as argued by the Village), since the parties are in agreement, our analysis shall concentrate on the maximum range figures.

<sup>33</sup> Ranked as follows:

16. 28026 - Franklin Pk.
15. 29828 - Glen Ellyn
14. 30067 - Wood Dale
13. 30354 - Elmwood Pk.
12. 30514 - Streamwood
11. 30784 - Hanover Pk.
10. 32203 - Roselle

In reality, that ranking is effectively lower because the difference between the base pay for Streamwood and the lower ranking Elmwood Pk. is not significant.

**b. Overall Compensation**

The Union argues that the only relevant consideration (aside from its arguments concerning the differential between officers and sergeants which we address *infra*) is base pay. We disagree. Article X(f) specifically mandates that we consider "overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits ... and all other benefits received". Therefore, the "total compensation" approach advanced by the Village must be considered.

Under the Village's total compensation approach, the evidence shows that notwithstanding the police officers' low base pay, when the costs of other benefits and pension are included in the analysis, the police officers fare better. The Village first took the comparable communities cited to it by the Union during negotiations and although the Village's officers are low in base pay, when other benefits and pension are included, the Village's officers were third in the list of six communities proffered by the Union.<sup>34</sup> Utilizing the Village's list of 16 comparables, the total compensation analysis places the Village ninth out of 16 as follows:

Community	Base Pay	Benefits	Pension	Total Compensation
16. Wood Dale	30,067	11,447	889.75	42,404
15. Roselle	32,203	10,399	1,406.25	44,008
14. Franklin Pk.	28,026	9,759	6,967.70	44,753
13. Hanover Pk.	30,784	10,671	4,008.55	45,464
12. Carol Stream	33,770	9,526	2,879.27	46,175
11. Elmwood Pk.	30,354	9,341	6,756.76	46,452
10. Glen Ellyn	29,828	10,253	6,468.75	46,550
9. Streamwood	30,514	11,301	5,405.41	47,220
8. Bartlett	35,200	10,461	1,789.33	47,450
7. Tinley Pk.	33,564	10,034	4,448.90	48,047
6. Woodridge	35,734	10,721	1,750.00	48,205
5. Wheeling	34,812	9,898	4,424.36	49,134
4. St. Charles	34,176	11,329	3,921.28	49,426

<sup>34</sup> Schaumburg, Hoffman Estates, Streamwood, Roselle, Hanover Pk. and Bartlett.

3. Villa Pk.	34,263	9,479	5,750.00	49,492
2. Wilmette	34,167	9,366	5,983.70	49,517
1. Addison	35,423	9,240	5,238.85	49,902

As noted, we are contractually required to consider pensions. However, as the evidence revealed, pension costs may not be as reliable a measure for determining the weight for comparison purposes as base pay and other non-pension benefits. Pension contributions are actuarially determined and, due to a municipality's experience with retirees as an added factor in the State's setting of the contribution, the pension factor in this formula is subject to wide variations and fluctuations from town to town and from year to year. As the Village's evidence shows, that disparity is aptly demonstrated by the pension experience for Wood Dale (\$889.75) compared to Franklin Park (\$6,967.70).

In determining the weight to attach to the pension factor, the Union makes a compelling argument that if a total compensation approach is used, a more reliable measure is the consideration of base pay and non-pension benefits. Under that analysis, and using the Village's list of 16 comparables, the base pay and benefit totals (which figures were not contested) are as follows showing the Village ranking 11th out of 16:

Community	Base Pay	Benefits	Total
16. Franklin Pk.	28,026	9,759	37,785
15. Elmwood Pk.	30,354	9,341	39,695
14. Glen Ellyn	29,828	10,253	40,081
13. Hanover Pk.	30,784	10,671	41,455
12. Wood Dale	30,067	11,447	41,514
11. Streamwood	30,514	11,301	41,815
10. Roselle	32,203	10,399	42,602
9. Carol Stream	33,770	9,526	43,296
8. Wilmette	34,167	9,366	43,533
7. Tinley Pk.	33,564	10,034	43,598
6. Villa Pk.	34,263	9,479	43,742
5. Addison	35,423	9,240	44,663
4. Wheeling	34,812	9,898	44,710
3. St. Charles	34,176	11,329	45,505
2. Bartlett	35,200	10,461	45,661
1. Woodridge	35,734	10,721	46,455

Thus, under the total compensation analysis used by the Village, if pensions are included, the Village ranks ninth out of 16. If pensions are excluded, the Village ranks 11th out of 16. In this proceeding, we need not determine with any degree of finality which of the two analysis is the more accurate. Under either analysis, the Village is at or below the mid-point of its own comparables.<sup>35</sup>

#### **4. Summary Concerning the Relevant Factors**

Thus, under the factors that we are required to consider, we are presented with a case where the Village has not demonstrated an inability to meet the Union's offer and, indeed, with a generally positive picture, the evidence shows that the Village can easily meet the Union's request; under both parties' analysis, the base pay for officers is at the low end (if not the lowest) of the comparable communities chosen and, if the other benefits are considered for a total compensation analysis, the officers are at or below the mid-point of the chosen comparables. Therefore, all of the relevant factors that we are required to consider and upon which evidence and argument were offered weigh towards the Union's position in this matter.

#### **B. The Appropriate Increase**

The parties have specifically separated the questions which they have labeled as cost of living and equity adjustment and we are therefore required to treat those issues individually.

---

<sup>35</sup> Of interest is the following statement concerning Police and Fire Pension Funds from the 1989 budget at VIII further indicating that although necessary for consideration, perhaps pension contributions should not be given the weight of other cost items:

Village funding requirements continue to escalate as the number of our sworn policemen and firefighters increase. Fortunately, because of the size of our current investment portfolios, these funding requirements will largely be met using interest income and, therefore, require minimal increases in the Village's pension fund portion of a resident's property tax bill.

The Illinois Department of Insurance has determined that the Police Pension Fund is 90% funded and the Fire Pension Fund is over 100% funded. These statistics are very good when compared with averages around the State.

## **1. Cost of Living**

In this area, the parties' offers are not far apart. The Union seeks a 5% increase in 1989, 1990 and 1991 while the Village is offering 4%, 4.5% and 5% in those years. Since the parties are in agreement that 5% is appropriate for the third year of the Agreement, our focus turns to the first two years. Putting the question of the sergeants aside (a question that properly falls under the analysis of equity adjustment discussed *infra*), because the relevant contractual factors of ability to pay and low end ranking on the lists of comparables for base pay and mid to lower rankings for total compensation (inclusive and exclusive of pension) weigh in the Union's favor, we are of the opinion that the Union's request for 5% in 1989 and 1990 must be granted as opposed to the Village's offer. Since the parties agree that 5% shall be granted for 1991, we shall require a 5% increase for all three years.

## **2. Equity Adjustment**

### **a. Is a Further Increase Beyond 5% in 1989 Warranted?**

The real differences in the parties' positions are in this area. The Union has demonstrated that prior to 1987, there has traditionally been a fixed percentage differential between sergeants and officers (either 19.0% or 23.6% based upon the relevant comparison) which widened in March 1987 (to 23.4% or 30.5%, again based upon the relevant comparison) due to an increase given to the sergeants. Through this proceeding, the Union seeks to regain the prior differential.

First, we do not find that the increase given to sergeants in March 1987 was a reward to the sergeants or a punishment to the officers as a result of the officers choosing to be represented by the Union. Aside from timing arguments made by the Union, there is insufficient evidence that the increase was because of the officers' organizational efforts.

Second, we agree with the Village that the fact the sergeants received an increase in March 1987 which widened the percentage difference in pay between sergeants and officers does not, in and of itself, require that the officers receive a similar percentage increase, or

any increase based solely on that fact. For our purposes, the reason for that conclusion does not come from the fact, as argued by the Village, that how the Village pays its sergeants is solely a matter of management discretion or that officers are free to avail themselves of the increased pay enjoyed by sergeants by invoking their rights for promotional consideration through the Police and Fire Commission. Those legal arguments will have to await another day. Nor do we find persuasive the factual argument that the 1987 pay increase for sergeants was justified because of their increased duties or their duties as watch commanders - an argument that is seriously contested by the Union. What we do find material is the basic, fundamental and undisputed fact that sergeants are not covered by this Agreement and there is nothing in the Agreement or the other evidence which specifically requires the maintenance of parity or parity differentials between sergeants and officers. Again, our authority flows solely from the terms of the Agreement and nothing in that Agreement requires that pay differentials between groups of represented and non-represented employees always be strictly maintained. Had the parties intended such a result, clear language would have existed to reflect such a desire. We find none. The Union's argument is really no different than saying that police officers and employees in other departments *must* always receive the same increase. The Union does not represent employees in other departments to the same degree that it does not represent sergeants.<sup>36</sup> Therefore, the Union's argument that an automatic adjustment similar to that given to the sergeants in 1987 should be given in this matter must be rejected.

Third, although we have rejected the Union's argument that the differential existing between sergeants and officers prior to 1987 must be strictly maintained, we do not find that historical pay relationship or the present differential between the two groups to be wholly immaterial for our consideration. Article X(h) of the Agreement requires us to

---

<sup>36</sup> Such an argument can easily be turned around in the future where a certain group of employees receives less of an increase than that sought by the Union for those it represents.

consider "other factors ... which are normally or traditionally taken into consideration in determination of wages ... or otherwise between the parties ...." Thus, the differential between the two groups, both historically and presently, becomes another piece of the pie to be considered by us along with the other relevant contractual factors discussed above which are utilized in determining the appropriate wage rate.

Using that analysis, ability to pay again weighs in favor of the Union.

Richardson's testimony that the Union's offer for the first year can be met without any real impact on the surplus in the General Fund along with his testimony that the General Fund surplus is expected to remain at the current levels for 1990 and further considering the injection of further revenues from increased sales tax receipts as a result of the new shopping center underscores the weighting of this factor towards the Union.

With respect to comparables (and again using the maximum officers' salary which the parties apparently agree is the appropriate measure), under the parties' respective lists of comparables and using solely base pay (from the Union's standpoint) and total compensation (from the Village's standpoint analyzing the figures both inclusive and exclusive of pension) and further factoring in the 5% increase we have awarded under the above cost of living discussion, the comparisons break down as follows for the first year of the Agreement:

**Union's Analysis (base pay only)  
Compared to 17 Comparables Offered by the Union**

Present Base	Rank	Present Base plus 5%	Rank
30,522.00	17	32,048.10	14 <sup>37</sup>

37

Ranked as follows:

- 17. 30784 - Hanover Pk.
- 16. 30800 - Bartlett
- 15. 31844 - Bloomingdale
- 14. 32048 - Streamwood
- 13. 32438 - Barrington

**Village's Analysis (total compensation)  
 Compared to 16 Comparables Offered by the Village<sup>38</sup>**

Base	Rank	Base plus 5%	Rank	Base plus 5% plus non-pension benefits	Rank	Base plus 5% plus total benefits	Rank
30,514	12 <sup>39</sup>	32,039.70	11 <sup>40</sup>	43,340.70	9 <sup>41</sup>	48,746.11	6 <sup>42</sup>

<sup>38</sup> As compiled in earlier charts, non-pension benefits calculated by the Village totaled \$11,301 and pension costs amounted to \$5405.41.

<sup>39</sup> Ranked as follows:  
 16. 28026 - Franklin Pk.  
 15. 29828 - Glen Ellyn  
 14. 30067 - Wood Dale  
 13. 30354 - Elmwood Pk.  
 12. 30514 - Streamwood  
 11. 30784 - Hanover Pk.

<sup>40</sup> Ranked as follows:  
 16. 28026 - Franklin Pk.  
 15. 29828 - Glen Ellyn  
 14. 30067 - Wood Dale  
 13. 30354 - Elmwood Pk.  
 12. 30784 - Hanover Pk.  
 11. 32040 - Streamwood  
 10. 32203 - Roselle

<sup>41</sup> Ranked as follows:  
 16. 37785 - Franklin Pk.  
 15. 39695 - Elmwood Pk.  
 14. 40081 - Glen Ellyn  
 13. 41455 - Hanover Pk.  
 12. 41514 - Wood Dale  
 11. 42602 - Roselle  
 10. 43296 - Carol Stream  
 9. 43341 - Streamwood  
 8. 43533 - Wilmette

<sup>42</sup> Ranked as follows:  
 16. 42404 - Wood Dale  
 15. 44008 - Roselle  
 14. 44753 - Franklin Pk.  
 13. 45464 - Hanover Pk.  
 12. 46175 - Carol Stream  
 11. 46452 - Elmwood Pk.  
 10. 46550 - Glen Ellyn  
 9. 47450 - Bartlett  
 8. 48047 - Tinley Pk.  
 7. 48205 - Woodridge  
 6. 48746 - Streamwood  
 5. 49134 - Wheeling

Thus, under the above analysis and using the figures given to us by the parties which presents a snapshot of 1989, with the 5% increase already awarded, under the Union's analysis, officers will rank 14th out of 17. Under the Village's analysis with the 5% increase, officers will rank 11th out of 16 with respect to base pay; ninth out of 16 with respect to base pay and non-pension benefits and sixth out of 16 with respect to total compensation. We recognize that throughout we have dealt with a snapshot in time and that effective May 1, 1989 a number of the compared communities will receive increases (not disclosed in the record) in some, if not all of the categories thereby downgrading the ranking of the Streamwood officers' positions. Again, with the exception of the pension analysis, in all categories under both parties' analysis, the Village's officers are at the mid to lower end of the scale.

Considering that there is a demonstrated ability by the Village to meet the Union's offer and further considering that, with respect to the chosen comparables, as the year progresses and further increases are given to a number of the communities, that ranking may well slide further down the scale and finally considering that in 1987 an increase was given to the sergeants (which, as discussed above does not require an equivalent increase to the officers but is a factor for consideration), we believe that a further increase is required for the officers under this portion of the award.

**b. The Amount of the Additional Increase**

The Union seeks a total package of 8.9% for the first and second years of the Agreement. Since we have already awarded 5% of that 8.9% for the first and second years and we have concluded that a further increase is warranted beyond the 5%, the question becomes, how much? Here, we believe that the burden falls upon the Union to justify the awarding of the additional 3.9% that it seeks under this issue over and above the previously granted 5.0%. Using the Union's figures, an additional 3.9% on top of the previously granted 5.0% will raise the present base from \$30,522 to \$33,238. In terms of the

comparables offered by the Union, the total 8.9% increase will move Streamwood from 17th into 12th position<sup>43</sup> - a further movement upward of two places from the previously granted 5.0% which placed Streamwood at 14th. Thus, based upon the Union's figures, at most, the highest ranking the Union sought to achieve was 12th. However, based upon the Union's figures, other increases less than the additional 3.9% it seeks maintains its 12th ranking.<sup>44</sup> For example, with an additional 2% as opposed to the 3.9% maximum increase sought by the Union, the analysis will adjust as follows and based on the Union's figures, the maximum ranking it seeks to achieve will remain at 12th:

**Union's Analysis (base pay only)  
 Compared to 17 Comparables Offered by the Union**

Present Base	Rank	Present Base plus 5%	Rank	Present Base plus 5% and additional 2% (7%)	Rank
30,522.00	17	32,048.10	14	32,658.54	12 <sup>45</sup>

Therefore, since the thrust of the Union's case is that the officers ranked lowest in base pay and therefore were entitled to an increase and seeing that a wide range of increases beyond the 5.0% already granted will maintain the sought after 12th ranking that an 8.9%

<sup>43</sup> Ranked as follows:  
 17. 30784 - Hanover Pk.  
 16. 30800 - Bartlett  
 15. 31844 - Bloomingdale  
 14. 32438 - Barrington  
 13. 32471 - Carol Stream  
 12. 33238 - Streamwood  
 11. 33457 - Buffalo Grove

<sup>44</sup> This is easily observed due to the minimal separation between the 14th, 13th and 12th positions (Barrington (\$32438), Carol Stream (\$32471) and Streamwood (\$33238) when compared to the 11th ranked Buffalo Grove (\$33457) where a larger separation exists.

<sup>45</sup> Ranked as follows:  
 17. 30784 - Hanover Pk.  
 16. 30800 - Bartlett  
 15. 31844 - Bloomingdale  
 14. 32438 - Barrington  
 13. 32471 - Carol Stream  
 12. 32659 - Streamwood  
 11. 33457 - Buffalo Grove

total increase will yield, we do not believe that the Union has met its burden of justifying why it is entitled to the entire 8.9% when something less will achieve the same goal. We believe that the appropriate analysis focuses upon an additional 2.0% for the first year as opposed to the additional 3.9% sought by the Union.<sup>46</sup>

Thus, under the Union's analysis, the previously awarded 5% will move the base pay figure from 17th to 14th. With an additional 2%, under the Union's analysis, the base pay figure will move closer to the midpoint of the comparables from where it was with the 5% adjustment before (from 14th to 12th).

Under the Village's figures, an additional 2% will adjust the analysis as follows:

**Village's Analysis (total compensation)  
Compared to 16 Comparables Offered by the Village**

Present Base	Rank	Present Base plus 5%	Rank	Present Base plus 5% and additional 2% (7%)	Rank
30,514.00	12	32,039.70	11	32,649.98	10 <sup>47</sup>

<sup>46</sup> Based upon the Union's figures, an additional 1.5% beyond the already granted 5.0% will also maintain the 12th place ranking raising the base pay to \$32,506 - a ranking that is maintained due to the \$35 differential between the \$32,506 and 13th ranked Carol Stream (\$32,471). However, an additional 1.0% beyond the already granted 5.0% which raises the base pay to \$32,353 will drop the officers to 14th. Considering that the record demonstrates that the comparables used will be subject to further increases, we believe the 2.0% further increase as opposed to 1.5% is the more appropriate figure for analysis purposes.

<sup>47</sup> Ranked as follows:

16. 28026 - Franklin Pk.
15. 29828 - Glen Ellyn
14. 30067 - Wood Dale
13. 30354 - Elmwood Pk.
12. 30784 - Hanover Pk.
11. 32203 - Roselle
10. 32650 - Streamwood
9. 33564 - Tinley Pk.

Base plus 5% plus non - pension benefits	Rank	Base plus 5% plus total benefits	Rank	Base plus 7% plus non - pension benefits	Rank	Base plus 7% plus total benefits	Rank
43,340.70	9	48,746.11	6	43,950.98	6 <sup>48</sup>	49,356.39	5 <sup>49</sup>

Under the Village's analysis, the previously awarded 5% will move the base figure from 12th to 11th. With the additional 2% above the previously awarded 5%, the ranking for base pay will not cause further significant change (from 11th to 10th). However, at first blush, an additional 2% beyond the previously awarded 5% will make a significant change in the ranking for base pay plus other benefits exclusive of pension (from ninth to sixth) and will also change the ranking for total benefits inclusive of pension (from sixth to fifth). However, given the fact that as discussed above we are not satisfied that consideration of pensions in the total calculation for comparison purposes is as reliable a

48

Ranked as follows:

- 16. 37785 - Franklin Pk.
- 15. 39695 - Elmwood Pk.
- 14. 40081 - Glen Ellyn
- 13. 41455 - Hanover Pk.
- 12. 41514 - Wood Dale
- 11. 42602 - Roselle
- 10. 43296 - Carol Stream
- 9. 43533 - Wilmette
- 8. 43598 - Tinley Pk.
- 7. 43742 - Villa Pk.
- 6. 43951 - Streamwood
- 5. 44663 - Addison

49

Ranked as follows:

- 16. 42404 - Wood Dale
- 15. 44008 - Roselle
- 14. 44753 - Franklin Pk.
- 13. 45464 - Hanover Pk.
- 12. 46175 - Carol Stream
- 11. 46452 - Elmwood Pk.
- 10. 46550 - Glen Ellyn
- 9. 47450 - Bartlett
- 8. 48047 - Tinley Pk.
- 7. 48205 - Woodridge
- 6. 49134 - Wheeling
- 5. 49356 - Streamwood
- 4. 49426 - St. Charles

measure as wages and other non-pension benefits due to the variation and fluctuations in pension numbers, and further given the fact that the Village's sixth rank for base pay plus non-pension benefits is only \$654.98 higher than the tenth ranked position<sup>50</sup>, the seemingly higher rankings in the total compensation approach do not outweigh the other given factors to defeat an additional 2% increase. We shall therefore require an additional 2% increase in 1989 or a total of 7% for 1989.

**c. 1990**

With respect to 1990, we do not have the comparable figures for that year to make as in depth an analysis as we have for 1989 for the simple reason that those figures were not presented at the hearing and indeed, because the contractual changes in the other communities have not in fact taken place or may not have yet been negotiated in some circumstances. We do know, however, from Richardson's testimony that the ability to pay factor in the formula will not change. Under the circumstances, in order to best maintain the officers' status and without getting into undue speculation, we are of the opinion that an additional 1% is justified for 1990 under this category.

**d. 1991**

Since the Union does not seek a further adjustment under this issue for 1991, no further increase for that year will be awarded.

**VI. SUMMARY**

In sum, this case clearly demonstrates that the officers are underpaid with respect to base pay in comparison to other communities chosen by both parties for examination; the Village has the ability to meet pay increases beyond those offered by it; close analysis of the total compensation received by the officers, while showing that other benefits received raises their ranking with respect total compensation, does not establish that total compensation as

---

<sup>50</sup> I.e., by using the Village's figures, where base pay plus non-pension benefits are considered the Village ranks sixth with a total of \$43,950.98. However, that sixth ranking is not significantly greater than seventh ranked Villa Pk. (\$43,742), eighth ranked Tinley Pk. (\$43,598), ninth ranked Wilmette (\$43,533) and tenth ranked Carol Stream (\$43,296).

sufficient to outweigh the clearly demonstrated low base pay and the Village's ability to grant higher increases beyond that offered; and finally, the Union has not justified the entire wage increase that it seeks.

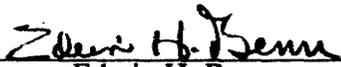
**VII. AWARD**

With respect to Issue No. 1 the employees shall receive 5% for 1989, 1990 and 1991.

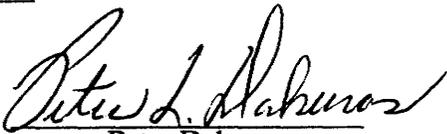
With respect to Issue No. 2, the employees shall receive 2% for 1989 and 1% for 1990. No further increase will be given for 1991 under this issue.

In sum, the employees shall receive increases as follows:

1989 - 7%  
1990 - 6%  
1991 - 5%.

  
Edwin H. Benn  
Chairman and Neutral  
Arbitrator

\_\_\_\_\_  
Stanley E. Kravit  
Union Appointed  
Arbitrator

  
Peter Dakuras  
Village Appointed  
Arbitrator

Dated: May 22, 1989



RECEIVED

JUN 13 1989

In the Matter of the Arbitration )  
 )  
 between )  
 )  
 VILLAGE OF STREAMWOOD, ILLINOIS )  
 )  
 and )  
 )  
 LABORERS INTERNATIONAL UNION OF )  
 NORTH AMERICA, LOCAL 1002, )  
 AFL-CIO. )

II. State Labor Relations Bd.

CASE NO: S-MA-89-89  
 (Wage Interest )  
 Arbitration)

DISSENTING OPINION

I dissent from the award in the above matter with respect to Issue 2. The Bargaining Unit Police Officers are entitled, in my view, to an additional increase of at least 3% for 1989 and 2% for 1990.

The compelling factor in this case is demonstrated by Union Exhibit 4 which compares the pay of Streamwood Officers to those in comparable communities.<sup>1</sup> Streamwood Officers are the lowest paid among the 17 municipalities, earning 9.7% less at the top of their range than the average of the other 16. Thus, even 5% plus 3.9% sought in Issues 1 and 2 for 1989 would have only have placed them eleventh. If, as testified to by Officer Cooper, officers in approximately half of these

---

<sup>1</sup>The communities were selected by the Union from Region 2 of the current Cook County Semi-Annual Salary and Fringe Benefit Survey and are the logical comparable communities according to geographic proximity. The communities selected by the Village are admittedly not all in such proximity; and those that are different were chosen on the basis of similar population and department size. In my experience, the criterion selected by the Union is the more logical.

communities will receive additional increases in May of this year, Streamwood's comparative position will be even less advantageous.<sup>2</sup> Under the circumstances, 8% for 1989 and 7% for 1990 would be appropriate.

Perhaps the better way to view the effects of a combined 8.0% increase is to compare its resulting top salary of \$32,963 with the present average of the top salary in the other 16 communities: \$33,460. If the statutory factor of comparability has any logic, it is that actual comparability is a desirable objective in a labor market-based analysis. Thus, ranking \$497 below the average, or 11th out of seventeen, would hardly be an unreasonable result.<sup>3</sup> It was particularly important for the panel to concentrate on the most equitable increase for 1989 since information regarding 1990 is virtually non-existent in the record. The record demonstrates that the Village is comfortably able to pay the higher amounts.

Finally, the record reveals that a much closer pay differential was maintained between the top rate for Officer and the top rate for Sergeant in Streamwood for at least seven years before the Sergeants received a full grade, or

---

<sup>2</sup>Unfortunately, no actual information was provided regarding these alleged May increases and this cannot be a factor for 1989 or 1990.

<sup>3</sup>Rank is a numerical accident, not a bargaining objective. The Majority Analysis is entirely too reliant upon resulting numerical ranking and gives too little attention to the fact that, while 2% or 3% more salary may not change a ranking, it represents hundreds of dollars in spendable income. Unions bargain for dollars, not ranking.

7.8%, increase in March of 1987. While the Union placed, perhaps, too much reliance on this factor, the majority gives it insufficient recognition.<sup>4</sup> In 1987 the gap between top Sergeant and Top Officer was \$6,927. As a result of the 1987 and later increases to Sergeants, and taking into account the Majority Award, the gap will now be \$8,582, or 26%, between the respective maximum rates. However, the increases to Sergeants enable them to rank third, at maximum, among the 17 communities, while the Majority Award leaves the Top Officer ranked twelfth. There has been no change in the respective duties of the two groups.

Even granting that the Sergeants had been somewhat underpaid for their level of responsibility before March, 1987, this was all the more true of the officers. And one can understand the Bargaining Unit's concentration on this factor when it is realized that the dollar gap between ranks had been growing for a number of years by virtue of setting the Top Officer's pay 19% under that for a Top Sergeant. The City's offer would, of course, have left a much larger gap in pay between its Officers and Sergeants, as well as having its Officers ranked even lower among their peers.

A principal reason why the Union did not get an 8.9% combined income for 1989 is summarized on page 31 of the Majority's Award:

"Thus, based upon the Union's figures, at most, the highest ranking the Union sought to

---

<sup>4</sup>Although the Award indicates that the Village give this factor more consideration in the future.

achieve was 12th. However, based upon the Union's figures, other increases less than the additional 3.9% it seeks maintains its 12th ranking."

Numerical rank among comparable communities has a useful, but limited, function in stating the outcome of a pay analysis. It is the Panel's duty to seek the fairest increase under all the relevant circumstances. Ranking is merely a statement of the result, not the goal. No one negotiates to rank 11th or 12th. Workers want to be genuinely comparable. It is recognition of this instinct for comparison that has found its way into the statutory criteria.

The majority's conclusion that 2% in 1989 (above the 5%) was as fair as 3.9% in part because it resulted in the same numerical ranking, cost the employees \$580. This hardly seems fair to the lowest paid officers in their geographic region.

The other element which determined the level of the Award was the benefits analysis; a requirement of the statute that overall compensation be taken into account by the Panel. Union Exhibit 4 compares 8 categories of benefits, including overtime, longevity, hospitalization, insurance protection, sick leave, vacation and uniforms.<sup>5</sup> A fair reading of this Exhibit is that the communities are virtually identical in what they provide.

---

<sup>5</sup>For reasons expressed in the Award, pension and its cost cannot be a factor in this case. The record does not provide an adequate basis for comparison.

In its Benefits Analysis the majority did two things to which I object. First, it used a different set of comparable communities. This resulted in Streamwood being viewed as ranking third on the Village's list. However, the real problem lies with the 2nd factor, the dollar value attached to this ranking. It was derived from Village Exhibit 1, a summary of reported costs of various benefits by municipalities to the Northwest Municipal Conference and the Illinois Public Employer Labor Relations Association.

The burden of proof as to the weight to be given this chart was on the Village. No explanation of how these cost figures are derived was made. There are zeros in a number of columns. There is no basis to conclude that we are looking at costs derived from the same methods of calculation. When compared to Union Exhibit 4, considerable doubt is raised as to the weight to be given this chart or to the conclusion that, when base-pay and non-pension fringes are combined, and factoring in the total increase of 7%, the Union ranks 6th out of 16.

In confirming its decision to award an additional 2% for 1989, the Award observes at the top of page 34:

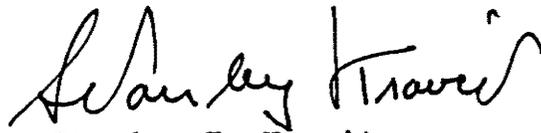
"given the fact that the Village's sixth rank for base pay plus non-pension benefits is only \$654.98 higher than the tenth ranked position, the seemingly higher rankings in the total compensation approach do not outweigh the other given factors to defeat an additional 2% increase. We shall therefore require an additional 2% increase in 1989 or a total of 7% for 1989."

This would seem to confirm that resulting rank should not be the determinative factor. It is interesting to note that an additional 1.9% (applied to the Village's figures) would have produced \$580 in additional income for the Officers, but not raised Streamwood's ranking even to fifth. In addition, it could easily be afforded and (again using the Village's figures) would leave Streamwood tenth in pay out of the 16 cities it chose to compare; exactly the same ranking it has without the additional 1.9%. If neither increase nor decrease changes ranking, why not tilt the scales in favor of the extra dollars since tenth out of 16 is hardly a radical result?

Although the majority seems to use the total compensation analysis chiefly to resist the Village's opposition to even a 2% increase, I believe that the total compensation analysis plays a role in limiting the Union's increase to 2%. To the extent that this may be true, I reject it, since, even if accurate, the total compensation analysis does not make a case against 8.9% for 1989, much less the additional 1% I would require.

We are admittedly in a subjective area. The Award is excellently referenced and presented. The Union requested 17.8% over 2 years and was offered 8.5%, despite the unfair implications of that offer and despite the Village's very favorable financial situation. (Discrepancies in pay should be rectified when this can be best afforded.) It will receive 13%, certainly a respectable increase. For the reasons stated, however, I dissent and would award 8.0% for 1989 & 7% for 1990.

Sincerely,

A handwritten signature in cursive script that reads "Stanley Kravit". The signature is written in dark ink and is positioned above the printed name.

Stanley E. Kravit

Union Appointed Arbitrator

Date June 6, 1989

