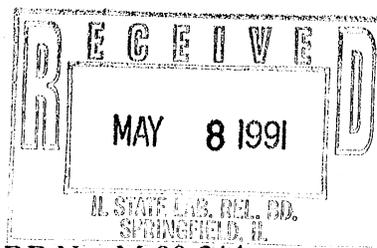


INTEREST ARBITRATION



CITY OF URBANA,
Employer
and
I.A.F.F. LOCAL 1147
Union

ISLRB No. M-90-214
FMCS File No. 90-00955

Barbara W. Doering
Impartial Arbitrator

May 2, 1991

Opinion and Award

City Arbitrator: James Grassman

Union Arbitrator: Leonard Olson

APPEARANCES

For the Union: Michael A. Lass, Labor Consultant
Jeffrey Welch, President Local 1147
David Newcomb, Treasurer
Keith Schafroth, Sgt. at Arms
Charles R. Buirley, Vice President
Clark A. Johnson, Member

For the City: Robert J. Smith, Jr., Attorney
Ronald R. Gremore, City Personnel Mgr.
Richard L. Dunn, Fire Department
Ronald C. Eldridge, City Comptroller

PROCEDURE

The undersigned, impartial arbitrator, Barbara W. Doering, was selected through the procedures of the FMCS. Two days of hearing were held on February 27, 1991, and April 3, 1991. Both parties had full opportunity to present evidence. All witnesses were sworn and a transcript was taken. The parties submitted post-hearing briefs, which were received by the Arbitrator on April 19, 1991, and an Executive Session was held on May 2, 1991. At the Executive Session all issues were thoroughly discussed and the Arbitration Panel entered the following decision and Award.

FINAL OFFERS

Final offers address only unresolved issues and are premised on inclusion of: (1) all provisions of the current collective bargaining agreement which the parties have agreed not to change; and (2) all items resolved and tentatively signed-off during negotiations or the pendency of these proceedings which are listed in outline form below.

ISSUE	FIREFIGHTERS	CITY
Duration	2 yr Agreement	3 yr Agreement
Effective Date:	7/1/90	on implementation
1st Yr % Incr:	5% [0.83%]	4% [0.66%]
2nd Yr % Incr:	6% [10.17%]	4% [7.33%]
3rd Yr % Incr:	[0]	4.5%
Sick Leave Buy-out at Retirement:	incr. to 20% 2nd yr of cntr	remain at 10%
Union Dues:	Add Fair Share eff. 2nd yr.	No

[] Figures in brackets are effective increase if no retroactivity

Resolved Items:

- 1, new section (Effects of Layoffs) following 7.3 Layoffs and Recalls, re: right to maintain health insurance coverage while on layoff upon payment of full premiums by the laid-off individual (cf. Jx 2A)
2. new section 12.4 re: resolution of disputes concerning benefit plans (cf. Jx 2B)
3. change in maximum accumulation of comp time from 120 to 168 hours in Art. VI, Sec. 6.5 (cf. Jx 2C).
4. no change in EMT certification pay
5. no change in amount of coverage for replacement of eyeglasses.

FACTS & COMPARISONS

The bargaining unit includes 37 individuals, 30 firefighters and 7 lieutenants. Of the 37 included in the bargaining unit 34 are currently members of the Union.

The City of Urbana has a population of about 36,000 and is contiguous to the larger City of Champaign, population 63,500. These two communities are home to the University of Illinois, which is the largest area employer. This twin city community is situated in east central Illinois. With the exception of the Chanute Airforce Base, a short distance to the north in Rantoul, most of the surrounding area is farmland. To the east, the smaller community of Danville (population 33,800) is about 30 miles away on the Indiana state line. Decatur and Springfield are about 45 and 85 miles to the southwest of Champaign/Urbana, and another twin city community, Bloomington/Normal (population 52,000/40,000), is about 50 miles to the northwest. Although there are some obvious similarities to Bloomington/Normal, Urbana is more residential than Normal (only 15% of its assessed valuation is commercial, compared to 30% in Normal). Further, the Bloomington/Normal area has greater industrial activity including a new auto plant with the shot-in-the arm that will provide to the local economy. By contrast, the Chanute Airforce Base, which has brought a certain amount of business into Champaign/Urbana, is slated for closing -- with negative implications for the local economy in Champaign/Urbana. Furthermore, the University of Illinois, which is the major employer in Champaign/Urbana, gave its non-academic employees and its police force only a 2.35% increase in August 1990. (Its firefighters are still in negotiations).

EXTERNAL COMPARISONS

In this case both Parties made external comparison to cities with plus or minus 25% the population of Urbana, excluding suburban Chicago. The Union also included the substantially larger communities of Champaign and Bloomington in its comparison, and the smaller community of Freeport. The City, while accepting population as a starting place for selecting external comparisons, also offered information as to revenue sources to show that such comparisons must be approached with caution, and it strongly objected to the Union's inclusion of pay-rates of Champaign and Bloomington as a part of an "average" with alleged applicability here. As to inclusion of Freeport, the City argues that if Freeport is included there are other smaller communities that should also be brought in. The City offered its pay comparisons by ranking, rather than averages -- by showing where it currently falls and where it would fall in 1990 if its offer were accepted.

Pattern of External Settlements:

Neither Party offered figures for '91 or '92 pay-rates in compared communities. Without even worrying about the 3rd year, the 2nd year question of 6% (on top of 5%) or 4% (on top of 4%) was not examined by the Parties in their submission of external comparisons.

With respect to 1990, the first year of the contract at issue here, external comparisons show that both the 5% requested by the Union, and the 4% offered by the City (if it were retroactive), would improve Urbana's rank among comparison communities by at least one. At the 1st year level and at 25 and 30 years the Union's proposal would improve the rank by 2. At 5, 10, 15 and 20 years the differences in the offers are not great enough to change relative rank based upon which offer is accepted.

Propriety of Comparison with Champaign:

The Union insists that by virtue of proximity and a mutual aid pact, the City of Champaign must be included in comparisons. The City argues, if that be so, then the fire department operated by U. of I. should also be included since, despite different sources of funding, it obviously draws on the same labor market. The City indicated that the U of I gave its non-academic employees only a 2.35% increase in 1990 and there is little reason to suspect its firefighters will get more. The City notes the U. of I. increase is well below the 4% offer the City has made. The Union points out that U.of I. is not a municipality, and it faces entirely different funding problems from municipalities and therefore does not belong in municipality comparisons.

With respect to the labor market and attractiveness of firefighter jobs, the City notes that 355 individuals applied to take the test when it was offered in 1990 and there are currently 92 people on the eligibility list awaiting openings. The City noted there is very little turnover in the Fire Department. In the last 5 years only 5 individuals have been separated from the Department, and only one left for reasons other than retirement. Thus, the City argues it has no problem in the area of either recruitment or retention, despite the fact that Champaign, with its greater tax-base, may be offering higher salaries.

INTERNAL COMPARISONS

With respect to internal comparisons, the City bargains collectively with two other bargaining units of roughly similar size to the 37 member Firefighter unit: a 36 member Police unit represented by the FOP, and a 36 member Public Works Employees unit represented by AFSCME. Contracts in all three bargaining units expired June 30, 1990. A settlement was reached on a new 3 year agreement with AFSCME in August 1990. Agreement on a new 3 year agreement with the FOP was reached in February 1991.

Retroactivity in Settlements with the 3 Bargaining Units:

Both of the AFSCME and FOP agreements had full wage retroactivity to July 1, 1990. The City points out, however, that in 1987, when predecessor contracts had been negotiated in those two bargaining units, negotiations with AFSCME had dragged on into December and the eventual agreement with AFSCME did not include full wage retroactivity. Firefighters and Police have no history of settlement without wage retroactivity. The settlement with Police in February 1991 included full wage retroactivity to July 1, 1990. The City argues there is a distinction, however, in how negotiations progressed which supports its position of denial of retroactivity in its final offer to the Firefighters. The City offered testimony that the FOP continued to bargain after filing for mediation, whereas the IAFF declined to schedule additional bargaining sessions between requesting mediation and the first date the mediator could be present. The IAFF argues that if the City questioned its good faith, the City had administrative remedies available. The Union contends that statutory impasse procedures are available for resolution of impasses and should not be a forum in which to seek to penalize one side or the other for not reaching voluntary agreement sooner.

Pattern of Internal Settlements:

The evidence shows that in the past, the three bargaining units have reached varying results both in terms of length of contract and in terms of wage increases. Although wage increases have been within a half to one percent across the three bargaining units, there have been differences accounted for by concessions in the matter of paid time off and/or concessions (or lack of concessions) on language issues. Although all three contracts expired in 1990, the Police and AFSCME were coming off 3 year contracts, while the predecessor contract with the Firefighters had been only a 2 year contract.

The new three year agreement with AFSCME calls for 4% - 4% - 4%, plus an

additional holiday in the 2nd year and a \$100 cash bonus in the 3rd year. The new three year agreement with the FOP calls for 4% - 4% -4.5%, plus a 15th year 4% longevity step in the third year of the contract with the trade-off that individuals hired after the effective date of the contract (7/1/90) will not receive the 2% longevity steps at 2 years and 4 years. The City noted that its research indicates that only about 1/3 of police officers stay on the force for 15 years. The parties stipulated that the same is not true in the Fire Department -- the 99% of firefighters are still with the department after 15 years service.

SICK LEAVE BUY-OUT & FAIR SHARE ISSUES:

The increase in the sick leave buy-out sought by the Union would yield a comparable amount to that offered by Champaign. External comparisons are divided. The City has strong internal equity concerns since the Police contract calls for a similar benefit. The City also notes that the cost of the additional money sought is equivalent to an additional .3% raise.

With respect to fair share, the City's objection is both philosophic and based upon the fact that it has resisted similar demands from its other bargaining units. The City further contends this is a "break-through" issue of the sort which should be negotiated, and it argues City acceptance should not be compelled by an arbitration panel. The Union disagrees with the City's rationale, both as to philosophy and as to where this issue can and/or should be resolved. Although none of the Urbana bargaining units have yet succeeded in getting the City to accept such a provision, 9 of 12 comparison cities have done so. (If one excludes Champaign and Bloomington, the number is 8 of 10).

ABILITY TO PAY

The City points out that it does not have the commercial and industrial tax-base which many of the other cities of similar size enjoy. This depresses the amount which can be collected in sales tax and places a proportionately heavier tax burden on residents. The closing of Chanute Airforce Base will have a further negative impact on sales tax receipts. The City's Comptroller testified that current financial projections show the City is facing a deficit in the 1992-93 fiscal year. The Comptroller also noted that in addition to personnel costs, the City faces significant demands upon its available resources to deal with infrastructure (storm and sewer work on the order of \$20 million) as well as problems of solid waste disposal exacerbated by closure of a landfill a year ago.

CONSUMER PRICE INDEX

The parties agree that the appropriate index shows an increase of 7.8% over the two year period of the 1988-90 predecessor contract. They draw different conclusions from this information. The City argues that the 8% increase it offers over the next two years is clearly closer to the increase which has occurred than the 11% increase demanded by the Union. The Union argues that the 7.8% increase should be seen against the 3%-3% increases of the predecessor contract, suggesting the need for a 1.8% catch-up, and further argues the trend in the CPI suggests it is likely to increase at a faster rate. The Union therefore suggests that its 5%-6% proposal is a fairer hedge against (past and future) losses due to inflation.

DURATION

The Union argues that uncertainty in the matter of inflation, as well as uncertainty by virtue of new management at the head of the fire department support its insistence

upon a two year agreement. The City argues that a return from these protracted negotiations to the bargaining table in a year's time is unwarranted. A significant amount of time and energy must be expended in negotiating a contract, and the City contends that both parties will be better served by a reasonable period in between. The City argues that new management in the department should be accorded a grace period prior to the next round of bargaining. Further, the City notes that its other bargaining units have agreed to three year contracts, and although this unit is coming off a two year agreement, there is past precedent for 3 year agreements even in this bargaining unit, and in fact, at one point back in June, the Union advanced a three year proposal in these negotiations. The Union argues that should the arbitration panel accept the City's position on duration, the Union would be deprived of its right to bargain about 3rd year wage rates, inasmuch as it has no 3rd year offer on the table or in its final offer.

OPINION

1 & 2. Wages & Effective Date:

The external comparisons suggest that both offers fall within a range of reasonableness for 1990. They do not suggest that, based upon its wealth and resources, Urbana is not doing what it can to generate revenue or that it has committed an unfairly low proportion of its revenue to its fire department. The differences in final offers, however, are greater in the second year than the first, but no information was provided as to '91 or '92 settlements in the other communities compared.

After careful consideration of all the criteria, the impartial chairman is not persuaded that a compelling case has been made on the basis of either the consumer price index, the labor market, or external comparisons for the Firefighter final offer on wages. Internal comparisons, while there has been variation among the bargaining units over the years, do not support the size of disparity which would result by acceptance of the Union's final offer. At the same time, however, in the matter of retroactivity, the impartial chairman is of the opinion that the City's offer only meets the test of being a "fair offer" (by all the criteria and comparisons) if it includes retroactivity. Without retroactivity the City's offer would amount to less than 3/4% in the first year, and even though the second year would then amount to 7.33%, there is simply no basis for imposition of that level of sacrifice on the Firefighters, however long it may have taken to process the dispute through the statutory impasse procedures.

3. Duration:

This is a particularly difficult issue. In the absence of any external comparative settlements reaching into 1992-93, and in view of the fact that an imposed rather than voluntary settlement is involved here, the Chairman is of the opinion that in this case the result should be imposed for two years rather than three.

4. & 5. Fair Share & Sick Leave Buyout:

Both of these might be regarded as "break-through" issues in that they deviate from the internal pattern. Neither, however, would be a "break-through" issue in the context of external comparisons. As to the proposed increase in sick-leave buy-out, Urbana is currently comparable to Galesburg. Doubling the current percentage would create a higher benefit than is offered in Pekin. Pekin, while dealing from similarly low assessed valuation, is one of the relatively large departments and the fact that it currently offers a greater sick-leave buyout on retirement than Urbana may have to do with creating retirement incentives. Alton, Kankakee, and Quincy have similarly low assessed valuation. These cities pay a lower wage rate than Urbana at 10 and 15 years service. Kankakee has a substantially higher sick leave buyout, but this may offset the lower wages. Alton and Quincy have sick leave buyouts comparable to Urbana. The

Chairman notes that in addition to a comparable sick leave buyout, these two communities, as well as Galesburg which is also comparable, have fair share agreements in their contracts.*

With respect to fair share, the Chairman notes that the Union has demonstrated that it can convince the large majority of the members of this bargaining unit to voluntarily become members. The Chairman finds the Union's position on this issue to be reasonable. It is more reasonable in terms of a 3 year agreement, but it is equally an issue which could well force the parties back into impasse procedures. That is, in an arena where strikes are prohibited, "break-throughs" -- particularly those involving a strong divergence in philosophy -- may be unattainable except through arbitration. These disagreements therefore should be given serious consideration in an arbitration proceeding.

In the context of a 2 year, rather than 3 year agreement, the Chairman is of the opinion that the sick leave buyout question is one essentially of money which should be left to future bargaining. The fair share issue is one of philosophy which can probably only be won in arbitration, and it should be granted. Accepting the Union's offer on fair share, does not mean that this issue is not also left to future bargaining, it merely means that it will be a case of bargaining it out of the contract as opposed to bargaining it into the contract, and in the meanwhile the parties will have had a year of experience with it and a chance to gauge any of the problems which may result.

*; The communities cited are merely for purposes of discussion and not necessarily to identify them as "the comparables."

AWARD

1. Effective Date: The Union's Final Offer is Adopted. Contract to be effective 7/1/90, with full wage retroactivity.

James R. Grassman (concurring)
James R. Grassman (concurring)

2. Duration: The Union's Final Offer is Adopted. 2 Year Contract, expiring 6/30/91.

James R. Grassman (concurring)
James R. Grassman (concurring)

3. Wages: The City's Final Offer is Adopted. 1st yr. 4% 2nd yr. 4%

James R. Grassman (concurring)
Leonard Olson (dissenting)

4. Sick Leave Buy-out: The City's Final Offer is Adopted. Remain at 10%

James R. Grassman (concurring)
Leonard Olson (dissenting)

5. Union Dues: The Union's Final Offer is Adopted. Fair Share language proposed by Union to be included.

Leonard Olson (concurring)
James R. Grassman (dissenting)

This Decision and Award is Entered this 2nd day of May, 1991.

Barbara W. Doering
Barbara W. Doering, Chairman
James R. Grassman
James Grassman, City Arbitrator
Leonard Olson
Leonard Olson, Union Arbitrator