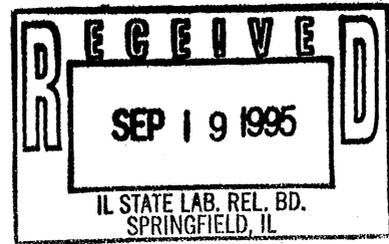


ILRB
#129

ARBITRATION AWARD



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In The Matter of
Interest Arbitration Between

City of Venice

and

Policemen'a Benevolent
Labor Committee

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Case No. S-MA-92-200

APPEARANCES

FOR THE CITY

- Casper Nighohossian
Attorney
316 Nedringhaus
Granite City, IL 62040

FOR THE LABOR COMMITTEE

- ERIC POERTNER
Business Representative
219 Eleventh Street
Lincoln, IL 62656

TIME AND PLACE
OF HEARING

- March 24, 1995
City of Venice
Council Chambers

ARBITRATOR

3rd Floor

- DUANE L. TRAYNOR*
Security Federal Building,

510 East Monroe Street
Springfield, IL 62701

*Selected from ISLRB panel.

The parties waived a statutory requirement of a 3-member panel agreeing to submit the matter to a single Arbitrator.

STIPULATED ISSUE

Wages of Police Officers retroactive to May 1, 1994.

FACTS

At the outset of the hearing, the parties stipulated that they waived the 15-day statutory requirement for the beginning of the arbitration from the date the Arbitrator was notified and that the City's fiscal year runs from May 1 of the year through April 30 of the following year. It was also stipulated that the Award, with respect to wages, would be retroactive to May 1, 1994 and to the lawful authority of the Employer.

Prior to the hearing, the parties stipulated that the statutory requirement of a 3-member arbitration panel would be waived and the matter submitted for decision to this Arbitrator. Briefs were submitted by the Union on 8/2/95 and by the City on 8/23/95.

The parties have tentatively agreed to a new Collective Bargaining Agreement, with the exception of wages, effective as of 5/1/94 and to remain in force until May 1996. In so doing, they have adopted the provisions of the prior Collective Bargaining Agreement with certain other exceptions, namely:

(1) Deleted Article VI dealing with discipline and inserted a new Article VI dealing with Management's Rights which is as follows:

MANAGEMENT RIGHTS: IT IS RECOGNIZED THAT THE EMPLOYER HAS, AND WILL CONTINUE TO RETAIN, THE RIGHT AND RESPONSIBILITY TO DIRECT THE AFFAIRS OF THE POLICE DEPARTMENT IN ALL ITS VARIOUS ASPECTS EXCEPT AS LIMITED BY THE TERMS HEREOF. AMONG THE RIGHTS RETAINED BY THE EMPLOYER, BUT NOT LIMITED THEREBY, IS THE RIGHT TO DETERMINE THE SIZE AND MAKEUP OF THE POLICE DEPARTMENT; DIRECT THE OFFICERS OF THE POLICE DEPARTMENT; TO PLAN, DIRECT AND CONTROL ALL THE OPERATIONS AND SERVICES OF THE POLICE DEPARTMENT; TO SCHEDULE AND ASSIGN WORK; TO ASSIGN OVERTIME; TO DETERMINE THE METHODS, MEANS, ORGANIZATION BY WHICH SUCH OPERATIONS AND SERVICES ARE TO BE CONDUCTED; TO MAKE AND ENFORCE REASONABLE RULES AND REGULATIONS; AND TO CHANGE OR ELIMINATE EXISTING METHODS, EQUIPMENT OR FACILITIES. NOTHING IN THE AGREEMENT SHALL BE CONSTRUED AS IMPROPERLY DELEGATING TO OTHERS THE AUTHORITY CONFERRED BY LAW ON THE EMPLOYER, OR IN ANY WAY IMPROPERLY ABRIDGING OR REDUCING ITS AUTHORITY, AND FURTHER, NOTHING CONTAINED HEREIN SHALL IMPROPERLY SUPPLANT THE LAWFUL AUTHORITY OF THE BOARD OF POLICE COMMISSIONERS.

(2) Deleted from Article VIII, paragraph 8.4 the following language:

"Officers shall select shifts based upon their seniority on an annual basis."

(3) Revised Article XII, paragraph 12.2 to read:

"Sick Leave Accrual. Sick leave shall accumulate at the rate of one (1) day for each completed calendar month of service with a maximum accumulation of thirty-six (36) sick leave days at any one time."

(4) The Union submitted with its brief what it termed was a clean copy of the tentative agreement on wages. It failed to include therein a new article or section introduced into evidence as Joint Exhibit 3 as follows:

SUPREMACY OF LAW. IT IS UNDERSTOOD THAT THIS AGREEMENT CANNOT AND DOES NOT SUPERSEDE OR CONTROL OVER ANY ORDINANCE OR STATUTE ADOPTED OR AMENDED PRIOR TO THE EFFECTIVE DATE OF THIS AGREEMENT, AS THE CASE MAY BE, UNLESS SUCH AGREEMENT IS OR HAS BEEN RATIFIED BY THE CITY COUNCIL OF THE CITY OF VENICE, ILLINOIS.

While there was no testimony as to the population of the City of Venice, Rand McNally 1994 Road Atlas indicates it to be 3,571.

The City's Police Department consists of a Chief, two Sergeants, a Corporal, three Patrolmen, two part-time Officers and three Dispatchers.

The City's final offer was that the salaries would remain the same as they have been. The City Council, on July 10, 1984 by resolution, established salaries for the fiscal year 1984-85 as:

Position	Monthly Salary	Yearly Salary
Probationary Patrolman	\$1,005.00	\$12,060.00
Patrolman	\$1,219.40	\$14,632.80
Corporal	\$1,245.00	\$14,944.80
Sergeant	\$1,271.40	\$15,256.80

The Union's final offer was as follows:

Fiscal Year 1994-95

Patrol Officer

	Hourly	Annual	O.T.
Start - 6 months (Probationary)	7.55	15,704.00	10.57
6 months - 5 years (Base)	9.16	19,052.80	13.74
5 years - 10 years (3%)	9.43	19,614.40	14.14
10 years - 15 years (5%)	9.65	19,988.80	14.47
15 years + (7%)	9.80	20,384.00	14.70

Sergeant

	Hourly	Annual	O.T.
Start - 5 years (Base)	10.21	21,236.80	15.32
5 years - 10 years (3%)	10.52	21,881.60	15.78
10 years - 15 years (5%)	10.72	22,297.60	16.08
15 years + (7%)	10.92	22,713.60	16.38

Fiscal Year 1995-96

Patrol Officer

	Hourly	Annual	O.T.
Start - 6 months (Probationary)	8.31	17,284.80	12.47
6 months - 5 years (Base)	10.08	20,966.40	15.12
5 years - 10 years (3%)	10.38	21,590.40	15.59
10 years - 15 years (5%)	10.58	22,006.40	15.87
15 years + (7%)	10.79	22,443.20	16.19

Sergeant

	Hourly	Annual	O.T.
Start - 5 years (Base)	11.23	23,358.40	16.85
5 years - 10 years (3%)	11.57	24,065.60	17.36
10 years - 15 years (5%)	11.79	24,523.20	17.69
15 years + (7%)	12.02	25,001.60	18.03

As heretofore indicated, the City's final offer is that the Police Officers' salaries will remain the same as they were established by resolution as of May 1, 1984 with the exception of a modification which was made in 1986 when holiday pay was included in their salaries. This left them with the same annual salary, but allowed them to get overtime and paid for work on the holidays.

The Union's only evidence consisted of introducing into evidence the Consumer Price Index; the Collective Bargaining Agreements of six cities it considered to be a comparison of the wages and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of public employment in comparable communities; and a summary of salaries paid in those communities.

The following is a list of those cities and a summary of the salary exhibits. Population figures were not introduced into evidence, but are supplied by the Arbitrator by reference to Rand McNally 1994 Atlas.

Patrol Officers

<u>CITY</u>	<u>POPULATION</u>	<u>STARTING SALARY</u>	<u>ONE YEAR SALARY</u>	<u>FIVE YEAR SALARY</u>	<u>TEN YEAR SALARY</u>	<u>FIFTEEN YEAR SALARY</u>
1.) Bethalto	9,507	\$ 27,054.00	\$ 27,054.00	\$ 27,602.00	\$ 28,706.00	\$ 30,449.00
2.) East Alton	7,063	\$ 26,084.00	\$ 26,084.00	\$ 26,605.00	\$ 27,127.00	\$ 27,664.00
3.) Glen Carbon	7,731	\$ 25,647.00	\$ 25,647.00	\$ 25,855.00	\$ 26,271.00	\$ 26,895.00
4.) Highland	7,525	\$ 28,018.00	\$ 29,349.00	\$ 31,991.00	\$ 31,991.00	\$ 31,991.00
5.) Madison	4,629	\$ 22,610.00	\$ 24,565.00	\$ 25,794.00	\$ 27,022.00	\$ 28,250.00
6.) Pontoon Beach	4,013	\$ 23,754.00	\$ 23,754.00	\$ 23,754.00	\$ 23,754.00	\$ 23,754.00

SERGEANTS

<u>CITY</u>	<u>STARTING SALARY</u>	<u>ONE YEAR SALARY</u>	<u>FIVE YEAR SALARY</u>	<u>TEN YEAR SALARY</u>	<u>FIFTEEN YEAR SALARY</u>
1.) Bethalto	\$ 28,309.00	\$ 28,309.00	\$ 28,850.00	\$ 29,954.00	\$ 31,379.00
2.) East Alton	\$ 27,311.00	\$ 27,311.00	\$ 27,857.00	\$ 28,403.00	\$ 28,949.00
3.) Glen Carbon	\$ 26,978.00	\$ 26,978.00	\$ 27,186.00	\$ 27,602.00	\$ 28,226.00
4.) Highland	\$ 33,612.00	\$ 35,009.00	\$ 36,407.00	\$ 38,787.00	\$ 38,787.00
5.) Madison	\$ 26,165.00	\$ 26,165.00	\$ 27,475.00	\$ 28,783.00	\$ 30,092.00
6.) Pontoon Beach	\$ 24,919.00	\$ 24,919.00	\$ 24,919.00	\$ 24,919.00	\$ 24,919.00

The City introduced exhibits showing the tax base levies and the tax rates for each of the Union's alleged comparable communities. The following is a consolidated summary of those exhibits.

<u>City/Village</u>	<u>Madison County Value (assessed value)</u>	<u>General Fund Rate</u>	<u>General Fund Extension</u>	<u>Total Levy Rate (per \$100)</u>	<u>Total Levy Extension</u>
<u>1992</u>					
Bethalto	\$54,458,540	\$.2500	\$136,146	\$1.3548	\$ 737.804
East Alton	78,690,316	.2415	190,037	1.5526	1,221,746
Glen Carbon	84,397,725	.2500	210,994	1.1736	990,492
Highland	63,239,308	.3330	210,587	1.9667	1,243,727
Madison	15,891,415*	-0-	-0-	2.2239	331,893
Pontoon Beach	19,461,183	-0-	-0-	.4266	83,021
Venice	13,524,794	.3330	45,038	3.3619	454,690
<u>1993</u>					
Bethalto	\$58,067,890	\$.2498	\$145,054	\$1.3556	\$ 787.168
East Alton	80,047,248	.2488	199,158	1.5915	1,273,953
Glen Carbon	90,636,827	.2500	226,592	1.2021	1,089,545
Highland	66,035,082	.3330	219,897	1.9517	1,288,807
Madison	16,293,386*	-0-	-0-	2.7397	434,312
Pontoon Beach	19,627,880	-0-	-0-	.4431	86,971
Venice	14,238,929	.3164	45,052	3.4998	498,334

* (Includes Madison County and St. Clair County assessments)

The Consumer Price Index, as introduced into evidence by the Union, is:

UNITED STATE DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

U.S. CITY AVERAGE

CONSUMER PRICE INDEX

CPI-U

ALL URBAN CONSUMERS (CPI-U) U. S. CITY AVERAGE ALL ITEMS 1982-84=100

YEAR	JAN.	FEB.	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT.	OCT.	NOV.	DEC.	ANNUAL AVERAGE
1955	26.7	26.7	26.7	26.7	26.7	26.7	26.8	26.8	26.9	26.9	26.9	26.8	26.8
1956	26.8	26.8	26.8	26.9	27.0	27.2	27.4	27.3	27.4	27.5	27.5	27.6	27.2
1957	27.6	27.7	27.8	27.9	28.0	28.1	28.3	28.3	28.3	28.3	28.4	28.4	28.1
1958	28.6	28.6	28.8	28.9	28.9	28.9	29.0	28.9	28.9	28.9	29.0	28.9	28.9
1959	29.0	28.9	28.9	29.0	29.0	29.1	29.2	29.2	29.3	29.4	29.4	29.4	29.1
1960	29.3	29.4	29.4	29.5	29.5	29.6	29.6	29.6	29.6	29.8	29.8	29.8	29.6
1961	29.8	29.8	29.8	29.8	29.8	29.8	30.0	29.9	30.0	30.0	30.0	30.0	29.9
1962	30.0	30.1	30.1	30.2	30.2	30.2	30.3	30.3	30.4	30.4	30.4	30.4	30.2
1963	30.4	30.4	30.5	30.5	30.5	30.6	30.7	30.7	30.7	30.8	30.8	30.9	30.6
1964	30.9	30.9	30.9	30.9	30.9	31.0	31.1	31.0	31.1	31.1	31.2	31.2	31.0
1965	31.2	31.2	31.3	31.4	31.4	31.6	31.6	31.6	31.6	31.7	31.7	31.8	31.5
1966	31.8	32.0	32.1	32.3	32.3	32.4	32.5	32.7	32.7	32.9	32.9	32.9	32.4
1967	32.9	32.9	33.0	33.1	33.2	33.3	33.4	33.5	33.6	33.7	33.8	33.9	33.4
1968	34.1	34.2	34.3	34.4	34.5	34.7	34.9	35.0	35.1	35.3	35.4	35.5	34.8
1969	35.6	35.8	36.1	36.3	36.4	36.6	36.8	37.0	37.1	37.3	37.5	37.7	36.7
1970	37.8	38.0	38.2	38.5	38.6	38.8	39.0	39.0	39.2	39.4	39.6	39.8	38.8
1971	39.8	39.9	40.0	40.1	40.3	40.6	40.7	40.8	40.8	40.9	40.9	41.1	40.5
1972	41.1	41.3	41.4	41.5	41.6	41.7	41.9	42.0	42.1	42.3	42.4	42.5	41.8
1973	42.6	42.9	43.3	43.6	43.9	44.2	44.3	45.1	45.2	45.6	45.9	46.2	44.4
1974	46.6	47.2	47.8	48.0	48.6	49.0	49.4	50.0	50.6	51.1	51.5	51.9	49.3
1975	52.1	52.5	52.7	52.9	53.2	53.6	54.2	54.3	54.6	54.9	55.3	55.5	53.8
1976	55.6	55.8	55.9	56.1	56.5	56.8	57.1	57.4	57.6	57.9	58.0	58.2	56.9
1977	58.5	59.1	59.5	60.0	60.3	60.7	61.0	61.2	61.4	61.6	61.9	62.1	60.6
1978	62.5	62.9	63.4	63.9	64.5	65.2	65.7	66.0	66.5	67.1	67.4	67.7	65.2
1979	68.3	69.1	69.8	70.6	71.5	72.3	73.1	73.8	74.6	75.2	75.9	76.7	72.6
1980	77.8	78.9	80.1	81.0	81.8	82.7	82.7	83.3	84.0	84.8	85.5	86.3	82.4
1981	87.0	87.9	88.5	89.1	89.8	90.6	91.6	92.3	93.2	93.4	93.7	94.0	90.9
1982	94.3	94.6	94.5	94.9	95.8	97.0	97.5	97.7	97.9	98.2	98.0	97.6	96.5
1983	97.8	97.9	97.9	98.6	99.2	99.5	99.9	100.2	100.7	101.0	101.2	101.3	99.6
1984	101.9	102.4	102.6	103.1	103.4	103.7	104.1	104.5	105.0	105.3	105.3	105.3	103.9
1985	105.5	106.0	106.4	106.9	107.3	107.6	107.8	108.0	108.3	108.7	109.0	109.3	107.6
1986	109.6	109.3	108.8	108.6	108.9	109.5	109.5	109.7	110.2	110.3	110.4	110.5	109.6
1987	111.2	111.6	112.1	112.7	113.1	113.5	113.8	114.4	115.0	115.3	115.4	115.4	113.6
1988	115.7	116.0	116.5	117.1	117.5	118.0	118.5	119.0	119.8	120.2	120.3	120.5	118.3
1989	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9	126.1	124.0
1990	127.4	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7	133.5	133.8	133.8	130.7
1991	134.6	134.8	135.0	135.2	135.6	136.0	136.2	136.6	137.2	137.4	137.8	137.9	136.2
1992	138.1	138.6	139.3	139.5	139.7	140.2	140.5	140.9	141.3	141.8	142.0	141.9	140.3
1993	142.6	143.1	143.6	144.0	144.2	144.4	144.4	144.8	145.1	145.7	145.8	145.8	144.5
1994	146.2	146.7	147.2	147.4	147.5	148.0	148.4	149.0	149.4	149.5	149.7	149.7	148.2
1995	150.3	150.9											

The City's position is that they can't afford salary increases and haven't been able to do so since 1984. In support of its position, the City offered testimony of Roseanne Koelker, who has been the Comptroller for the City since 1984. The City has a part-time City Treasurer and a City Clerk so she does both of their jobs. She basically handles payrolls and payment of bills. In her position, she was familiar with the financial records of the City. She identified and there was introduced into evidence the Comprehensive Annual Financial Reports for the years ending April 30, 1993 and April 30, 1994 prepared by Certified Public Accountants Allison, Knapp & Siekmann, Ltd. She prepares monthly summaries of receipts and disbursements to the City's General Fund from which Police Officers are paid. At the end of each year, based upon those monthly summaries, she computes a yearly summary. She identified and it was introduced into evidence the summaries for the years 5/1/91 through 4/30/92, the same periods for 92-93 and 93-94. The following is a copy of the 5/1 through 4/30/92 Annual Summary.

CITY OF VENICE, ILLINOIS
GENERAL FUND

5/1/91 thru 4/30/92

RECEIPTS		DISBURSEMENTS	
Corporate tax	244,455.07	City Hall	72,813.02
1/2 Rd & Bridge	9,321.23	City Officials	85,497.28
F.I.C.A. corp. tax	42,785.69	Dept. of Law	18,662.24
ILL. Mun. Occ. tax	40,628.19	Sanitary-Health	2,227.42
State Income tax	130,807.68	Maint. Art. Sts.	13,438.84
Income tax surcharge	76,298.60	Civil Defense	16,922.24
5% General sales tax	6,022.00	F.I.C.A. tax	67,705.67
Increased use tax	20,341.67	Medicare tax	3,290.10
Fines	48,421.96	Insurance	201,555.34
Utility tax	138,649.73	Printing	2,902.10
Replacement tax	304,591.66	Publication	1,148.54
Bridge use	60,000.00	Senior Center	7,212.94
Business license	2,190.00	Sewer	4,718.00
Tavern license	4,050.00	Fund transfer	
Delivery license	1,270.00	Bond & Interest	18,578.63
Bldg. & Occ permits	1,400.00	Police Pension	66,222.49
City auto license	2,862.00	I.N.R.F.	26,827.51
Senior Center	1,235.00	Liability Insurance	44,807.28
Miscellaneous	12,815.1	Working Cash	
Cable TV	6,199.82	2% Fire insurance	
2% Fire insurance	3,587.75	ambulance	3,735.50
Judgements	9,310.51		
TOTAL	1,145,792.87	TOTAL	654,721.36

STREET & BRIDGE (ALLEY)

Corporate tax	14,823.30	Salary	41,625.88
Misc. receipts	1,215.00	Supply	38,900.07
Manh. Rpt	7,555.00		
199 MF	23,642.00		
TOTAL	47,235.30	TOTAL	80,525.95

POLICE PROTECTION

Corporate tax	25,235.79	Salary	301,725.93
Misc. receipts	4,095.00	Supply	93,438.09
Immigration	26,533.00		
Bridge Runs	6,830.00		
M.C.H. #	25,244.62		
TOTAL	78,558.41	TOTAL	385,164.02

EXHIBIT
City 3
3/23/92 Rls

She testified with respect to two items of receipt listed thereon, namely "Income Tax Surcharge" and "Bridge Use". The State of Illinois collects and distributes to cities and villages monies referred to as Income Tax Surcharge. As can be seen from the above, in fiscal year 1991 it was \$76,298.60. In fiscal year 1992, it was \$49,792.12 and in fiscal year 1993 ending April 30, 1994, it was \$41,526.62.

It was her testimony that the legislature, beginning in January 1995 changed the law so this item was no longer part of the City's receipts.

In 1990, there was a bond issue that was presented for the operation of the McKinley Bridge which crosses the Mississippi River at Venice. As can be seen from the above exhibit, income from this source was \$60,000.00, which according to her continued until 1995 and was discontinued when the City received an \$8,000,000.00 grant to repair the bridge. The City and the State of Illinois were to participate in that grant. The City was not able to come up with its share so that the State picked up the City's share, but as consideration therefor, the City had to give up the bridge money so it, too, is no longer available for paying City expenses.

Koelker, in preparation for the Council's negotiations on the Police Contract, prepared a summary showing the City's total revenue for FY93 and what was spent on the Police Department. This Summary, which was introduced into evidence, shows the following:

Total Revenue		\$1,455,325.41
Total Amount Spent on Police Department		387,304.24
Total Amount Spent on Police Salaries (Which apparently included the Chief, regular and part-time Officers and Dispatchers)		284,225.16
Regular Time	\$202,957.68	
Overtime	81,267.48	
Total		\$ 284,225.16

These figures show that approximately 27% of the City's revenue was spent on the Police Department and approximately 20% or 1/5 of that revenue was used for Police salaries in FY93.

She also identified a similar exhibit covering FY94 showing the revenue received at \$1,495,583.55, an increase of approximately \$40,000.00. This exhibit shows \$386,080.33 was spent on the Police Department practically the same as the previous year. In FY94, the total salaries in the Police Department was \$286,901.99 as opposed to FY93's \$284,225.16. This figure includes payments for regular time at \$226,780.05 as opposed to the previous year's \$202,957.00 figure and overtime of \$60,121.94 as opposed to \$81,167.00 in the previous year.

Thus, Police Department salaries paid to all employees of the Police Department for FY94 were 19% of the City's total revenue, approximately the same as FY93.

This exhibit broke out the salaries of individual Police Officers from the total Police Department salaries. It shows they were paid \$209,835.51 in \$162,887.77 regular time and \$46,947.74 in overtime indicating 73% of the Police Department salaries are paid to Police Officers and 27% are attributable to the Chief and Dispatchers.

In 1961, the legislature passed a law providing that in each municipality of less than 5,000 inhabitants, a fund, known as the Working Cash Fund, may be created, set apart, maintained and administered for the purpose of enabling a municipality to have in its treasury at all times sufficient money to meet demands thereon for ordinary and necessary expenditures for all general and special corporate purposes. The statute provided for the issuance of bonds, issued pursuant to ordinances passed by corporate authorities. Corporate authorities were required, before or at the time of issuance of the bonds, to provide for the collection of a direct annual tax upon all taxable property in the issuing municipalities sufficient to pay and discharge the principle thereof at maturity and to pay the interest as it fell due. See 65 ILCS 5/8-7-1 etc. Koelker identified a 1989 ordinance whereby the City Council acknowledged that there was a current balance in the cash fund of \$320,904.00 and the Council deemed it advisable to supplement the fund by issuing another \$100,000.00 in bonds. She testified that it was necessary, because they had borrowed money and

had to pay it back. She testified the \$320,904.00 obligation had been incurred before her time and there was actually no money in the fund. When the bonds for \$100,000.00 were issued, that was, in effect, the Working Cash Fund. She identified twenty-nine Council resolutions running from January 31, 1989 to the 4th day of October, 1994. These ordinances alternately authorize the transfer of funds from the working cash fund to the General Fund and then authorize the General Corporate Fund to reimburse the Working Cash Fund. It was her testimony that when tax money was received, it was credited to the Working Cash Fund and then immediately transferred out to the General Corporate Fund. The resolutions transferring the funds in and out were really paper transactions as the funds were never transferred, but were kept in the Corporate General Fund.

As of October 4, 1994, the General Corporate Fund owed the Working Cash Fund \$420,904.00 which has to be repaid.

She testified that in addition to needing the \$100,000.00 by the issuance of bonds in 1989, there was a need of more money than that so that the City Council authorized, by resolution in January 1989, the transfer from the excess funds held by the Illinois Municipal Retirement Fund the sum of \$100,000.00. Two \$5,000.00 payments to the IMRF Fund was made in 1989. No payments have been made since so that the City owes that fund \$90,000.00.

She testified they needed the \$200,000.00 infusion because at that time they were broke. If they hadn't received the money, they would have had to close their doors and go home because basically they were bankrupt.

At the present time, these funds have not been repaid because the City doesn't have the money to repay them.

The Auditor's Report for the year ending April 30, 1994 shows that at the end of the fiscal year 1993 the City had in the bank, not earmarked for special funds, cash in the amount of \$9,000.00. The total revenue for the year was \$1,209,514.00 with expenditures of \$1,310,872.00 indicating the City overspent in that year \$101,358.00. The report shows the City had a General Fund deficit of \$2,442,799.00. The auditors in their report stated there was due the General Fund \$2,601,911.00. Looking at the Auditor's Report, Comptroller Koelker

testified that the salaries for the Police Department exceeded all the salaries paid to employees in the other departments, namely Street, Garbage and Fire Protection. This was also true as to the operational costs. The report shows that the City's assessed valuations went up from 1992 to 1993, the figures being \$13,524,794.00 and \$14,238,929.00 respectively. In that period the tax rate was increased from \$3.36 per \$100.00 of assessed valuation to \$3.50. The increase, according to Comptroller Koelker, was due to the setting up of a Special Fund for the payment of Workmen's Compensation and other insurance, including health.

To illustrate that the City is barely able to pay its bills and to further illustrate the City's inability to grant Police Officers pay increases, she testified to certain circumstances. Introduced into evidence were three notices of insufficient funds received from the bank where the City deposits its funds dated March 15, 16 and 17, 1995 totaling \$11,883.39. She testified she was able to make payments covering these overdrafts from incoming funds. The payroll, which she had just issued, was not covered by those deposits. Asked if she had any idea where the funds were going to come from to cover the payroll which had been issued, she testified they had lucked out as the City had received a utility tax on March 23, 1995 for \$19,000.00 which would cover the payroll. She testified that the City was basically living from hand to mouth.

She identified a statement from Houser Automotive in the amount of \$8,590.23 covering City purchases from December 25, 1994 through February 28, 1995. This billing was for parts for repairs to equipment, Police cars, City trucks, garbage trucks, and firetrucks. This has been a running account for years. Sometimes it is higher, sometimes lower, but she had no idea how she was going to get the balance down to zero.

She identified an invoice from Milam Recycling and Disposal facility, which the City employs for the purpose of trash disposal. It shows that as of February 3 a previous balance of \$5,509.81 to which was added the February charges of \$2,378.70 and a \$42.05 late charge assessment making the total bill \$7,930.56. She testified she didn't know how they would get caught up on that bill and didn't see any foreseeable income expected or unexpected to cover the statement.

She identified a statement from the Principal Financial Group dated February 24, 1995 for the monthly insurance premium for employees' health and life insurance. This insurance covers all full-time City employees, including the Police Department. She testified that the premium was paid on March 14. The due date was March 1, 1995 and the City was notified that the insurance had been discontinued. She testified that anybody having health expenses during the period of time from March 1 to the 15th would have their bills paid because the City is given a 15-day extension, which if payment is made within that 15-day period, coverage continues. In this case, they just got by with the "hair of their teeth". This happens every month. At the time of the hearing, she didn't have money to make the premium payment for March. At that time she had no idea where she was going to get the money to make the March premium payment. It was her testimony that this situation has been going on for the last three or four years.

She identified an Illinois Power Company bill dated January 27, 1995 and due April 3, 1995 in the amount of \$59,139.56. The bill, which covers the street lights, the city garage, city hall and the library and covers the charges of \$29,707.08 for December and \$29,271.60 through January 18, 1995. Asked if they don't pay this bill what would happen, she stated: "I'll be honest. I don't know."

She testified that she has numerous bills that she has been unable to pay. Of the four bills that she identified, the City owed close to \$100,000.00 and other unpaid bills come close to another \$100,000.00 so that there was owed approximately \$200,000.00 in outstanding debts incurred for the City operation.

She testified a lot of their problem has been due to the loss of Income Tax Surcharge and the Bridge Use payment of \$60,000.00. When she had those funds, she was keeping even, not ahead, but was keeping even with what the City owed.

To her knowledge, there were no funds or available funds or potential funds for taxes that could easily be levied to raise money for the Police Department or any other officials for the payment of salaries. She and the City Attorney have gone through various tax levies and attempted to find sources of revenue, but have been unable to do so.

FINDINGS OF FACT

The Illinois State Labor Relations Act and Rule 1230.100 of the Illinois State Labor Relations Board provides that the Award shall contain findings of fact and a written opinion concerning each issue in dispute and adopt the final offer of one of the parties based upon certain enumerated factors. Factor No. 1 is the lawful authority of the Employer to which the parties stipulated. Factor No. 2 was stipulation of the parties. These are enumerated in the statement of facts, the main one being that the only issue involved was wages retroactive to May 1, 1994. Factor No. 7 deals with changes and in any of the circumstances outlined in Factors 3, 4, 5 and 6. It is the Arbitrator's finding that there was none.

The decision in this case as to which final offer is to be adopted rests upon determinations made with respect to Factor No. 3, Interest and Welfare of the Public, and the Financial Ability of the Unit of Government to Meet These Costs; Factor No. 4, A Comparison of the Wages and Conditions of Employment of Other Employees Performing Similar Services; Factor No. 5, The Average Consumer Prices for Goods and Services; and Factor No. 6, the Overall Compensation Presently Received by Employees. There follows a discussion and findings with respect to each.

FACTOR NO. 5. The average consumer prices for goods and services. The evidence shows that the Police Officers in the City of Venice have been paid the same salaries as contained in the City's final offer since 1986 when their salaries were restructured to include holiday pay, thus allowing them to get overtime pay for work on holidays. As the Union's brief points out, this salary adjustment and the salaries of fiscal year 1984-85 was only a restructuring and didn't really amount to a pay raise. The CPI-U introduced into evidence shows that for the calendar year 1984 the cost of living index was 103.9. As of December 31, 1995 or the end of the calendar year 1994, the cost of living index was 148.2. It is this cost of living figure which must be considered in determining pay rates which would be retroactive to May 1, 1994. The percentage of increase is 44.3%. Since the real purchasing power of the 1984 salary decreases with the same percentage as the CPI-U has increased, this means that the same salary paid in 1984 for Patrolmen

of \$14,632.80 purchases only \$8,150.47 worth of goods and services today. Obviously, this factor dictates a need for a salary increase.

FACTOR NO. 6. Overall compensation presently received by the employees. While the evidence is not entirely clear, the Police Officers seemingly are receiving the same benefits as to vacations, holidays and other excused time as they did in 1986. Their pension benefits are being paid for by the City's contribution to the Police Pension Fund and its improved benefits which became effective January 25, 1993 (40 ILCS 5/3/111.1). It would appear that their medical and hospitalization benefits have increased since 1984 with the City paying all of the premiums, albeit barely meeting the premium payments within the 15-day grace period. There was no evidence introduced to indicate there wasn't a continuity and stability of employment. Nor was there any evidence that Police Officers in the alleged comparables were treated differently. This factor then is not one which is persuasive that an increase in salaries is warranted.

FACTOR NO. 4. Comparison of wages and conditions of employment. The Union would rely on what is paid in Police salaries, Patrolmen and Sergeants for the cities of Bethalto, East Alton, Glen Carbon, Highland, Madison and Pontoon Beach as comparables to show that the Union's salary offers are realistic and needed in order to make the City of Venice Police Officers pay in accordance with Police Officers' pay in the area.

In order for a comparison to be made, comparables need not only to be in the area, but need to be comparable in size, have somewhat comparable tax bases, and have the financial ability to meet its debt obligations, including the payments on its long-term obligations. Size is an important factor since the larger the community, the greater its tax base, including revenue from sales tax. As the population figures indicate, the City of Madison with a population of 4,629 and the City of Pontoon Beach with a population of 4,013 are close to the 3,571 people inhabiting the City of Venice. All of the other comparables have populations that are more than double that of the City of Venice.

In order for comparables to be considered and evaluated, the size and makeup of the force should be known in order to evaluate salaries paid by those cities.

This information was not furnished the Arbitrator. It would appear that of all the comparables offered, only the City of Madison and City of Pontoon Beach should be considered comparables. Other than offering starting salaries and increases thereof as paid by these cities, the only other evidence offered was that of the City which supplied documentation as to the Madison County assessed value for each of those cities, the General Fund Rate, and the total levy extension. This was furnished by the City for the years 1992 and 1993. The assessed valuation of all three cities went up in 1993 over 1992 indicating that if the tax rate stayed the same, the cities would have received more income. The General Fund Rate and the General Fund Extension was not furnished for the cities of Madison and Pontoon Beach indicating it was not needed to meet budgeted items, including the payment of Police salaries. Madison's total levy extension was \$434,312.00 in 1993, while Pontoon Beach's total levy extension was \$86,971.00. In that year, Madison had an assessed valuation of \$16,293,386.00; Pontoon Beach had a valuation of \$19,627,880.00, compared with the valuation for the City of Venice of \$14,238,929.00.

As the City's brief points out, it is clear that the City has the lowest assessed valuation and the greatest total tax levy rate. Neither the City of Madison and City of Pontoon Beach have a General Fund Rate indicating they have sources of income, including sales tax, to meet their obligations, including the salaries paid to Police, without having to apply a General Fund Rate.

When the Arbitrator considers these comparisons, along with the factors that the City of Venice's total extension levy was \$498,334.00 in 1993 compared with only \$434,312.00 for the City of Madison and only \$86,971.00 for the City of Pontoon Beach, he has to conclude that in the area of ability to pay, those cities are not comparable to the City of Venice. They seemingly have not had to exhaust their sources of revenue in order to meet their obligations, including Police salaries, as has the City of Venice.

Having concluded that, because of size, the cities of Madison and Pontoon Beach were the only ones to be considered comparables and that, on the basis of potential tax and other revenues, they have no problem meeting their budgeted items while the City of Venice does, the Arbitrator concludes there were no comparables on which to make a determination under this factor.

FACTOR NO. 3. The interest and welfare of the public and the financial ability of the unit of government to meet these costs. The City acknowledged, in its brief, and the Arbitrator so finds that it is in the interest and welfare of the public that the City have a Police Department which is adequately staffed, trained and equipped to provide Police protection. The problem with respect to this factor lies in the ability of the City to meet the additional costs which would be generated by the acceptance of the Union's final offer.

It is difficult to calculate the increased costs if the Union's wage proposal is adopted. The evidence is that the Police Department, in addition to the Chief, consists of two Sergeants, a Corporal, three Patrolmen and two part-time Officers. There was not evidence as to the number of hours a week or month the part-time Officers were used. In addition, the Union's proposal does not include a wage demand for Corporal. The Arbitrator, using the Union's proposal for a base pay for a Patrol Officer who was on the force six months to five years of \$19,052.80 and a Sergeant's starting salary of \$21,236.80 and deducting therefrom the current salaries of those positions, calculated that in the 1994-94 fiscal year if the Union's offer were adopted, it would require the City to pay \$24,520.00 more than is presently being paid for those position and would, in the 1995-96 fiscal year, require a payment of \$34,504.00 over that which the City is now paying.

The Union argues that it is not its responsibility to advise the City as to how to eliminate their deficit. Based upon the City's testimony that it spent in the 1993 fiscal year \$81,267.16* on overtime for Police services, it argues that the City could afford to hire at least three new full-time Police Officers and pay the raises for all other Officers and have enough left over to cover overtime for required Court appearances. Thus, there are funds within the existing Police budget to pay what the Union is asking as well as hire new Officers to eliminate the overtime.

There was no evidence presented as to what caused the overtime payments, nor was there any evidence that the hiring of additional Officers would reduce the overtime

*This figure represents all Police Department personnel, not just Union members. In FY94 it was \$60,121.94

payments in sufficient amount to pay for increased Officers' salaries. Absent such a showing, the Arbitrator must reject the Union's argument and make a determination on the City's financial ability to meet the additional costs which would be incurred if the Union's final offer was accepted.

The evidence shows that in FY94, the City expended in wages for the Chief of Police, regular Police Officers, part-time Officers and Dispatchers \$286,901.99. Of that amount, \$60,121.94 was paid in overtime. The evidence doesn't disclose a breakdown showing what portion of that was for Police Officers, exclusive of the Chief, part-time Officers, and Dispatchers. If, in order to calculate the approximate cost to the City of granting the Union's final offer, one is to assume that regular Police Officers were to be paid 21% of their salaries in overtime. The figures which I have heretofore set out would be increased so that in the fiscal year 1994-95, the increased cost to the City would be \$29,669.00 and in the fiscal year 1995-96, it would be \$41,750.00. These figures are merely illustrative as one does not know how much overtime would be required in those years, nor whether the percentage figure is right for Police Officers. They are indicative of the fact that the granting of the Union's final offer would cost the City in FY94-95 somewhere between \$24,520.00 and \$29,669.00 and in FY95-96, somewhere between \$34,504.00 and \$41,750.00. It is the Arbitrator's finding that, as to this factor, the City does not have the financial ability to meet these costs.

The Union argues that it is not its responsibility to advise the City as to how to eliminate their deficit. However, once the City presents evidence of inability to pay, the Union has some burden to show how it could pay the increases. In this case, no such evidence was presented, so the Arbitrator must make a determination solely on the evidence as presented by the City. Based upon that evidence, the Arbitrator concludes that the City does not have the financial ability to pay. Such conclusions are based upon many factors. Among them are: As is shown in the exhibit set out on page 8 of this Award, the City is already raising funds from all sources available to it and now finds itself without two of its major sources of income, namely the Bridge Use fee of \$60,000.00 and the Income Tax Surcharge which the exhibit shows that in FY91 it was \$76,298.00; FY92 \$49,792.00; and FY93 \$41,526.00. Thus, the City has lost more than \$100,000.00 in revenue sources. It owes \$420,904.00 from its General Fund to the Working Cash Fund with very little,

if any, money in the General Fund. It also has an obligation to pay a loan of \$90,000.00 to the Illinois Municipal Retirement Fund. The Comptroller sees no way in the foreseeable future that these obligations can be met as all available sources of income are being used in an attempt to meet the City's obligations, including payment of salaries. It is already using the maximum tax rate available to it.

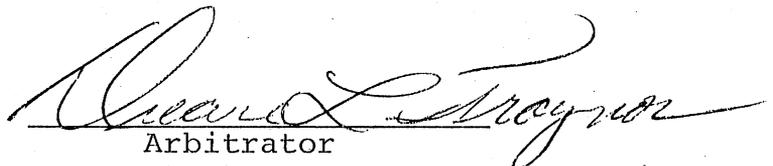
Further, persuasive evidence is that it has been issuing checks when there haven't been sufficient funds in the bank to pay them. It has been barely able to meet insurance premiums, which include health insurance for its employees, not on time, but barely within the 15-day grace period. It is behind in payment of its utility bills, trash disposal and parts for maintenance of its vehicles and owes \$59,139.00 to Illinois Power Company for December and January, which the Comptroller does not know how she can pay. In addition, there are numerous other bills which have been unpaid, all of which comes to a current indebtedness of \$200,000.00. With loss of income and no evidence as to available sources of additional income, all these things meet the City's burden of showing it does not have the financial ability to meet the costs of increased Police salaries.

The Arbitrator, having considered all of the factors outlined in the statute and the regulations of the Illinois State Labor Relations Board, concludes that while there is a need, based upon cost of living, which would justify a need to increase the salaries of the City of Venice Police Officers and the interest and welfare of the public certainly dictates that the City's Police Officers are in need of increased salaries, the Arbitrator has to conclude, upon the basis of the evidence before him, that an Award adopting the Union's offer, modest though it may be, cannot be adopted as the City is now using all possible avenues generating income and is still not able to meet its obligations. For all practical purposes, it is bankrupt. Thus, the final offer of the City is adopted.

AWARD

The final offer of the City is adopted.

Dated at Springfield, Illinois this 18th day of September, 1995.


Arbitrator