ARBITRATION DECISION
UNITED STEELWORKERS OF AMERICA LOCAL UNION 9189-08
AND
VILLAGE OF HARTFORD

NOVEMBER 15, 1994

In the Matter of:	By Assignment of Illinois State Labor Relations Board Case # S-MA-94-174
United Steelworkers of America, Local Union 9189-08	
&	**Interest Arbitration**
Village of Hartford Police Department	

ISSUE

A. When Payment of Officers' Pay Raise Is Due

HEARING DATE AND SITE

November 11, 1994, Holiday Inn, Alton, Illinois (10:00 a.m.)

For the Union

Mr. David J. Kins
Key Staff Representative
United Steelworkers of America
3751 Pennington Dr., Suite 114
Bridgeton, MO 63044

For the Employer

Mr. Ronald Goode
Mayor
Village of Hartford
507 N. Delmar Ave.
Hartford, IL 62048

ARBITRATOR

Michael H. LeRoy
2617 Willoughby Road
Champaign, Illinois 61821

I. Issue

When shall payment of the Police Officers' negotiated pay raise be due?

II. History of Contract Negotiations

The parties were unable agree on a new contract to replace a CBA that expired on April 30, 1994. The Union sought a 6% annual increase in pay in the first year of a new contract, retention of health insurance, and strict limits on use of part-time labor. The Village, claiming inability to pay, proposed no pay raise, shifting dependent health insurance costs entirely to the Officers, and greater flexibility in using part-time labor. To break their impasse, the parties submitted to mediation under the auspices of FMCS Commissioner Manny Fernandez on August 11. This session produced no change in the parties' positions.

This matter was then set for binding interest arbitration under the auspices of the Illinois State Labor Relations Board. Shortly before this arbitration, David Kins (Union Representative) and Ronald Goode (Village Mayor) were successful in resolving most of the impasse. The tentative agreement provided continuation of unmodified health insurance and a 2.5% increase in pay in the first year, and a 3.0% increase in the second year. In addition, it provided that either party could reopen the contract in the third year over pay or insurance. The parties also agreed on the concept of permitting the Village to assign up to 16 hours of bargaining-unit work to one or more part-time employees. They could not agree, however, on language for this provision. In the course of conducting a hearing, the Arbitrator suggested two proposals and the parties agreed to the following: "The Village shall assign no more than 16 hours of part-time work per month."[1]

The remaining issue is narrow: When shall the Village pay the negotiated pay raise for the first year? Claiming financial inability to pay this amount now, the Village seeks to postpone payment until the first day of the second year of the new agreement (May 1, 1995). The Union seeks immediate payment of the accrued, and accruing, raise. The Arbitrator made a final effort, near the close of the hearing, to promote a voluntary settlement of this seemingly small dispute ($3,744). Although the parties could not resolve this matter in mediation, they agreed on the record to authorize the Arbitrator to render a compromise Award.

III. Findings of Fact and Decision

The record before me is substantial, and I have reviewed and considered it carefully in reaching my decision. Because the Village is experiencing financial problems, and the amount in controversy is relatively small, a lengthy arbitration decision would, in my view, waste scarce resources. I therefore issue what amounts to an expedited and shortened Decision and Award.

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[1] Agents for the parties, Kins and Goode, agreed on the record to this language. Further, they asked that this be entered as part of a stipulated award. This language replaces bold-print language appearing in Section 8.5(a). This new provision means that the Village may assign part-time work to one or more part-time officers, and regardless of how these hours are distributed among one or more persons, the Village shall assign no more than a total of 16 such hours per month.

1. Finding of Fact: The Village is unable to pay the raise now.

Its population is only 1,672, most of whom are senior citizens (66%) presumably living on fixed incomes. The Village is dominated by immense gas processing properties. One of these, owned by Clark Oil, was recently devalued by $5,000,000. The Union argues that this will result in an annual revenue-loss of $6,076, while the Village anticipates that the loss will total $9,204. Neither party convinced me that its calculation is correct, but it is clear that this small Village will lose considerably more in revenue from this recent devaluation than the amount in controversy here.

The Village's revenue problems are underscored by substantial evidence of belt-tightening. It has frozen pay for department heads and administrative employees for two years. Its officials, when attending conventions for municipalities, pay their own transportation, registration, and expenses. Village Trustees, entitled to $50 for attending special meetings, have voted to forego this compensation. These facts strengthen my conclusion that the Village cannot afford to pay the Officers' raise immediately.

Finally, the Village is already taxing at or near its maximum allowable rates. In 1993, the maximum rate for the General Fund was .2500, and the Village taxed at .2493. The maximum rates for Garbage, Fire Protection, Street Lighting, and Public Benefits were, respectively, .2000, .1500, .0500, and

.0500, and the Village taxed, respectively, .1995, .1496, .0499, and .0499. All of these rates were raised since 1992, indicating that the Village is maximizing revenues under its existing authority.

On this evidence, I cannot accept the Union's argument that the Village can afford to pay immediately even a small pay raise.

2. Finding of Fact: The Village will be able to pay the Officers' raise before May 1, 1995. I found the Union's expert witness, John C. Simpson (a certified CPA with substantial public finance experience), credible and persuasive. A large part of the Village budget is financed by a sales tax. This budget year the Village projects total revenues (all taxes, fees, etc.) of $564,255, with $195,000 projected to come from the sales tax. As of October 31-- exactly the midpoint in the budget year-- sales tax revenues were running very strong ($123,354). Testifying that this revenue stream is fairly constant over the year, Simpson projects that the Village will collect about $246,000 from this tax. Notably, this is $51,000 more than the Village is budgeting to collect.

In addition, the Village recently levied a new utility tax that is projected to generate $72,000 in its first year. The tax will be levied beginning this December, however, Mayor Goode stated the revenue cannot be collected for 60-90 days from the beginning of the levy.

These essential budget facts lead me to conclude that the Village will be able to pay the Officers' raise before May 1,

1995. By February or March, the Village will be collecting a new and fairly substantial tax (approximately $6,000 per month). Unless sales tax revenues take a sharp and completely unforeseen dip, the Village will surpass its projected revenue target sometime in February. These revenues are very likely to offset the comparatively small loss in revenue resulting from the Clark Oil devaluation.

3. Decision: My Award requires the Village to pay the Officers' first-year raise ($3,744) in four equal monthly installments ($936). Payments will be due February 1, March 1, April 1, and May 1, 1995.

IV. Award

1. By agreement of the parties, the bold-faced print in Section 8.5 shall be deleted and replaced by this provision: "The Village shall assign no more than 16 hours of part-time work per month."

2. The Village shall pay the Officers' first-year raise ($3,744) in four equal monthly installments ($936). Payments will be due February 1, March 1, April 1, and May 1, 1995.

Michael H. LeRoy
Arbitrator by ISLRB Appointment

This Award Made
and Entered into
This 15th Day of
November, 1994, at
Champaign, Illinois.