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STATE OF WISCONSIN
BEFORE THE ARBITRATOR

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

In the Matter of the Petition of

ASHLAND CITY DEPARTMENT OF
PUBLIC WORKS LOCAL #216-A
AFSCME, AFL-CIO

To Initiate Mediation-Arbitration
Between Said Petitioner and

Case 46
No. 38637
ARB-4380
Decision No. 24659-A

CITY OF ASHLAND
DEPARTMENT OF PUBLIC WORKS

APPEARANCES.

James A. Ellingson on behalf of the Union
Scott Clark, Esq. on behalf of the City

On July 23, 1987 the Wisconsin Employment Relations Commission appointed the undersigned Arbitrator pursuant to Section 111.70(4)(cm) 6 and 7 of the Municipal Employment Relations Act in the dispute existing between the above named parties. Pursuant to statutory responsibilities the undersigned conducted an arbitration hearing on October 21, 1987 in Ashland, Wisconsin during the course of which the parties presented evidence and arguments in support of their respective positions. Post hearing exhibits and briefs were filed by the parties which were exchanged by December 8, 1987. Based upon a review of the foregoing record, and utilizing the criteria set forth in Section 111.70(4)(cm) Wis Stats, the undersigned renders the following arbitration award.

ISSUES

This dispute involves the terms of the parties' 1987-1988 collective bargaining agreement. The City proposes a 2.8% wage increase in each of those two years. The Union proposes the following wage increases: 2% on 1/1/87, 2% on 7/1/87, 2% on 1/1/88 and 2% on 7/1/88. It also proposes a 12th paid holiday, and a 5% longevity step after 25 years of service.

UNION POSITION

A prior arbitration award established Ashland County, Iron County, City of Hurley, Bayfield County, Douglas County, Burnett County, Sawyer County, and the City of Superior as comparables.

The Union's final offer is overwhelmingly supported by settlements in these comparables, which generally were in the 3% range for wage increases.

Furthermore, and relatedly, the wage rates for the City's Public Works employees are extremely low, when viewed in the context of the City's comparables. It is for this reason that the Union is attempting to achieve a modest catch up through its proposal. On the other hand, under the City's final offer, the employees in question would fall further behind vis a vis their comparables.

The record indicates that all of northwestern Wisconsin is a distressed area, not just the City of Ashland, and therefore the City's benefits and wage structure should not be significantly distinguishable from its comparables in the area.

In that regard the holiday benefits among the comparables also support the Union's position.

In addition, even with the 1988 increase in health insurance premiums, the City's contribution to health and dental insurance benefits will still be significantly lower than the City of Hurley's contributions.

Relatedly, it has neither been argued nor demonstrated that the City has an inability to pay problem in this matter. In fact, the record demonstrates that the City is currently in fine financial shape.

CITY POSITION:

The record clearly indicates that the City is significantly more troubled economically than are its counterparts across the State of Wisconsin. In response to the Union's contention that such is not the case, all the record shows is that the City is using prudent fiscal management to try to reverse the distress of the City and to have future net mill rates come down from their statewide record high level. Because the City's unpaid and delinquent taxes are on the rise, the City must attempt to mitigate further spiraling of the costs of City government. Therefore, the City should not be considered economically comparable to less distressed governmental unit employers in the surrounding geographic area.

It is also noteworthy that the City's proposal is well in excess of the applicable consumer price index.

Most importantly, the City's offer is equal to or greater than the salary increases offered to any other City of Ashland employee group. In this regard, where a pattern exists among internal bargaining units, arbitrators often give controlling weight to such settlement.¹

Overall, the City's salaries are generally in the ballpark when compared with other employers. One important benefit which none of the other employers offer is the HMP medical insurance benefit. In addition, few, if any, offer dental insurance programs like the City's.

Relatedly, when the increased cost for medical insurance is included, the City's offer amounts to a 9.68% increase over two years, while the Union's proposal would constitute a 12.1% increase.

It should also be noted that the work week for the City employees is shorter than most of the Union's proposed comparables.

If comparables are considered, because of the size differential, the City of Superior and Douglas County should not be compared with the City of Ashland. The Water Utility in Ashland also should not be deemed a comparable since its revenues are based on user fees and not tax revenues.

Lastly, internal comparables also support the City's position on holidays and longevity pay.

DISCUSSION:

In all candor, this dispute is a very difficult one to resolve equitably because there is substantial merit to many of the positions taken by both parties.

In support of the Union's position, the record indicates that for example, truck drivers in the unit, even under the Union's offer, would earn at the end of 1987 about ninety cents per hour less than the average truck driver employed by public employers in the area -- using Hurley, Ashland County, Iron County, and Sawyer County as a basis of comparison. In addition, the City's contribution toward health and medical insurance, even after the 18% increase in 1988, will still be about \$40 a month less than the current average contribution made for health insurance by comparable public

¹ Citation omitted.

employers in the area--utilizing in this instance available record evidence pertaining to Huelev, Ashland County, and Iron County. In further support of the Union's position is the lack of record evidence that the City is financially unable to meet the Union's demands without sacrificing services, increasing taxes, or incurring long term debt, or that the City is appreciably more distressed economically than several other comparable public employers in the area.

On the other hand, in support of the City's position, the record indicates the City's current holiday benefits are in line with the City's comparables, as are the City's longevity benefits; that the City is economically distressed and therefore it is reasonable for it to be quite prudent in its expenditures; that the City's health and dental insurance benefits are at least competitive with, and generally superior to the benefits offered by most of the City's comparables; that the City will incur a significant increase in the cost of such benefits in 1988, amounting to what the record indicates to be approximately a 2% increase in the value of the employees' fringe benefit package for that year; and that at least one other unit of organized City employees has accepted a package worth no more than that offered the Union herein.

Some relevant issues that are not clear from the record are the extent to which wages in the bargaining unit are uniformly behind the comparables--for example it would appear that a back hoe operator, at the end of 1987 would earn more than a similarly classified employee in Sawyer County, but would still be below the average salary for such a position among the aforementioned comparables by about 20 cents per hour under the Union's offer and 30 cents per hour under the City's offer. Thus, though it appears that some wage catch up is justified, it is not clear from the record just how much catch up is justified, and whether it needs to be directed toward specific job classifications or whether instead an across the board catch up is needed.

Another issue on which the record is not clear is the comparability of the total value the parties' final offers. While this issue was not fully litigated, it would appear that the City is proposing a total package, the value of which is about 3.8% the first year, and 5.8% the second year. The total value of the Union's package would appear to be about 4.5% the first year and somewhere between 7 and 7.5% the second year. The record simply does not provide any reliable evidence to ascertain the relative comparability of these figures to settlements in comparable employer-employee relationships in the area.

Based upon all of the above considerations it would appear that for 1987 though the City's position on holidays and longevity is supported by the comparables, the Union's effort to achieve some catch up in its wage proposal at very little cost to the City over the City's proposal for that year justifies selection of the Union's 1987 proposal as the more reasonable of the two at issue herein.

However, the outcome of this dispute must hinge on the relative reasonableness of the parties' 1988 proposals--where the difference between the parties is rather substantial, and on this issue there is little in the record supporting the reasonableness of the Union's proposal, which amounts to at least a 7% total package increase. Though the the Union's 1988 wage proposal might have been justified based upon wage comparisons and cost of living considerations standing alone, the reasonableness of the Union's 1988 total package proposal is substantially diminished by virtue of the fact that it fails to give recognition to the significant increase in cost of health and dental insurance which the City will incur that year and the significantly increased value of the health and dental insurance benefit which unit employees will enjoy in 1988. When the value of that benefit is factored into the City's 1988 proposal, the record indicates that unit employees will receive a total package increase of about 5.8%. Under any of the statutory criteria discussed in this proceeding--including particularly comparability, cost of living, and the interest and welfare of the public, a total package increase significantly in excess of that amount simply cannot be justified.

Further support for the reasonableness of the City's 1988 proposal can be found in the fact that the Union's requested improvement in holiday and longevity benefits is not supported by comparability evidence.

While the record indicates that the Union has cause to be concerned about the wage comparability of at least some of the unit employees, it must address this problem at a time when fringe benefit costs are more stable, or perhaps it will need to consider some benefit tradeoffs or other incentives which will allow the City to more effectively address the wage disparity issue which appears to exist at this time.

In the undersigned's opinion however, the City cannot be expected at this time to effectively address this issue and the issue of significantly increasing costs of employee health and dental insurance coverage without requiring some employee sacrifice in at least one of these two areas. Since the parties have opted to continue with a level of health and dental insurance benefits

which will result in significantly increased costs, the catch up which the Union seeks in wages in 1988 simply cannot be justified at this time.

Based upon the foregoing considerations, the undersigned hereby renders the following

ARBITRATION AWARD

The City's final offer shall be incorporated into the parties' 1987-88 collective bargaining agreement.

Dated this 13th day of December, 1987 at Madison, Wisconsin


Byron Yaffe
Arbitrator