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WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

EDWARD B. KRINSKY, ARBITRATOR

In the Matter of Interest Arbitration Between

Oconomowoc Professional Firefighters Association,
International Association of Fire Fighters Local 4941
-and-
City of Oconomowoc

Case 96
No. 72186 MIA-3088
Decision No. 34985

Appearances: Mr. Jerry Biggart 5th District Field Service Representative, for
the Association

Mallery & Zimmerman by Mr. Ronald S. Stadler, for the City

On April 11, 2014 the Wisconsin Employment Relations Commission ordered "compulsory final and binding interest arbitration pursuant to Sec. 111.77(4)(b), Stats, be, and the same hereby is, initiated for the purpose of issuing a final and binding award to resolve the impasse existing between the Union and the Employer," over the terms of their 2012-2014 Agreement. From a panel of arbitrators submitted at their request by the Commission, they selected Edward B. Krinsky to make a final and binding determination of the dispute. Under Section 111.77 the arbitrator is obligated to select one final offer or the other in its entirety.

A hearing was held on October 29, 2014 at Oconomowoc, Wisconsin. A transcript of the proceeding was made. At the hearing the parties had the opportunity to present evidence and arguments. The record was completed on February 4, 2015 with the receipt by the arbitrator of the parties' reply briefs.

The final offer of each party is in the form of a complete Agreement. There are numerous differences between the two final offers. However, at the outset of the hearing the parties agreed that the main issue in dispute is the wage schedule for 2012, 2013 and 2014, and they did not address any other issues at the hearing. In its brief, the Association reviewed the other issues, which came as a surprise to the City given their agreement at the hearing that the wage issue was the main issue. This agreement at the outset of the hearing is significant because in their

presentation of witnesses the parties' focus was on the wage issue and the reasonableness of the parties' final offers on wages, and not on the reasonableness of other issues in their final offers. Had the parties felt otherwise, it was incumbent on them to make that clear at the hearing and to present testimony and evidence focusing on those issues.

The arbitrator concurs with the parties' assessment at the hearing that none of the other issues are of sufficient importance to affect the outcome of this arbitration. Thus, the discussion below will be limited to the evaluation of the parties' wage offers.

The Union's final offer on wages is:

| <u>Firefighter/Paramedic</u> | 5/1/2012 | 1/1/2013 (1% increase) | 1/1/2014 (1% increase) |
|------------------------------|-------------|---------------------------|---------------------------|
| Step 1 | \$ 47611.00 | \$ 48087.11 | \$ 48567.98 |
| Step 2 | \$ 49989.00 | \$ 50488.89 | \$ 50993.78 |
| Step 3 | \$ 52367.00 | \$ 52890.67 | \$ 53419.58 |
| Step 4 | \$ 54745.00 | \$ 55292.45 | \$ 55845.37 |
| Step 5 | \$57123.00 | \$ 57694.23 | \$ 58271.17 |
| Step 6 | \$ 59501.00 | \$ 60096.01 | \$ 60696.97 |
| <u>Lieutenant/Paramedic</u> | \$ 65451.00 | \$66105.51 | \$ 66766.56 |

In 2012:

| | |
|---------------------------|-----------------------|
| Lieutenant Mike LaVenture | Step 1 (LT/Paramedic) |
| Firefighter Adam May | Step 5 (Firefighter) |
| Firefighter Josh Paral | Step 2 (Firefighter) |
| Firefighter Bob Diehn | Step 2 (Firefighter) |
| Firefighter Steve Boldt | Step 2 (Firefighter) |

The City's final offer on wages is:

Effective January 1, 2012

| | Year 1 | Year 3 | Year 5 | Year 7 |
|-----------------------|----------|----------|----------|---------|
| Firefighter/Paramedic | \$ 22.23 | \$ 23.54 | \$ 24.85 | \$26.15 |
| Lieutenant | \$ 29.45 | | | |

Effective January 1, 2013 [wage increase 1%]

| | | | | |
|-----------------------|----------|----------|---------|----------|
| Firefighter/Paramedic | \$ 22.45 | \$ 23.78 | \$25.10 | \$ 26.41 |
| Lieutenant | \$ 29.74 | | | |

Effective January 1, 2014 [wage increase 2%]

| | | | | |
|-----------------------|----------|---------|---------|----------|
| Firefighter/Paramedic | \$ 22.90 | \$24.26 | \$25.60 | \$ 26.94 |
| Lieutenant | \$ 30.33 | | | |

In making his decision the arbitrator must take into consideration the factors enumerated in the statute. Each of them is discussed below in light of the evidence presented by the parties.

The first statutory factor is the “economic conditions in the jurisdiction of the municipal employer.” As stated at 111.77(6)(am), “In reaching a decision, the arbitrator shall give greater weight to the economic conditions in the jurisdiction of the municipal employer than the arbitrator gives to the factors under par (bm)”[see below]

Under Act 10, enacted by the State there were strict limits placed on the ability of municipalities to raise levy limits. Revenue via the tax levy could not exceed the amount of “net new construction,” and the amount could not be adjusted to take account of inflation. In recent years the revenue generated in Oconomowoc has been less than 1% each year. The City argues, “when one takes inflation into account for 2011-14, the City’s levy limit ‘increases are actually decreases.” In the period at issue in this case, 2012 through 2014, the City argues, it has striven to give the same percentage wage increases to all of its employees, union and non-union alike, and in fact in so doing the City has paid (or will pay per this proceeding) wage increases which exceed the amount of new revenue generated by the levy limits.

The City has accomplished this by making reductions in other part of its budget. The City argues that wage increases already granted, and to be granted in this proceedings exceed the levy limits and "...by demanding even more of an increase the Association takes away the City's ability to provide for increased spending in any other area..."e.g. recreation programs, park amenities or services. "The interest and welfare of the public demands a more equitable use of these limited resources." This is true, the City argues, especially where "the Association has failed to show that its members are underpaid as compared to other employees."

The Association does not dispute the City's arguments about how the budget would be affected by implementation of its offer, although it disputes the City's estimates of the financial impact of the offer, and it suggests ways in which budgeted amounts could be reallocated. The Association argues that the City has the money to implement its offer by drawing down some of the City's unallocated balance in its General Fund.

The City's counterargument is that it is not sound fiscal policy for a municipality to use its General Fund to pay current operating expenses. Moreover, it argues, the amount in the General Fund is consistent with the recommendations of the Government Finance Officers Association about what percentage of the budget should be maintained in the General Fund to be used for unanticipated expenditures.

It is the arbitrator's conclusion that the "economic conditions" favor the City's final offer more than the Association's final offer. The City does not have revenues available to fund the Association's final offer without either making further adjustments of City services or drawing on its General Fund. The arbitrator does not view either of these alternatives as reasonable or desirable and he would not favor taking either course of action unless, perhaps, the evidence presented shows that the City's final offer is not a reasonable one. In that eventuality it would be necessary to return to a discussion of the manner in which the City would finance the Association's final offer.

There are no issues presented by the parties with regard to factor 1. “The lawful authority of the employer”, except for the City’s inability to increase its tax levy as has already been discussed.

There are no issues presented by the parties with regard to factor 2. “Stipulations of the parties.”

Factor 3 is “The interests and welfare of the public and the financial ability of the unit of government to meet these costs.” There is no claim by the City that it does not have the financial ability to meet the costs of the Association’s final offer. As mentioned above the City would have the ability to meet the costs of the Association’s final offer if it chose to draw on its General Fund and/or further reallocate budget priorities and reduce services.

The evaluation of “the interests and welfare of the public” is necessarily tied to the wage issue. It is in the public’s interest that City employees are paid a fair wage. If the City’s wage offer is a reasonable one, it can be implemented without causing undue negative effects on the City services. If the Association’s wage offer is both reasonable and more reasonable than the City’s offer, then implementation of the Association’s offer might then be viewed as more appropriate, notwithstanding that it will necessitate a reduction in some City services.

Factors 4a and 4b relate to wage comparisons with “other employees performing similar services and with other employees generally” both in “public employment in comparable communities” and in “private employment in comparable communities.” The parties’ focus in this dispute is on the public sector. The arbitrator will return to the discussion of public sector comparisons after consideration of factors 5, 6, 7 and 8.

With respect to the private sector, the Association did not offer private sector wage comparisons. The City presented data showing the median wage for EMTs and paramedics, nationally, in 2012. The figure is \$ 31,020 which is far below what the bargaining unit members are paid in Oconomowoc, and thus this analysis favors the City’s final offer. However, the arbitrator has not attached much weight to this private sector data because of the difficulty of knowing how the job content of

those in the survey compares to the work that is done in Oconomowoc, and because these are not data for the Oconomowoc area, or the State of Wisconsin.

Factor 5 is “the average consumer prices for goods and services, commonly known as the cost of living.” The Consumer Price Index went up 1.0% and 1.5% for 2013 and 2014 (through Nov). The City’s offer is to increase wages 1% and 2% in 2013 and 2014. The City argues that its offer is reasonable in relation to the change in cost of living. It argues further, “while the Association has presented wage increases of just 1% in 2013 and 2014, one must remember that it also ‘rolled up wages 3.8% in 2012 [see discussion below].” Thus, the City argues, between the rolled-up wage schedule and the wage increases, “the Association’s proposal actually results in a salary schedule with wage increases in 2013 and 2014 of 4.7% and 3.9%.”

The annual increases proposed by both parties are in line with the increases in the cost of living. While it is true, as the Association argues, that its 1% offer for 2013 and 2014 is below the change in the cost of living, the City argues correctly that it is important to take into account the starting point. How much did wages increase in 2013 and in 2014 under the Association’s offer, compared to what was paid to fire fighters under the City’s non-represented salary schedule in 2012? Only by making those calculations can one know the real wage increases which have occurred in relation to the change in the cost of living. If the City’s analysis of the Association’s wage offer is correct, then it would appear that the City’s final offer is more reasonable when considering the cost of living factor.

Factor 6 is “The overall compensation presently received by the employees, including direct wage compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.” As discussed above, the parties agreed at the hearing that the main issue in dispute in this case is the wage increase issue. Neither party presented as a significant issue the reasonableness of overall compensation and benefits. Clearly the wage increases under either final will have an impact on some of the benefits and overall compensation of the affected employees. However, given the way that this matter was presented, the arbitrator is not undertaking a separate analysis of benefits and compensation.

Therefore, the arbitrator has no basis for favoring one offer more than the other on this factor.

Factor 7. is "Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings." Neither party has suggested that any such changes have occurred which should affect the outcome of this case.

Factor 8. is "Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the 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 only such factor argued in this case is the matter of wage comparisons between fire and police personnel. The Association cites numerous interest arbitration decisions in which arbitrators have supported the concept of parity between the protective services, and have awarded in favor of offers which maintain that parity.

In this proceeding neither party is contending that there should be parity between the firefighters and police, but the Association argues that its final offer is more reasonable because it results in a narrowing of the gap between them. There are two reasons that the traditional parity argument is not significant in this matter. First is that historically there has not been parity between the protective services in Oconomowoc, as is evident by the large disparity between them at the present time. Second, this is an initial contract between the City and the firefighters, whereas the conditions for police have been bargained with the City over a period of more than thirty years.

There is another matter which the City urges be considered by the arbitrator. The City argues that the Association's final offer is flawed and should not be awarded because of the ambiguity in its proposed wage schedule. As shown above, the Association proposes a six step schedule, but it does not specify when the steps are to take effect; that is, it does not say at what time, or under what circumstances an employee is to advance from one step to another. This, the City argues, will result in significant problems of interpretation and application of the Agreement if the Association's final offer is selected.

In its brief the Association designates the steps as Step1/Year1, Step2/Year2...indicating its intent that these be yearly step increases. The arbitrator does not have the discretion under the statute to modify the parties' final offers. Thus, the arbitrator will consider the Association's final offer as it was certified. This issue may be of consequence, but only if the arbitrator selects the Association's final offer. Should that occur, it will be discussed further below.

The arbitrator will now discuss factor 4.a, "comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with [those] of other employees performing similar services and with other employees generally: a. In public employment in comparable communities.

This factor necessitates analysis of "external comparables," that is, of other jurisdictions which are deemed comparable with Oconomowoc, and analysis of "internal comparables," that is, of the offers and/or settlements with other groups of employees within the City of Oconomowoc.

External Comparables

Both parties agree that four other jurisdictions are comparable to Oconomowoc: Watertown, Beaver Dam, Lake Country and Pewaukee.

The Association argues in addition that Menomonee Falls should be viewed as a comparable. The City disagrees. The City argues that five other municipalities should be viewed as comparable since all of them "are within a 30 mile radius and are similar in size as compared to Oconomowoc." For various reasons, described below, the Association does not agree that these municipalities are comparable.

The City acknowledges that Menomonee Falls is within the 30 mile suggested by the City but argues that it is far bigger than any other municipality in either party's pool. It is more than twice as big in terms of population. It staffs four fire stations 24 hours per day (as compared to Oconomowoc's one station with one shift per day), and it is adjacent to the City of Milwaukee and provides mutual aid to large municipalities like the City of Mequon and the City of Milwaukee. The City notes

also that in its prior negotiations with other bargaining units, Menomonee Falls has never been cited as a comparable.

It is undisputed that prior to the Association being certified to represent the fire fighters, the City commissioned a wage study involving all of the City's employees. The Association notes that in that study the consultant included Menomonee Falls as a comparison based on its geographic location, traditional use as a comparable, and factors such as equalized value, and equalized value per capita.

In arguing for the inclusion of Menomonee Falls as a comparable, the Association cites Menomonee Falls as having comparable average household income, and comparable median home value. It argues further that the non-emergency incident workload is comparable. While acknowledging that Menomonee Falls has more emergency incidents, more personnel on duty and more stations than Oconomowoc, it notes that Menomonee Falls has "substantially lower level of EMS and EMS transport."

The City acknowledges that the consultant gathered data about Menomonee Falls, but it cites the testimony of City Administrator Gard, supported by an exhibit, that the consultant did not include fire fighters in establishing bench mark rates, and thus did not make comparisons between the fire fighters in Oconomowoc and Menomonee Falls.

Given the size of Menomonee Falls, the size of its Fire Department and its location and involvement with larger urban jurisdictions, it is the arbitrator's decision to not include it as a comparable in this proceeding.

As mentioned earlier, the City uses several other jurisdictions as comparables: Fort Atkinson, Summit/Dousman, Town of Brookfield, Burlington, and Germantown.

The Association disagrees that these jurisdictions are comparable:

Ft. Atkinson, the Association argues, is not comparable because the EMS licensure isn't the same as the licensure in Oconomowoc, and the EMS services offered aren't the same.

Summit/Dousman, it argues, is not comparable because its firefighters are not organized and there is no collective bargaining agreement. Also, there are no career Fire Fighter/Paramedics.

Town of Brookfield, it argues, is not comparable because it has no career Fire Fighter/Paramedics.

Burlington, it argues, is not comparable because its firefighters are not organized and there is no collective bargaining agreement. Also, at the time of the certification of final offers in the present case, Burlington did not provide EMS response

Germantown, it argues, is not comparable because it doesn't offer paramedic level EMS or transport.

It is the arbitrator's view that more meaningful comparisons are made between a unionized work force and comparable groups which are unionized, but that goes to the weight of the comparisons not to whether non-unionized jurisdictions should or should not be considered as comparables based on other data. The statute does not limit the arbitrator's consideration of comparables to only unionized jurisdictions.

With respect to the Association's arguments that jurisdictions should not be viewed as comparables because they offer EMT and/or paramedic services different from those in Oconomowoc, or do not offer them at all, the arbitrator does not view those as reasons to exclude the jurisdictions as comparables, but rather the differences may affect the weight to be given to the comparisons.

For purposes of this analysis, the arbitrator will view as the primary comparables the four jurisdictions on which the parties agree. The arbitrator will analyze the City's other suggested comparables only if it appears that those comparisons might change the arbitrator's conclusions based on the analysis of the primary comparables.

The median base salary of these four jurisdictions, for fire fighters on January 1, 2014 is \$61783. The 2014 base salary under the City's final offer is \$ 56035 which is 9.3% below the median. The base salary under the Association's final offer is \$60,697, which is 1.2% below the median.

These figures favor the Association's final offer. However, there is an important factor which must be accounted for which affects the arbitrator's decision about which final offer is more reasonable.

The City argues that in evaluating the salaries paid in the primary comparable jurisdictions, it must be noted that fire fighters in those jurisdictions work significantly greater hours per year, as much as 600-700 hours more, than do Oconomowoc fire fighters. That being the case, it follows that the annual salaries in Oconomowoc would be significantly lower than the salaries in the other jurisdictions. The arbitrator agrees with the City that a comparison of annual salaries paid is not meaningful unless the hours worked are also comparable. The arbitrator does not know what accounts for the great disparity between the hours worked in Oconomowoc as compared to the other jurisdictions, but in the present case hours worked are not an issue and will not be discussed address further.

The City argues that to make the comparisons meaningful, what is more relevant is what fire fighters in the comparison jurisdictions make on an hourly basis. Those figures are included in the City's final offer, and in the Pewaukee and Beaver Dam Agreements. The Watertown Agreement specifies the number of hours to be used if there is a need to calculate hourly wages. The Lake Country hourly rate is shown in information provided by Lake Country to the City in a wage survey which the City conducted.

The following are the hourly rate comparisons:

| | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|--------------|-------------|-------------|-------------|
| Beaver Dam | 19.97 | 20.57 | 21.29 |
| Lake Country | 16.94 | 19.27 | 21.15 |
| Pewaukee | 21.45 | 21.88 | 22.43 |
| Watertown | 18.65 | 19.21 | 19.79 |

The median hourly rates for these municipalities are:

| | | | |
|---|-------|-------|-------|
| Median | 19.31 | 19.95 | 21.22 |
| Oconomowoc (City Final Offer) | 26.15 | 26.41 | 26.94 |
| Oconomowoc (Assn Final Offer, Calculated by the City) | 28.61 | 28.89 | 29.18 |

This analysis shows that under the City's final offer Oconomowoc ranks first, and far above the hourly wages paid in each of the four comparable municipalities. Under the Association's offer Oconomowoc would rank still higher in relation to the other communities. Using this analysis the City's offer is more reasonable than the Association's offer.

As discussed earlier, the arbitrator has not included Menomonee Falls as a comparable. The arbitrator notes, however, that the hourly wage paid in Menomonee Falls is \$ 24.79 in 2012; \$ 25.05 in 2013; and \$ 25.42 in 2014. These hourly wages are below the hourly rates in the City's final offer. Thus, even if Menomonee Falls were included as a comparable, as the Association urges, it would still be the case that the hourly rates paid by the City would be higher than the hourly wages paid by any of the five comparables.

Because the remaining five comparables were proposed by the City, and because the primary comparables already support the City's final offer more than the Association's final offer, the arbitrator will not do an analysis of the wage rates paid in the remaining comparables.

Internal Comparables

Both parties make comparisons with the police bargaining unit. Prior to the passage of Act 10 there were four bargaining units representing employees in Oconomowoc. Fire fighters were not in a bargaining unit and were treated by the City as non-union employees. After the enactment of Act 10, the three bargaining

units other than police opted not to attempt to achieve certification to represent the employees. The City now treats the employees who were formerly in these certified bargaining units as non-union employees. Thus, at the moment, the only bargaining units in Oconomowoc are those of police and fire fighters, the fire fighters having been certified in May, 2012.

The City argues that both before and since the enactment of Act 10, the City has striven for internal consistency with its employees, both union and non-union. Thus, in 2010 all City employees, union and non-union alike, received increases of 2.9%. The same was true in 2011, with all employees receiving increases of 2.9%. In 2012 the City gave all employees an increase of .75% with the exception of the police which received an increase of .5%. In 2013 the City gave all employees an increase of 1% with the exception of the police which received an increase of .5%. In 2014 the non-union employees received an increase of 2% and the police received an increase of 3%.

The City explains that after Act 10 was passed all employees other than police officers were required to pay the employee share of WRS [Wisconsin Retirement System] payments. It is for this reason that the City gave larger increases in 2012 and 2013 to employees other than police officers.

Thus, the City has given all of its employees the same, or approximately the same, percentage wage increases in each year, and its final offer in this proceeding reflects its effort to treat all City employees equally in terms of annual percentage increases.

The Association does not dispute these figures. It argues, however, that the fire fighters should receive a much higher wage increase because of the wage gap which exists between Oconomowoc's police and fire fighters. It argues also that the City should take account of the fact that fire fighters had to pay the employee share of WRS payments. As the City points out, however, those WRS payments were mandated by Act 10, and not by anything which the City did. The WRS payment mandate does not change the fact that the City increased pay to its employees by approximately the same percentage. In fact, the City notes, it gave smaller increases to the police in 2012 and 2013 in recognition of the fact that the police

did not have to make the WRS payments while other employees had to make those payments.

The Association argues that “the police collective bargaining agreement should carry the greatest weight in this proceeding” because “police and fire units are protective services employees, operating under the same statutory criteria.” [The arbitrator feels it necessary to repeat here that under the statute it is “economic conditions” of the municipality which must be given greater weight than any other factor.] There is merit to the Association’s argument that among the internal comparables, it is the comparison with the police department which should be given the most weight, given that police and fire employees are in protective services.

The Association is correct that in interest arbitration arbitrators frequently uphold parity between police and fire fighters where their wages have historically been close to one another, unless there are important reasons for deviating from parity. Here there are two important reasons for not addressing parity at this time.

First, as discussed earlier, there has been no history of parity in Oconomowoc, as evidenced by the great disparity in police and fire fighter wages. Second, the economic conditions of the City, described above, do not permit the City to raise additional revenue to allow it to give the fire fighters a greater increase than it has given to other employees. The City is proposing to give approximately the same percentage wage increases to fire fighters as it has given to its other employees. If the City were able to raise additional revenues, the Association’s case for starting to close the wage gap with police would be entitled to much greater consideration than it is under the present circumstances.

It is the case that the wage gap between the police and fire fighters is significant. Under the Association’s final offer effective January 1, 2014 the base salary of a fire fighter is \$60,697, while under the City’s final offer the base salary is \$56,035. The base salary of a police officer on that date is \$ 67,101. The City’s final offer for the base salary of a fire fighter is 19.7% below a police officer’s base salary. The Association’s final offer for the base salary of a fire fighter is 10.6% below a police officer’s base salary.

The City does not dispute these figures but it argues, as previously discussed, that it is not reasonable for the fire fighter bargaining unit to achieve parity, or anything

close to it in this initial contract, given that the pay of police has been negotiated over a period of thirty years, and given also that the City doesn't have revenues for significant pay increases beyond what it has offered.

The Association states that "it has no expectation of achieving parity with the police through the initial collective bargaining agreement [but it] expects to narrow the gap that currently exists."

In its exhibits the Union makes comparisons with respect to the total compensation of Oconomowoc's fire fighters and police which, it argues, further emphasizes the disparity in compensation. According to the Association's figures, the total compensation for a police officer, effective January 1, 2014, is \$ 83,639. Under the Association's final offer the total compensation for a fire fighter on that date is \$70,651. Under the City's final offer the total compensation for a fire fighter on that date is \$ 65,229. The City's final offer for total compensation for a fire fighter is 28.2% below the total compensation of a police officer. The Union's final offer for total compensation for a fire fighter is 18.4% below a police officer's total compensation. While not disputing the Association's figures, the arbitrator returns to what has already been discussed, that the parties did not suggest at the arbitration hearing that total compensation was an issue in dispute in this matter. These are all matters which can be raised in future bargaining. Clearly, also in order to close the total compensation gap it would be necessary to increase wages, and perhaps other benefits beyond what has been offered, but at a time when resources for that purpose are available.

Leaving aside the arguments about police-fire comparisons, the City argues that its final offer is the more reasonable of the two final offers as further evidenced by the manner in which the Association has constructed its proposed salary schedule. This can be seen in an analysis of the wages paid to the five fire fighters who were employed by the City in 2012 before the bargaining unit was certified, compared to their wages as proposed by the Association under its proposed salary schedule.

L's original 2012 salary on the non-union salary schedule was \$61,252. Under the City's final offer, L's 2012 salary is \$ 61,256. Under the Association's final offer, L's 2012 salary is \$ 65, 451. There is virtually no change in his 2012 salary under the

City's final offer, while under the Association's final offer his salary is increased by 6.9%

The parties differ about M's placement. According to the City his 2012 salary was \$ 54,392 on the non-represented schedule. According to the City, under its final offer, M's 2012 salary is \$ 54,392, the same salary he had. According to the Association, on the non-represented schedule in 2012 M's salary was \$54,402. Under the City's final offer, according to the Association, M's 2012 salary is 51,688, a decrease of 5.2%. Under the Association's final offer, M's 2012 salary is \$ 57,123. These figures result in an increase of 5.0% under the Association's final offer.

The parties differ about P's placement. P's original 2012 salary on the non-represented schedule was \$48,963. According to the City, under its final offer, M's 2012 salary is \$ 48,963, the same salary he had. According to the Association, under the City's final offer P's 2012 salary is \$ 46,328, a decrease of 2.7%. Under the Association's final offer, P's 2012 salary is \$ 49,989. These figures result in an increase of 4.1% under the Association's final offer.

The parties differ about D's placement. D's original 2012 salary on the non-represented schedule was \$48,962 (or 48,963). According to the City, under its final offer, D's 2012 salary is \$ 48,963, the same salary he had. According to the Association, under the City's final offer D's 2012 is \$ 46,328, a decrease of 2.7%. Under the Association's final offer, D's salary is \$ 52,890. These figures result in an increase of 8.0% under the Association's final offer.

The parties differ about B's placement. B's original 2012 salary on the non-represented schedule was 48,962 (or 48, 963). According to the City, under its final offer, D's 2012 salary is \$ 48,963, the same salary he had. According to the Association, under the City's final offer D's 2012 is \$ 46,328 a decrease of 2.7%. Under the Association's final offer D's salary is \$ 52,890. These figures result in an increase of 8.0% under the Association's final offer.

The arbitrator has reviewed the parties' final offers and is unable to ascertain from them where on their respective proposed salary schedules each of the individuals would be placed in 2012. It stands to reason that each party, in constructing its proposed salary schedule, would know best where it intends that each of the employees be placed. The arbitrator has no reason to believe that the City's placement of these employees would result in a wage reduction, as the Association

contends would occur, and he assumes that the employees' placement on the City's proposed salary scale will be as represented by the City. The City makes this clear in its reply brief, stating that "there is no intent or opportunity to revisit anyone's 2012 wages...The Association is simply wrong in concluding that the City's wage offer creates a 'net loss' for any employee."

The significance of this analysis is that it shows that none of the individuals suffered a loss in pay in the transition from the non-represented schedule, to the City's proposed schedule under its final offer, whereas under the Association's final offer the individuals would realize pay increases ranging from 4.1% to 8.0%, before the application of the annual increases proposed by each party in 2013 and 2014.

The arbitrator has concluded that the City's proposed increase, while quite modest, is in line with the increases given to the other City employees, while the Association's proposed increase is much greater than what other City employees have received, and in excess of the City's available revenue because of the statutory cap on levy limit increases.

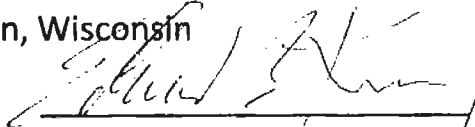
The above analysis has shown that the "economic conditions" factor, entitled to greater weight than the other factors, favors the City's final offer. In addition, the arbitrator has concluded that for reasons explained above, the City's final offer is also preferred when looking at both the internal comparables and the external comparables.

The arbitrator has concluded that the City's final offer is more reasonable under the present circumstances.

Based on the above facts and discussion, the arbitrator hereby makes the following AWARD:

The final offer of the City is selected.

Dated this 19th day of February, 2015 at Madison, Wisconsin



Edward B. Krinsky, Arbitrator