

**BEFORE THE ARBITRATOR**

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In the Matter of the Arbitration  
of a Dispute Between

**CITY OF WATERTOWN**

**and**

**INTERNATIONAL ASSOCIATION  
OF FIREFIGHTERS  
LOCAL UNION NO. 877, AFL-CIO**

**INTEREST ARBITRATION  
AWARD**

**Case I D: 325.0000 MIA  
Decision No.: 35702-A**

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**Arbitrator: A. Henry Hempe**

**APPEARANCES:**

For the City: **Nancy L. Pirkey, Esq.** of Buelow Vetter Buikema & Vliet, LLC  
20855 Watertown Road, Suite 200, Waukesha, WI 63186.

For the Union: **John B. Kiel, Esq.** of Kiel Law Offices, P.O. Box 0147, Salem, Wisconsin  
53168-0147.

**ARBITRATION JURISDICTION**

The City of Watertown (hereinafter City or Employer) and the International Association of Firefighters (IAFF, Local 877, AFL-CIO, hereinafter Union or Local 877) are parties to a collective bargaining agreement (CBA) for a term running from January 1, 2013 to and including January 31, 2014. Although the parties have reached tentative agreements on several issues to be inserted in their successor collective bargaining agreement, they have been unsuccessful in their efforts to reach complete agreement on all of the terms and conditions of their successor CBA.

The Union filed a petition to initiate interest arbitration and the parties jointly requested the Wisconsin Employment Relations Commission (WERC) staff member William C. Houlihan be appointed as investigator of the petition's allegations and mediator to assist the parties in resolving their outstanding issues. On March 24, 2014 the parties participated in an informal investigation and mediation efforts conducted by William Houlihan. Following investigation and mediation, each party submitted its final offer.

After Investigator Houlihan's issuance of a Notice of Close of Investigation and Advice to the Commission, the Commission issued Findings of Fact, Conclusions of Law, Certification of Result of Investigation and Order Requiring Arbitration pursuant to provisions of Wis. Stats 111.77. On May 28, 2014 the Commission appointed A. Henry

Hempe to serve as the impartial arbitrator in this matter. On September 22, 2015 the arbitrator conducted an interest arbitration hearing. The hearing was not transcribed, but the parties each filed lengthy post hearing briefs and reply briefs.

## **BACKGROUND**

### **Brief Area History:**

Now sprawled over 12.1 square miles that straddle the border of two counties, Jefferson and Dodge, in southeastern Wisconsin, the area that later became the City of Watertown, Wisconsin was first settled in 1836 by Timothy Johnson, who built a log cabin on the west side of the Rock River. The river, a powerful natural oxbow watercourse that falls 20 feet in two miles, was first used for sawmills and later prompted the development of two hydroelectric dams. Johnson, originally born a Connecticut Yankee, but raised in the State of New York, was subsequently joined in his bold, courageous pioneer venture to the then virgin piece of the Northwest Territory by not only his family, but also additional New England farmers and their families, many of whom were descendants of English Puritan settlers.

The completion of the Erie Canal and the end of the Black Hawk War spurred further settlement, which was augmented by a number of middle-class German immigrants escaping revolution and turmoil in Germany in the 1850s. They were welcomed by earlier area homesteaders, with whom the German newcomers shared strong anti-slavery, abolitionist and pro-education views. In 1856, the first kindergarten in the United States was founded in the Watertown village by Margarethe Schurz, wife of prominent Civil War figure Carl Schurz. The area grew and flourished as more settlers continued to emigrate to it.

### **Population Growth and Form of Local Government**

Located midway between Madison and Milwaukee, Watertown recorded 23,861 residents by the 2010 census. Of this total, 15,402 persons reportedly resided in Jefferson County and 8,459 in Dodge County. City residents approved a Home Rule Charter in the early 1900s and ultimately approved a Council/Administrator form of government.

Under this form of local government, a City Council was established, consisting of 4-members who are elected every 4-years in citywide elections. Council duties include passing city ordinances, setting public policies, and adopting budgets. The Council is presided over by the City's Mayor who serves an elected 2-year term. A City Administrator oversees and directs all City operations and programs.

### **Fire and Police Service Employees -- Protective Safety Units**

The City has both a Fire Department and Police Department. The employees of each are statutorily classified as "employees engaged in protective occupations." The firefighter bargaining unit consists of 16 persons (13 firefighters and 3 lieutenants) and is

represented by IAFF Local 877. The police bargaining unit consists of 30 officers and is represented by a different union, Labor Association of Wisconsin (LAW). These two bargaining units are the only represented Watertown city employees. The Police Union reached a voluntary successor CBA with the City last year.

### **Prior Interest Arbitration Experience**

The parties describe this as the third interest arbitration proceeding in which police and fire units have been measured against each other for comparison purposes, citing one in 1981 with Arbitrator Johnson and another in 1986 with Arbitrator Petri. The parties agree that no pool of comparable municipalities was ever established in either of those previous Watertown interest arbitration cases.

### **Final Offer Circumstances**

In the current matter, the Fire Union proposed a structural change of the firefighter salary schedule by creating a new top wage step that would provide significant salary improvement for all but two of the 16-member firefighter bargaining unit. Although the City *police* bargaining unit is *not* a party in this affair, the successor collective bargaining contract it reached with the City in 2015 has become an important focal point argued by *both* parties in this matter as they negotiated the firefighters' successor 2015 contract.

Noting the continuing arbitral comparability linkage between firefighters and police officers employed by the same employer, Local 877 Firefighters made a similar offer to the City and insist their own 2015 final offer to the City should carry decisive weight over that of the City's by virtue of its apparent nearly identical resemblance to the modified salary schedule structure of the voluntary successor collective bargaining agreement adopted the year before by and between the City and its Police officers.

### **City /Police Agreement**

In last year's negotiations with the Police, the City had first offered a 3% a.t.b<sup>1</sup> wage schedule increase to the Police officers, seemingly signaling a City bargaining willingness to absorb, but not exceed, a 3% police wage increase cost. In responding to that offer, police unit negotiators had countered with their own proposal that would 1) create a new 6-year step worth an additional 5.02% wage increase to be placed on top of the police unit's then current 5-step wage schedule, 2) provide a wage freeze on all remaining steps, and 3) not exceed a 3% wage increase cost to the City in Year 2015.

In 2015 the Watertown Police Department had a total of 30 officers, of whom only fifty percent (15) had reached the fifth and final step of their wage schedule, and would be eligible for the proposed new 6th-step to be commenced on January 1, 2016. The remaining officers would ultimately become individually eligible for the new step

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<sup>1</sup> A.t.b – across the board

increase, but only as each completed the required 6-service years on the Watertown Force.

Thus, even though the new 6<sup>th</sup> year step in the City-Police CBA creates a new step 5.02% higher than the previous step, when combined with the proposed wage freeze on all remaining steps, and the fact that only 15-out of 30 senior officers would be eligible for the 2015 proposed 6<sup>th</sup>-step raise, City officials costed, then recognized the Police Union's counter-offer provided the City a fortuitous, bilateral means of achieving its prime bargaining goal of a three-percent cost limitation on the police unit's wage increase. In effect, the City understood and described the Police proposal as simply moving the 3% a.t.b money already offered by the City to finance the new step.

Actually, that's all it was. Translated into dollars, the 3% 2015 cost of the Police settlement wage increase contributed to an overall, total dollar wage cost of \$1,617,289 for Year 2015 – the same actual dollar outlay as that initially offered by the City's 3% a.t.b increase proposal! With its continuing bargaining goal of limiting 2015 police wage increase costs to 3% becoming remarkably achievable under the restructured contract the police had counter-proposed, along with a short stack of essentially unrelated tentative agreements, the City agreed to the Police Union's proposal, and the new successor Agreement between the City and its police officers went into effect on January 1, 2015.

### **Watertown Firefighter Proposal**

In its continuing successor contract negotiations with its Firefighters, the City initially had followed the same collective bargaining pathway as it had earlier taken with the Police. Offering the Firefighters a total a.t.b wage increase that costed out to a percentage wage increase cost of 3.15% thus slightly exceeding the City's bargaining goal of a 3% wage increase, the City calculated its 3% offer would be limited to a total dollar wage increase cost outlay to the City of \$919,393.<sup>2</sup>

With all but two members of the firefighters' bargaining unit, which listed 13 firefighters and their three lieutenants already at the then top (4<sup>th</sup> step) of the wage schedule in their own CBA with the City, Local 877 rejected the City's three percent a.t.b offer and countered with a proposal for its own new 6-year wage step – an alternative that largely, though not totally, resembled the counter offer the Firefighters had observed the Police Union successfully inject into the City/Police negotiations the year before.

The Firefighters' proposal is slated to commence on July 1, 2015, instead of 6-months earlier. The Firefighters contend the 6-month lag reduced the City's cost of the increase to \$912,384 in 2015 or a 2.4% increase in 2015, not the 4.532% cost increase alleged by the City.<sup>3</sup>

Effective July 1, 2015, the Firefighters' proposal provided each bargaining unit member would reach the new top step after 6-years of service, just like the police patrol

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<sup>2</sup> C – X – 9. City exhibits in this matter will be marked as C – X – \_\_; Union exhibits as U – X – \_\_.

<sup>3</sup> Union Reply Brief at p. 3.

men. Like the new police step, the firefighter proposes a new 6-year step, 5.02% higher than the previous top step of the firefighters’ existing 4-step wage schedule. No across-the-board increase is included. The new 6-year step proposal contains an obvious, deliberate, immediate benefit to the 14 out of 16 veteran firefighters who had already performed 6-years of service and were currently on the current 4-year top wage step.

The firefighter’s proposed bargain has an obvious similarity to the police settlement – except, as the City had responded, the immediate primary firefighter beneficiaries constitute 80% of the bargaining unit! The Local 877 Firefighters were also encouraged by one important, additional feature about their offer: it maintained at least a semblance of wage parity with city police officers, remaining at a relatively stable uniform three percent disparity below the police wages instead of seeing that disparity increased by an additional two percent, as it would under the City’s offer.

It also started at the midpoint of the following year instead of January 1. The Firefighters explain the 6-month lag in the commencement of their proposed contract starting date was an attempt to reduce the wage increase cost to the City in 2015. Each party also understood and understands the Tentative Agreements they had already reached in their negotiations are included in each party’s respective final offer to the other and reflect similar provisions already in the City/Police 2015 CBA.

But the City had serious cost concerns about the firefighters’ final offer. Calculating the Firefighter bargaining unit’s proposed 6<sup>th</sup>-step wage as resulting in a 4.532% cost increase, the City contends that the increase size was disproportionate to the 3% wage cost increase settlement the City had reached with the police, and provided to all of its non-represented City employees. The City also notes the higher cost impact of the Union’s offer would result in its funding spreading into 2016, instead of being limited to 2015 and costs the City an unanticipated additional \$12,294. The Union describes this dispute as limited to wages. The City views the issues as including both wages and the Union’s attempt to restructure the number of steps on the wage schedule.

**FINAL OFFERS OF THE PARTIES**

<b>ARTICLE X-SALARIES</b>	<b>City’s Final Offer</b>	<b>Local 877’s Final Offer</b>
<b>ARTICLE X - SALARIES</b>	Effective January 1, 2015, a 3.0% across-the-board increase.	Effective July 1, 2015, create a new top step to the salary schedule that is 5.02% higher than the previous step. The top step would be reached after 6 years of service.  0% across-the-board increase.

Notwithstanding the parties’ failure to reach agreement on their principal bargaining issue, they did reach several tentative agreements during negotiations. Each tentative agreement was incorporated into both parties’ respective final offers. Regardless

of which party prevails in this matter, the tentative agreements summarized below will be included in the parties' successor Agreement.

ISSUE	TENTATIVE AGREEMENT
<b>WRS Contribution</b>	Effective 1/1/15, employees hired before 7/1/11 shall pay the full cost of the employee's WRS contribution.
<b>Health Insurance</b>	The City will continue to pay 90% of the premium, but expressed as a dollar amount in the contract language. Remove obsolete language.
<b>Dental Insurance</b>	The City will continue to pay 90% of the family premium and 10% of the single premium, but expressed as a dollar amount in the contract language.
<b>Contract Duration</b>	1 year (January 1, 2015 through December 31, 2015).
<b>Preceptor Pay</b>	Increase the hourly rate for paramedic preceptor pay from \$1.50 to \$2.00 per hour.

**RELEVANT STATUTORY AUTHORITY**

Section 111.77(6) Wis. Stats., directs the Arbitrator as follows:

4. (b) \* \* \* The arbitrator shall select the final offer of one of the parties and shall issue an award incorporating that offer without modification.

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). The arbitrator shall give an accounting of the consideration of this factor in the arbitrator's decision.

(bm) In reaching a decision, in addition to the factors under par. (am), the arbitrator shall give weight to the following factors:

1. The lawful authority of the employer.
2. Stipulations of the parties.
3. The interests and welfare of the public and the financial ability of the unit of government to meet these costs.
4. Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
  - a. In public employment in comparable communities.
  - b. In private employment in comparable communities.
5. The average consumer prices for goods and services, commonly known as the cost of living.
6. 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.

7. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.

8. 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.

## **POSITIONS OF THE PARTIES**

### **Local 877**

#### **Local Police/ Firefighter Comparisons are Most Important Criterion**

Evoking supportive mainstream arbitral precedents,<sup>4</sup> Local Union 877 asserts, “When all is said and done, the spotlight belongs on internal comparables.” The Local adds that a comparison between the police and firefighters *should* carry the greatest weight in this proceeding.

The Union contends this is not new arbitral guidance for Watertown, and refers to an award issued 40 years ago in which Arbitrator Frank Zeidler cautioned the parties that the trend had been against widening the differential between Firefighters and Police. Arbitrator Zeidler observed the Legislature did not want the two different protective service units engaged in a leapfrog process.<sup>5</sup>

The Firefighter Union argues that its final offer tracks even the tentative agreements the City reached with its Police Officers, including creation of a new top step that is 5.02% higher than the previous one in lieu of any increase of any remaining wage steps – a zero percent increase as to them. The Union places particular reliance on arbitral advice from Arbitrator Gil Vernon, who urged the importance of maintaining equity between police and firefighter settlements to determine 1) whether there is an established internal pattern, where 2) there has been a history of like increases, and 3) adherence to the pattern will not result in unacceptable general wage relationships.<sup>6</sup>

The Union emphasizes that its final offer is nearly identical to the agreement the City reached with the police officers, including a new top wage step of equivalent value

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<sup>4</sup> *Village of Germantown (Police Dept.)*, Dec. No. 27803-A (Vernon, 5/94); *Village of Greendale (Fire Department)*, Dec. No. 33924-A (Strycker, 3/27/15); *City of Marshfield (Fire Dept.)*, Dec. No. 29027-B (Grenig, 1997); *City of Wauwatosa (Fire Dept.)* Dec. No. 20645 (Hempe, 8/15/09); *City of Cudahy (Fire Dept.)* Dec. No. 30434 (Torosian, 4/17/03). More recently, Arbitrator Mawhinney reaffirmed the “considerable weight to be given to voluntary settlements between police and fire bargaining units employed by the same municipal employer, *City of Eau Claire (Fire Dept.)*, Dec. No. 34986-A (Mawhinney, 1/12/15).

<sup>5</sup> *City of Watertown (Law Enforcement)*, Dec. No. 14487-A (Zeidler, 8/16/76).

<sup>6</sup> *Village of Germantown (Police Dept.)*, Dec. No. 27803- Vernon, 5/94).at p. 8.

to the newly created step in the police pact. The Union acknowledges one major difference from the police settlement: the *police* unit's new top step of 5.02% over the previous step for police veterans would go into effect on *January 1, 2015*; in contrast; the *Firefighters'* proposal delayed the effective date of its proposed new 5.02 step increase to *July 1, 2015*,<sup>7</sup> a 6-month delay of the relief the Union was seeking.

The effective date delay, says the Union, was inserted solely to bring the actual 2015 cost of the of the firefighters' proposal in line with and below the police settlement. It asserts its proposal thus follows an established pattern to which Arbitrator Vernon had referred. As to this, the Firefighter Local claims success, contending that properly costed, the Union's proposed 6-month implementation delay reduces the 2015 dollar cost of the Firefighter's proposal to \$912,384 or \$7,009 less than the 2015 cost to the City of the City's own offer (\$919,393). The Union argues this reduces the 2015 percentage cost of its final offer to a 2.4% increase – well within the City's parameter of 3.0%.<sup>8</sup>

Echoing Arbitrator McAlpin, the IAFF Local argues that preservation of bargaining history is particularly important in interest arbitrations involving internal comparisons between police and firefighter units since they are unique bargaining units, both in terms of working conditions and personal risk.<sup>9</sup> In its initial post-hearing brief (p. 13) the Union inserts a table it identifies as U – X - 20. The table indicates a Watertown bargaining history that from 2007 through 2014 shows identical pattern percentages of a.t.b wage increases (as well as zero value percentages for no increases) that were negotiated by the City with both its fire and the police units.

ATB Increase	2007	2008	2009	2010	2011	2012	2013	2014
Police	4%	4%	4%	0%	0%	0%	3%	3%
Fire	4%	4%	4%	0%	0%	0%	3%	3%

Source: U – X - 20

### **Growing Disparity**

The Union concedes that past identical percentage increases kept a “measure of nearness” in top step compensation between patrol officers and firefighters. But it also indicts the practice as tilting favorably toward the police unit, leaving top step firefighters

<sup>7</sup> The Union also notes preceptor pay increase is proposed by each party and is balanced by a Field Officer Trainer pay increase in the police agreement. These pay raises are *not* in dispute in this matter and intended only to recognize a variance in individual training differences between the two services.. The City agrees and the Arbitrator finds that matter undisputed.

<sup>8</sup> In its Reply Brief (p.3) the Union writes: “Properly costing the Union’s final offer, the Union’s offer costs \$912,384. That means the Union’s offer is \$7009 less than the City’s offer of \$931,687.” But the City had attributed the \$931,687 cost to the *Union’s* final offer, not the *City’s* (City Initial Brief at p. 8). The City acknowledges that with the 3 % increase, the cost of its final offer comes to \$919,393. The Union’s \$7,009 cost difference apparently results from subtracting the Union’s reduced cost of \$912,393 from the City’s cost of 919,303.

<sup>9</sup> *City of Ashland Law Enforcement*, Dec, No. 30112-A (McAlpin, 11/2/01).



with growing salary disparities vis-à-vis top step police officers. In 2014, says the Union, the wage disparity between the top step firefighters’ and police officers’ salaries had increased, with top step firefighters actually earning \$141.16 per month less than the City’s top step patrol officers.

The Union argues the key problem with the City’s final offer is that it exacerbates the existing disparity. The Union charges that under the City’s current offer for 2015 a top step firefighter will end up earning \$239.57 less per month than a top step police officer – a differential monthly increase of \$98.31 from 2014. In percentage terms the Union explains the 2014 disparity of 3% will expand to a disparity of 5% in Year 2015.

Worse yet, says the Union, the disparity will continue to grow. According to a Union-constructed hypothetical model that assumes acceptance of the City’s current final offer and a 2% per annual increase for each unit from year 2014 to year 2022, the wage disparity between a top step police officer and a top step firefighter will be incrementally increased, starting with a 3% disparity in year 2014 increasing to a 5% disparity in Year 2015. If uninterrupted, the Union predicts this expanding disparity will lead to a continuing 5% year-to-year disparity level beginning in year 2015. The Union fears Watertown firefighters would find recovery from this increased disparity quite difficult.

Using the same assumptions, the Union seeks to illustrate its hypothetical projection with the following table: The table shows a 2% disparity increase.

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police dollars	55,982.88.	58,792.51	59,968.36	61,167.73	62,391.08	63,698.90	64,911.68	66,209.92	67,534.11
Fire dollars	54,289.00	55,917.67	57,036.02	58,176.74	59,340.28	60,527.08	61,737.63	62,972.38	64,231.83
Disparity: (\$ and %)	1,693.88 3%	2,874.84 5%	2,932.34 5%	2,990.08 5%	3,050.80 5%	3,111.82 5%	3,174.06 5%	3,237.54 5%	3,302.29 5%

**Union Offer Preserves 3% Disparity**

The Union assesses its own final offer as more reasonable than that of the City because, unlike the City offer, the Union final offer is able to protect the historic 2007 – 2014 3% wage differential relationship between Watertown firefighters and police, whereas the City’s offer adds 2% to the 3% disparity that carries over from the previous year. Referring again to its hypothetical model, the Union assumes nine years of 2% increases starting with 2014, except the Union substitutes its own final offer in place of the City’s. The result preserves a year-to-year maintenance of the 2014 historic wage differential percentage of 3%, as the Union’s following table demonstrates.

Table shows disparity kept at 3%.

	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Police</b>	55,982.88	58,792.51	59,968.36	61,167.73	62,391.08	63,638.00	64,911.68	66,209.92	67,534.11
<b>Fire</b>	54,289.00	57,014.31	58,154.58	59,317.09	60,504.04	61,714.12	62,948.40	64,207.37	65,491.52
<b>Disparity \$\$ &amp; %</b>	-1,693.88 3%	-1,778.20 3%	1,813.77 3%	-1,850.04 3%	-1,887.04 3%	-1,924.78 3%	-1,963.28 3%	2,002.54 3%	-2,042.60 3%

**Maintaining Internal Pattern Will Not Result in “Unacceptable General Wage Relationships.”**

The Union recounts that in an earlier arbitration case several years back in which the City was involved, the City had urged only Beaver Dam as a single, appropriate comparable. On this evidence, the Union suggests that Beaver Dam may be a primary comparable in this case. Comparing top step paramedic firefighters from primary comparable Beaver Dam leads the Union to conclude that adopting the Union offer, i.e., honoring what the Union believes to be the internal percentage pattern of a 3% disparity, will *not* result in unacceptable external wage relationships, but instead brings the top step Watertown paramedics “closer in line” with the Beaver Dam top step paramedics.

“On the other hand,” the Union asserts, “deviating from Watertown’s internal police/ fire 3% disparity as would be accomplished under the City’s final offer would have the effect of *increasing* the disparity between the two top step Watertown and Beaver Dam paramedics. The Union offers the following two tables in support of these conclusions.

Zeroing in on Watertown and Beaver Dam firefighter-paramedics, the Union claims its offer will preserve for them the internal comparable of a 3% disparity, as the Union proposal, brings top step Watertown firefighter paramedics closer in line with those in Beaver Dam. On the other hand, the Union adds, “deviating from the 3% internal disparity comparable as advocated by the City has the effect of *increasing* the disparity between top step Watertown firefighter paramedics and their counterparts in Beaver Dam. Invoking part three of what the Union describes as the “Vernon Tests,” (see f.n.3) the Union concludes that adherence to the internal pattern will not result in an unacceptable wage relationship.

The Union insists that honoring the internal 3% disparity pattern that it contends exists in Watertown will not result in unacceptable external wage relationships. Comparing salary benchmarks between Watertown and Beaver Dam, the Union compares the top step for its firefighter paramedics under the City’s final offer with their paramedic counterparts’ top step in Beaver Dam. The Union is convinced that preserving Watertown’s internal pattern as proposed by the Union brings top step Watertown firefighter paramedics closer in line with those in Beaver Dam, as shown by the table below, and would not result in unacceptable external relationships.

Union: Final Offer **reduces** police/firefighter disparity

	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Beaver Dam</b>	\$59,813.71	\$61,983.12	\$64,152.48
<b>Watertown Union Internal Pattern</b>	\$54,956.00	\$56,604.00	\$59,445.52
<b>Differential \$</b>	\$4,857.71	-\$5,379.12	-\$4,706.96
<b>Differential %</b>	8%	10%	8%

Source: U – X - 12

“On the other hand, ” the Union argues, “ breaking the internal comparable (between police and fire) as proposed by the City’s (final offer) has the effect of **increasing** the disparity between top step Watertown paramedics and their counterparts in Beaver Dam by \$471.24 between the years 3014 and 2015.”

Union: City Final Offer **increases** police/fire disparity

	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Beaver Dam</b>	\$59,813.71	\$61,983.12	\$64,152.48
<b>Watertown - City Offer</b>	\$54,956.00	\$56,604.00	\$58,302.12
<b>Differential \$</b>	\$4,857.71	-\$5,379.12	-\$5,850.36
<b>Differential %</b>	9%	\$10%	10%

Source: U – X – 12

**External Comparables**

The Union notes the City proposes an external pool of comparables consisting of Beaver Dam, Fort Atkinson, Germantown, Jackson, Lake Country, Menomonee Falls, Mukwonago, Oconomowoc, Pewaukee and West Bend.

With obvious forethought, he Union proposes what it calls a “broader statewide pool of municipalities having populations ranging from 4,000 and 40,000 with full-time fire departments.” Its proposed pool of acceptable comparables appears to include selections from a list of 42-Wisconsin municipalities, based on 1) the respective municipal populations of the Union nominated comparable communities, and 2) whether the selected firefighter units are union represented. The Union adds it has no objection to including Mukwonago, Oconomowoc and Pewaukee in the comparable pool, in apparent disregard of its earlier expressed concern that the reported Oconomowoc maximum was inaccurately reported.<sup>10</sup>

<sup>10</sup> In its initial post-hearing brief, the Union claims an apparent error in the City’s reporting the maximum 2015 average as \$52,874.00. The Union avers that using the City’s numbers and averaging the settled units (except for Oconomowoc) produces an average of \$57,875.11. In the alternative, the Union reports that still using the City’s numbers except for assuming the 2015 Oconomowoc rate will replicate its 2014 rate and then averaging all units, produces an average of \$63,946.44. The Union adds that either calculation was above the City’s Final Offer number of \$52,874.00.

The Union objects to the inclusion of Fort Atkinson, Jackson, and Lake County in the external comparable pool on the grounds that those firefighter units are either non-represented or lack recourse to interest arbitration if they encounter a negotiating impasse.

In the end, the Union observes that an undisputed pool consists of Beaver Dam, Menomonee Falls, Mukwonago, Oconomowoc Pewaukee, and West Bend. The Union measures the City’s and its own final offers against these comparables, notwithstanding the Union’s earlier misgivings and objections. The Union concludes that the City’s Final Offer moves the comparison with the external comparables relationship in the wrong direction. The enactment of Acts 10 and 32 strengthens this rationale, the Union adds.

Notwithstanding its earlier suggestions as to a broadened search state-wide for comparable municipalities and objections to Fort Atkinson, Jackson, and Lake Counties, “for the sake of argument,” the Union compared each Final Offer with the following municipalities: Beaver Dam, Fort Atkinson, Germantown, Jackson, Lake Country, Menomonee Falls, Mukwonago, Oconomowoc, Pewaukee, and West Bend. The Union acknowledged it is using City proposed comparables as well as the City in reaching its conclusions. Due to an NS status, Oconomowoc’s 2015 data was incomplete.

**Maximum 2015 Wage Rate Comparison Using City Comparables and Union’s Final Offer – Internal Settlement Pattern, (as listed by Union)**

Municipality	2015 Maximum Wage Rate
Beaver Dam	\$62,284
Fort Atkinson	\$55,356
Germantown	\$62,119
Jackson	\$46,030
Lake Country	\$46,039
Menomonee Falls	\$70,476
Mukwonago	\$54,660
Pewaukee	\$63,744
West Bend	\$60,168
Average of Settled Units which excludes Oconomowoc	\$57,875.11
Average OF SETTLED UNITS and assuming NO 2015 INCREASE in Oconomowoc	\$57,578.80
<b>Watertown <u>Union</u> Offer (Internal Settlement Pattern)</b>	\$57,014.00
Disparity without Oconomowoc	-\$861.11
Disparity without Oconomowoc expressed as a percentage	-1.5%
Disparity with Oconomowoc	-\$564.80

Municipality	2015 Maximum Wage Rate
Disparity with Oconomowoc expressed as a percentage.	-09%
Source: City Exhibit 12	

**Maximum Wage Rate Comparison Using City Comparables and City’s Final Offer.**

Municipality	2015 Maximum Wage Rate
Beaver Dam	\$62,284
Fort Atkinson	\$55,356
Germantown	\$62,119
Jackson	\$46,030
Lake Country	\$46,039
Menomonee Falls	\$70,476
Mukwonago	\$54,660
Pewaukee	\$63,744
West Bend	\$60,168
Average of Settled Units which excludes Oconomowoc	\$57,875.11
Average of Settled Units and assuming No 2015 in Oconomowoc	\$57,578.80
<b>Watertown – City Offer</b>	\$57,014.00
Disparity without Oconomowoc	\$1,957.11
Disparity with Oconomowoc	-\$1,660.84
Disparity with Oconomowoc expressed as a percentage	-3%
Source: Union Initial Brief at p. 20	

The disparities in the preceding tables become more pronounced and dramatic when the non-union units, Fort Atkinson, Jackson and Lake Country are removed from consideration, the Union observes.

The Union summarizes its Final Offers as preserving fairness and employee morale. It is, says the Union, better suited to avoid “begrudgement between fire and police units.

The Union adds that its final offer defers to what it perceives as “the legislative intent to treat police and firefighting units comparably,” based on the Legislature’s recognition that both police and firefighters have high stress duties, work around the clock, are subject to “call-in,” and have a high degree of involvement with the public under situations of high anxiety.

## **Union Review of Other Statutory Criteria**

The Union finds no other reason that offsets the persuasiveness of the internal comparable criterion as the determining factor herein. It offers brief commentary on several statutory standards and directly lists: 1) local economic conditions, 2) lawful authority of the employer to implement the Union's final offer, 3) stipulations of the parties, 4) interests and welfare of the public (that includes financial ability of the unit of government to meet these costs).

### **Local economic conditions:**

The Union emphasizes that the City has indicated it is not making an "inability to pay" argument. The Union argues that to the extent the City is raising an issue of financial hardship it should have the burden of showing it cannot pay. But, the Union perceives only healthy economic conditions in Watertown as relevant to this dispute, pointing out that the City's general fund balance has increased 4.6% from fiscal years 2012-14, and is above the GFOA's (Government Finance Officers Association) threshold recommended amount in fiscal years 2012, 2013, and 2014.

The Union further points to the total governmental fund balance increase of 9.2% from 2013 to 2014, and summarizes the City as having a positive governmental fund balances and positive asset to liability ratios or no liabilities.

It seems obvious to the Union that the City is able to pay for the additional monies in the Union's final offer from the City's fund balance. To this outlook the Union adds a Watertown population growth of 13.4% since year 2000 and the City's economically strategic geographic position midway between Milwaukee and Madison.

### **Lawful Authority of the Employer to Implement Union's Final Offer.**

The Union perceives no lawful impediment to the City's authority to implement the Union's final offer.

### **Stipulations of the Parties.**

The stipulations include the tentative agreements reached by the parties. The Union finds them consistent with the internal settlement pattern and do not justify deviation from the internal settlement pattern established by and between the police and the City.

### **Interests and Welfare of the Public and Financial Ability of the Unit of Government to Meet the Costs of the Union's final offer.**

The Union concludes there is a well-established ability of Watertown to pay the costs of the Union's final offer.

## **Union Summary**

The Union believes the interests and welfare of the public are promoted by recruitment and retention of qualified employees to protect the public. The goal addressed by this Factor is better served by the Union's final offer because the Union's final offer better maintains the comparative wage standing of Watertown fire fighters as measured by internal and external comparables. The Union again accuses the City of treating its firefighters differently than police officers in this matter, and expanding a wage gap between these two protective service groups that widens the measure between Watertown's firefighters and any external measure, and fosters "begrudgement," from less favored employees. Finally, the Union claims its 2015 final offer costs less than the City's, thus better serving interests and welfare of the public.

\* \* \*

## **CITY OF WATERTOWN**

### **Firefighters' Final Offer Differs from City/Police Settlement**

The City agrees with the Union that the City's internal settlement with the police bargaining unit should be given significant weight. The City asserts its final offer to the firefighters matches the voluntary 3% salary increase settlement reached with the police officers, while the Union's final offer does not and is more costly. That alone, says the City, makes the City offer more reasonable.

The City recounts the costs of its voluntary 2015 contract settlement with the police bargaining unit last year. Initially, the City had offered the police a 3% a.t.b wage increase. The police responded with its own version of the City's 3% wage increase, claiming that the police proposal, like the City's, also limited the wage increase cost to 3%.

The City emphasizes several salient features of its 2015 police settlement that include: 1) moving the 3% dollars the City had offered to the top of the wage schedule by 2) agreeing to create a new top 6-year step that was 5.02% higher than the previous step, but 3) limiting the availability of that step to only senior police officers with at least six years of service, as well as 4) eliminating any increases to the remaining wage steps. Under this police counter proposal only 50% of the incumbent 30 police officers were eligible for the 5.02% increase.

Dollar wise, the City's *total* cost of its initial 3% a.t.b wage offer to the police amounted to \$1,617,289, including 2014 police wages. When the City costed the police unit's counter-proposal it concluded the wage increase cost also amounted to a *total dollar figure of \$1,617,289*, as the police had predicted it would. With the achievement of the City's bargaining goal that sought to limit its wage increase costs to 3%, the City agreed to the police counter-offer, which, with five other tentative agreements, was included in the parties' successor collective bargaining agreement.

The City attributes the principal reason for the police settlement is that it did not exceed a 3 % cost impact for the City. The City explains this was due to the limited percentage of eligible senior 6-year veteran police officers for the new step and the elimination of any salary increases in the remaining steps for any of the remaining officers.

The City continues to emphasize it offered the same percentage salary increase to the firefighters as it had to the police – 3% across the board, but the Firefighters’ counter-proposal added a new step worth an amount 5.02% higher than the previous step that raised the fire unit’s wage offer to a 4.532% increase. The City rejects this as both excessive and unreasonable. The City computed the cost as well over the 3% wage increase cost of the police settlement to the City, and, for that matter more than 50% higher than the salary increase the City provided to its non-represented employees.

The City describes the fire unit as consisting of thirteen firefighters and three lieutenants and stresses that of the bargaining unit’s sixteen member total, fourteen would receive the 5.02 wage increase. Given the much higher percentage of fire unit members eligible for the proposed top step, the City renews its criticism that the Union proposed increase is not a 3% offer, and is not the same as the City’s settlement with the police, but actually amounts to a 4.532% wage increase that requires City funding into 2016.

In short, the City accuses the Firefighter Union of ignoring the cost impact of its offer due to the composition of the fire unit in which all but two of the firefighters and all three of the lieutenants (80% of the unit) are currently on the top step of the salary schedule, compared to only 50% of the police unit (15 out of 30) who qualified for their new step. The City continues to stress that the firefighter unit contains a much higher percentage of senior firefighters eligible for the new step than the percentage of senior police officers who received the new 5.02% step. This, says the City, is unreasonable.

### **Union Final Offer Costs Are Excessive**

The City offers further cost details. It lists the total cost of 2014 annual wages for the entire fire bargaining unit as \$891,290. The 3% a.t.b the City’s offered to the firefighters’ 2014 wages would increase the 2014 salaries to a new total of \$918,029. Adding in the step movement of the two members of the fire unit not yet at the top step incurs an additional \$1,364 cost to the City. These items bring the total cost projected by the City’s 3% offer to \$919,393, or a 3.15% wage increase.

In contrast, the Union’s final offer for a new step costs \$40,397, or an additional wage increase cost to the City of \$28,103 – which exceeds the cost to the City of its own offer by \$12,294. The City calculates the Union’s offer as a percentage wage increase to the 2014 firefighter wages of 4.532%.



### **Union Wage Increase Demand Requires Quid Pro Quo**

Comparing the City's settlement with the police, the City finds the proposed 4.532% wage increase the Firefighters demand as not only excessive, but lacking a sufficient *quid pro quo*.

The City cites mainstream arbitratral precedents holding that when a major change in the *status quo* is proposed a *quid pro quo* is appropriate, if not required. Arbitrators have consistently held that a party seeking must first establish that that 1) there is a compelling need for change, 2) that the disputed proposal reasonably addresses the need for the change, and 3) that a sufficient *quid pro quo* has been offered.<sup>11</sup>

The City charges the Union has failed to meet its burden of proof demonstrating any compelling need to change the salary schedule structure and provide firefighters with a larger wage increase than any other City employee. Neither does the Union expressly offer any concession *or quid pro quo* that might explain what the City views as an irrational and unreasonable salary demand, the City notes.

### **Changes to Salary Structure Should Take Place at Bargaining Table.**

In addition, the City argues that if a party wants this kind of basic change it should be obtained through collective bargaining, citing supporting arbitral authority.<sup>12</sup>

The City denies the Union claim that the Watertown firefighters and the Watertown Police have enjoyed a relationship of parity over the last few years, much less "a history" of parity. The Union's claim is not supported by the facts, says the City, particularly when considering prior settlements and contracts with the police officers and the firefighters, the City argues.

Noting the Union began its claim of "historical " comparisons with the year 2006, the City asserts that C-X-10 confirms the City's view that the Union-claimed parity does not exist.<sup>13</sup> Over the past sixteen years, the Firefighters and police officers did not even once receive the same wage rate at the minimum or maximum wage rates. Moreover, in 2002 the police officers even were able to negotiate an added 5<sup>th</sup> top step to their salary schedule in lieu of an a.t.b. The City attests that ever since that modification of the police wage schedule structure the firefighters and the police have had a different number of steps in their respective salary schedules.

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<sup>11</sup> *Washington Social Services*, Dec. No. 29363-A.(Torosian, 12/11/98.; *Mellon School District (Support Staff)*Dec. No. 30408 (Petri, 3/21/03).

<sup>12</sup> *City of Oshkosh*, Dec. No. 32150-A (Engman, 4/25/08); *Milwaukee County Firefighters*, Dec. No. 32399-A (Roberts, 12/29/08); *Chilton School District*, Dec. No.22891-A (Krinsky, 3/2/86);

<sup>13</sup> C- X - 10 shows the following: the firefighters settled with the City for a 2.00% increase on 1/1/2006 and a 2.50% increase on 12/31/2006; the police settled with the City for a 2.00% increase on 1/1/2006 and a 2.00 increase on 7/1/2006.

The City points out that in 2002, the police unit had added another step to its then 4-step salary schedule worth 4.2% more than the previous step, but the firefighters settled for a 3% increase and have remained at its 4-step salary schedule that has continued to the present. The firefighters and police have not had the same wage rates for 16-years.

The City lists other examples as well: in 2006 the firefighters negotiated a 3% increase on 1/1/05 and the police received a 2% increase on the same date as well as another 2% increase on 7/1/05; in 2009 the firefighters got a 2% increase on 7/1/09 and another 2% on 12/31/09, while police received a 4% increase on 7/1/09.

### **City Objects to Admission into Evidence of (proposed) U-X-8.**

The City charges the Union with attempting to obtain an improper advantage by offering into evidence an exhibit that purports to be a tentative contract settlement prepared by the City, and contains a City proposal offered during the course of collective bargaining in October 2014.<sup>14</sup> The City asserts the proposal was never approved by the Union or the City Council. The City vehemently objects to the admission of the document into evidence, citing abundant arbitral authority in support.

### **City Offer to Firefighters Same Increase Percentage for All Other City Employees.**

The City professes its goal is to treat all of its employees in an equitable fashion. Consistent with this goal, the City reports it implemented a 3.0% wage increase for all City employees, with an effective starting date of 1/1/15 – the same as was offered to the Firefighters.

The City believes that consistency in the wages and benefits of the non-represented employees continues to be a necessary element in the establishment and maintenance of good employee morale, and cites abundant arbitral agreement on this point, even following the passage of Acts 10 and 32.

Even the Tentative Agreements represent consistency by the City in that WRS contributions now uniformly affect all Watertown employees equally, as the law requires.

### **External Comparables**

Although these parties have been to interest arbitration in the past, both the City and Union agree that no pool of comparables was ever established. Both relate that in the 1981 interest arbitration conducted by Arbitrator Johnson, the City had proposed only one municipal comparable, namely, Beaver Dam. Arbitrator Johnson rejected the City's proposal to fill the pool with only one comparable but also rejected the five Milwaukee suburbs proposed by the Union. In the end, no comparable pool was established.

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<sup>14</sup> (Proposed) U-X-8.

In 1986, Arbitrator Petri conducted another interest arbitration case involving Watertown. Once again the City proposed only the same single comparable of Beaver Dam. The Union offered none, and no pool of comparables was established in that case.

In this matter, the City points out the Union had initially presented a pool of supposedly similar comparables totaling 42 municipalities. The City criticizes the Union comparable selections as spanning 28 different counties and having incredibly long distances between many of them and Watertown. Using MapQuest, the City determines the distance of these proposed comparable from Watertown to range between 22.4 (Beaver Dam) and 265 miles (Rice Lake).

The City had also nominated a pool of municipal comparables. The City attests its selection process considered geographic proximity to Watertown including municipalities within Dodge, Jefferson, Washington and Waukesha Counties and obviously worked to pick comparables within a reasonable employee recruitment range of Watertown and within 50 miles. Watertown, of course, is situated in both Dodge and Jefferson Counties. Similarly sized populations were another major criterion used as a selection basis by the City, along with eliminating volunteer firefighting units.

Reporting first the current Watertown population of 23,929, and as well as geographic proximity to Watertown of potential municipal comparables, the City selects the following municipalities as reasonable comparables, listing their respective populations and distances from Watertown. Minimizing distances of proposed comparables from Watertown played a significant role in the City’s selection process.

<b>Municipality:</b>	<b>Population:</b>	<b>Distance (Mi):</b>
Beaver Dam	15,169	22.4
Fort Atkinson	12,480	21.3
Germantown	19,749	34.1
Jackson	6,740	38
Lake Country	9,152	
Chenequa		21.9
Delafield		22.3
Nashota		21.2
Menomonee Falls	35,924	33.6
Mukwonago	14,849	37.2
Oconomowoc	16,230	13.3
Pewaukee	13,827	31.6
West Bend	31,078	12.7
<b>Watertown</b>	<b>23,929</b>	<b>XX</b>

The City also notes Jackson and the Lake County units are non-union. The City offered other points of comparison, as well, including residential equalized value, median

home value, personal income, unemployment rate, and municipal tax levy, which it summarizes as demonstrating the City of Watertown is not in an economic class superior to its comparables. Citing an unemployment rate of 4.5% that is surpassed only by a 4.7% unemployment rate in Beaver Dam, the City also notes only Beaver Dam and Fort Atkinson have lower median house values than Watertown which actually reported a 2% gain in that category. Consistent with this relatively recent development, Watertown increased its municipal taxes by 5.6%, but appears to be in the lower half of adjusted gross income among the comparables for 2013.

**Ability to Pay Cost of Union Offer**

The City acknowledges it is not claiming that it lacks the ability to pay the Union offer. The City says it does not have the luxury of viewing the Union offer in a vacuum with respect to either the City’s ability to pay or the morale of the firefighters. It needs to consider the City as a whole with respect to its taxpayers and the morale of all its employees.

**City’s Final Offer on Wages is the Most Reasonable**

The City argues the historical wage rate contained in C-X-12 indicates Watertown is at the lower middle end of the wage scale when compared to the fire departments found in the comparable municipalities. It ranks 8 out of 11 in 2014 and will maintain its current ranking under the City’s final offer. But this, says the City, in and of itself, is insufficient reason for drastically increasing the wages for the firefighters.

The City’s notes the firefighters’ position in the list of comparables is one that has been bargained over for many years. The City finds agreement from Arbitrator Nielson who observed, “The current wage rankings are the result of voluntary settlements, and the County’s offer maintains the relative position of County employees among their peers.”<sup>15</sup>

**2015 Comparable Wage Increases**

The City sets apart comparable wage increases for Beaver Dam, Fort Atkinson and Germantown and follows with Lake Country through West Bend. (Jackson was deemed “not applicable,” and Oconomowoc had not yet settled.)

<b>Municipal Department</b>	<b>Percentage Increase</b>	
Beaver Dam	3.5%	
Fort Atkinson	1.0 %	
Germantown	7/1	1.5%
	Lift	1.5%
	Actual	0.75%
Jackson	N/A	Individually Percentage Increase

<sup>15</sup> *Barron County Social Services*, Dec. No. 26009- (Nielson, 1/5/90).

Lake County	2.00%
Menomonee Falls	2.50%
Mukwonago	2.00%
Oconomowoc	Not Settled <sup>16</sup>
Peewaukee	2.50%
West Bend	2.00%
<b>Average</b>	<b>2.03%</b>
<b>Watertown</b>	<b>City Offer: 3.0%</b> <b>Union Offer: 4.532%</b>

The above Table shows the average 2015 increases to be 2.03 %, which the City claims fully and unequivocally support the City’s final offer.

The City also calculated the Historical Percentage Increase Comparison from 2011 – 2015 as demonstrated by the following table.

**HISTORICAL PERCENTAGE INCREASE COMPARISON**

<b>Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Total</b>
Average increase for Comparable Departments	1.97%	0.94%	1.52%	1.89%	2.03%	8.35%
<b>Watertown Increases</b>	0.00%	0.00%	3%	3%	City Offer: 3% Union Offer: 4.532%	9 % 10.4532%

The City argues that rather than consider wage amounts some arbitrators consider the wage increase percentage to be a better indicator of the settlement pattern and bargaining trends. In the words of Arbitrator Gil Vernon:

“In comparing the offers to other employees, the Arbitrator believes the primary weight should be given to wage level changes relative (in other words the percentage increase) rather than to relative wage levels. Relative wage levels are the result of years of bargaining between the Parties. Each time they know where they stand and know where they end up relative to others. Arbitrators should generally respect these relative wage level relationships unless one or the other ends up in some kind of significant distortion.”<sup>17</sup>

**City Offers Competitive Benefit Package**

The City examines identifies major benefits received by the Watertown firefighters in comparison with those received by comparable municipal fire fighting departments.

<sup>16</sup> City indicated Oconomowoc had not settled when this table was constructed.

<sup>17</sup> *Dodge County (Deputy Sheriffs)*, Dec. No. 33914 (Vernon, 1/28/13)

Starting with a 90% City contribution to the lowest health insurance premium cost available, continuing with another 90% contribution to the family dental premium and 100% contribution to single premium but expressed as a dollar amount, the City describes Watertown's health and dental insurance benefits generally appear to equal or exceed what is provided by its municipal comparables of Beaver Dam,<sup>18</sup> Fort Atkinson, Germantown, Jackson, Lake Country, Menomonee Falls, Mukwonago, Oconomowoc, Pewaukee and West Bend.<sup>19</sup>

The City is a leader among the comparables with dental care insurance to which the City contributes 90% of family premiums and 100% of single premium, expressed as a dollar amount.

Watertown firefighters are entitled to a sick leave accumulation at the rate of 24 hours per month up to 1,272 hours and sick leave payout, which the City describes as competitive with the sick leave allowances of the comparable municipalities.<sup>20</sup> The City also points to a retirement health insurance premium account in an amount equal to \$50/day for each day of accumulated unused sick leave that may be used for retiree health insurance premiums or a cash payment of ½ of the above payable amount.

As to holidays, the City reports its firefighters receive 10 holidays per year, as do firefighters in Jackson and West Bend. They are followed by firefighters in Lake Country with 9, Mukwonago with 8 and Oconomowoc with 5. Comparable municipal leaders in the holiday category are headed by Fort Atkinson, which provides 12, and Beaver Dam and Germantown, each giving 11.<sup>21</sup>

The City also describes its vacation allowance as generous and competitive with its proposed list of municipal employers.<sup>22</sup>

The City notes it provides longevity payments to its firefighters, a benefit offered by only three of the other municipal comparables (Beaver Dam, Fort Atkinson, and West Bend),<sup>23</sup>

The City posits that only four of the municipal comparables have no benefit for tuition reimbursement (Beaver Dam, Lake Country, Oconomowoc, Pewaukee). The remaining comparables offer various tuition reimbursement programs for pre-approved courses. The city notes Watertown pays 25% of tuition (to a maximum of \$500) for any fire related or other educational course approved by the Fire Chief.<sup>24</sup>

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<sup>18</sup> Beaver Dam offers no contribution to dental insurance.

<sup>19</sup> C – X – 14B & 14( C).

<sup>20</sup> C – X – 14D. The City notes the sick leave payout provisions do not apply for firefighters hired after 1/1/13 in Fort Atkinson.

<sup>21</sup> C – X – 14E,

<sup>22</sup> C – X – 14F.

<sup>23</sup> C – X – 14G.

<sup>24</sup> C – X – 14H.

As to “uniform allowance,” according to the City only one of the municipal comparables (Jackson<sup>25</sup>) has no provision for uniform allowance. Watertown currently provides up to \$400/year, which is slightly than half way between the high in Beaver Dam’s 2015 uniform allowance of up to \$550 and Lake Country’s low of \$300.<sup>26</sup>

### **Consumer Price Index Comparison (2011 – October, 2015)**

The City submits two exhibits regarding the Consumer Price Index (CPI). C-X-15 lists the monthly CPI for the years 2011 through July 2015.<sup>27</sup> The other compares the yearly (2011- 15) CPI with wage increases received by the Firefighters in the City of Watertown over several years.<sup>28</sup>

C – X – 15A, the City explains the twelve months in each identified year (2011, 2012, 2013, 2014 and 2015 were averaged to arrive at each year’s average CPI-U increase. Each year’s average was listed on C – X – 15A, in the center of the page. This average was followed by the wage increase the Watertown Firefighters received for that year in the right-hand column of C – X – 15A , the City continues. The average CPI increases for each year were added together to generate a total cumulative CPI increases. The increase the Firefighters received was added each year to determine the total cumulative Watertown percentage increase.

This calculation, says the City, results in a finding that Watertown Firefighters received a cumulative increase exceeding the cumulative CPI increase over the past five years. The City submits the following table to illustrate its point.

The City argues, the CPI factor favors the City’s final offer, which is above the cost of living reported by the U.S. Department of Labor, Bureau of Labor Statistics. The Union offer is significantly above the cost of living factor.

### **City Summary**

The City believes the evidence and arguments the City presented prove the City’s offer is the most reasonable offer and the offer that will treat all Watertown employees fairly, equitably and continue to maintain the morale and labor peace for all City employees.

The City describes the Union offer as excessive and unreasonable when compared to the internal with the police, excessive and unreasonable when compared to the wage increases received by other City employees, excessive and unreasonable when compared to the external settlements and unsupported by any of the Union’s exhibits.

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<sup>25</sup> C – X – 14A.

<sup>26</sup> Ibid.

<sup>27</sup> C – X – 15.

<sup>28</sup> C – X – 15A.

## REPLIES

Each party submitted lengthy post Hearing Briefs and Replies.

### Union Reply

The Union disagrees with the City's argument that the Union's final offer is more costly than the City's 2015 settlement with the police officers. The Union does not dispute that the City allowed the police to place the available 2015 dollars at the top of their salary schedule as long as doing so did not exceed the City's goal of limiting its 2015 wage increases to a 3% increase over the previous year's (2014) wages in 2015. The Union insists that the result of its delayed effective date of its offer moved the Union's final offer to a point within the same fiscal parameters, but with a lesser cost than the City's offer. The Union contends this occurred, and "the Union's offer is thus less than even the City's offer of \$931,687," and represents a 2.4% increase, not 4.532% for 2015.

The Union first points to City agreement that the Union's offer costs \$919,393 in 2015. "Costing its own final offer, the Union claims its final offer costs \$912,384 in 2015. "This means," claims the Union, "that the Union's offer costs \$7009 less than the City's offer of \$931,687." The Union argues its 2015 offer is thus a 2.4%, wage increase, not 4.532%. "Therefore," the Union concludes, "it cannot be as the City argues . . . that the Union's offer is excessive and unreasonable."

The Union further argues, "Nearness in compensation and *quid pro quo* considerations also favor the Union's offer, adding that it should not be subject to an obligation to offer a *quid pro quo*. But, the need for a *quid pro quo* does not exist because reference to the police settlement shows a comparable settlement pattern exists.

The Union also points to its further agreement to relieve the City of any WRS contribution obligation and increase the firefighters' health insurance premium contributions (that took place in the 2015 police settlement.)

Moreover, the Union continues, it is the City that owes a *quid pro quo* to the Union, because the City is attempting to alter the historical relationship between the City firefighters and police that have stayed the same for all but three out of sixteen years. With its final offer the City proposes to institute a top step divide of more than 2% between its firefighters and police.

The Union defends its submission of C-X-8 entitled "Tentative Contract Settlement" and denies any attempt to gain an unfair advantage that the contested document may imply. The document speaks for itself clause.

Seemingly oblivious to the City's costing methodology, the Union contends that internal consistency favors the Union offer. The Union's perception is that the City's top step police officer wages increased not by 3%, but by 5.02%, the cost of which is only



3%. Here the firefighters seek the same increase, but at a later date, which leads to the result that under the Union's offer the firefighters' wage increase by 5.02%. The 2015 cost of the Union's final offer is actually a 2.4% increase, not the 4.532% contended by the City. The Union believes the reduction to 2.4% is caused by the split nature of the increase.

The Union also defends the broad comparable pool that it suggested be used and claims the Union's final offer is supported by external comparability, no matter how considered. The Union argues the composition of comparable pools is not set in stone. It is on a case by case basis. The parties can always agree to their own list of comparables. Citing Arbitrator McAlpin, the Union urges, "we have gone beyond simple regional comparisons . . . Central Wisconsin is no longer a tight little economic island."<sup>29</sup>

To this, the Union adds its description of Watertown as a significant economic community that lies between major markets.

### **City Reply**

The City notes the Union's 6-month delayed implementation of its offer, but points out the new effective date save the City money for only a 6-month period in 2015. Starting in 2016 and moving forward, the true cost of the Union's offer takes effect. The City describes the true cost of the Union's salary offer as wanting a 4.532% salary increase, when everyone else, including the police, is getting 3%. The City notes that arbitrators, including this one, have often used the cost of a wage "lift" in split-wage proposals in a final offer to determine its "true cost."<sup>30</sup>

The City also refers to the cost impact of the Union's final proposal for a new step as 5.02% higher than the previous one, and should be compared to the cost impact of the police settlement that also provided a new step of the same value. The cost impact "lift" in the Union's final offer is 4.5342% *versus* the cost impact lift in the police settlement is only 3%.

The City also notes the harmful, possible long-term effects of arbitrarily granting the firefighters a wage increase exceeding what the police officers accepted in bargaining (and was also received by other employees) that includes employee disappointments within the ranks of City employees whose increases did not score wage increases as high as the firefighters as well as increased costs for the City.

The City emphatically disputes the Union's assertion that it has historically maintained parity with the police. The City demonstrates this with an inclusive charted comparison of fire and police wages from 1999 to the present, in particular, the years

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<sup>29</sup> *City of Eau Claire (Fire Department, Dec. No. 29062-A (McAlpin, 12/08/97).*

<sup>30</sup> *Sheboygan County (Sheriff's Dept. (Dec. No. 32720-A (Hempe, 11/19/09); Also see Douglas County (Sheriff Dec. No. 33350-A (Kossof, 013012)); Iowa County Sheriff's Dept, Dec. No. 30611-A (Tyson, 12/31/03).*

2002, 2005, 2006 and 2007.<sup>31</sup> Even the steps have been different in their respective salary schedules from 2002 to the present when the City and police actually negotiated a structural wage schedule change by adding a new 5<sup>th</sup> step on their wage structure, while the City firefighters remained on a 4-step wage structure with a 3% increase.

Moreover, the City continues, Wisconsin arbitrators (including this Arbitrator) have concluded that *structural* changes to the salary schedule should be obtained through collective bargaining, not interest arbitration.<sup>32</sup> But the firefighters' salary schedule *structure* has not changed in Watertown, for a very good reason, according to the City, namely the parties have never seen a need for such a fundamental change, contending that strong justification is required for arbitral change of a *status quo*.<sup>33</sup> The City emphasizes that the each of the salary increases from 1999 until the present resulted from collective bargaining.

The City argues the concept of requiring payment for a change to the *status quo* is also well established, but requires three elements: 1) a significant, unanticipated problem that demonstrates a need for change, 2) that the proposed change will remedy the problem, and 3) the party proposing the change has offered a *quid pro quo* for the change.

Here, the City argues, the Firefighters have not demonstrated that the current wage step progression creates a significant problem. But even assuming that a change in the structure of the salary schedule is needed, the Union has not provided a *quid pro quo* to offset its proposed 4.532% wage increase. The City finds no demonstration by the Union of a need for the salary structure change. No evidence has been introduced and received that the City has had any difficulty in retaining its incumbent firefighters.

The City is critical of the Union offering its version of a "sacrifice" by excluding two of the firefighters from the 5.02 wage increase in the Union's proposal, equating them with the fifteen police officers ( 15 of 30) who were also excluded in the contract settlement with the police. The fact is, says the City, that only 50% or 15 members of the police unit were eligible for the new step. There is, the City instructs, "a dramatic cost impact between 80% of a bargaining unit getting a wage increase or 50% of a bargaining unit receiving a wage increase.

In conclusion, the City contends "the Union has misrepresented its intent to receive a 5.02% wage increase in interest arbitration, misrepresented the relationship between the City's fire and police units, misrepresented the long term economic impact of its offer, and finally has totally ignored the negative impact on morale which would result if the firefighters received a greater percentage wage increase than that received by the other City employees."

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<sup>31</sup> C – X – 10.

<sup>32</sup> *City of Fitchburg*, Dec. No. 32133 (Hempe, 1/14/08).

<sup>33</sup> *Washington County (Deputy Sheriffs)* Dec. No. 29379

## DISCUSSION

Wis. Stats. 111.77(6)(am) & (bm) lists the criteria to be used by the Arbitrator.

The criteria begins with Sec. 111.77(6)(am) as follows:

*Subs. (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 paragraph (bm) and give an accounting of the consideration of this factor.*

The Union describes the economic conditions of the City as healthy. In support of this assessment, the Union lists an increase in the City's general fund balance of 4.6% from fiscal years 2012 to 2014, 3% from fiscal years 2013 to 2014, and 9.2% from fiscal years 2013-2014. The Union identifies the City's general fund balance as a percentage of general fund expenditure, which is above the Government Finance Officers Association's (GFOA) recommended threshold in 2012, 2013, and 2014, and has a positive governmental asset to considerations as to the City's economic conditions.<sup>34</sup>

In describing possible "comparable communities, the City necessarily revealed relevant economic components of the Watertown area. The City describes itself as at the lower middle end of the scale when measured against its comparable municipals. Watertown has had a 2% increase in equalized value amid a diversity of equalized values of the other comparables that range from an increase of 6% (Pewaukee) to a decrease of 3% (Chenequa). Its 2% gain is still less than that experienced by seven of the municipal comparables.

Moreover, with a median house value of \$156,600, the City notes it still lagged well below the \$293,450 median shown by City comparables. Only two, Beaver Dam and Fort Atkinson, show lesser median house values. Watertown has increased its municipal tax to a 5.6% levy rate; only three of the comparables have raised their levies to a higher rate. The City's unemployment rate at 4.5% is second highest among the comparables, with Beaver Dam having a 4.7 rate and the rest of the comparables at 4.1 or 4.2. Finally, with a reported adjusted gross personal income per return of \$42,270, Watertown residents have the second lowest personal income among its external comparables.<sup>35</sup>

In addition, the Watertown area population has grown by 13.4% since Year 2000 to its current size of almost 24,000 residents. More growth is forecast by area business proponents<sup>36</sup> who tout the City's strategic geographic position with easy access routes to major markets.

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<sup>34</sup> U – X – 16.

<sup>35</sup> C – X – 11.

<sup>36</sup> Watertown Economic Development Organization (WEDO)

Presumably, the City's major revenue sources include its property taxes levied on both residential and commercial properties as well as any state aids. There is no apparent indication of revenue diminishment from these or other possible revenue sources, and no expressed City complaints as to overly stringent state tax levy limits. At the same time, it is second from the bottom of gross personal income per return as well as its second highest unemployment rate among the external comparables as a practical matter may suggest a prudent cautiousness as to the current ability of the City's residential taxpayer base to comply with any increase in City property taxes.

Overall, these brief descriptions of economic conditions in Watertown suggest a sturdy, observably friendly, relatively stable community that appears to have a fiscally responsible leadership. But the economic conditions are not all positive, and include disappointing median residential home values, perhaps a nagging residue of what may be leftover post-recession unemployment and underemployment, and lower personal incomes that are decidedly not at affluent levels.

In general, Watertown's economic conditions are somewhat mixed and present a picture of a hard working, responsible community that is neither wealthy nor impoverished. Forecasts of greater continuing business growth in the City, will present additional challenges seeking enlarged basic city services, including water and utilities, trash and recycling collection, and expanded firefighting and police protection.

The provisions of subs. (am) require the arbitrator to give greater weight to Watertown's economic conditions than the arbitrator gives to the factors that follow under paragraph (bm). That I do and conclude, on balance, Factor (am) supports both the Union and the City's final offers equally. Consequently, evaluation of the other factors under subs.(bm) will determine which offer will be found to be the most reasonable. I incorporate in this "accounting" any relevant Background material above.

I turn to an evaluation of the final offers under the remaining statutory factors listed in subsection Wis. Stats. 111.77(6)(bm):

**Factor 1: Lawful authority of the Employer.**

Not in issue.

**Factor 2: Stipulations of the Parties**

The parties agree that each shall be deemed to have included in its respective final offer each of the tentative agreements the parties reached. Under this informal "understanding," the tentative agreements are guaranteed placement in the prevailing offer. This factor supports each final offer equally. It is not in issue.

**Factor 3: Interests and Welfare of the Public: Financial Ability of the Unit of Government to Meet those Costs.**

### Morale

A competent, effective, and experienced City Fire Department, well-trained and capable of ready, effective and courageous response to emergency, life-threatening situations is not only an asset, but also a continuing necessity to the residents of any community. Certainly the Watertown firefighters deserve to be reasonably and equitably compensated for their often demanding, and sometimes hazardous duties, and providing appropriate pay is in the best interests and welfare of the public.

There has been no evidence submitted in this case that the City's current firefighters lack these qualifications. An impressive 14 out of 16 of the current cadre have remained in the Watertown Fire Department for at least six years, if not more. As the City points out, this may be an indication that the City has not been experiencing any significant firefighter retention difficulties due to inadequate pay issues.

The City has offered a 3% salary boost to the fire unit. The percentage increase cost is equivalent to the relatively recent salary percentage increase granted the police. It is also about 1.5% below what the firefighter's Union is seeking. The City raises no "inability to pay" argument; nor has it expressed any concerns with respect to the general professional competence of its firefighters, despite some possible discomfiture as to the ultimate amount this unanticipated potential additional salary expense will cost.

Undeniably, a pay increase can be an important, motivational, and sometimes necessary morale enhancer for many employees. But comparisons of differing rates of pay-increases among co-employees can *also* have a negative effect on the morale of those employees not equally favored, as well as the future bargaining credibility of the City. The City's expressed concerns as to these aspects have validity.

Particularly with respect to public protection units whose duties include personal physical risks greater than those normally encountered by general municipal employees, pay increases can be an effective means of both thanking these public safety protectors for their dedicated service as well as inspiring their continued service motivation, morale, and job performance but no immanent need has been demonstrated. As a practical matter it seems doubtful that the City police would harbor any "begrudgement" toward the firefighters spring-boarding to closer salary parity through arbitration, and the remaining non-union general City employees have shown neither inclination nor disposition to raise any issues concerning their own respective 3% pay increases. At the same time, any wage increase as significant as that being sought by the Union in this case will require substantial and transparent justification in the eyes of not only fellow City employees, but members of the public as well.

### Costs

The parties do not agree on final offer costs. The Union continues to insist its six month deferral of its wage increase date reduces the 2015 cost of its proposed firefighter wage increase to a mere 2.4% wage increase cost in 2015. The City is just as adamant that the "true" additional cost of the proposed increase is an additional \$12,294 in 2015

that represents a four and a half percent (4 ½ %) salary increase for the fourteen firefighters. It does not dispute that the Union has delayed the implementation of its excessive wage offer to July 1, 2015, but points out that only saves the City money for a six-month period in 2015. Beginning in 2016 and carrying forward, the true cost of the Union’s final offer takes effect.

The Union insists that its final offer better meets the interest and welfare of the public because it costs less than the City’s. The Union acknowledges it deliberately tried to scale down the cost of its final offer by constructing it in the form of a split-offer that delays to July 1, 2015 the implementation date of the wage increase it proposes. According to Union reckoning, this reduces the Year 2015 cost of its proposed new 5.02% step to a 2.4% cost to the City in 2015. But even the creative costing displayed by the Union cannot successfully squeeze a 4.532 % cost increase into a preferred 2.4% size slot.

The City comments: “While this (\$12,294) cost may not seem like a large difference in total wages, it is significant when looking at the percentage cost of each party’s final offer.” When costed the City’s final offer is a 3.15% wage increase. In contrast, the cost impact of the Union’s final offer is 4.532% or 50% more than the City’s final offer. In its Reply, the City reiterates its view that the Union’s final offer is not the same as its agreement with the City police because it does not have the same cost impact as the settlement with the police officers as set forth in C-X-9, below.

**Cost Summary**

<b>Percentage Cost of City Offer</b>	<b>3.15%</b>
<b>Dollar Cost of City Offer</b>	<b>\$28,103</b>
<b>Percentage Cost of IAFF Offer</b>	<b>4,532%</b>
<b>Dollar Cost of IAFF Offer</b>	<b>\$40,396</b>
<b>Additional % Cost of IAFF Offer</b>	<b>1.379%</b>
<b>Additional \$ Cost of IAFF Offer</b>	<b>\$12,294</b>

The City continues: “Even using the Union’s extensive list of comparables (which included paramedic premium add-ons and lieutenants rather than firefighter wage rates. the final offer of the Firefighters at 4.532% is “significantly higher than that received by virtually any firefighter unit, including those in the Union’s overly broad comparable pool.” The final offer of the Watertown firefighters is a 4.532% wage increase.

**Assessment of Final Offers under Factor 3**

The City has not claimed any inability to meet the costs of the Union's Offer. The interest and welfare of the public seems better served by the City's accurate statement as to the cost of the Union's offer; both offers support retention of a fairly compensated, capable, motivated Fire Department as in the interests and welfare of the public.

### **Pool of Comparable Communities**

Statutorily required consideration and comparison of competing final offers requires a pool of municipal comparables with which intelligent comparisons can be made. Both parties to this case initially submitted their own pool proposals in their respective post hearing Briefs as previously described to which this is supplementary.

Selection criteria for proposed municipal comparables was varied, but included: 1) a population size similar to that of Watertown; 2) a reasonable geographic proximity to Watertown. Communities with volunteer fire departments were rejected, and only a small minority (three) of clearly identified non-union fire departments was included.

The City defined geographic proximity to Watertown as including municipalities within Dodge, Jefferson, Washington and Waukesha Counties, which necessarily included those within a reasonable employee recruitment range of 50 miles. Particularly with a current 25-mile residency requirement for Watertown firefighters a geographic proximity guideline made good sense. Watertown is situated in both Dodge and Jefferson Counties.

The city proposed a pool consisting of Beaver Dam, Fort Atkinson, Germantown, Jackson, Lake Country, Menomonee Falls,, Mukwonago, Oconomowoc, Pewaukee and West Bend.<sup>37</sup>

The Union initially had proposed a far broader, statewide approach to selecting suitable pools, even suggesting the pool be composed of some 42 named Wisconsin municipalities with full-time unionized fire departments and populations ranging from 4,000 to 40,000. The Union also suggested several smaller, alternate pools that included members quite distant from Watertown. In part, the Union also evaluated potential pool members by "looking at the prospective pool member's maximum wage rate." The Union ultimately agreed to the inclusion of Mukwonago, Oconomowoc and Pewaukee on the City's proposed pool. The Union had first objected to the inclusion of Fort Atkinson, Jackson and Lake Country on the grounds those fire units do not have recourse to collective bargaining and their conditions of employment "have been imposed on them."

Ultimately, the Union announced an apparent agreement to an undisputed pool consisting of Beaver Dam, Menomonee Falls, , Mukwonago, Oconomowoc, Pewaukee

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<sup>37</sup> I share the view of Arbitrator Grenig that compensation of non-unionized employees is less persuasive in interest arbitration. An Employer can unilaterally make changes for non-unionized employees, while an employer must bargain those changes for unionized employees. *City of Superior (Fire)* Dec. No. 31705-A (Grenig, (12/10/06).

and West Bend that ultimately included Fort Atkinson, Jackson, and Lake Country, and offered no objection to Germantown.

Without being unnecessarily pedantic, the pool seems generally compatible with the general statutory requirement that the employees involved in the arbitration be *compared with other employees performing similar services in public employment in comparable communities*. Wis. Stats. 111.77 (6)(d) 1. Pool members fall within 50 miles or less of Watertown. Smaller communities such as the later added Jackson and Lake Country are not as persuasive as larger ones, but seem abundant in the general Watertown area and can offer helpful data, particularly where, as here, the smaller communities have a reasonable geographic proximity with the Employer, and where the Employer has a 25-mile residency limitation for its firefighters

Notwithstanding its objections in its initial post-hearing Brief, the Union included all of the comparables on its illustrative tables, including Fort Atkinson, Jackson and Lake Country listing disparities and internal settlement patterns and top step wages.

**Factor 4: Consideration and Comparison of City of Watertown Firefighters with Comparable External Peers in Public Service and Internal Employees.**

Each party attempts to piggyback on the proposition that the spotlight belongs on internal comparables and that a comparison between the police and firefighters *should* carry the greatest weight in this proceeding. Both are correct. In a sense, under that spotlight the remaining statutory factors, though germane to the issue(s), become somewhat ancillary.

To the City, this means the decisive focus should be on the 2015 wage settlement between the City and its police officers. That settlement provided fifty percent of the City police force who had at least 6-years' of department service and an immediate pathway to a *5.02 % wage increase* by creating a new top wage step for officers with six years of department service. The settlement's cost to the City represents the City's principal bargaining goal of limiting any wage increase cost in 2015 to three-percent.

To the Union, the decisive focus of this award should be on the additional new *five percent wage disparity* between the top step police and fire unit members, for which the Union blames the City's unwillingness to follow the initiated in conjunction with the City's refusal to extend the 5.02% wage increase opportunity to 14 of the 16 firefighters who also had at similar service years with the Watertown Fire Department. Extension of the 5.02% improvement to the 6-year eligible firefighters would cost the City an additional 4.532 percent cost increase over its 2014 firefighter wages, or \$12,294.

There are strong equities favoring each party's position. Fairness to the firefighters is one, as through their Union they seek to correct a system they regard as now beginning to cost them "real money." Cost to the City is another, as through its elected officials it seeks to stay within budget. Most, if not all, of these underlying



equities have been well presented by the respective advocates in the course of this award. The “Disparity Theory” advanced by the Union offers some credible support for the Union position. The City argues that the issue(s) involved in this proceeding regarding the firefighters’ compensation structure belong in and are better discussed and resolved at a collective bargaining table where other reasonable alternative solutions can be considered and better customized by the parties to fit their specific needs. That view, as well, has strong credibility.

Notwithstanding the apparent fiscal anomaly that in large part seems responsible for the standoff in Watertown between the City and the Firefighter Union, the confusion of the firefighters is understandable as to why the City can provide an additional 5.02 percent wage advantage for 6-year veteran police officers, but withhold the same opportunity for firefighters with the same length of department service.

With unremitting adamance, the City insists that granting a 4-½ percent wage increase to a relatively small group of fourteen employees, however skilled or essential it may be, may seem unfair to less favored City employees, and may not sit well with Watertown residents whose own wages may have faltered in a state still recovering from economically challenging times, particularly when it appears the City’s current CBA is reasonably competitive as to benefits with its municipal comparables. The City also argues that its three percent wage settlement with the City police should offer a decisive edge to the City’s final offer.

The factual particulars of the wage and structure issues involved in this proceeding have been thoroughly summarized and aired.

**Factor 5: Consumer Price Index (Cost of Living)**

This factor requires consideration of the average consumer prices for goods and services commonly known as the cost of living.

The long-time appropriate basis for comparing CPI-U changes with contract proposals is the prior one-year experience.<sup>38</sup>

The City reports the CPI-U average for the first seven months of 2014 shows an increase of 1.70% and the CPI-U average for first seven months of 2015 shows a decrease of –0.03%. The City’s final offer proposes a 3.0% wage increase for 2015; the Union’s final offer proposal for the same period is a split offer of 4.532% wage increase.

The Union uses the numbers offered by the City without correction

Factor 5 favors the City’s offer

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<sup>38</sup> *Sheboygan County (Sheriff’s Dept.* Dec. No. 32720-A (Hempe, 11/09); *Buffalo County*, Dec. No. 31484-B (Hempe, 5/06); *City of Madison Police*, Dec. No. 28826-A (Malamud, 5/97); *City of Racine (Wastewater)* Dec. No. 24266 (Mueller, 1/88); *Walworth County Sheriff’s Dept.*, Dec. No.19811-A (Zeidler, 2/83).

**Factor 6: Overall Compensation Prepresently Received by the Employees.**

This factor requires the arbitrator to consider not only direct wage compensation, but also additional benefits received by the employees. The Union agrees City has generally “kept in line” the overall benefits received by both the firefighters and the police. The Union argues the stipulations of the parties continue that practice, and wonders why the City will not apply that policy to wages as well as it has to benefits. The Union believes that lends support to its final offer.

The City and the Union are in apparent agreement that that the benefits received by members of each unit are equivalent, and describes major benefits in some detail. The City describes these benefits in some detail. They are generally quite competitive with those offered by the municipal comparables, and include, vacation, holidays, uniform allowance, contribution to medical, hospitalization insurance, dental care insurance, sick leave and sick leave accumulation, longevity pay and tuition reimbursement for professional development.

**Factor 7: Changes in any of the Foregoing Circumstances.**

The parties indicate no changes in circumstances alter any of the foregoing circumstances.

**Factor 8: Other Factors Normally or Traditionally Considered. . .**

The City raises two such additional factors. One is the general arbitral reluctance of some arbitrators to impose structural changes to contractual provisions previously established through collective bargaining by the parties.<sup>39</sup> The other would require the party seeking the change to provide a *quid pro quo*. Each issue has been previously described.

The City argues that the structure of the Firefighter’s salary schedule has not changed for good reason, namely, that the parties have never seen a good reason to change, despite multiple collective bargaining opportunities over the past sixteen years for the Union to identify and explain why the structure needs to be changed. The City argues a change in the steps of the salary structure is simply not justified, particularly if attempted through arbitral imposition, instead of collective bargaining. As this Arbitrator observed in an earlier case with a similar issue: “In determining this matter I am primarily influenced by the City’s contention, not disputed by the Association, that the current wage structure policy and the structure itself was mutually crafted by the parties in collective bargaining.”<sup>40</sup>

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<sup>39</sup> *City of Onalaska*, (SEIU), Dec. No. 31736-A (Imes, 12/16/06); *Manitowoc County Human Services Professionals*, Dec. No. 29441 (Roberts, 5/22/99); *Clark County (Sheriff’s Dept.,)*, Dec. No. 28409 (Mulamud (12/95).

<sup>40</sup> *City of Fitchburg, (Police)*, WERC Dec. No. 32133-A (Hempe, 1/14/08)

As to the *quid pro quo* issue, the Union's response included the claim that inasmuch as it is the City's final offer that is attempting to break the internal relationship pattern of percentage wage increases between the Watertown police and firefighters, the burden of offering a *quid pro quo* falls on the City. I find that argument without merit.

Each party, City and Union, has been well represented in this matter. Each has offered extensive and well-prepared and effectively delivered arguments in support of its respective positions. Each has shown an ability to work with the other, as demonstrated by their common-sense stipulations to other successor contract additions. These parties appear to be the most knowledgeable and best prepared to produce a mutually acceptable resolution.

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The statute requires the arbitrator to implement the final offer of one party or the other in its entirety. The wage offers of each party are each reasonable ones. But I find there is greater support for the City's final offer in its relationship to the internal comparables, and its costing method.

Based on the above facts, evidence, arguments and discussion, the Arbitrator hereby makes the following Award.

**AWARD**

The final offer of the City is selected. Pursuant to the mutual understanding of the parties the five Tentative Agreements described shall be deemed to have been included in the final respective offers of each of the parties and shall be inserted in the successor agreement.

Dated this 3<sup>rd</sup> day of May 2016.

/s/ \_\_\_\_\_  
A. Henry Hempe, Arbitrator