

OPINION
IN
ARBITRATION

CITY OF GREEN BAY, WISCONSIN)	
)	
-vs-)	WISCONSIN EMPLOYMENT RELATIONS
)	COMMISSION
LOCAL #141, INTERNATIONAL ASSOCIATION OF)	Case XXXIX #17366 - MIA - 69
FIRE FIGHTERS, AFL-CIO)	Decision No. 12307-B

ISSUE IN DISPUTE: Whether the "Final Offer" of the Union or that of the City, in respect to wages and pension premium payments, should be incorporated into their collective bargaining Agreement for 1974.

ARBITRATION PROCEEDINGS

Under date of March 5, 1974, the Wisconsin Employment Relations Commission notified the undersigned impartial arbitrator, H. Herman Rauch, that the parties had selected him to act as sole arbitrator to issue a "final and binding award" in this matter. This selection grew out of the fact that, on November 16, 1973, the Association had petitioned the Commission to initiate compulsory arbitration "pursuant to Section 111.77(3)(b) of the Municipal Employment Relations Act."

By agreement of all concerned, the arbitration hearing was held in the City Hall of Green Bay on March 29, 1974. The arbitrator made a record of the proceedings by means of his tape-recorder. The parties elected to make their argument orally at the conclusion of the hearing.

PRESENT FOR THE PARTIES

<u>For the City:</u>	Donald A. Vander Kelen	City Labor Negotiator, Green Bay	
	Rudy G. Reinhard	City Comptroller	[Witness]
	Richard L. Wessel	Deputy Comptroller	
<u>For Local #141:</u>	Edward D. Durkin	Vice-President, International Association of Fire Fighters, Madison, Wis.	
	Richard J. Katers	President, Local #141	
	Charles E. Ault	Member, Wage Committee	

ISSUES

At the inception of the hearing, the Union (International Association of Fire Fighters) stated that 3 issues remained unresolved. The Union's proposals relative to those issues are:

- 1) Its proposal that, as of January 1, 1974, a \$50.00 per month increase be granted to each employee in the bargaining unit.
- 2) Its proposal that, from the date of the award in this case, the City pay all of the individual employees' share of the premium for the retirement pension program.
- 3) That the employees be paid at the rate of time-and-a-half for all time worked in excess of 56 hours per week on the average.

In respect to the last named issue (re: overtime pay), after some discussion the parties agreed to incorporate into their 1974 Agreement a provision to the effect that the City will pay the time-and-a-half rate "for work in any week in which the average work-week exceeds 56 hours"--(meaning, as Counsel for the City stated it, that the average is based on a 52-hour week, i.e., work beyond the regular schedule now in effect under the program of the "California Plan").

ANALYSIS OF UNION'S PROPOSALS

RE: SALARY RATE INCREASE

The Union proposes that, effective January 1, 1974, each employee in the bargaining unit have his salary rate increased \$50.00 per month. [There was some disagreement between the parties as to whether, as the Union contends, there are 175 employees in the unit or, as the City contends, 173 employees.] Based on the assumption that 175 employees would be eligible for the proposed wage increase, the Union calculates that the \$50.00 per month increase would cost the City \$105,000.00 for the year 1974.

The Union presented statistical evidence to show that:--

- 1) Even if its \$50.00 across-the-board-increase proposal is effected for 1974, the \$903.00 per month top salary rate for Fire Fighters in Green Bay (population 88,000) will be the lowest among the 6 other Wisconsin cities (excluding Milwaukee) with populations in excess of 55,000. The cities used for comparison are: Appleton (population 59,000): \$914.00 per month; Kenosha (population 88,000): \$918.00; Racine (population 94,000): \$924.00; Madison (population 172,000): \$962.00; West Allis (population 80,000): \$1,020.00; Wauwatosa (population 72,000): \$950.00 (current rate, but 1974 rate not settled). [Pop. figures from Wis. Taxpayer Alliance, 12/17/73.]
- 2) With several less in manpower--[the parties do not agree on the number of the reduction]--the emergency calls responded to (alarms for "rescue" and "fire" and other purposes) in 1973 increased 6% over the alarms responded to in 1972.
- 3) Compared with \$3.52 per hour for Fire Fighters, the wages for "Paper Machine Operators," "Paper Machine Back Tenders", local cartage drivers, railroad machinists and the employees of North West Engineering and dairy plant workers (among others) in Green Bay show hourly rates ranging from \$4.87 per hour (dairy plant) to \$6.29 per hour (local cartage).
- 4) As compared to the \$3.52 per hour Fire Fighter rate, bricklayers, painters, carpenters, electricians, laborers and others receive from \$5.90 (laborers) upward, in the Green Bay area.
- 5) The \$50.00 increase (5.94%) would not make up for the cost-of-living increase during 1973 because, as the local press stated on March 21, 1974, the Government reported that, with the cost-of-living increase for February 1974, "consumer prices" were "10% higher" than they were a year earlier.

RE: PENSION CONTRIBUTION

Under the 1973 Agreement, the City paid \$50.00 per month toward the premium payable by each employee in the bargaining unit for his retirement pension. In this case, the Union asks that the City increase its contribution toward these premiums to the extent necessary to pay the entire portion of the employees' share, -- the share which, for 1974, has been increased by 2.2%, to 8%. Based on the Union's calculation of the total amount involved in this proposal -- (assuming this payment would apply to 175 employees, from April 1, 1974 onward, total cost \$42,427.00) -- it would be \$4,714.00 (.18 1/3 % additional to what it paid in 1973) for each month that it is payable.

The Union presented data showing the commitments of the Wisconsin cities with population over 55,000 (excluding Milwaukee) in respect to this pension contribution. It shows that, for 1974, the commitments are as follows: Kenosha, \$55.00; West Allis, \$61.20; Racine, \$64.68; Appleton, \$73.10; Madison \$76.96; Wauwatosa, currently, \$76.00 (the 1974 negotiations are not completed).

CITY'S PROPOSALS

The City proposes that a total package of salary and retirement pension contribution increases, representing a 6.2% increase over 1973, be effected for 1974, from January 1, onward. It proposes that this 6.2% increase could be effected in one of the two following manners: --

- 1) A \$45.00 per month wage increase, plus \$10.00 per month additional toward employees' share of pension contribution; or,
- 2) A \$39.00 per month wage increase, plus the payment by the City of the entire amount of contribution payable by employees toward their pension fund.

The City's calculation of the results produced by the two cited options are as follows:

- 1) \$45.00 per month across-the-board salary increase, plus \$10.00 per month increase in the payment toward the employees' share of the contribution to the Wisconsin Retirement Fund: --
 - a) \$45.00/mo. X 12 (months) x 173 (employees) = \$93,420.00, or 5.1% increase in salary over 1973.
 - b) \$10.00/mo. X 12 (months) X 173 (employees) = \$20,760.00, or 1.1% increase over 1973, on employees' premium payments.Total cost of increases = \$114,180.00, or 6.2% total increase.
- 2) \$39.00 per month across-the-board salary increase, plus 100% payment of employees' share of the contribution to the Wisconsin Retirement Fund: --
 - a) \$39.00/mo. X 12 (months) x 173 (employees) = \$80,960.00, or 4.4% increase in salary over 1973.
 - b) \$1,834,790.00 X 7.5% _____ = \$137,605.00 for 1974;
1973: \$50.00/mo. X 12 (months) X 173 (employees) = \$103,800.00 paid by City.
Increase over 1973 _____ = \$ 33,805.00 or 1.8% increase in retirement contributions over 1973.Total cost of increases: 4.4% + 1.8% = 6.2% or \$114,765.00 [\$80,960.00 plus \$33,805.00 = \$114,765.00].

The City's proposal is based on the following stated considerations:

- 1) By State law, the City's budget for 1974 could not be increased more than 6% over that which prevailed in 1973.
- 2) In view of the cited limitation on the total budget increase, and recognizing the effect which that limitation would have in meeting a variety of cost increases, the City Council, during the summer of 1973, concluded that with some limitations on City personnel, the City could afford a labor cost increase of 5.5%.
- 3) The total amount appropriated by the Council for wage and benefit increases for 1974 was \$435,000.00.
- 4) At the time of the hearing in this case, the City and 21 out of 26 units (among them, affiliates of international organizations) have established their wage and benefit structure for 1974. None of those settlements have exceeded a "5.5% to 6% range--(when a unit is small, it is sometimes difficult to meet a precise 1/10 %)". To go above those settlements would be "unfair" and a "breach of faith" by the City.
- 5) The City has never had the funds available to pay both its own share and 100% of the employees share of the required contributions to the pension fund. To here require that the City pay 100% of the employees contribution would be "unfair to over 500 other employees of the City." While the City now, "in most cases", pays about \$35.00 per month for its employees, it is paying \$50.00 per month toward the contributions required of Fire Fighters, because their contribution rate is higher than that which applies to the employees generally.

- 6) A \$45.00 per month increase would, for 1974, produce an \$898.00 salary for Fire Fighters in Green Bay (population 88,000). That rate would exceed the rate in Oshkosh (population 53,000; rate \$866.00); La Crosse (population 51,000; rate \$804.00); Sheboygan (population 48,000; rate \$883.00); Manitowoc (population 33,000; rate \$860.00); Neenah (population 22,000; rate \$890.00); and would be exceeded by Appleton (population 59,000; rate \$915.00); Kenosha (population 88,000; rate \$918.00); Racine (94,000; rate \$923.00). [Pop. figures from Wis. Taxpayer Alliance, 12/17/73.]
- 7) The average earning for production employees for all manufacturing (excluding canning in Wisconsin) was \$4.66 per hour in January 1974, an increase of 4.8% over a year earlier.

ARBITRATOR'S COMMENTS

In calculating the cost of the wage and pension contribution proposals they offer, the parties differ in the following respects:

- 1) The Union bases its calculations on the assumption that 175 employees would be affected; the Employer assumes that 173 persons are involved.
- 2) The Union proposes that the pension contribution it seeks be effective from the date of this award; the Employer calculates the cost of that contribution on the basis of the entire year.

As the Union calculates the cost of the \$50.00 per month across-the-board salary increase (for 175 employees), the expenditure for the salaries for 1974 would be increased \$105,000.00. Assuming, as the City does, that there are 173 employees in the unit, the cost would be \$1,200.00 less than the Union calculated, or \$103,800.00 for the year 1974.

Assuming that the arbitrator's decision in this case is dated May 1, 1974, the Union's proposal respecting pension contribution increases for 175 employees would -- based on its calculations -- cost the City \$37,712.00 (\$4,714.00 per month X 8). If, as the City contends, there are 173 employees in the unit, the cost for the 8-month period would be about \$431.00 less.

On the assumption that there are 173 employees in the unit, and based on the Union's manner of calculation, the increase in the cost of the wage and pension contribution would be somewhat over \$141,000.00.

The alternative proposals offered by the City would represent a cost increase of less than \$115,000.00 for the year.

The difference between the Union's and the City's proposals amounts to between \$26,000.00 and \$27,000.00.

The City's contention that the budget limitations placed on it for 1974 by State law is not contested by the Union. There was no showing --

- 1) -- that the 5.5% increase in compensation consideration for the City employees, established by the City Council (in view of the budgetary limitations under which it was working) was needlessly restrictive;
- 2) -- that the Fire Fighters are in an inequitable position when compared with the wage rates applicable to the various classifications of the employees in the other departments of the Green Bay City government, who settled for a 5.5% to 6% increase for 1974;
- 3) -- that the wage and pension considerations of the Green Bay Fire Fighters, when compared to those considerations applicable to industry generally, in the area, place the Green Bay Fire Fighters in an inequitable position when compared with the salary and pension contribution which the fire fighters in other comparable cities of the State hold to those compensations in industry, generally, in those other cities;

4) -- that, in the event the arbitrator in this case granted the Union's "Final Offer" respecting salary and pension contribution increases for 1974, the City could comply with the award and pay over \$26,000.00 above its own offer, without causing a reduction in personnel or services in one or more departments, making it necessary for the City to either delay or fail to carry out its established commitments.

The arbitrator recognizes that the Union's offer in respect to the top salary of Fire Fighters would establish a salary rate near, but still below, cities like Kenosha and Racine, with comparable populations, and Appleton, with substantially less population. He also recognizes that the cost-of-living trend in early 1974 suggests that the salary increase proposed by the Union is likely to be absorbed long before the year's end. This is, of course, true also for the large majority of the other City employees, whose compensation for 1974 has already been established.

Facts are stubborn things, and this arbitrator is persuaded by the evidence that, in respect to the issues before him, it would be both unreasonable, unfair and senseless to send the Fire Fighters to a financial well which -- unless either some other employees or some public services are sacrificed -- will be dry before the year is out.

CONCLUSION

From the evidence presented, the arbitrator concludes that the "Final Offer" of the City shall, in respect to wages and pension contributions, be incorporated into the 1974 Agreement between the parties.

The "Final Offer" of the City, in this case, presents two alternative proposals for a 6.2% increase in salary and pension contributions combined. The terms of those alternatives were defined earlier. [Page 3.]

In the opinion of the arbitrator, the Union should be given the opportunity to decide which of the two alternative proposals it prefers to have apply for 1974. Therefore, the arbitrator so rules.

DECISION: The above "Conclusion" constitutes the decision of the undersigned arbitrator and is "final and binding" upon the parties.

May 3, 1974

Date

H. Herman Rauch /s/

H. Herman Rauch, Impartial Arbitrator
(by WERC Appointment)