

In the Matter of the Petition of

TEAMSTERS UNION LOCAL 695

vs.

CITY OF LAKE MILLS

Re: Final-Offer Binding Arbitration  
Involving Lake Mills Policemen

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Case V  
No. 18634 MIA-136  
Decision No. 13585

ARBITRATION OPINION & AWARD

Arbitrator: James L. Stern

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BACKGROUND

On December 20, 1974, Teamsters Union Local 695, hereinafter identified as the Union, filed a petition with the Wisconsin Employment Relations Commission (WERC) involving the law enforcement personnel of the City of Lake Mills, stating that it had reached an impasse on wages to be paid in 1975 by the City of Lake Mills, hereinafter identified as the Employer, and requested that the matter be resolved by final and binding arbitration, Form 2 of Wisconsin Statutes, 111.77 (4) (b) under which the arbitrator must select as his award the final offer of one of the parties without modification of such final offer.

The WERC conducted an informal investigation on April 21, 1975 and, finding that an impasse still existed, issued an order for arbitration dated April 28, 1975 and furnished the parties with a panel of arbitrators from which they could select an arbitrator. The parties advised the WERC that they had selected the undersigned James L. Stern and the WERC issued an order dated May 9, 1975 appointing him as impartial arbitrator

The arbitration hearing was held on June 2, 1975 at the City Hall, Lake Mills. Appearing for the Union was Mr. Merle Baker, Business Representative of IBT Local 695; appearing for the Employer was Mr. Harold Wagner, City Manager of Lake Mills. Various exhibits were submitted by both parties at the hearing and, as agreed upon, by letter subsequent to the hearing.

ISSUE

The only issue in dispute was the amount of the wage increase to be paid in 1975. The amended final offer of the Employer, as stated in a letter dated May 15, 1975, provided for an increase of nine percent (9%). The amended final offer of the Union, as stated in a letter dated April 9, 1975, provided for a ten percent (10%) wage increase effective January 1, 1975 and an additional five percent (5%) increase effective July 1, 1975. The 1974 salaries and the 1975 salaries as proposed by the Union and the Employer are as follows:

	<u>Classification</u>	<u>Starting Rate</u>	<u>End of Probation (6 months)</u>	<u>After 18 Months Employment</u>	<u>After 24 Months Employment</u>
1974 Agreement	Patrolman	\$617.00	\$651.00	\$706.00	\$767.00
Employer Proposal	Patrolman	673.00	710.00	770.00	836.00
Union Proposal--1/1/75	Patrolman	679.00	716.00	777.00	844.00
Union Proposal--7/1/75	Patrolman	713.00	752.00	816.00	886.00
1974 Agreement	Sergeant			740.00	780.00
Employer Proposal	Sergeant			807.00	850.00
Union Proposal--1/1/75	Sergeant			814.00	858.00
Union Proposal--7/1/75	Sergeant			855.00	901.00

Note: Monthly salaries have been increased by the percents indicated in the text above the table and then rounded to the nearest dollar as was done by the Union and the Employer in their exhibits.

## DISCUSSION

The Employer supports its position on wages by reference to its ability to pay and to wages paid to policemen in comparable communities. The Union also relies on wages paid to policemen in comparable communities and in addition cites changes in the cost of living and the productivity of the employees involved. The questions of ability to pay, cost of living and productivity are discussed first and then attention is focussed upon comparable wage data.

The Employer stated that the 1975 city budget provides no funds for wage increases beyond those offered by the Employer and that the city would be forced to amend its budget and borrow funds to meet the additional cost of the Union proposal. (The amount involved is approximately \$1200 in wages during 1975.) This in itself is not an acceptable reason for denying an increase to employees if such an increase is warranted by other considerations. The statutory criteria of ability to pay involves much more than whether or not the Employer set aside sufficient funds in the budget to meet anticipated wage increases.

The Employer recognizes this point and notes that the city tax rate was increased by "over two dollars per thousand." At the hearing, the arbitrator pointed out that the statement of the Employer concerning the tax increase had to be examined within the context of how high or how low the tax rate was after the increase. In response to this line of questioning by the arbitrator, the Employer furnished the arbitrator with a listing of eight comparably sized cities (the same cities as those used by the Employer in its wage comparisons) showing the full-value tax rate for each. Only two of the eight cities have lower tax rates than the Employer while the other six have higher tax rates despite the increase in the Lake Mills tax rate which the Employer cited. The average full-value tax rate of the eight comparable cities is \$26.29 while that of the Employer is \$24.02. Therefore, it does not appear to the arbitrator that selection of the Union position would encumber the Employer with an excessive burden from the point of view of ability to pay.

Cost of living changes were cited by the Union in support of its proposal. The Consumer Price Index (CPI) increased by 12.2% (from 138.5 to 155.4) from December, 1973 to December, 1974. In effect, the Union is arguing that a 12% increase is needed in order to maintain the purchasing power of the wage that was in effect in January, 1974. The Employer 9% proposal falls slightly short of matching the increase in the CPI, although it should be noted that employees are shielded from some price increases, such as the increase in hospital-medical insurance premiums, because the Employer pays the entire premium. The Union proposal to increase wages by 10% in January and an additional 5% in July averages out to about 12 3/4% and is not out of line on the basis of changes in cost of living.

The Union also introduced arguments relating to the productivity of the Employer's police force, noting that the citations per man and the number of incident reports per man of the Employer were substantially higher than those of the neighboring city of Jefferson. Also, inspection of the Employer exhibits about wages and taxes showed that its police force was smaller by one officer or more than most of the cities with which it compared itself. The Union is arguing that on efficiency grounds the Employer police force is doing better than that of the neighboring cities and that, therefore, the policemen are entitled to the wage increase proposed by the Union. The arbitrator considers this argument supportive of the Union position but does not regard it as determinative.

Most of the discussion at the hearing and the subsequent checking of information by the Union and the Employer involved the question of comparable wage data. The Union took a more narrow view of comparability than did the Employer, citing the neighboring city of Jefferson, Jefferson County and the City of Edgerton. The Employer stated that it surveyed all but one of the municipalities in the area of comparable size--it omitted Edgerton but gave no reason for this omission. Using the top patrolman rate as the key rate for

comparison purposes, the arbitrator found that the average maximum monthly salary of patrolmen in the three police forces cited by the Union was \$929. This is substantially above the \$836 proposed by the Employer or the \$844 (effective 1/1/75) and \$886 (effective 7/1/75) proposed by the Union.

The arbitrator also computed the average monthly rate of seven of the eight cities on the Employer list of comparable cities. The arbitrator omitted Sussex because, as the Employer noted, it has no police force of its own but contracts for service from Waukesha County. Based on the Employer data submitted at the hearing, the average monthly maximum rate of the seven cities is \$826. On the basis of this comparison, the Employer proposal of \$836 is proper and supports its contention that its offer enables its policemen to catch up with neighboring police forces. The Union, however, challenged the accuracy of some of the Employer figures and submitted labor agreements for the cities of Milton, Evansville and Elkhorn to support its position.

The arbitrator finds that the wage comparisons shown by the Employer are defective in several respects. Table 1 shows the monthly salary figures cited by the Employer and Union in support of their position, the corrected and adjusted figures and a combined list of comparable cities reflecting both the Employer and the Union survey. The average comparable maximum monthly salary as calculated by the arbitrator is \$876, a figure which lends support to the Union proposal and tends to refute the Employer claim that its wages are in line with its comparable neighbors. Since the average maximum monthly salary of Lake Mills patrolmen under the Union proposal would be \$844 for the first half of 1975 and \$886 for the second half, the average salary during the year would be \$865, a figure which is approximately ten dollars less than the average of comparable cities computed by the arbitrator.

It is recognized that these wage comparisons are not precise measures of relative total compensation because of variations in fringes but, because more complete data were not available, it is necessary to rely upon these wage figures as proxies for total compensation. In any event, the data are reasonably clear. The County in which the Employer is located and the nearest comparable city pay higher wages than called for under the Union proposal. The \$886 monthly maximum salary which would be in effect at the end of 1975 under the Union proposal would put it at the median position, even with Elkhorn, Evansville (depending on the size of the May and November cost of living adjustments) and Milton, still somewhat behind the three other employers cited by the Union but ahead of two others cited by the Employer.

The arbitrator believes therefore that the Union proposal should prevail. The Employer wage data, when adjusted to take into account the cost of living provision in Milton and revised estimates for maximum patrolman salaries in Columbus, Elkhorn and Evansville generate substantially higher figures than were cited originally by the Employer. It is conceivable that if the Employer was fully aware of these comparable wages at the time of negotiations, it might have given more sympathetic consideration to the Union proposal and thereby eliminated the need to resolve this dispute through arbitration.

#### AWARD

For the reasons discussed in the prior section of this opinion and with full consideration of the evidence, arguments of the parties and criteria listed in the statute, the arbitrator selects the amended final offer of the Union and hereby orders the Employer to place into effect the ten percent (10%) increase in wages effective January 1, 1975 and the additional five percent (5%) increase in wages effective July 1, 1975.

7/2/75  
July 2, 1975

James L. Stern /s/  
James L. Stern  
Arbitrator

Table 1. COMPARABLE SALARY DATA

<u>Name of Municipality</u>	<u>Cited by Union</u>	<u>Cited by Employer</u>	<u>Corrected Figure</u>	<u>Revised &amp; Combined Comparable Wages</u>
Columbus		\$750	\$767 <sup>a</sup>	\$767
Elkhorn		827	886 <sup>b</sup>	886
Evansville		688.83	858 <sup>c</sup>	858
Edgerton	\$896.23			896
Jeferson	932	932		932
Jefferson County	960			960
Milton		810	886 <sup>d</sup>	886
Reedsburg		825		825
Waupaca		950	--- <sup>e</sup>	---
Average	\$929	\$826		\$876

<sup>a</sup>At the hearing the Union argued that the Columbus rate was \$925, not \$750 as claimed by the Employer. The arbitrator called the Columbus City Clerk and was told by him that there was no labor agreement or separate ordinance regulating police salaries. Salaries of individual police officers are included in the budget and annual increases are based on service and performance as recommended by the Chief. The semi-monthly salaries of the five men are \$350 (the starting salary for a person who was just hired), \$367 for a man hired six months ago, \$375, \$383.33 and \$437.50 for a person who is considered the Asst. Chief. The figure cited by the Employer is the six month's rate and understates the salary of experienced patrolmen. For comparability purposes, the arbitrator believes it proper to take the salary of the senior officer, other than the one considered to be the Asst. Chief. The \$767 monthly figure above was calculated by multiplying the semi-monthly figure by two.

<sup>b</sup>The Elkhorn Agreement, dated November 4, 1974, effective during calendar 1975, shows a salary structure, Appendix I, topping at \$898 for a patrolman with ten years service. The Employer has cited the salary of an officer with 2-3 years service. The arbitrator believes that the 3-5 years service bracket is more appropriate for use in making wage comparisons. Increases given to officers after six months, one year, two years and three years are, respectively, \$30, \$59, \$49 and \$59. This seems to represent progression to a maximum rate of \$886; further increases at the five and ten year marks are only \$7 and \$5 monthly and seem to be built in longevity increases.

<sup>c</sup>The Evansville "Working Agreement," dated October 8, 1974 for the 1975 calendar year lists four officers by name and shows their salaries. The top patrolman is shown to be receiving \$830.90 as of October 8, 1974. This patrolman and the others listed were scheduled to receive increases of 15¢ per hour and "an adjustment for cost of living to be computed as in years prior to 1974 and to be paid semi-annually in May and November of 1975." The figure cited by the Employer is approximately the one paid to the lowest paid policeman. The arbitrator has used the salary paid to the highest paid patrolman but did not include the cost of living allowance. In this respect the comparable figure selected by the arbitrator understates the Evansville salary structure.

<sup>d</sup>The \$810 monthly rate cited by the Employer for Milton patrolmen does not include the cost of living allowance provided for in Resolution #22 of the Common Council of the City of Milton. This resolution states that effective January 1, 1975 employees' hourly rates shall be increased by \$.01 for each 0.4 increase in the index between October, 1973 and October, 1974. The index rose from 136.6 to 153.0 during this period. This is an increase of 16.4 points; it necessitates an increase of 41¢/hour, or \$75.50 per month, based on a 42.5 hour average week as specified in Section 5 of the Agreement effective January 1, 1974. The addition of the COL allowance to the base salary generates a monthly salary for comparison pay purposes of \$886.

<sup>e</sup>The arbitrator has eliminated the Waupaca rate because he is not clear that it is the correct one to cite. The Employer exhibit shows "750-800 up to 950" and quite possibly the 950 figure is not a proper one to choose as the maximum rate. Elimination of a relatively high figure from the comparison favors the Employer and therefore makes the arbitrators estimate lower than it would be if the Waupaca rate had been included. Furthermore, Waupaca is considerably further from Lake Milton than any of the other cities cited and could be excluded for that reason.