

STATE OF WISCONSIN

ARBITRATION AWARD

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In the Matter of the Arbitration between :

TEAMSTERS UNION LOCAL NO. 695 :

and :

VILLAGE OF OREGON . :  
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Case IV

No. 22284 MIA-341

Decision No. 16058-B

Appearances: For the Union, Teamsters Union Local No. 695, Mr. Michael Spencer, Business Representative, 1314 North Stoughton Road, Madison, Wisconsin 53714. Mr. Spencer was accompanied by Mr. Douglas Pettit.

For the Village of Oregon, Joseph A. Melli, Esq., Melli, Shiels, Walker & Pease, S.C., 119 Monona Avenue, P.O. Box 1664, Madison, Wisconsin 53701. Mr. Melli was accompanied by Mr. Gary Antoniewicz.

The parties have had a collective bargaining relationship since 1975. They began negotiating a revised agreement for 1978 in the summer of 1977. On November 23, 1977 the Union filed a petition with the Wisconsin Employment Relations Commission requesting the Commission to initiate final and binding arbitration pursuant to Section 111.77(3) of the Municipal Employment Relations Act. After making its investigation the Commission issued an Order on January 19 that compulsory final offer arbitration be initiated. Subsequently the arbitrator selected by the parties declined the appointment and this arbitrator was thereupon appointed on March 8, 1978.

A hearing was held in the Village Hall in Oregon on April 25. The parties had an opportunity to present witnesses and documents supporting their respective positions. There was no record kept other than the arbitrator's notes. At the conclusion of the hearing the parties agreed to submit briefs no later than May 12 to be exchanged by the arbitrator. The briefs were submitted in timely fashion and exchanged. This is a "Form 2" proceeding in which the arbitrator is expected to choose one of the offers and to issue an award incorporating that offer without modification.

ISSUE TO BE ARBITRATED

The sole issue to be arbitrated is the size of the salary increase to be granted to the patrolman and sergeant classifications in the Village of Oregon police department. The parties are agreed that the increase is to be effective on January 1, 1978.

Both parties submitted final offers dated January 5, 1978. The Union's final offer is as follows:

Article VII Wages, Section 1.

Effective 1-1-78	6% all steps
Effective 7-1-78	6% all steps

All other items as agreed to in union proposal.

1 year agreement, 1-1-78 through 12-31-78.

The Villages' final offer is as follows:

The Village Board of the Village of Oregon final offer for the union contract with the Oregon Police Department is to increase the wage classification by seven and one-half (7 1/2%) percent for the year of January 1, 1978 through December 31, 1978, and all items as previously agreed to.

POSITION OF THE UNION

The Union bases its case for a two step increase on comparisons with communities of a similar size and circumstance in the area. The Union would compare the Village of Oregon with six other villages and cities, as shown on the following table:

POPULATIONS

<u>City</u>	<u>Official 1970 Census</u>	<u>1977 Estimates</u>
Village of Oregon	2,553	3,674
Verona	2,334	3,323
Village of McFarland	2,386	3,209
Lake Mills	3,556	3,885
Town of Fitchburg	4,704	10,902
Evansville	2,992	3,222
Edgerton	4,118	4,481

No Town of Fitchburg figures were presented. The salaries for the other communities named above were said to be as follows for 1978:

PATROLMAN SALARIES

(Although the Union used monthly figures in its presentations at the hearing, these salaries have all been converted to an annual basis.)

<u>City</u>	<u>Start</u>	<u>6 Mo.</u>	<u>1 Yr.</u>	<u>18 Mo.</u>	<u>2 Yrs.</u>	<u>3 Yrs.</u>	<u>4 Yrs.</u>
Village of Oregon							
<u>Union Proposal</u>							
Effective 1-1-78	\$10,200	\$10,584	\$10,968		\$11,472		
Effective 7-1-78	10,812	11,220	11,628		12,156		
<u>Village Proposal</u>	10,344	10,728	11,124		11,640		
Verona	9,036	9,540	9,924		10,428	\$10,956	\$11,880
Village of McFarland	9,600	10,200					12,804*
Lake Mills	10,692	11,196		\$12,024	12,912		
Evansville	10,440		11,700				14,400*
Edgerton	10,350	10,838	11,325		11,888	12,450	
Average(Excl. Oregon)	10,024	10,444	10,983	12,024	11,743	11,703	13,028

\* The data presented by the Union did not indicate how many years it takes to get to the top of the range. The Village indicated that the top rate at McFarland is reached after four years.

Only partial figures were introduced for the sergeant classification. These comparisons appear to the arbitrator to be as follows:

<u>City</u>	<u>Sergeant</u>
Village of Oregon	
<u>Union Proposal</u>	
Effective 1-1-78	\$11,952
Effective 7-1-78	12,636
<u>Village Proposal</u>	12,120
Lake Mills	13,104
Evansville	15,000
Edgerton	12,897

Although the issue of fringes is not a part of this dispute, the Union also introduced a comparison of fringes for the six cities. Fringes were generally more liberal in Lake Mills, Evnasville, and Edgerton and about the same as Oregon's in Verona and McFarland. The biggest difference unfavorable to the Village of Oregon was in retirement plans. The other communities all were covered by the Wisconsin State Retirement Fund. In that plan the employer pays 15.1 per cent and in many cases also pays all or a portion of the employees' share of 6.0 per cent. The Village, however, has a retirement plan administered by Equitable Insurance Company which costs the Village 6 per cent and the employees 3 per cent.

Turnover, according to the Union, is very high. The entire force (five officers and the chief) have been replaced during the past three years. The Union presented one patrolman as a witness who testified that he was planning to quit the force in May after two years for the reason that he needed to earn a higher income. The Union also pointed out that the number of applicants who responded to the Village's advertisement for new patrolmen had declined from 1976 to 1977. Although adoption of the Union's proposal would make the Village fairly competitive at the starting rate, the top rate would still be below four of the five communities with which the Union would compare the Village of Oregon in this proceeding.

The Union points out that although the starting rate for Village patrolman may be viewed as adequate when compared to starting rates among the comparative communities, the Village top rate is low and unless the Union's proposal is adopted, its top rate for patrolman would be the lowest among the six communities. In sum, the Union considers the Village patrolman rates to be in a catch-up situation and that the two phase increase (January 1 and July 1) would reduce the discrepancy in an economical manner.

#### POSITION OF THE VILLAGE

The Village seeks to compare its patrolman rates with six other nearby communities in Dane County. (Two of them, McFarland and Verona, also appear among the Union's comparisons.) The six communities were chosen because of their similar size and proximity. The Village asserts that the labor market for police personnel should properly be considered to be the county. In addition to population (1976 estimates) the Village introduced figures showing full value of taxable property in the communities as well as the number of police officers in each communities. These comparisons were as follows:

<u>Community</u>	<u>1976 Estimate of Population</u>	<u>Full Value of Taxable Property</u>	<u>Number of Police Officers</u>
Oregon	3,525	\$41,211,100	5
DeForest	2,511	37,970,000	2
McFarland	2,986	59,911,700	5
Mt. Horeb	2,935	50,900,600	3
Shorewood Hills	1,765	47,890,300	4
Verona	3,166	47,301,500	4
Waunakee	3,288	53,562,800	3

Salary comparisons for these communities as presented by the Village, were as follows:

<u>Community</u>	<u>1978 Starting Salary</u>	<u>1978 Maximum Salary</u>	<u>Length of Time to Reach Maximum</u>
Oregon			
Village Offer	\$10,539	\$11,636	2 years
Union Offer	10,980	12,123	2 years
DeForest	9,600	11,700	No set structure
McFarland	9,600	12,306	4 years
Mt. Horeb	10,420	11,606	No set structure
Shorewood Hills	10,140	11,271	No set structure
Verona	9,036	11,880	4 years
Waunakee	11,357	13,853	Annual merit review
Average	10,026	12,186	

(There was no explanation at the hearing nor in the brief concerning the discrepancies between the Union and Village figures for the Oregon rates. Since the Union presented its comparisons as monthly rates and the Village as annual rates, no one noticed that the figures did not agree. A careful calculation by the arbitrator indicated that the Union rates, as presented here, are correct and that the Village's figures for its own and the Union's offer at the starting rate are inaccurate, as is the Village's figure for the Union's maximum rate.)

The Village considers its offer for the starting rate to be generous when the resultant rate is compared with the other six communities with which it compares itself. And although the Village concedes that the maximum rate resulting from its offer is not as high as five of the other maximum rates and is \$550 below the average for the other six communities, it is pointed out that Village patrolmen reach the maximum in only two years, whereas many of the other communities have either longer periods or indeterminate progression to the maximum. The Village also introduced percentage figures purporting to show comparisons of the increases adopted in other communities for 1978 salary increases. Although DeForest, with 11.5 per cent, and Waunakee, with 16.8 per cent, exceeded the 7.5 per cent Village offer, all others were lower. The DeForest and Waunakee figures were characterized by the Village as "catch-up" adjustments. In addition, the officers at Waunakee were said to have a 48 hour week. The Village also presented comparisons of fringe benefits. These were generally considered by the Village to be as good as or better than fringes in the other communities. (The Union, however, pointed out that along with Oregon two of the other communities, Mt. Horeb and DeForest, did not have the State Retirement Plan, which the Union considers to be far superior to the private retirement plan that the Village has.)

The Village also introduced comparative salary figures for other municipal employees. These other non-supervisory employees are all but one paid at lower rates than patrolmen. Their 1978 increases were 7 1/2 per cent, the same as the Village offer in this dispute. The Village asserted that when increased costs of the health insurance premium for 1978 and the higher contribution to the retirement plan, as a result of the salary increases, are taken into account, the Village offer constitutes an 8.56 per cent increase (while the Union's offer, calculated on this basis, is 10.13 per cent). In addition, the Village argues that the 1977 increase in the Consumer Price Index was 6.8 per cent, somewhat lower than the Village offer.

Village figures indicated that the percentage of the overall Village Budget represented by the expenditures for the police department had, with some variation, trended upward from 10.12 per cent in 1973 to 13.42 per cent in 1978 (based on the Village final offer) and that the total gross salaries for the police department had increased each year, from \$35,817 in 1973 to \$79,916 in 1978. The Village also introduced budget figures and equalized mill rates for the seven communities which purported to show that Oregon is at the median in terms of per capita budget for police and third from the top in terms of the tax rate.

A final exhibit introduced by the Village showed the recruitment figures that purport to show that there has been no difficulty encountered in attracting new personnel to the department in the past two years. These figures follow:

1976 advertised position for police officer

Number of applicants	37
Number taking test	20
Number passing test	10

September, 1977 advertised position for police officer

Number of applicants	32
Number taking test	26
Number passing test	17

In sum, the Village argues that its offer is fair and reasonable when compared with comparable communities and with the salaries and increases granted to other municipal employees.

## OPINION

The parties seemed to be in substantial agreement that this award should be based largely upon comparison of Village patrolman salary rates with salary rates for the classification of patrolmen in comparable communities. The Union has chosen five communities it considers similar to Oregon, two in Dane County and three in Rock and Jefferson Counties, which adjoin Dane County to the South and the East respectively. The Village has chosen six comparable communities that are all in Dane County. While all of them except Shorewood Hills have estimated 1976 populations above 2,500 (the smallest sized community to which the law is applicable), the Union points out that the Wisconsin Employment Relations Commission has ruled that a village or city must have had a population of 2,500 in the last official census, which in this case was 1970 (Case II, No. 31477 MIA-312 Decision No. 15442). It should be noted, however, that McFarland and Verona, which had populations of 2,386 and 2,334 respectively in 1970, are also included in the Union's comparisons. The Village, on its part, objects to the Union's use of Edgerton, Evansville, and Lake Mills as comparable communities for the reason that they are outside of Dane County. The Village argues that they are in a different labor market and cites other cases where arbitrators have limited comparisons to communities in the same county.

In the opinion of the arbitrator there is no basic reason for limiting the comparisons to communities in Dane County. If the community in question is nearby, presumably its residents would respond to Village advertisements for applicants for the police department. There was no evidence introduced to indicate that applicants from Rock or Jefferson Counties would not be acceptable as Village employees. By looking at the map of the area it seems reasonable to think that residents of Edgerton and Evansville would be more likely to be applicants for a job in Oregon than would residents of Waunakee or DeForest, since the latter communities are on the side of the Madison metropolitan area. Although it seems less likely to the arbitrator that Lake Mills should be considered a comparable community, since it is about 40 miles away, I am inclined to think that in total the Union's concept of the labor market for prospective Village patrolmen is slightly more realistic than the Village's. Unfortunately neither party attempted to show where the applicants who applied (or the applicants who were successful in passing the tests) in 1976 and 1977 resided. That would have been more convincing evidence of the extent of the labor market for police recruits.

If we go back to the rates listed in the Union's comparisons, they tend to confirm the Village's position that the starting rate it offers, although more modest than the Union's, is higher than the average of the comparable communities. The Union's proposed maximum (\$12,156 after 2 years) is about \$400 higher than what I have calculated to be the average rate in the comparable communities after two years (\$11,743). The Village's proposed maximum (\$11,640) is about \$100 below that figure.

These data involving length of progression through the salary ranges raise a difficult problem for the arbitrator in arriving at an award. Neither the Union nor the Village has indicated what the McFarland and Evansville rates are for two years of service. They have shown those rates only at the maximum. There is no indication in the record presented by the Union concerning when McFarland and Evansville patrolmen reach the top of the range. The Village indicates that in the case of McFarland it is four years, but the Village presented no data on Evansville. The question for the arbitrator is whether he should compare maximum rates or rates achieved after two years of service. While the evidence presented indicates that maximum rates in comparable communities are higher than either the Union or Village proposals for maximums, and that turnover is lower in some communities that require longer periods of service before reaching maximum rates, it is not at all clear that the arbitrator should base an award on comparisons of maximum rates.

In the absence of complete data I am constrained to use what data has been given to me and to make comparisons with those averages. For instance, the Evansville maximum rate (\$14,400) is so high in comparison with other top rates as to suggest that progression may involve merit review. Thus, although the evidence indicated that maximum rates in comparable communities are higher than either the Union or Village proposals for maximums, the facts as they were presented do not warrant basing an award on the maximums in comparable communities. In its brief the Village

emphasized that it considered the two year progression period to be a favorable condition of employment. The Union, on the other hand, emphasized the high turnover rate of the Village patrolmen in the past three years as evidence that the maximum was too low, especially when compared to communities like Verona, McFarland, Edgerton, and Evansville that have longer progression periods to the top of their ranges. But if the parties, or only the Union, had wanted to make an issue of the length of time in service necessary to reach the maximum rate, they should have brought that issue to the arbitrator. In the absence of having to decide that issue, and in view of the fact that the starting rate for Village patrolmen is higher than the average of comparable communities, I am inclined to make the award in favor of the Village for the reason that the Union has not presented convincing evidence that the rate achieved after two years of service on the Oregon police force is substantially lower than the rate achieved by patrolmen after two years of service in comparable communities. Although I reach this conclusion not without some doubts about my choice, I believe that the Village position on wages is more reasonable when the Village's beginning rate proposal and its proposal for a rate after two years of service are compared with beginning rates and rates after two years of service in the comparable communities.

One of the reasons for doubts about my choice has to do with the discussion of turnover. Although the Union asserted that turnover among Village patrolmen was high, there were no comparable statistics from the other communities introduced by the Union. There was no evidence introduced purporting to show that a higher rate at the end of two years would reduce turnover absent an extension of the progression period to the top rate. There was no showing that turnover is costly. Although we often assume that productivity, however measured, increases with length of service, the fact that the Village seems quite satisfied with the performance of its patrolmen despite their seemingly short tenure indicates to this arbitrator that we would need better facts about the adequacy or inadequacy of the performance of the Village's police force before we could make sound judgments in this dispute about the effects of turnover.

There was not sufficient evidence presented by either side to warrant any independent discussion of the rates for the sergeant classification.

This award is based primarily upon comparisons of the kind specified in Chapter 111.77 (6)(d). I have also considered the other criteria named therein, namely the lawful authority of the employer, stipulations of the parties, the interests and welfare of the public and the financial ability of the Village to meet the costs of the award, changes in the Consumer Price Index during the period when the parties had expected to complete an agreement, overall compensation of the employees, including fringes, changes in these circumstances during the pendency of these proceedings, and other factors normally or traditionally taken into consideration in an arbitration proceeding of this kind. After consideration of all the factors I make the following

#### AWARD

The final offer of the Village is adopted as the award.

Dated: June 12, 1978

Signed: David B. Johnson /s/

David B. Johnson  
Neutral Arbitrator appointed by  
Wisconsin Employment Relations  
Commission