City of LeClaire / LeClaire Public Safety Assn.

2007-2008
CEO 931
SECTOR 2

IOWA PUBLIC EMPLOYMENT RELATIONS BOARD

IN THE MATTER OF	CEO #931/2
City of LeClaire Public Employer,	
and	FACT-FINDER RECOMMENDATIONS
LeClaire Public Safety Assn /Teamsters, Union,	Kristin H Johnson, Fact-finder

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PUBLIC EMPLOYMENT
RELATIONS BOARD

Appearances:

For the Employer
Edwin N. Choate, City Admin.
Robert J. Scannell, Mayor
Mary Farmer, Council Council

For the Union
YingTao Ho, Attorney
Paul Hoffman, Teamster B.A.
Rocco Marrari, Officer
Michael Gonzales, Officer

BACKGROUND

This matter comes before the Fact-finder pursuant to Iowa Code Chapter 20 The Employer and the Union have engaged in negotiations and mediation, but were unable to reach a voluntary agreement on wages. The Fact-finding hearing took place on March 14, 2008 in LeClaire, Iowa. Both parties had the opportunity to present all the evidence in support of their bargaining proposals. The parties are proceeding under an independent impasse agreement with statutory deadlines extended and a waiver of the March 15 deadline for completion of impasse services for purposes of obtaining this recommendation. The independent impasse agreement also requests fact-finding recommendations on whether there shall be a 2% minimum guaranteed wage increase for the wage reopener in years 2 and 3 of a three-year collective bargaining agreement. All other impasse issues have been resolved for this three-year agreement.

IMPASSE ITEM

Wages:

Employer Final Offer	Union Final Offer
Year 1	
2% on 7-1-08	1 5% on 7-1-08 and 1 5% on 1-1-09
Year 2	
No minimum guarantee	2% minimum guarantee
Year 3	
No minimum guarantee	2% minimum guarantee

POSITIONS OF THE PARTIES

The Union argues that an analysis of the statutory factors under Chapter 20 supports its proposal. The internal and external comparability data supports the Union's proposal. This community is comparably richer than other comparable Iowa communities. The proposed wages are in line with what other comparable employers are paying and the union's proposed increase is actually smaller than the increases for comparable units that have already settled. Concerning the comparability group, this is the first time the parties have requested intervention by a neutral third party, so there is no established comparability group. There is not a lot of data available for nearby communities of similar size, so the group proposed by the union consists of some larger communities that are geographically close as well as similarly-sized communities at a further geographic distance. The rationale for this comparability group is that it includes communities of the same local conditions as well as communities of similar size, therefore representing a greater cross-section of comparable employers. Thus, the

comparability group proposed by the Union includes Belle Plaine, Bettendorf, Davenport, Eldridge, Marengo, Mt. Vernon, West Burlington, and Wilton. The Union further proposed that the Scott County Sheriff's Department be examined for comparison purposes, as this employer also draws from the same labor pool.

In comparison, the LeClaire wage scale is wider than the comparable groups. The LeClaire minimums are lower and the maximums are higher than the average of the proposed comparability groups, excluding Bettendorf and Eldridge. Bettendorf and Eldridge were excluded because they appear to be wealthier communities than LeClaire and the rest of the proposed comparability group. The Scott County Sheriff's department pays substantially higher wages than LeClaire. The parties do not propose any change to the structure of the LeClaire wage scale, but the proposed wage increase would be applied across-the-board.

With regard to the city's argument about ability to pay, the Union argues that the general fund is only one of the funds that the city has available to pay for the officers' wages, so the condition of the general fund is only partially relevant. The Iowa Department of Management figures, which are provided to it by the city of LeClaire, show that the city has very healthy fund balances in other funds. The Union presented information from the Iowa Department of Management that shows that, while the general fund does not appear healthy, the other funds available to pay salaries are healthy and overall the city had a $4.5 million surplus in 2006. Even removing from consideration the TIF money, which is limited in how it may be spent, there remains a surplus of $3.2 million. There continues to be a projected surplus for 2007 and 2008 in the other funds as well. The Union argues that these figures undermine the city's argument that there is an inability to pay the Union's proposed wage increase. Even removing the proprietary

revenues, there remains a surplus when considering the other funds, and there has been no information presented from the city to show why this money could not be available to pay officers' salaries.

The Union argues that no actual dollar figures have been presented to show how much value the additional benefits in longevity, life insurance, deductibles and protective vests add to the contract or to the employees. The Union argues that the health insurance is partially self-funded, which helps control the potential automatic increases in insurance premiums. There was a decrease in the city's cost of health insurance premiums in fiscal year 2006-07. The unit also agreed to an increase in the employees' cost of insurance. Responding to the city's argument that this unit enjoys more favorable health insurance benefits at more expense to the city, the Union argues that this claim is not supported by any information in the record. Likewise, there is no information to show how the wages and benefits as a total package in the comparable units actually compare with this unit.

The city addresses the status of its general fund. The city has operated with a deficit in the past three fiscal years. The city is currently at its $8.10 statutory maximum levy limit and at the national levy limit in the emergency fund. The city is looking at a probability of having to issue debt for short-term operating expenses within the general fund. This makes it difficult to back any additional increases beyond the 2% offered to this unit and to which the Public Works Unit has already agreed.

The city also argues that the parties have reached an agreement on other financial items that add to the employees' income, including nearly doubling longevity in which most, if not all, of the members will be eligible to participate. Life insurance benefits have been increased from $25,000 to $40,000. In addition, the health and dental deductible of 500/800 compares with an industry average of 1200/1500. While the city

does self-insure a portion of its health insurance, the program is administered by Blue Cross/Blue Shield of Iowa, and in January 2008, there was an 18% increase in the premium cost.

The city further argues that this unit has other benefits that compare more favorably within the comparability group and should be considered as part of the financial package in determining a reasonable wage increase for the next contract year, including short-term and long-term non-work related disability insurance coverage, generous vacation and holiday benefits, and the acquisition of protective vests for the employees at a significant cost. Finally, the Counsel has recently approved the request for funding for a seventh officer, something that has been requested by the Union for some time.

Regarding the Department of Management information from Union Exhibit 1, LeClaire runs on an accrual accounting basis. The bulk of the revenues are from the waste water treatment plant facilities. The city argues that the Union's argument exaggerates the actual funds available to the city to pay salaries.

FINDINGS OF LAW

The Iowa Code is silent on what a fact-finder may consider in making settlement recommendations. Because a fact-finder's proposal may be presented to an interest arbitrator as an alternative to consider, and arbitrators are required to consider the statutory criteria, many fact-finders have found that it is appropriate to refer to the standards provided in Iowa Code §20.22(9):

> The panel of arbitrators shall consider, in addition to any other relevant factors, the following factors:
>
> a. Past collective bargaining contracts between the parties including the bargaining that led up to such contracts

b. Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved

c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments, and the effect of adjustments on the normal standard of services.

d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

Unlike the arbitrator, a fact-finder is not limited in what he or she may recommend. The arbitrator is "restricted to the final offers on each impasse item submitted by the parties to the arbitration board or to the recommendation of the fact-finder on each impasse item." Iowa Code §20.22(9). As a fact-finder I am free, however, to make compromise recommendations or to accept or reject any part or all of the parties' final offers. The only limits for the fact-finder should be reasonableness. Some fact-finders consider it appropriate to recommend a settlement that the parties should have reached themselves, even if it would not be strictly compliant with section 9. I will consider what is most reasonable, given the criteria in Section 20.22(9).

FINDINGS OF FACT

The condition of the City of LeClaire's finances is somewhat in dispute. The City presented Employer's Exhibit A, which indicated that the city has been operating with deficit spending in the general fund since the fiscal year ending June 30, 2006 and deficit spending is projected to continue through the fiscal year ending June 30, 2009. The Union presented Union Exhibit 1, a printout from the Iowa Department of Management created from information provided by the City of LeClaire that showed a deficit in the

general fund but large ending balances in other funds for the year ending 2008, including the Special Revenues fund ($2,678,755 balance), Debt Service ($1,550,650), Capital Projects ($1,799,260) and Proprietary ($4,136,942).

The Public Works Unit for LeClaire has reached a settlement for a 2% increase the first year and a reopener with a 2% minimum guarantee in the second and third years.

The starting wages paid to the officers for the City of LeClaire have been lower than the average the past two years, while the top pay jumped from below average in 2006 to just slightly above average in 2007. The per capita property tax base for LeClaire is a little over $5,000 above the average per capita property tax base among the comparable communities. The average wage settlement for comparable communities is 3.46% in 2008 and 3.25% in 2009.

FACT-FINDING RECOMMENDATIONS

Comparability Group

The parties have never gone to impasse before this year, so there has been no established comparability group. Only the Union proposed a comparability group consisting of Belle Plaine, Bettendorf, Davenport, Eldridge, Marengo, Mt. Vernon, West Burlington and Wilton. The city had no separate proposal on communities for inclusion in the comparability group. Therefore, I recommend that the Union's proposed group be used for comparison under Chapter 20.

Wages

In determining a reasonable wage recommendation, I will look at the factors found in Chapter 20. The first factor, past collective bargaining agreements, is not

considered because neither party introduced any information on this factor. The closest information provided relates to the 2006 and 2007 wage range, which shows that LeClaire gained a little ground at the top of the wage scale in 2007. With regard to the bargaining leading up to this impasse, it does seem that the employer has agreed to some economically valuable items like increased longevity pay and increase life insurance benefits, but it is not possible from the information provided in the record to place a value on these items or to allow a comparison with the similar public employers to determine whether this unit is in better shape or simply catching up.

The second factor, comparability, tends to favor the Union's proposal. Looking at the wage settlements for 2008 and 2009, it is clear that even the union's proposal for a combined 3% wage increase in 2008 is at the bottom of the range and nearly one-half percent below average. The Employer's proposal is a full percentage point below the next higher wage increase of 3% in Burlington and Belle Plaine. Similarly, the comparable wage settlements for 2009 are higher than the 2% minimum guarantee sought by the Union. Furthermore, the city has already agreed to a minimum guarantee of 2% for the city's other bargaining unit, which further weighs in favor of the Union's proposal.

The third factor requires consideration of the interests and welfare of the public, the ability of the public employer to finance economic adjustments, and the effect of adjustments on the normal standard of services. The city pointed out that it may need to borrow to cover short-term operating expenses, but the city did not argue that any services would be cut or endangered by the Union's proposal. There is clearly an issue the past few years of deficit spending. Arbitrators and fact-finders in Iowa have considered this element a heavy burden to bear. In order to justify below-average wage

increases to employees, arbitrators and fact-finders have generally required a strong showing from employers that there is no other way to help the employer return to its financial health.

The final factor to be considered is the power of the public employer to levy taxes and appropriate funds for the conduct of its operations. The city stated that it has reached its state and federal maximum levy limit. But the Union argued that there were other funds available to pay the officers, not just the general fund. The city did not refute this argument in the record. Again, arbitrators and fact-finders in Iowa have held that this factor requires a very strong showing to justify balancing the budget on the backs of the employees.

Giving due consideration to all of the statutory factors, I recommend that the Union's wage proposal in its entirety be awarded. From the information in the record, while there are deficit issues in the general fund, the city has not sustained its burden to justify deviating from the comparable wage settlements and placing the burden of the deficit spending on the employees at this time. The balance of the statutory factors establishes that the Union's proposal is most reasonable. For year one of the agreement, the Union's proposal keeps wages for this unit closer to the wages in comparable communities. For years 2 and 3 of this multi-year agreement, the fact that the city has already agreed to a minimum 2% guarantee for the Public Works unit supports the conclusion that the city does concede it has the ability to pay at least 2%. Considering this fact and the comparability data, it appears most reasonable to recommend the 2% minimum guarantee for years 2 and 3 of the agreement.

Fact-finding Recommendations

Wages:

Year 1

1.5% wage increase July 1, 2008 and 1.5% wage increase January 1, 2009.

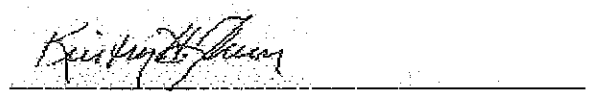
Year 2

Guaranteed minimum of 2% in wage reopener.

Year 3

Guaranteed minimum of 2% in wage reopener.

Dated this 29th day of March, 2008



Kristin H. Johnson
Fact-finder

CERTIFICATE OF SERVICE

I certify that on the 29th day of March, 2008, I served the foregoing Fact-Finder Recommendations upon each of the parties to this matter by emailing a copy to them at their respective addresses as shown below:

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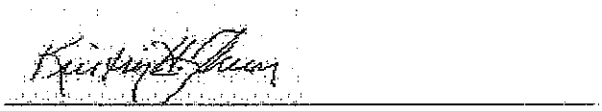
I further certify that on the 29th day of March, 2008, I will submit this Report for filing by mailing it to the Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B, Des Moines, IA 30319-0203 and emailing it to susan bolte@iowa gov.



Kristin H. Johnson
Fact-finder