

Before the Arbitrator

In the Matter of the Arbitration of a Dispute Between

City of Ames (Utility Division)

and

Interest Arbitration, Sharon A. Gallagher,
Arbitrator – PERB Case: 45/1

IBEW, Local 55

Appearances:

Ms. Judith Parks, Esq., Assistant City Attorney, 515 Clark St., Ames, Iowa
50010, on behalf of the City.

Mr. Jay Smith, Esq., Smith & McElwain Law Office, P.O. Box 1194 Sioux City,
Iowa 51102, on behalf of the Union.

Introduction:

This dispute proceeded to arbitration after the parties exchanged initial proposals on November 22, 2011. They then met on three occasions and engaged in PERB mediation on one occasion. Several tentative agreements were reached by the parties but a full agreement was not reached. Arbitrator Sharon A. Gallagher was selected by the parties to hear and resolve this dispute pursuant to Iowa Code, Chapter 20, Stats., and she was duly appointed by PERB.

The parties agreed to hold the hearing herein on April 2, 2012, at Ames, Iowa, beginning at 10:00 AM. No subpoenas were requested by the parties. As required by law, the Arbitrator electronically recorded the proceedings.

During the course of the hearing, the parties were given a full opportunity to submit evidence, make objections, present arguments and examine their opponent's documentary evidence and ask questions regarding them. The Union chose not to give an opening statement and not to call any witnesses. Rather, the Union described, discussed and gave arguments regarding the numerous distinct documents under five tabs of its evidence binder. The City provided a written brief as well as evidence, numerous documents under 12 tabs of its evidence binder. The City also called HR Director July Huisman as a witness (who was sworn on oath or affirmation by the Arbitrator), to assist the City in describing, discussing and making arguments regarding its evidence. The hearing was closed at 12:00 noon after the parties made closing statements and, as the parties chose not to submit post-hearing briefs, the record was then closed.

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Arbitration Criteria:

Iowa Code Chapter 20 contains specific criteria that are to be used by an arbitrator in assessing the reasonableness of the parties' arbitration proposals. The criteria set forth in Iowa Code Section 20.22(9), Stats., states:

The panel of arbitrators shall consider, in addition to any other relevant factors, the following factors:

1. Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
2. 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.
3. The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services.
4. The power of the public employer to levy taxes and appropriate funds for the conduct of its business.

The Iowa Code further provides that the Arbitrator must select, without alteration, the "most reasonable" of the positions on each of the items at impasse and consider the statutory criteria in arriving at the decision as to which is the most reasonable. See Iowa Code Section 20.22(11), Stats.

Tentative Agreements:¹

The parties reached tentative agreements during their negotiations on Article VI WORKING CONDITIONS, Section 6.6(d) and (e) Meal Allowances, Section 6.9 Work Assignments, paras. 3 and 4 and Section 6.11 Labor-Management Meetings; Article VII WORKING HOURS – OVERTIME, Section 7.1; and Article XI INSURANCE – MISCELLANEOUS, Section 11.3 Longevity Pay (U. Tab 2; ER Tab 2). These tentative agreements shall be incorporated into the 2012-13 agreement by this Award.

¹ The parties also agreed to grandfather Travis Webb as an exception to the Section 6.10 residency requirement "...for as long as he remains employed as a lineworker for the city" and he lives at his current residence on 400th Street in Boone, Iowa (City Tab 10).

Final Offers:

Only one impasse item was presented herein, as follows:

<i>City's Final Offer:</i>	2% Across the Board Wage Increase on the Employees' Base Wage
<i>Union's Final Offer:</i>	1.75% Across the Board Wage Increase on the Employees' Base Wage Effective July 1, 2012
	1.75% Across the Board Wage Increase on the Employees' Base Wage Effective January 1, 2013

Background:

The parties presented no arbitrability or negotiability disputes. Costing was not at issue. The parties do not have an independent impasse procedure. The parties agreed that the City has not asserted inability to pay during this dispute. The Union presented no evidence regarding the interests and welfare of the public factor and the power of the City to levy taxes factor. The Union presented limited evidence on the bargaining history factor. The majority of its evidence concerned the comparability factor. The City also did not argue the levy power factor or the interests and welfare of the public factor. The City's evidence concerned the bargaining history and comparability factors.

Bargaining between the parties began in the 1970s. The parties' 2011-12 agreement went to arbitration before Arbitrator Perry (on wages only) who ruled in favor of the City, granting a 2.25% ATB increase.²

The City employs a total of 376 employees who are represented by unions in four bargaining units: General Public Works unit employees and Electric Production/Power Plant unit employees are represented by IUOE Local 234; Fire Department unit employees are represented by IAFF Local 625; and Police Department unit employees are represented by PPME Local 2003. The City's Electric Utility, involved herein, employs 81 FTEs in two divisions: Electric Production/Power Plant (IUOE) and Electric Distribution. In this unit, the Ames Electric Division, employees (21 positions)³ are members of IBEW, Local 55, as follows:

<u>Classifications</u>	<u>Incumbents</u>
Lineworker	5
Line Foreman	2
Substation Electrician	2
Substation Foreman	1
Elec. Service Worker	3
Elec. Meter Repair	2

One Ames Lineworker has 27 years' service. The other four Lineworkers have from 0 to two years' service. Among the other Electric Distribution employees, two

² The Union's final offer was a 2.75% ATB increase for 2011-12.

³ An additional Journeyman Lineman position is open and has been approved by the City to be filled. It will be filled as soon as the City finds an appropriate candidate.

employees have 39 and 38 years' service, two employees have 26 and 28 years' service, three employees have from 14 to 18 years' service and three employees have more than five years' service (five to nine years). The remaining eight employees have fewer than five years' service and receive no longevity.

Thus, 60% of unit employees (12) received longevity in 2011-12 and this will increase to 65% (13 employees) in 2012-13. In 2011-12, longevity cost the City \$4,340.00 (plus roll-ups), for an average of 17.58¢/hr. per employee and in 2012-13, it will cost \$5,020.00 (plus roll-ups), for an average of 18.53¢/hr. per employee.⁴

It is undisputed that the City of Ames Electric Utility has historically been compared to the Cities of Cedar Falls and Muscatine Electric Utilities. External comparables are not disputed here. All three cities operate both electric generation and distribution systems. Cedar Falls does not employ separate substation employees—the Cedar Falls Lineworkers and Line Foremen perform this work. Muscatine has no Line Foreman position.

The 2010 census revealed the following populations for the three cities:

Ames	58,869
Cedar Falls	39,260
Muscatine	22,886 (U. Tab 4).

Ames and Cedar Falls are located adjacent to major metropolitan areas, Des Moines and Waterloo, respectively. Both cities have state universities within their boundaries—Iowa State University is in Ames and Northern Iowa University is in Cedar Falls (U. Tab 4).

The Ames Utility provides electric service to more than 21,500 residential customers and almost 3,000 commercial/industrial customers (peak load, 128 megawatts). Cedar Falls Utility serves 18,000 customers (peak load, 100 megawatts) and it has a municipal electric system similar to the one in Ames. Muscatine has a different system, providing power and water to 11,200 customers (peak load, 146 megawatts) (ER Br., pp. 5-6).

It is undisputed under Iowa law, that Ames (and presumably the other municipal utilities herein) cannot expand their service areas even if the City's corporate boundaries are enlarged by annexation. The Ames Utility competes with two investor-owned utilities and two cooperatives for customers (ER Br., p. 6, and Tab 6).⁵ The Ames residential rate is 10% lower than the average of its competitors, while the Ames commercial rate is at or slightly higher than the average of its competitors. The Ames industrial rate is 28% higher than the average of its competitors (ER Br., p. 6). Finally, the Ames Utility has sought and received approval of its proposal for a transmission line to Ankeny. In order to comply with more stringent EPA requirements, Ames may have to make "very large capital outlays" (ER Br., p. 7). However, no evidence was submitted to show that the City is unable to pay the Union's offer or how this evidence otherwise specifically impacted the parties' negotiations or the City's final offer in this case.

Turning to the internal comparables, the five Ames bargaining units received the following increases since 2010:

⁴ Based on the above, the City's assertion and use of an average of 14¢/hr. per employee to estimate the cost of longevity is too low.

⁵ No evidence was submitted to show that the Ames Utility has lost customers.

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Public Works (IUOE)	NI ⁶	2%	2.25%
Power Plant (IUOE)	NI	2%	2.25%
Electric Distribution (IBEW)	2.25% (Arb.)	unsettled	unsettled
Firefighters (IAFF)	2.5% (Arb.)	2%	2.25%
Police (PPME)	2.5%	2.5%	2.25% ⁷

No evidence was submitted to show the internal bargaining units' ATB increases prior to 2010-11. Cedar Falls and Muscatine Utilities have received or will receive increases as follows:

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Cedar Falls	2%	2.25%	2.25%	2.25%
Muscatine	3% ⁸	open	open	open

(Last year of a three-year agreement)

The Union submitted an historical comparison of base hourly rates of the external comparables and Ames from 2007 through 2011, which listed six Ames classifications and comparable rates, if any, in Cedar Falls and Muscatine and also listed the difference between Cedar Falls rates, the wage leader, and Ames in parenthesis (U. Tab 5). Only the portion of this exhibit showing Lineworkers, Line Foremen and Substation Electricians is reproduced below, and the Arbitrator has added the annual base wage percentage ATB increases from year to year for these positions in all three city units, as follows:

<u>Position</u>	<u>Ames</u>	<u>(Difference)</u>	<u>Cedar Falls</u>	<u>Muscatine</u>
Lineworker				
7/1/07	29.38	(37)	29.75	N/A
		3.5%	3.5%	
7/1/08	30.41	(38)	30.79	29.58
		3.5%	3.5%	3.5%
7/1/09	31.47	(40)	31.87	30.62
		2.5%	2.0%	3.5%
7/1/10	32.26	(25)	32.51	31.69
		2.26%	2.5%	freeze
7/1/11	32.99	(33)	33.32	31.69

⁶ No information.

⁷ From ER Br., pp. 8-9.

⁸ Muscatine's contracts run from January 1 through December 31.

Line Foreman						
7/1/07	31.13	(1.47)	3.5%	32.60	3.5%	No Pos.
7/1/08	32.22	(1.52)	3.5%	33.74	3.5%	No Pos.
7/1/09	33.35	(1.57)	2.5%	34.92	2.0%	No Pos.
7/1/10	34.18	(1.44)	2.25%	35.62	2.5%	No Pos.
7/1/11	34.95	(1.56)		36.51		No Pos.
Substation Elec.						
7/1/07	29.38	(37)	3.5%	29.75	3.5%	N/A
7/1/08	30.41	(38)	3.5%	30.79	3.5%	29.58
7/1/09	31.47	(40)	2.5%	31.87	2.0%	30.62
7/1/10	32.26	(25)	2.5%	32.51	2.5%	31.69
7/1/11	32.99	(33)		33.32		31.69 freeze

For the Substation Foreman, Electric Service Worker and Electric Meter Repair positions, the historical hourly wage rate comparisons can be summarized as follows:

- 1) **Substation Foreman**
Ames rates from 2007 to 2011 are from \$1.25 to \$1.57 less than Cedar Falls.
- 2) **Electric Service Worker**
Ames rates from 2007 to 2011 are from \$2.06 to \$2.24 less than Cedar Falls.
- 3) **Electric Meter Repair**
Ames rates from 2007 to 2011 are from \$1.01 to \$1.12 less than Cedar Falls.

As is clear from the above analysis, as to all of these rates, Muscatine rates (if a position exists) have been historically significantly less than Ames rates.

Finally, the external comparables' base wage rates for Lineworkers, Line Foremen and Substation Electricians for 2012-13 and, where applicable, and the actual hourly wage rates paid by Cedar Falls and Ames are shown below:

	<u>Ames</u>		<u>Cedar Falls</u>	<u>Muscatine</u>
	<u>City Offer</u>	<u>Union Offer</u>		
Lineworkers	33.65	33.56/34.14	33.88	32.48
Effective Annual Wage Rates	33.65	33.86		
Line Foremen	35.65	35.56/36.18	37.24	No Pos.
Effective Annual Wage Rates	33.65	35.87		
Substation Electrician	33.65	33.56/34.14	33.88	34.92
Effective Annual Wage Rates	33.65	33.86		

For Substation Foremen, Electric Service Workers and Electric Meter Repair, the base contract rates and the simple difference between Cedar Falls rates as of 6/30/13 and Ames City and Union offer base hourly rates are as follows:

	<u>Ames</u>		<u>Cedar Falls</u>	<u>Muscatine</u>
	<u>City Offer</u>	<u>Union Offer</u>		
Substation Foreman	35.65	36.18	37.24	34.92
Elec. Service Worker	29.20	29.63	31.49	28.53
Elec. Meter Repair	29.01	29.44	30.13	28.53

Positions of the Parties:

Union:

The Union asserted that the Lineworker and Substation Electrician rates should at least be even with the rates for those positions in Cedar Falls because the cost of living in Ames is more expensive than that of Cedar Falls and Muscatine. The Union also asserted that Ames Utility employees should receive a wage package amounting to 2.6% in pocket with a wage lift of 3.5% because Ames has the largest population of the three cities, that Ames is adjacent to Des Moines and has the larger university (Iowa State) within its boundaries. Also, the 2.6% effective increase under the Union's offer is the average of

Cedar Falls and Muscatine for 2012-13. Although Cedar Falls Utility employees have historically been paid more than Ames Utility employees, the selection of the Union's offer would essentially close the gap between Cedar Falls and Ames. The Union's offer of 1.75/1.75% ATB increases in July 1, 2012 and January 1, 2013 would result in Lineworker/Substation Electricians in both cities receiving an effective hourly rate of \$33.86 per hour in Ames while those positions in Cedar Falls would receive \$33.88 per hour (U. Tab 5). Given Ames' status as a larger, more expensive city, this approach would be fair. Finally, the Union urged that the City's argument regarding Ames' cost of living should be rejected. Even if only eight of 20 Ames Utility employees live in the city while the remainder live in Ames environs which have much lower costs of living, the Union noted that the City failed to prove how long or why a majority of Utility employees have lived outside the City. The Union opined it could be because they simply could not afford to live in the City (U. Tab 5, Sperling's data).

The Union pointed out that only two of six positions would move ahead of Cedar Falls if its offer were selected. The Union showed that longevity is a minor cost to the City and that the total cost of the Union's offer would require only \$8,107 of new money (without roll-ups), a small cost to stop Ames Utility employees slipping further behind Cedar Falls, which gap it noted has continued to widen since 2007 except for the year 2010.⁹

City:

The City also admitted that its "budget is in better shape than many other cities in Iowa and the country" (ER Br., p. 7). Rather, the City argued that "the impact of labor costs on the Utility's ability to operate as a cost-effective municipal enterprise" (ER Br., p. 6) in the current challenging economic environment should mandate selection of the City's offer.

The City noted that since the 2008 recession, Ames residents have suffered layoffs, furloughs and pay freezes. The largest Ames employer, Iowa State University, has suffered budget cuts by the State over the past three to four years of \$62 million, causing reductions in spending and programs in Ames, cuts in staff (cut by 5%), and cuts in staff pensions (cut by 20%). The City noted that for this year's budget, the Iowa legislature has made no decisions between a House-proposed decrease and the Senate-proposed increase for the University. The City cited its higher industrial utility rates, the potential large outlay of capital necessary to meet EPA requirements for a future Ankeny line, and the set geographic service boundaries the Ames Utility as reasons supporting the City's decision to be conservative in its final offer here.

Regarding the specific wage impasse item here, the City urged that the base wage rates paid in Ames to Lineworkers compared to those rates paid by external comparables, as well as a comparison of the overall compensation of the three City utilities, shows that the City's 2012-13 offer is more reasonable than the Union's 2012-13 offer. This argument is supported by the City's table, contained in the Attachment.

The City argued that comparisons of Lineworker rates are fair and that this approach has been used traditionally in the past to compare Ames to its two external

⁹ In 2010, Cedar Falls Utility employees received a 2% increase while Ames Utility employees received a 2.5% increase.

comparables. In addition, the City noted that only Ames provides longevity (Article XI, Section 11.3 herein) which, on average, is worth 14¢/hr. to Ames Utility employees with 15 years of service. The City emphasized that for 2012-13, the parties agreed to improve the Ames longevity provision to give employees with thirty or more years of service an additional \$20/year. The City argued that longevity puts its offer in a very favorable light vis-à-vis the external comparables. Also, Ames' comparatively lower prescription drug co-pays give Ames employees another economic advantage compared to Cedar Falls and Muscatine employees.¹⁰ Finally, the City also pointed to very generous provisions for uniforms (virtually fully paid clothing for two weeks) and safety boots, compared to Cedar Falls and Muscatine, which cost the Ames Utility \$400 per employee in 2011-12 and will likely cost \$200 per employee in 2012-13 (ER Br., p. 10).

The City then looked at the total package costs of the two final offers which showed that the City's final offer has a total package cost of 3.04%, while the total package cost of the Union's offer is 3.58% (ER Tab 8).¹¹ The City urged that its offer was the more reasonable on total package cost.

The City observed that although the cost of living in the City of Ames is higher than those of Cedar Falls and Muscatine (from 4.1% to 8.7% higher), the majority of Ames Utility employees (60%, 12 of 20) reside outside the City, in surrounding Story County communities where the cost of living is less than in the City of Ames. In addition, statistics show that Muscatine and Cedar Falls Utility employees who live in those cities or environs have higher costs of living in those areas than 12 of 20 Ames Utility employees who live outside Ames (by 3.3% to 8.6%). In the City's view, these arguments undercut the Union's assertions that its members should receive greater compensation because of the high cost of living in Ames. Finally, the City pointed to CPI-W data (ER Tab 11), which showed that in general, wages have seen a compounded cumulative increase of 36.7% since 1990, making the City's final offer more reasonable. The City argued that Ames Utility wage increases have outpaced the CPI-W since 1990.

In sum, the City urged that under its offer the Ames Utility employees would maintain their historical ranking with Cedar Falls and Muscatine and selection of its offer would not escalate or initiate a "wage race" among the comparables group as would occur if the Union's offer were selected. And selection of the City's offer would also be in line with and would support the continued viability of internal voluntary settlements already reached with three other units.

Discussion:

As stated *infra*, the parties have provided evidence concerning only two statutory factors, Bargaining history and comparables. Therefore, only these two factors have been addressed herein. Several preliminary matters must be dealt with. First, evidence was offered by the City herein concerning the City's fixed service boundaries, the likely future capital outlay for the new Ankeny line, and the higher industrial rate and equal or higher

¹⁰ No evidence was submitted concerning health insurance costs, coverage, premiums, deductibles, etc., to help to put this assertion in context. Notably, insurance is not an impasse item before the Arbitrator in this case.

¹¹ The total package costs included life and health insurance, retirement, longevity, Workers' Compensation, FICA and boot allowance. No significant increases in these items are expected for 2012-13.

commercial rate Ames charges those customers compared to its competitors. However, the City failed to connect this evidence specifically to this case by demonstrating how these facts affected the City's decisions during the 2012-13 negotiations with the Union or that these facts specifically impacted the City's final offer. Therefore, this Arbitrator has taken this relevant evidence into consideration in a general way, as part of the bargaining history and comparability factors.

The City argued that the parties have historically used the Lineworker classification to compare the external comparables and that this approach should be used herein to compare the final offers of the parties with the wages of the external comparables. This Arbitrator agrees. In this regard, the Arbitrator notes that utility unions and management often take this path because it acknowledges the special skills required of Lineworkers and it allows the simple comparison of utilities' wages even though, often, utilities have different systems, missions and different employee compliments. In this case, the Union's final offer has emphasized the need for Lineworkers and Substation Electricians to receive catch-up pay so their rates will equal or exceed Cedar Falls hourly rates for those two classifications by 2013. Therefore, in these circumstances, the Arbitrator has determined it is fair to use the Lineworker and Substation Electrician classifications along with the Line Foreman classification in this case to compare hourly rates and effective rates to decide which final offer is "most reasonable" under the Iowa Code.

Bargaining History and Comparability:¹²

The parties agree that the Ames Utility is comparable to the utilities in Cedar Falls and Muscatine. As is clear from the Union's evidence (Tab 5) and the analysis thereof above, the undisputed evidence showed that between 2007 and 2012, Cedar Falls was the wage leader, Ames was second and Muscatine was third in base hourly wage rates. It is also clear that these three comparables have essentially been ranked this way even though the City of Ames has historically paid its Utility employees longevity pay. (Ames is the only one of these cities that pays Utility employees longevity pay.)¹³ Notably, Cedar Falls Lineworkers and Substation Electricians have been paid from 25¢ to 40¢ per hour more than Ames Lineworkers and Substation Electricians. Cedar Falls Line Foremen have been paid the difference between \$1.47 and \$1.57 per hour more than Ames Line Foremen.

As shown above, the Union's final offer would change this long-time base wage relationship because of its 1.75% (7/1/12) and 1.75% (1/1/13) offer will result in Ames Lineworkers and Substation Electricians receiving just 2¢ less base wages in their

¹² The most logical and efficient presentation of the conclusions herein required the combination of this Arbitrator's analysis of the evidence in reference to the two statutory factors argued by the parties.

¹³ Article XI, Section 11.3, provides that beginning at five years of service, employees shall receive \$100 longevity pay per annum and they will receive an additional \$20 for each year of service thereafter (e.g., six years, \$120; seven years, \$140, etc.) up to 30 years' service, after which employees will receive \$600 per annum longevity pay.

For the 2012-13 contract, the parties agreed to improve Section 11.3 so that the total cost of this benefit (in 2011-12, \$4,340.00, for 12 employees) will go to a total of \$5,020.00, for 13 employees. The City argued that this benefit should be valued at 14¢ for all employees. This Arbitrator finds 14¢ a bit high since the average received by 13 employees in 2012-13 will be 18.5¢/hr. But spread across the 20-employee unit, the value will be 12¢/hr.

pockets in 2012-13 than these employees in Cedar Falls and this will result in Ames employees having higher base hourly rates, by 26¢, as of January 1, 2013 because of the 3.5% wage lift inherent in the Union's final offer.¹⁴

In an interest arbitration case, this is a huge change in the alignment of the comparables, which the Union had the burden to prove was supported by the facts and circumstances on this record. Here, in this Arbitrator's view, the Union has failed to submit sufficient evidence to support the Ames Utility surpassing Cedar Falls Utility base pay. In this regard, this Arbitrator notes that the Union submitted no evidence to show a change in work duties, a decrease in the Ames employee compliment,¹⁵ or a significant change in the type or volume of work in Ames. The fact that Ames is larger than Cedar Falls, that it has a larger university within its boundaries than Cedar Falls and that Ames is adjacent to Des Moines, the largest city in Iowa, is nothing new. These circumstances have been in place for years and have remained essentially unchanged.

The higher cost of living in Ames is also insufficient reason to move Ames Lineworkers and Substation Foremen ahead of such workers in Cedar Falls in 2013, and to move other Ames Utility workers up substantially relative to other Cedar Falls Utility workers. The City made a persuasive argument on this point that 12 of 20 Ames Utility workers actually live outside the City in less expensive areas and will not be subject to the greater expense of living in Ames during 2012-13.¹⁶ Also, the record in this case showed that Ames Utility employees received significant base wage increases in 2009 and 2010, the worst years of the recession in the Midwest.

In addition, looking at the rest of the Union's final offer, selection of the Union's offer would also result in a significant change in the wage relationship between Ames and Cedar Falls Line Foremen. Instead of Ames Line Foremen being paid from \$1.47 to \$1.57 less per hour in base pay than Cedar Falls Line Foremen, Ames Line Foremen would move to being paid \$1.06 less per hour in base pay in 2013. This amounts to almost a 50% improvement in the current Ames Line Foremen's pay relative to Cedar Falls' Line Foremen's total pay. Although Ames Line Foremen will not surpass Cedar Falls Line Foremen, the two incumbent Ames Line Foremen receive longevity equal to 19¢ and 29¢ per hour, making the actual difference between their pay and Cedar Falls' Line Foreman pay 87¢ and 77¢.

Regarding the remaining Ames Utility classifications listed by the Union, Substation Foreman, Electric Service Worker and Electric Meter Repair worker, there are seven incumbents, six of whom will receive between 8¢ and 38¢ per hour in longevity in 2013. Based on the evidence here, if the Union's offer is selected, the Electric Service Workers and Meter Repair employees' base pay in 2013 would increase by \$1.00 per hour (not including their longevity) and their relationship to Cedar Falls employees in these classifications would change significantly to lagging behind these Cedar Falls classifications by \$1.86 per hour and 69¢ per hour rather than lagging behind by \$2.24

¹⁴ With longevity payments to Ames Utility employees, figured at 12¢ per hour, the average received in 2012-13, Ames Utility employees' average total regular pay will for the first time in history exceed Cedar Falls Utility employees' total regular pay. Better prescription drug co-pays and uniforms in Ames also add (slightly) to Ames Utility employees' total compensation vis-à-vis the comparables.

¹⁵ The City will be hiring another Lineworker as soon as possible.

¹⁶ How long and why Ames employees have lived outside the City has little weight in this Arbitrator's view.

per hour and \$1.10 per hour. With their Ames longevity these workers would see the gap between them and Cedar Falls workers closed by an additional 8¢ and 26¢ per hour, respectively. (The third Electrical Service Worker receives no longevity.) And the two Ames Electric Meter Repair workers would see the gap between Cedar Falls workers and themselves close by an additional 14¢ and 18¢ per hour, respectively. Finally, Ames Substation Foremen's base pay would increase by \$1.23 per hour in 2013, closing the gap between these classifications in Ames and in Cedar Rapids by from \$1.56/hr. to \$1.06/hr. Again, the addition of longevity in Ames decreases this gap by another 38¢ per hour for the one Ames incumbent, making the difference in 2013 68¢ per hour.

The difference between Cedar Falls base pay and Ames base pay historically has had Cedar Falls Utility positions consistently ahead of Ames positions. The City's offer essentially maintains the historical relationship between all Ames Utility workers and Cedar Falls Utility workers while the Union's offer significantly changes this relationship for Lineworkers and Substation Electricians, as follows:

	<u>Average</u>	<u>City Offer</u>	<u>Union Offer</u>
Lineworkers	-34.6¢/hr.	-23¢/hr.	+26¢/hr.
Line Foremen	-\$1.52/hr.	-\$1.59/hr.	-\$1.06/hr.
Substation Electrician	-34.6¢/hr.	-23¢/hr.	+26¢/hr.
Substation Foreman	-\$1.47/hr.	-\$1.59/hr.	-\$1.06/hr.
Electric Service Worker	-\$2.60/hr.	-\$2.29/hr.	-\$1.86/hr.
Electric Meter Repair	-\$1.07/hr.	-\$1.12/hr.	-69¢/hr.

The Union argued that because, in 2012-13, Cedar Falls Utility employees will receive a 2% increase and Muscatine Utility employees will receive a 3% increase, an effective increase of 2.6% for Ames Utility employees in 2012-13 (essentially the average of the two) is justified. This Arbitrator finds this argument unpersuasive for several reasons. First, Muscatine had a wage freeze in 2011, which tends to explain a higher than normal increase for Muscatine, and Muscatine is unsettled for 2013-14, so it is difficult to judge the real value of Muscatine's 2012-13 increase. Also, Cedar Falls is settled for 2013-14 at 2.25% as is Ames with three of its units (Public Works, Power Plant and Firefighters), so it is likely that the City will offer its Utility employees a 2.25% base wage increase in 2013-14.

If the Union's offer is selected, the 3.50% wage lift to Utility employees will not only change the relationship between Ames and its external comparables, it will also change the relationship between Ames Utility workers and other Ames union employees. The City has argued that selecting the Union's offer here would cause a "wage race" among the comparables.¹⁷ Here, the selection of the Union's offer would likely cause a wage race between both external comparables and Ames' internal bargaining units.

Based on the above discussion and analysis, the Arbitrator finds that both the bargaining history factor and the comparability factor (on both the internal and external comparables) strongly favor the selection of the City's offer as the "most reasonable". In sum, the Union simply failed to present sufficient convincing evidence that it should become the wage leader among the comparables, surpassing Cedar Falls' base rates in the major classifications of Lineworker and Substation Electrician by January 1, 2013, when, for years, Ames Utility has maintained a second ranking.

AWARD

Wages: The City's offer is the most reasonable and it is selected.

Dated and Signed this Ninth Day of April, 2012, at Oshkosh, Wisconsin



Sharon A. Gallagher

¹⁷ The record shows that in the past, the City has voluntarily settled with its Police unit for more than its other units. In this Arbitrator's 28 years of experience, police officers are often paid more than other municipal employees because of the risks they take, the specialized work they perform and skills they possess, and because their external comparables are generally paid more than other municipal employees.

IBEW COMPARABLES
2012 - 2013

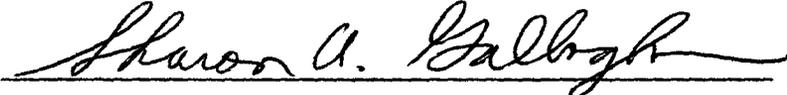
City	Lineworker Wage (Current)	Wage % 7/1/12	Wage % 1/1/13	Wage \$ 1/1/13	Longevity (15 yrs= \$300/2080 hrs)	Total Wage	Rx
Ames	\$32.99	2%	no change	\$33.65	0.14	\$33.79	\$4/\$15/\$30
Cedar Falls	\$33.32	2%	no change	\$33.99	0	\$33.99	\$10/\$25/\$35/\$50
Muscatine	\$32.48	0%	3%	\$33.45	0	\$33.45	\$5/\$25/\$45

Attachment

CERTIFICATE OF SERVICE

I certify that on the 9th day of April, 20 12, I served the foregoing Award of Arbitrator upon each of the parties to this matter by (_____ personally delivering) (mailing) a copy to them at their respective addresses as shown below:

I further certify that on the 9th day of April, 20 12, I will submit this Award for filing by (_____ personally delivering) (mailing) it to the Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B, Des Moines, IA 50319.


S.A. GALLAGHER, Arbitrator
(Print Name)