

**City of Indianola, Iowa/ Municipal Laborers, Local 353**

**In the Matter of Interest Arbitration between,**

**City of Indianola, Iowa**

**And**

**Municipal Laborers, Local 353**

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PUBLIC EMPLOYMENT  
RELATIONS BOARD

**Arbitrator Rosemary J Hayes**

**Report Date June 30. 2014**

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**IMPASSE ITEMS**

**WAGES**

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**Appearances:**

**For the Employer**

**James Hanks, Attorney**

**Halers & Cooney P.C.**

**100 Court Ave. SW Suite 600**

**Des Moines, Iowa 50309**

**For the Union**

**Jay M. Smith, Attorney**

**Smith & McElwain Law Offices**

**3209 Ingersoll Ave. Ste. 104**

**Des Moines, Iowa 50312**

**Witnesses**

**Tom Hayes, Business Manager**

**Eric Hanson, City Manager**

## **Introduction**

**This is an Interest Arbitration case held pursuant to Section 20.22 of the Iowa Public Employment Relations Act. The parties have reached Impasse on only one impasse item, Wages.**

The parties mutually agreed to select Rosemary J. Hayes to decide this dispute. A hearing was held on June 24, 2014 at the City of Indianola Offices in Indianola, Iowa. The parties stipulated that there were no objections to the arbitrator's jurisdiction or authority to issue a binding and final award. An electronic recording of the proceedings was made by the Arbitrator.

At the hearing both parties were given an opportunity to present such evidence and argument as they desired, including an examination and cross examination of all witnesses. The parties presented final arguments at the hearing.

Because this Arbitration was scheduled late in the season, prior to the opening of the hearing the parties mutually requested that the Arbitrator submit a decision either by phone or email prior to the June 30 year end date, thus facilitating the implementation of any wage increases that would go into effect on July 1, 2014. The parties and the Arbitrator agreed that by doing so the time limits on presenting a written award within the 15 day timeline would be waived. The Arbitrator agreed and sent the parties an email advising the representatives of her wage decision on June 26, 2014.

## **Background**

The Municipal Laborer, Local 353 ;( hereinafter referred to as the Union) currently represents a Bargaining Unit of 17 employees (18 positions) who are employed by the City of Indianola, Iowa (hereinafter referred to as the City). This agreement is referred to as the General Unit and consists of Equipment Operators, Technicians, Horticulturist, Water Pollution Control Operators and Water Pollution Apprentice Operators, Cashiers, Accounts Payable Clerks, Clerical Assistants, Inspectors and Activity Coordinators. The collective bargaining agreement has an effective date of July 2013 through June 2016. This arbitration is in compliance with a wage and insurance reopener agreement between the parties.

## **Facts**

The City of Indianola, Iowa is seventeen miles from Des Moines, Iowa. And has a population of 14,782 according to the 2010 Census data. There are three bargaining units in the City of Indianola, the General Unit, the Police Unit and employees of the Utilities Board covering water and electrical services: all of the contracts are with the Municipal Laborers Local 353. Prior to the current contract the Police and the General employees were in a mixed unit and shared a contract. This is the first year that there are two separate contracts for these groups. The parties advise that they have one impasse item and it is wages.

## **IMPASSE ITEMS**

### **WAGES**

City's Final Offer: 1.50 % increase in current rates of pay.

Union's Final Offer 1.75% increase in current rates of pay.

### **POSITION OF THE UNION**

The Union presented comparability exhibits based on population, distance from Des Moines, type of work in the unit, and who represents them.

| <b>City</b>      | <b>Population</b> | <b>Organized</b> | <b>Work</b>         | <b>Distance</b> |
|------------------|-------------------|------------------|---------------------|-----------------|
| <b>Indianola</b> | <b>14782</b>      | <b>Laborers</b>  | <b>Mixed</b>        | <b>17</b>       |
| <b>"</b>         | <b>"</b>          | <b>"</b>         | <b>Police</b>       | <b>17</b>       |
| <b>Johnston</b>  | <b>17,278</b>     | <b>AFSCME</b>    | <b>Public</b>       | <b>9</b>        |
|                  |                   | <b>IBT</b>       | <b>Police</b>       |                 |
| <b>Altoona</b>   | <b>14,541</b>     | <b>IBT</b>       | <b>Police</b>       | <b>10</b>       |
| <b>Newton</b>    | <b>15,254</b>     | <b>CWA</b>       | <b>Mixed</b>        | <b>35</b>       |
|                  |                   | <b>PPME</b>      | <b>Police</b>       |                 |
| <b>Waukee</b>    | <b>13,790</b>     | <b>CWA</b>       | <b>Mixed</b>        | <b>16</b>       |
| <b>Boone</b>     | <b>12,661</b>     | <b>BPO</b>       | <b>Public Works</b> | <b>42</b>       |

BPA

Police

**Percentage Wage Increase Comparison**

| <b>City</b> | <b>Public Works</b> | <b>Police</b> |
|-------------|---------------------|---------------|
| Johnston    | 2.25%               | 2.25          |
| Newton      | 2%                  | Unknown       |
| Waukee      | 2%                  | 2%            |
| Boone       | 2%                  | Unknown       |
| Altoona     | <u>Unknown</u>      | <u>2%</u>     |
|             | 2.06%               | 2.25%         |

Difference in Percentage Increase between City's Final Offer and Average.           .56%                   .31%

The Union presented a cost comparison between the cost of the City Proposal and the Union Proposal as follows:

2013 -2014           Wage Cost:                                   \$816,483.2  
 (Without roll up costs or longevity payments)

**City Proposal:**

2014-2015           Wage Cost:                                   \$828,838.40  
 (Without roll up costs or longevity payments)

**Union Proposal**

|                |   |                              |
|----------------|---|------------------------------|
| 2014-2015      | Wage Cost:                                    | \$830,960.00                 |
|                | (Without roll up costs or longevity payments) |                              |
| City Proposal: | \$828,838.40                                  | Union Proposal: \$830,960.00 |
| 2011-2012      | <u>\$816,483.20</u>                           | <u>\$ 816,483.20</u>         |
|                | \$ 12,355.20                                  | \$ 14,476.80                 |

Difference: \$2,121.60

The Union testified that the Police Union had settled at 1.5%. The reason the Police bargaining unit took a smaller wage increase was in hopes that by doing so the City would fill one open police officer position. The Union also stated that there is no “Me too” clause in either contract. The reasons for which the Police unit took a smaller increase are not shared by this unit and the 1.5% increase the city offered them was rejected by this bargaining unit. The employees of the general unit felt they should be compensated at a rate more in line with their comparability group.

### **POSITION OF THE EMPLOYER**

The City stated that they are in a difficult situation with serious financial concerns. The City is dealing with their financial problems by increasing revenue and decreasing expenses. The City provided supporting exhibits outlining their past 10 year audited income/expense revenue deficits for the past ten years, current debt level, their 2015 estimated budget deficit, decreased revenues in both Road use tax and sewer fee revenues, increased cost of police pensions. The shortfall in operational

base would take \$1.50 increase in taxes to balance their deficit and get back to being able to operate within their Budget. The City has voted to implement the \$1.50 increase in taxes. The City is also cutting back on expenses in filling open positions.

The City presented 2013-2014 base salary comparison for Medium Equipment Operator, Waste, Water Operator Grad III, and Park Maintenance Worker II for the following twenty Counties:

| <b>Community</b> | <b>Population</b> |
|------------------|-------------------|
| Boone            | 12,661            |
| Oskaloosa        | 11,463            |
| Fort Dodge       | 25,206            |
| Storm Lake       | 10,600            |
| Ottumwa          | 25,023            |
| Clinton          | 26,885            |
| Pella            | 10,352            |
| Coralville       | 18,907            |
| Fort Madison     | 11,051            |
| North Liberty    | 13,374            |
| Burlington       | 25,663            |
| Altoona          | 14,541            |
| Keokuk           | 10,780            |
| Muscatine        | 22,886            |

|                  |               |
|------------------|---------------|
| Johnston         | 17,278        |
| Newton           | 15,254        |
| Waukee           | 13,790        |
| Marshalltown     | 27,552        |
| <b>Indianola</b> | <b>14,782</b> |
| Clive            | 15,447        |

For the Medium Equipment Operator, the average minimum starting wage was \$37,204; Indianola's starting wage is \$5,721 above the average. The average maximum wage is \$44,506. Indianola's maximum wage is \$2,819 above the average.

Waste Water Operator Grade II the average starting wage is \$39, 501. Indianola's starting wage is \$5,368 above the average. The average maximum wage is \$47,265. Indianola's maximum wage is \$4,512 above the average.

Park Maintenance Worker II, the average starting wage is \$36,086. Indianola's starting wage is \$3,242 above the average. The average maximum wage is \$44,143. Indianola's maximum wage is \$3,182 above the average.

## Discussion

In evaluation the parties' final offers on the impasse item, paragraph 7 of section 20.22 of the Iowa Public Relations Act requires the arbitrator to 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 and those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
- C. The interest and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on normal standard of services.
- D. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

These statutory factors, as well as other relevant factors discussed below, have been considered by the Arbitrator in determining which of the parties' final offers on the impasse issues is most reasonable. In reaching her decision the Arbitrator has considered all evidence and arguments offered at the hearing, even if that evidence and argument is not specifically mentioned or discussed herein.

The Arbitrator reviewed all the factors. The parties said nothing about **A. Past History** or on **D. Power to Levy taxes**. Therefore this decision will remain silent on those areas and will focus on:

**B. Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employers doing**

**comparable work, giving consideration to factors peculiar to the area and the classifications involved.**

**C. The interest and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on normal standard of its operations.**

**And to “other relevant factors”**

The parties both presented comparability lists. The Unions being three Cities with populations above Indianola and three with populations below Indianola in the same geographic area. The Union based its comparable on the basis of the 2014- 2015 wage increase they will be receiving and stated that the average increase for its comparables is 2.06%.

The City presented a larger list of twenty cities with ten having larger and ten having smaller populations than Indianola and both inside and outside the geographic location of Indianola. They based their comparable on wages earned in 2013-2014 contract year, of three job classifications that are the same as some in the Indianola bargaining unit. The City also compared the minimum and maximum salaries in their calculations. In every instance on the City’s list, Indianola employees were listed at the high end of the pay scales.

**The City stressed that they are not asking to” balance their budget on the backs of these employees,” and are not claiming an inability to pay by asking these employees to merely take a lower increase. The City stated that these employees have been well taken care of in the past, as is reflected on their pay scale. The City points to the Police Unit agreement to settle for a 1.5% wage increase and that the non-bargaining City employees will also receive a 1.5% increase.**

## Conclusion

Since the comparables in this case were presented in different ways , with the City comparing current wages, and the Union comparing wage increases, in the eyes of the Arbitrator they are both right. The Arbitrator is going to put more weight on the City's comparables due to the ranking of these employees annual wages, in relationship to other employees doing similar work. Even if one were to take the cities used in the Union comparable and use their wages, the employees in this general group would still be ranked in the upper half of the pay schedules. Further, the City's budget issues cannot be ignored, nor can the fact that they have taken action to resolve their problems without asking for pay freezes or pay cuts.

## ARBITRATIONS AWARD

The City of Indianola proposal on Wages is the most reasonable. **Wage increase of 1.5% effective July 1, 2014**

Signed this 27<sup>th</sup> day of July, 2014 Rosemary J Hayes  
Rosemary J Hayes, Arbitrator

CERTIFICATE OF SERVICE

I certify that on the 27<sup>th</sup> day of July, 2014, I served the foregoing Award of Arbitrations upon each of the parties listed below by emailing and mailing a copy to them at their respective addresses as shown below.

James Hanks

Ahlers & Cooney, P. C.

100 Court Avenue SW Ste 600

Des Moines, Iowa 50309

Mr. Jay M. Smith

Smith & McElwin Law Offices

3209 Ingersoll Ave. Suite 104

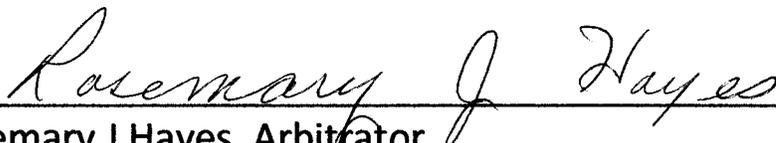
Des Moines, Iowa 50312

Iowa Public Employment Relations Board

PERB

510 E. 12st.

Des Moines, Iowa 50319

  
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Rosemary J Hayes, Arbitrator