

IN THE MATTER OF INTEREST ARBITRATION

BETWEEN)	
)	
THE CITY OF BOONE, IOWA,)	
)	HUGH J. PERRY, ARBITRATOR
PUBLIC EMPLOYER,)	
AND THE)	
)	AWARD ISSUED MARCH 8, 2016
BOONE CITY EMPLOYEES' BARGAINING)	
ORGANIZATION,)	
)	
EMPLOYEE ORGANIZATION.)	

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 PUBLIC EMPLOYMENT
 RELATIONS BOARD

Appearances:

For City of Boone: Jim Robbins, Attorney
 For Boone City Employees' Bargaining Organization: Dennis Parmenter, Attorney

BACKGROUND

The Boone City Employees' Bargaining Organization (CEBO) represents a bargaining unit of Boone City employees. The parties are completing a 3 year contract July 1, 2013 – June 30, 2016. They have bargained for the July 1, 2016 – June 30, 2017 contract and resolved all of the provisions of the new contract except for Wages. A negotiability issue arose at the arbitration hearing, held February 17, 2016 at the Boone City Hall. The undersigned filed a Petition for Negotiability Order with the Public Employment Relations Board. The question was whether an increase in additional pay for grade licenses proposed by CEBO was within the impasse issue of supplemental pay or wages. PERB stayed the arbitration proceedings until it could make a decision on the matter, however, prior to PERB considering and ruling on the matter, CEBO withdrew its proposal to increase pay for grade licenses. The City consented to this withdrawal. PERB then dismissed the Petition for Negotiability Order, lifted its stay and, pursuant to the agreement of the parties, ordered that an arbitration award be issued on or before March 9, 2016. The sole issue before the arbitrator is wages, specifically the amount of a pay increase for these employees effective July 1, 2016.

The parties proceed under statutory arbitration under which the Arbitrator, after considering the statutory criteria set forth in Section 22.7 of The Iowa Public Employment Relations Act (past collective bargaining and contracts, 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, 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, the power of the public employer to levy taxes and appropriate funds for the conduct of its operations and other relevant factors) must award the position of the party on each impasse

issue he determines to be the most reasonable.

IMPASSE ISSUE

The sole impasse issue to be resolved is the *Wage* adjustment for these employees for the contract year July 1, 2016 to June 30, 2017.

FACTS

CEBO represents a bargaining unit comprised of 18 workers in the City of Boone's Public Works Department including the following positions: Water Works Assistant Superintendent, Water Works Operator, Wastewater Plant Operator, Assistant Building Official, Mechanic, Assistant Mechanic, Meterman, Laborer and Custodian/Janitor. The City of Boone, population 12,600 is located in central Iowa on U.S. Highway 30. There are two other bargaining units in the City, Police and Fire. The Police are in the second year of a three year contract which provides for wage increases of 2.5%, 2.5% and 2.25% for each year of the contract. The Fire unit is completing a three year contract which provided for wage adjustments of 2%, 2.5% and 2.25% for each year. The Fire employees negotiated a 2.75% wage increase for the 2016-2017 contract. CEBO is completing a three year contract which provided for a 2% wage adjustment for each year. Boone employees not in a bargaining unit will receive a 2.5% wage adjustment for 2016-2017.

The parties have bargained collectively since 1976. They have used Factfinding and Arbitration sparingly to resolve their contract differences, most recently in the years 1983 and 1987. The number of bargaining unit employees has been reduced from 25 in 2007 to the current 18 employees. (Other City departments have also experienced staff reduction over this period.) CEBO Employees tend to stay with the City. Seventeen have more than ten years of seniority. The City at one time (prior to 2007) paid the entire health insurance benefit for these employees but the employees are now required to pay a portion of the family insurance benefit, currently \$94 per month or \$1,128 per year. The City's cost of providing an employee with family insurance is \$1,509 per month or \$18,112 per year. Single insurance is fully paid by the City. The insurance benefit will continue unchanged for the next contract. In 2009 the parties negotiated a 5% reduction in starting pay for employees hired after July 1, 2010 which resulted in a two tier wage schedule. As indicated, 17 of 18 bargaining unit employees have more than ten years of seniority and are unaffected by the lower tier salary schedule. The contract provides for additional pay for grade licenses (Grade I, \$85/mo., Grade II, \$100/mo., Grade III \$150/mo., Grade IV, \$200 per mo.). Twelve employees receive additional pay for grade licenses. Also, the contract provides for longevity pay after 3 years of \$3/month per year of service up to \$81 per month, a clothing allowance of \$255 per year and a shoe allowance of \$170 per year.

The City contracted for a Salary survey which was completed in 2012 for use in evaluating its wage and benefit structure for its employees. It has been used to establish wage ranges for department heads, including the City Administrator.

The City's revenues from water and sewer have been relatively flat. Its overall financial condition is stable but lack of financial growth from increased tax valuations is a concern. While there has been a fuel tax increase of 10 cents per gallon, the City has been advised by its legislative representatives to use this for road improvements rather than employee wages and

benefits.

CURRENT CONTRACT

The current contract covers the period July 1, 2013 to June 30, 2016. The wage schedule is as follows (I have not set forth the pay schedule for employees hired after July 1, 2010 which reflects a 5% reduction in starting wages as it is not clear that any current employees are affected by this schedule. This schedule will continue in the new contract adjusted per this award.):

Wage Schedule [A]: Wage Schedule for full-time staff hired prior to July 1, 2010.

	Monthly Salaries			
	7/1/2012	7/1/2013	7/1/2014	7/1/2015
Beginning	6/30/2012	5/30/2014	6/30/2015	6/30/2016
Ending				
Negotiated Increase		2%	2%	2%
CEBO Calculated Increase		\$80.00	\$82.12	\$84.02
Top of Scale for: Assistant Superintendent of Water Treatment, Assistant Superintendent of Water Pollution Control, Mechanic and Foreman (Utility, Street, and Meter Shop)	\$4,365.71	\$4,445.71	\$4,527.83	\$4,611.85
Top of Scale for: Chief Operator of Water Treatment, Chief Operator of Water Pollution Control (if positions)	\$4,104.29	\$4,184.29	\$4,266.41	\$4,350.43
Top of Scale for: Assistant Building Official	\$4,016.10	\$4,096.10	\$4,178.22	\$4,262.24
Top of Scale for: Meterman, Laborer, Operator (Water Pollution Control Plant and Water Works) and Assistant Mechanic	\$3,922.71	\$4,002.71	\$4,084.83	\$4,168.85
Top of Scale for: Janitor	\$3,089.21	\$3,089.21	\$3,171.33	\$3,255.35

The wage increases for each of the 3 years of the current contract (\$80/mo., \$82.12/mo., \$84.02) were generated under the following procedure utilized by the parties: All wages are combined and multiplied by the percent increase granted by the contract then divided by the number of bargaining unit members. The wage increase is then granted as a flat increase across all classifications in the Unit. This procedure will continue for the next contract.

PROPOSALS OF THE PARTIES

The **Union** proposes a 3% wage increase. It presents as comparable Iowa cities and employees with wage adjustments for 2016-2017 as follows: Fort Dodge (2.25%/1.5% effective July 1, 2016 and January 1, 2017), Madrid (3%), Nevada (2.75%), Oskaloosa (3%), Perry (2.5%), Waverly (2.8%) and Webster City (2%). It notes that all of these Cities with the exception of Webster City (at 2% for each of 3 years) had greater wage increases over the last 3 years than Boone (2% for each of 3 years). Additionally, the Union notes that it is falling behind

employees in the other two City bargaining units. The fire had a 3 year contract with 2%, 2.5% and 2.25% wage increases and has negotiated a 2.75% wage increase for 2016-2017. The police will have had wage adjustments 2%, 2.5%, 2.5% and 2.25% over this four year period. The Union notes that some city positions have received considerably higher wage increases in 2015-2016, notably the engineer (13.7%) and the finance officer (11.6%). The Union notes that the salary survey was completed prior to the current 3 year contract and was, presumably, utilized in negotiations for that contract. It notes that there has been a substantial reduction in the number of its employees and that those remaining must work harder to perform the work. CEBO presented a summary of a salary survey of central Iowa from the Palmer Group indicating that most private sector employees would realize a 3-4% wage adjustment for 2016. The Union contends that its proposed 3% wage adjustment is justified and reasonable.

The **City** presented data for 2016-2017 wage increases from the cities of Spencer (2.75%), Oskaloosa (3%), Grimes (2%), Pleasant Hill (3%) and Hiawatha (proposed, 3%). The City noted that CEBO was not the only City group that has experienced a reduction of employees. It notes that while its financial condition is stable, revenue growth is relatively flat. It notes that other factors were at work in the police and fire negotiations and there was justification for differing wage adjustments in those units. The City notes that non bargaining City employees will receive a 2.5% wage increase for next year. It also notes that no other economic changes were made to these employees' pay and benefits for the next contract year. The City argues that 2.5% wage increase for these employees is reasonable and should be awarded.

DISCUSSION

Comparing these employees wage increases to department heads and management employees is not of great assistance in determining a wage adjustment here. The City provided reasons why the engineer was granted a 13.7% increase last year. The position was combined with the utility superintendent which resulted in substantial cost savings to the City. The duties of the financial officer were adjusted which justified a higher salary. Similarly, evidence of private sector wage increases is not of much help. Much more relevant are the wage adjustments of other employees performing work similar to these employees in other Iowa communities. The data provided indicates that settlements in those cities for similar employees are running from 2-3%, averaging some 2.73+%. Also, it is noted that many of those cities provided increases of greater than 2% for each of the last three years. In Boone the other bargaining units have experienced the following increases over the previous 3 years: Fire – 6.75%, Police – 7%. This compares to 6% for CEBO employees. The Fire employees will receive a 2.75% increase for 2016-2017, the Police 2.25%. The Fire employees adjustments over 4 years will average 2.37%. The 4 year adjustments for the Police will average 2.31%. CEBO employees will average 2.125% adjustments over 4 years under the City's 2.5% proposal and 2.25% under CEBO's 3% proposal. While employees in the other bargaining units do not necessarily perform comparable work as CEBO employees, I consider wage adjustments for these other City bargaining units to be within my consideration under the impasse category of other relevant factors. Employees not in bargaining units will receive a 2.5% wage increase next year. It was not made clear what their wage adjustments were for the previous 3 years. While not necessarily robust, the City's finances are stable. No claim was made by the City that it was unable to pay the Union's

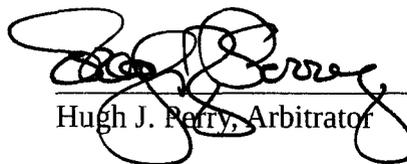
requested 3% wage adjustment or that to do so would require substantial economic adjustments. This bargaining unit has experienced a significant reduction in personnel in recent years which has, presumably, measurably reduced its wage and benefit cost to the City. Further, CEBO has previously agreed to a two tier wage schedule which will provide some financial relief to the City upon the occasion of future new hires.

Based upon comparability, both external and internal, the bargaining history, the general financial condition of the City, including past cost reducing measures agreed to or imposed upon these employees, I conclude that CEBO's wage proposal of a 3% adjustment for the July 1, 2016 – June 30, 2017 contract is the most reasonable wage proposal before me. It is awarded. It should be implemented in the same manner as previous wage adjustments as set forth on page 3 above.

AWARD

CEBO's position on Wages is awarded. These employees' wages should be adjusted by 3% for the next contract year in accordance with the previous agreement between the parties as to how a wage adjustment is distributed.

Signed this 8th day of March, 2016.



Hugh J. Perry, Arbitrator

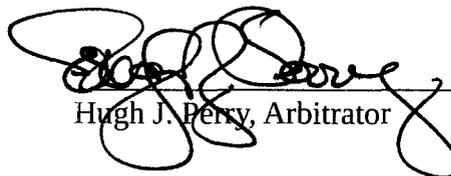
CERTIFICATE OF SERVICE

I certify that on the 8th day of March, 2016, I served the foregoing Award of Arbitrator upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Jim Robbins
Attorney At Law
101 West Mamie Eisenhower
Boone, Iowa 50036

Dennis Parmenter
Attorney At Law
501 East Fourth Street
Huxley, Iowa 50124

I further certify that on the 8th day of March, 2016, I will submit this award for filing by mailing it to the Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B, Des Moines, Iowa 50319.



Hugh J. Perry, Arbitrator