

**IN THE MATTER OF INTEREST ARBITRATION**

BETWEEN:	)	
	)	
CITY OF DUBUQUE, IOWA,	)	
	)	Hugh J. Perry, Arbitrator
PUBLIC EMPLOYER,	)	
AND	)	
	)	Award Issued: June 21, 2018
DUBUQUE POLICEMAN'S PROTECTIVE ASSOCIATION,	)	
	)	
EMPLOYEE ORGANIZATION.	)	

**APPEARANCES:**

**For City of Dubuque:**

Randy Peck, Personnel Manager

**For Dubuque Policeman's Protective Association:**

Michael Treinen, Attorney

Kurt Rosenthal, President, DPPA

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**BACKGROUND, FACTS AND JURISDICTION**

The City of Dubuque sits on Iowa's Eastern border along the Mississippi River. Its population is approximately 60,000. It is Iowa's 11<sup>th</sup> largest city. It has 535 employees contained in five bargaining units, Police, Fire, Teamsters, Operating Engineers and Transit as well as a group of non bargaining employees. All but the police have settled their contracts for 2018-2019 (Due to changes in Iowa's Public Sector bargaining law, Chapter 20, only the Police and Fire units which contain at least 30% public safety employees can now compel the employer to negotiate subjects beyond base wages). The Dubuque Police Protective Association (DPPA) has represented police employees since 1975 with the advent of Iowa public sector bargaining. There are 82 Included in the DPPA unit, 66 patrol officers and 16 corporals. Consecutive contracts, both single and multi-year have been negotiated by the City and DPPA since 1975. Some years they have utilized Factfinding and Arbitration to arrive at a contract. The parties have utilized arbitration in four of the last seven contracts to conclude negotiations. This bargaining year the parties have resolved all impasse issues except Wages (increase in base wage) and Insurance (the % of required employee premium contribution as well as plan changes). Unable to resolve their differences with respect to these issues, they resort to arbitration to reach a final agreement.

A hearing was held on June 7<sup>th</sup> at the Dubuque City Hall. The parties presented

exhibits, narrative testimony and arguments as to why their final offer on each impasse issue should prevail. The hearing was closed on that date. The parties have extended the statutory time lines to complete the negotiating process. I am obligated to select the most reasonable of the final offers of the parties on each impasse item submitted within 15 days of the hearing. In determining which impasse issue of the parties is the most reasonable, I must consider, in addition to any other relevant factors:

*Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.*

*Comparison of wages, hours and conditions of employment of the involved 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.*

**Bargaining History** - The parties settled the current contract, 2016-2018 without resort to arbitration. Among other things, it provides for a 2.5% wage increase on July 1, 2016 and a 2% wage increase on July 1, 2017. Under the current contract, the City provides health insurance with employees paying 10% of the premium for the insurance plan in which they are enrolled. The plans provide for out of pocket maximums, medical and prescription drug co-pays. All other City employees have traditionally enjoyed the same insurance plan. The 10% employee premium contribution by police employees commenced on July 1, 2005, the result of an interest arbitration. All other City employees, including Fire, have agreed to a changes in the plans' out of pocket and co-pay urged by the City for the police employees here and have agreed to increase their premium contribution to 15%, the same as proposed by the City here. The parties have engaged arbitration for 4 of the last 7 contracts. The fighting issue has primarily been wages, both salary structure and base wage increases. The DPAA has not had recent success in changing the salary structure. Wage adjustments have come by increasing the base wage across the board. In addition to health insurance, the parties have bargained several other benefits, including longevity (7% of base wage after 25 years of service), educational bonus pay (5% of base wage after 60 hours of college coursework including 12 hours of law enforcement development) sick leave payout (100% of accrued sick leave up to 960 hours at retirement), Holidays (11) and shift differential (\$.25-.35 per hour). Also the City contributes a pension payment to each employee. While none of these items are at issue here, they represent a substantial cost to the City and considerable financial benefits to these employees. Any benefit expressed in a percentage will increase with a base wage adjustment.

**Comparisons** - The parties do not agree on comparison groups. The DPPA uses a grouping of the 20 largest Iowa Cities including Dubuque as well as a subgroup group of 8 cities in northeast Iowa for comparison purposes. The City uses a group of 14 Iowa

cities with populations of 20,000 – 60,000 which it has used for the previous nineteen years. The City also relies strongly on internal comparisons with the Fire Unit for wages and with all city employees for health insurance. The Fire Unit settled for the City’s wage offer here of 1.5%. Fire and all other city employees agreed to increase the insurance premium contribution required of employees to 15% as well as to the plan changes proposed by the City here. While there have been some minor deviations in the parity between the top Firefighter wage and the top Patrol Officer wage, these wages are now the same through the current contract. Such wage parity has existed for some forty years with only minor differences brought about through arbitration which have subsequently been redressed.

**Interest and welfare of the public and ability of the City to Finance economic adjustments** - The City’s operating budget for fiscal 2019 is \$129,366,969. The Police Department budget is \$15,577,470. Employee expenses for the police department for FY 2019 will be \$13,445,568 or 86.3% of the total police budget. The City appears well managed. It will reduce its tax rate for the next fiscal year. Such rate is relatively low as is its per capita tax. In recent years the City has reduced the number of City employees, instituted a hotel/motel tax, increased many user fees and instituted a 1¢ sales and service tax. The City has lost population in recent years with the resultant loss of revenue. Overall I am not persuaded that either of the parties’ proposals on the two issues before me will adversely affect the interest and welfare of the public or negatively impact on the ability of the City to finance economic adjustments or to deliver the normal standard of services.

**IMPASSE ISSUES**

The issues for decision by the arbitrator are **Wages** and **Insurance** for the contract July 1, 2018 to June 30, 2019.

**WAGES** – Currently, the top patrol officer is paid the biweekly rate of \$2,334.08 (\$60,686.08 annual). This is the same as the top Firefighter pay. The top corporal pay is \$2,609.60 biweekly (\$67,849.60 annual).

The Current Wage Plan provides in part:

Biweekly Rates – Effective 7/1/2017 through 6/30/2018

	<u>Step C</u>	<u>Step D</u>	<u>Step E</u>	<u>Step F</u>
Patrol Officer .....	\$2,100.00	\$2,156.80	\$2,270.40	\$2,334.08
Corporal.....		\$2,425.60	\$2,519.20	\$2,609.60

**FINAL OFFERS AND ARGUMENTS**

The **DPPA** makes a final **WAGE** offer of 3%. In support of this position, the DPPA presented data indicating that in spite of Dubuque ranking 11<sup>th</sup> among Iowa cities in population, Dubuque patrol officers rank 15<sup>th</sup> out of the 20 largest cities\* in Iowa in career earnings and rank below average in nearly every benchmark in yearly earnings. Dubuque patrol officers rank 17<sup>th</sup> out of the 20 in pension benefits, have received the lowest top base wage increases, \$8,595 below average, and are the only city with the same top wage scale for police and fire of the 20 largest cities. On average, police top wage in the largest cities is \$5,724 more than top firefighter wage.

The DPPA costed its wage proposal at \$7,508,213 compared to the cost of the City's proposal \$7,436,764, a difference of \$71,449, .85% of the police department's FY19 budget of \$8,384,730. The DPPA argues that retention has been a problem for the department and that since 2010, 19 veteran officers with a total of 147 years of experience have left the department. This compares to the Fire Department which since 1998 has hired 72 firefighters and 10 have left fire employment. Since 2010 two veteran firefighters with a total of 10 years experience have left fire employment. Recruitment into the police department and the number of applicants for the police exam has dropped dramatically. The DPPA notes that the cost of a new hire of a police patrolman is \$70,056. If a 3% wage increase could be accomplished, hiring and retention in the department could be improved. The DPPA argued that the City's comparability group should not be considered. The City doesn't use this group for any other purpose except for bargaining with the DPPA. Dubuque is in constant competition with other cities in Northeast Iowa for applicants/recruits. There are 8 cities within 100 miles of Dubuque with populations greater than 25,000, 4 larger and 4 smaller. This would make a more appropriate comparability group than that urged by the City.

The DPPA argues that while the City's internal comparability argument (that top patrol officer pay in Dubuque should be the same as top firefighter pay) might have made sense at one time, it no longer has validity. Recruitment, retention, increased dangers, and multiple other factors have led to higher wage increases for police over fire. The City has tied the wages of its patrol officers to 24 firefighters to minimize the wage increases sought and deserved by these police employees. Since 2008, Dubuque patrol officers have experienced the lowest increase to the top base wage scale among the 20 largest cities, 37.72% increase vs 24.06% (\$20,408 vs \$11,947). Career earnings, pension, vacation and wage increases for 2018 in Dubuque (1.5%) all suffer in comparison with these categories in the DPPA's comparability grouping. While not all cities have corporals, many have a sergeant classification which pays higher than that of corporal.

The **City** makes a final **WAGE** offer of 1.5%. In support of this offer, the City presents a strong argument in terms of bargaining history. This is what the fire unit received as well as all other city of Dubuque employees. The forty year history has been that all voluntary settlements and all arbitration awards except for one or two have maintained parity with respect to top patrol officer and top firefighter wages. In addition to its police/fire wage parity argument, the City uses a comparability group of 14 other Iowa cities, population 20000 – 60000. The city asserts that it has used this comparison group for at least 19 years. The City argues that Dubuque police receive one of the

most lucrative longevity pay plans, vacation and casual day schedules, sick leave payout and educational bonus payment of all the cities in the comparability group. With all of these benefits plus uniform allowance, shift premium, health insurance, life and short term disability insurance plus pension, it will cost the City \$100,345 for FY 2019 to employ one patrol officer at step F based on the City's proposal. These employees enjoy benefits greater than police officers in the comparable cities and greater than other City employees. Wage adjustments for these employees have exceeded the rate of inflation and their benefits have been increased. Retention and application to the department tends to be cyclical. With a higher rate of employment and an improved economy, there is less interest in public employment, including police employment. Police officers in Dubuque reach top wages in only 2.5 years, a shorter period, than do officers in other departments. Few other cities have corporals who are paid higher than patrol officers.

**INSURANCE** - The City is self insured and engages Wellmark to administer its insurance plans. These employees pay 10% of the premium for the health and drug insurance plan for which the employee is enrolled, currently \$807.61 for single, \$1,615.32 for single +1 and \$2,059.52 for family (these are yearly rates). The City is raising the Cobra rate by 7%, so without change in the premium contribution the new rates on July 1<sup>st</sup> will be \$864.12 for single, 1,728.36 for single +1 and \$2,203.68 for family.

The current insurance provides for the following annual out of pocket and copays and prescription drug coverage:

	<u>In Network</u>	<u>Out of Network</u>
Annual Out of Pocket Maximum	\$400/1200	\$750/2,250
Office Visit	\$15 copay	
Specialty Doctor Visit	\$15 copay	
Outpatient Services	\$25 copay	
Emergency Room	\$100 copay	
Urgent Care	\$25 copay	

	<u>In Network</u>
RX – Retail	\$2 Generic \$5 Brand Name Formulary \$15 Brand Name Non-Formulary
RX – Mail Order	\$4 Generic \$10 Brand Name Formulary \$30 Brand Name Non-Formulary

The **DPPA's** final offer on **Insurance** is that current language continue, that is, employees continue paying 10% of the premiums for their plans and out of pocket, copay and drug provisions stay the same as currently provided. The DPPA notes that of the 82 bargaining members, 26 have single coverage, 14 have single +1 coverage and 42 have family coverage. An increase in premium contribution and insurance plan

changes and a 1.5% wage increase would cost a 15 year police veteran \$224 per year, excluding any out of pocket increases for health care/prescriptions. An increase in premium contribution to 15% plus an increase in COBRA rate will cost officers of the association \$78,716 annually.

The **City's** final offer on **Insurance** is to increase the employee premium contribution to 15% and to change the copays, out of pocket and drug coverage as follows:

	<u>In Network</u>	<u>Out of Network</u>
Annual Out of Pocket Maximum	\$800/2,400	\$1,500/4,500/2,250
Office Visit	\$25 copay	
Specialty Doctor Visit	\$25 copay	
Outpatient Services	\$40 copay	
Emergency Room	\$150 copay	
Urgent Care	\$40 copay	
	<u>In Network</u>	
RX – Retail	\$5 Generic \$15 Brand Name Formulary \$25 Brand Name Non-Formulary	
RX – Mail Order	\$10 Generic \$30 Brand Name Formulary \$50 Brand Name Non-Formulary	

The City proposes that its insurance changes take effect on June 1, 2019. The City notes that all other City employees including fire employees are or will be on this insurance plan with the changes that the City proposes here, i.e., 15% employee premium contribution and changes to out of pocket, copay and drug coverage as set forth above. The City notes that historically all City employees have been on the same insurance plan with the same premium contribution and that arbitrators have heavily relied on this internal comparability in making their awards. The City notes that there has not been an increase in out of pocket maximums and copayments for 14 years and no change in employees' premium contributions for 13 years. The cost of this benefit has increased significantly over the years, from \$5,364,003 in FY 2005 to \$11,140,948 in FY 2017, a 108% increase. It is not unreasonable to ask employees to share in the increased cost of this valuable benefit.

## DISCUSSION AND CONCLUSIONS

**WAGES** - The City makes a strong argument that the top patrol officer wage has been the same as the top firefighter wage for all but a handful of the past 40 years. On the few occasions when such parity was broken, it was done at the hands of arbitrators, not through voluntary negotiations between the parties and any resultant disparity was subsequently redressed. This bargaining history is compelling. I don't necessarily disagree with the DPPA's assertion that 8 northeast Iowa cities with populations similar to Dubuque might be an appropriate comparability group and that the City's 20,000 – 60,000 group is not perfect. (It is noteworthy that the City has used this group for most

of the previous 19 years.) It could be argued that Des Moines, Cedar Raids and Davenport as proposed in the DPPA's group are substantially larger than Dubuque and that it is not appropriate for the DPPA to compare wages and benefits in those cities with those in Dubuque. I note that the police enjoy other economic benefits not enjoyed by other units. Comparability grouping is not an exact science and arguments made using such comparability groupings should be tempered with other considerations, not the least of which are bargaining history and internal bargaining comparisons. While changes in the PERA took substantial bargaining rights away from the City's other units and in time might make comparisons with those units less compelling, a wage award substantially over what the fire employees settled for this year would, no doubt, cause unrest with that unit and make future voluntary settlements more difficult. Fire employees could reasonably contend that the police held out and received more through arbitration than fire did with a voluntary settlement in spite of the historical parity that exists with respect to wages between the two top in rank positions of police and fire. In sum, I find the City's wage proposal of 1.5% to be the most reasonable of the offers before me. It is awarded.

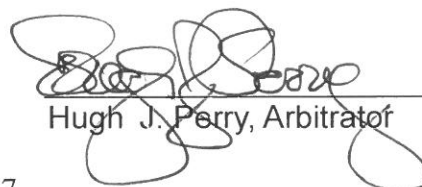
**INSURANCE** - The City makes the same argument for its insurance proposal. That its proposal here on insurance will result in the same health insurance that other City employees have or will have effective July 1, 2018. Only here, the City proposes that the proposed insurance changes become effective June 1, 2019 or 11 months into the contract. Its effect won't be significantly felt until the July 1, 2019 – June 30, 2020 contract year. I agree with the other arbitrators quoted in the City's exhibits, that internal comparability especially on health insurance, is important, however, again, due to changes in the PERA, the other City employees, except fire, will not in the future be able to compel negotiations over health insurance. This may or may not make the City's internal comparison argument on insurance less persuasive. I conclude that little harm will come from leaving the parties where they are on insurance until the next round of bargaining for a July 1, 2019 – June 30, 2020 agreement, considering that the changes proposed by the City will cover only the last 1/12 of the 2018-2019 contract year. Accordingly, I find that the insurance proposal of the DPPA to continue the current insurance language in the next contract is the most reasonable. It is awarded

### AWARD

**Wages** - The City's Wage proposal is awarded. 1.5% Wage Increase effective July 1, 2018

**Insurance** - The Association's Insurance proposal is awarded. Current health insurance to continue unchanged for the 2018-2019 contract

Signed this 21<sup>st</sup> day of June, 2018

  
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Hugh J. Perry, Arbitrator

CERTIFICATE OF SERVICE

I certify that on the 21<sup>st</sup> day of June, 2018, 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:

Kurt Rosenthal  
President, DPPA  
770 Iowa Street  
Dubuque, Iowa 52001

Randy Peck  
Personnel Manager  
City Hall – 501 West 13<sup>th</sup> Street  
Dubuque, Iowa 52001

I further certify that on the 21<sup>st</sup> day of June, 2018, 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.

  
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Hugh J. Perry, Arbitrator