
In Re the Arbitration Between:

BMS File No. 12-PN-0790

City of Spring Lake Park, Minnesota,

Employer,

and

**INTEREST ARBITRATION
OPINION AND AWARD**

Law Enforcement Labor Services, Inc.,
St. Paul, Minnesota,

Union.

Pursuant to **Minnesota Statutes Section 179A.16, subd. 2** and **Minnesota Rules 5510.2930**, the Commissioner of Minnesota Bureau of Mediation Services certified the above matter to arbitration on April 5, 2012.

A hearing over the issues of Wages for 2012 and 2013 and Uniform Allowance for 2012 and 2013 was conducted on July 26, 2012 at the City of Spring Lake Park, Minnesota, City Hall.

Briefs were submitted by U.S. mail on August 9, 2012 and the record was closed.

APPEARANCES:

FOR THE EMPLOYER

Jeffrey A. Carson
Carson, Clelland & Schreider
6300 Shingle Creek Parkway, Suite 305
Minneapolis, MN 55430-2190

FOR THE UNION

Adam Burnside
Law Enforcement Labor Services, Inc.
327 York Avenue
St. Paul, MN 55130

ISSUES ONE AND TWO – WAGES FOR 2012 AND 2013

The Union proposes a three percent 3% wage increase for 2012 and a three percent 3% wage increase for 2013.

The Union’s final position is as follows:

APPENDIX A

COMPENSATION

Effective January 1 of each year, Police Department employees shall be compensated in accordance with the following monthly salary schedule:

<u>CLASSIFICATION</u>	<u>3% 1/1/12</u>	<u>3% 1/1/13</u>
Patrol Officer – Beginning	\$4,386.35	\$4,517.94
Patrol Officer – 6 months service	\$4,578.78	\$4,716.15
Patrol Officer – 1 year service	\$4,975.51	\$5,124.77
Patrol Officer – 2 years service	\$5,177.16	\$5,332.48
Patrol Officer – 3 years service	\$5,293.15	\$5,451.94
Patrol Officer – 4 years service	\$5,407.80	\$5,570.03
Patrol Officer – 5 years service	\$5,529.07	\$5,694.94
Patrol Officer – 7 years service (Longevity)	\$5,695.13	\$5,865.98
Patrol Officer – 9 years service (Longevity)	\$5,805.84	\$5,980.02
Patrol Officer – 11 years service (Longevity)	\$5,916.56	\$6,094.05

Investigators shall be paid an additional one hundred and twenty-five dollars (\$125.00) per month. This additional amount of money will be part of the employees’ base rate of pay for purposes of wage calculations. The additional compensation resulted from the implementation of the City’s Comparable Worth Plan for the classification of Investigator and a market survey conducted in 2006. The comparable worth adjustment for this classification may be affected by changes in the LGPEA.

The Union Argument in support of it's wage proposal:

The Employer has the ability to pay the proposed wage increase. The City of Spring Lake Park is in excellent financial condition, despite the difficulties that have arisen over the past several years due to cutbacks from sources outside of the City. The City has increases in budgeted revenue and in the unreserved fund balance. The City's audited financial statements from 2010 show an increase in net assets and a reduction in liabilities. Furthermore, the general fund balance increased by 20%. The unreserved fund balance at the end of 2010 was \$1,599,970.00, which is 49% of total general fund expenditures. The State Auditor recommends having between 35% and 50% in reserve. Hence, the unreserved general fund balance does not indicate an inability to pay an additional \$16,000 in wage increases.

The City has historically paid this Union higher wages than other internal bargaining units. The proposed wage increase for the bargaining unit would be consistent with the Minnesota Local Government Pay Equity Act, based upon projections made using the Department of Employee Relations software. The Pay Equity Act requires local government units to maintain an underpayment ratio of 80 or higher in the statistical analysis test to stay with guidelines. The Union's proposal does not negatively impact the City's pay equity compliance. In fact, the Union wage proposal would improve the City's under payment ratio.

In two of the last seven years employees of the City have received non-consistent wage increases. In 2008 and 2009 some IOUE employees received an additional \$0.75 and \$0.50 wage increase while all other employees received 3%. The City agreed to a contract with Public Works (IOUE Local 4) that has a reopener

for 2013, which is not in line with the LELS Sergeants the Teamsters agreements. The Union's wages should not be tied to an internal wage pattern that has not been historically consistent.

The wages for Spring Lake Park Police Officers have declined relative to the surrounding comparison group over the past three (3) years. A comparison of similarly situated departments demonstrates a drop in relative wage ranking within the comparison group. In 2009 Spring Lake Park Police wages ranked 4th within the comparison group. The City's wage proposal would drop Spring Lake Park Police wages to 7th within the comparison group by 2013. The Union wage proposal would move wages for Spring Lake Park Police to the 3rd position within the comparison group by less than \$2.00 per month over the 4th position, while the City proposal drops the Union out of the 4th position by nearly \$140.00 per month.

Finally, neither wage proposal keeps up with cost of living increases as measured by the Consumer Price Index. Looking at the 0% wage increases for 2008 and 2009 and the CPI increase of 9.2% over that period, the Union's wage proposal would result in a net decrease in purchasing power of 3.2%, while the City's proposal would result in a net decrease of 6.2%. The Union's proposal simply calls for a small decrease in purchasing power than the City Proposal.

The Employer proposes a two percent 2% wage increase for 2012 and a one percent 1% wage increase for 2013.

The Employer's final position is as follows:

APPENDIX A

COMPENSATION

Effective January 1 of each year, Police Department employees shall be compensated in accordance with the following monthly salary schedule:

<u>CLASSIFICATION</u>	<u>2%</u> <u>1/1/12</u>	<u>1%</u> <u>1/1/13</u>
Patrol Officer – Beginning	\$4,343.76	\$4,387.20
Patrol Officer – 6 months service	\$4,534.33	\$4,579.67
Patrol Officer – 1 year service	\$4,927.20	\$4,976.47
Patrol Officer – 2 years service	\$5,126.90	\$5,178.17
Patrol Officer – 3 years service	\$5,241.76	\$5,294.18
Patrol Officer – 4 years service	\$5,355.30	\$5,408.85
Patrol Officer – 5 years service	\$5,475.49	\$5,530.14
Patrol Officer – 7 years service (Longevity)	\$5,639.84	\$5,696.24
Patrol Officer – 9 years service (Longevity)	\$5,749.47	\$5,806.96
Patrol Officer – 11 years service (Longevity)	\$5,859.11	\$5,917.70

Investigators shall be paid an additional one hundred and twenty-five dollars (\$125.00) per month. This additional amount of money will be part of the employees' base rate of pay for purposes of wage calculations. The additional compensation resulted from the implementation of the City's Comparable Worth Plan for the classification of Investigator and a market survey conducted in 2006. The comparable worth adjustment for this classification may be affected by changes in the LGPEA.

The Employer's Argument in support of its wage proposal:

Internal wage comparisons demonstrate that the City has resolved the upcoming wage agreements with all other bargaining units as well as the unrepresented employees consistently. The only open contract other than the Police Patrol Unit is the public works 2013 agreement, which the City expects to settle at a 1% increase. The Police Sergeants, Public Works and liquor store employees all settled at a 2% increase for 2012 and the Police Sergeants and liquor store

employees settled for a 1% increase in 2013. The unrepresented employees will receive increases of 2% for 2012 and 1% for 2013. At this time 78% of the work force has settled for a 2% wage increase in 2012 and 69% of the work force has settled for a 1% increase in 2013. The City contends that maintaining internal wage consistency is a policy that best satisfies the overall work force and promotes work force stability.

The wage data demonstrates that wages for Spring Lake Park Police are above average within the comparison group. Only Coon Rapids and Fridley within the immediate comparison group pay higher average wages and both of the cities are considerably larger than Spring Lake Park. The City wage proposal will result in Spring Lake Park Police wages continuing to be above average within the comparison group. Furthermore, the City of Spring Lake Park contributes the highest amount in its market for single and family health care coverage.

The City budgets for 2010, 2011 and 2012 demonstrate that the budgeting process has been very tight. The loss of Local Government Aid, declining home values, a change in the calculation of market value homestead credit and vacant and foreclosed upon homes are factors that have had significant impact upon City revenues. In response property tax rates have increased 62.655%. Revenues for the City have increased from \$3,343, 451 in 2010 to only \$3,453,645 in 2012. The modest wage increase proposed by the City is consistent with the serious economic challenges faced by the City at this time.

The primary source of revenue for the City is residential property tax revenue. 2011 average home prices in the City dropped 11% and 2010 average

home prices in the City dropped 5%. The assessed values of home in the City dropped by 3.6% in 2011 and continued to drop by 9.8% in 2012. The City's bleak revenue picture will not support the wage increases proposed by the Union.

OPINION:

The City has demonstrated that the sources of revenue available to it are vulnerable. The City is fully developed and can expect no revenues from development projects. It derives revenue primarily from property taxes and assessed values for homes in the City have dropped requiring steep property tax increases. Hence, it must be cautious in making wage proposals. The slight wage increases that have been extended to other bargaining units were made based upon projected revenues and in anticipation of maintaining reasonable reserves. The proposed wage increase is internally consistent and will fall within Pay Equity guidelines.

The parties used slightly different groups when discussing external wage comparisons. However, it is clear that the City proposal will cause some loss of relative ranking within the broader comparison group. The loss of relative ranking, however, does not appear to be significant enough to out weigh the internally consistent wage proposal made by the City.

Wages for public employees in general and for Spring Lake Park Police have dropped relative to the Consumer Price Index over the past several years. Unfortunately, the only direct funding mechanism available to the City that would allow wages to keep pace with the Consumer Price Index is real estate tax revenues. Current revenue sources are proving to be inadequate to maintain work force

buying power. However, the issue is a political one that needs to be addressed in a different forum.

AWARD:

The wage proposal made by the City shall be incorporated into the collective bargaining agreement for 2012 and 2013.

The following is hereby awarded:

APPENDIX A

COMPENSATION

Effective January 1 of each year, Police Department employees shall be compensated in accordance with the following monthly salary schedule:

<u>CLASSIFICATION</u>	<u>2%</u> <u>1/1/12</u>	<u>1%</u> <u>1/1/13</u>
Patrol Officer – Beginning	\$4,343.76	\$4,387.20
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Patrol Officer – 7 years service (Longevity)	\$5,639.84	\$5,696.24
Patrol Officer – 9 years service (Longevity)	\$5,749.47	\$5,806.96
Patrol Officer – 11 years service (Longevity)	\$5,859.11	\$5,917.70

ISSUES THREE AND FOUR – UNIFORM ALLOWANCES AND FRINGE BENEFITS

The Union proposes retention of the one month carry over provision of the Uniform Allowance and an increase in the annual Uniform Allowance to \$710 for 2012 and a second increase to \$720 for 2013.

The Union's final position is as follows:

APPENDIX B

ALLOWANCES AND FRINGE BENEFITS

UNIFORM ALLOWANCE

Each member of the bargaining unit shall receive \$710 in 2012 and \$720 for 2013 for the maintenance and purchase of uniforms. This shall be paid by purchase orders approved by the Chief of Police. A one-month carryover of previous year's uniform allowance is allowed to accommodate the purchase of costly items such as weapons.

The City agrees to repair or replace uniform shirts and pants damaged in the line of duty and as documented in an ICR.

The City agrees to repair or replace prescription eyewear damaged in the line of duty up to \$350.00 as long as the damage is directly related to a specific incident and documented in an ICR.

The Union's argument in support of the Uniform Allowance Proposal:

The parties negotiated a change to contract language in the 2008 agreement. The change provided for a carry-over of uniform funds to January of the following year to pay for higher priced items such as a handgun, boots, jacket, etc. There is no quid pro quo for the language change. The Sergeants contract retains the current carry over language and provides for a total allowance of \$740. The Union's position should be awarded as the City provides no quid pro quo for changing previously negotiated language.

The Employer proposes an increase in the annual Uniform Allowance to \$740 in 2012 and in 2013 the Uniform Allowance shall remain at \$740. The specific one-month carryover provision is to be replaced by procedure whereby the Officer resubmits a receipt for reimbursement in January to be applied to a purchase that exceeds the funds available from the prior year's allowance.

The Employer's final position is as follows:

APPENDIX B

ALLOWANCES AND FRINGE BENEFITS

UNIFORM ALLOWANCE

Each member of the bargaining unit shall receive \$740 in 2012 and \$740 in 2013 for the maintenance and purchase of uniforms. This shall be paid by purchase orders approved by the Chief of Police. If a member needs to make a purchase at the end of any given year which exceeds the remaining balance in their account, the member shall submit the receipt for reimbursement of the amount in the account and resubmit the receipt in January for reimbursement of the remaining amount.

The Employer's argument in support of the Uniform Allowance Proposal:

The proposed change to contract language is an attempt to ease difficulties experienced by the City auditor caused by the existing language. The reason for proposing the language change is merely an attempt to streamline the accounting process. The increase in Uniform Allowance to \$740 is a greater benefit to the bargaining unit than the Union's proposed increase.

OPINION:

The Union argument that contract language should not be changed in arbitration without a quid pro quo is well taken. While the accounting issues that the City cites are of concern, the Sergeant's contract not only retained the same carry over language but included an increase in Uniform Allowance to \$740. Following the same principle of internal consistency used in determining the wage issue, the one month carry over language should be retained in the contract and Patrol Officers should receive an annual Uniform Allowance of \$740 in 2012 and \$740 in 2013.

AWARD:

The carry over language in the existing contract shall be retained and the Uniform Allowance shall be increased to \$740 in 2012 and \$740 in 2013.

The following shall be incorporated into the 2012 and 2013 collective bargaining agreement:

APPENDIX B

ALLOWANCES AND FRINGE BENEFITS

UNIFORM ALLOWANCE

Each member of the bargaining unit shall receive \$740 in 2012 and \$740 for 2013 for the maintenance and purchase of uniforms. This shall be paid by purchase orders approved by the Chief of Police. A one-month carryover of previous year's uniform allowance is allowed to accommodate the purchase of costly items such as weapons.

The City agrees to repair or replace uniform shirts and pants damaged in the line of duty and as documented in an ICR.

The City agrees to repair or replace prescription eyewear damaged in the line of duty up to \$350.00 as long as the damage is directly related to a specific incident and documented in an ICR.

Dated: August 17, 2012

James A. Lundberg, Arbitrator