

**INTEREST ARBITRATION
BEFORE ARBITRATOR MICHAEL T. LOCONTO**

In the Matter of the Arbitration between

**IOWA CITY ASSOCIATION OF PROFESSIONAL
FIREFIGHTERS, INTERNATIONAL ASSOCIATION
OF FIREFIGHTERS LOCAL 610,
Certified Employer Organization,**

and

Issue: CBA dated July 1,
2024 to June 30, 2025

**CITY OF IOWA CITY, IOWA,
Public Employer.**

Iowa Public Employment Relations Board (Case #0323).

AWARD OF THE ARBITRATOR

The parties' collective bargaining amendment shall be amended as follows, with an effective date of July 1, 2024:

1. The Employer's position on Article 27, section 2 - Wages is awarded (3.4% increase for FY25).
2. The Union's position on Article 13 - Insurance is awarded (*status quo*).
3. The Union's position on Article 5, section 6 - Hours is awarded (*status quo*).
4. The Employer's position on Article 8, section 4 – Holidays is awarded (*status quo*).
5. The Employer's position on Article 22 – Grievances is awarded (*status quo*).
6. The Employer's position on Article 28, section 3 – Supplemental Pay is awarded (*status quo*).



Michael T. Loconto, Esq.
Arbitrator

Dated: May 30, 2024

In the Matter of the Arbitration between

**IOWA CITY ASSOCIATION OF PROFESSIONAL
FIREFIGHTERS, INTERNATIONAL ASSOCIATION
OF FIREFIGHTERS LOCAL 610,
Certified Employer Organization,**

and

**CITY OF IOWA CITY, IOWA,
Public Employer.**

**OPINION
AND
AWARD**

Iowa Public Employment Relations Board (Case #0323 – Interest Arbitration, 2024-2025 CBA).

On March 4, 2024, this matter was submitted to the Iowa Public Employment Relations Board (the “Board”) for arbitration pursuant to Iowa Code Section 20.22, following the declaration of an impasse in negotiations for a successor collective bargaining agreement (“Agreement”) effective July 1, 2024 through June 30, 2025 between the Iowa City Association of Professional Firefighters, IAFF Local 610 (“IAFF” or the “Union”) and the City of Iowa City (“City” or the “Employer”). The Union is a Certified Employer Organization and the Employer is a Public Employer under the laws of the State of Iowa. The Board notified Arbitrator Michael Loconto of his selection to hear this matter on April 8, 2024.

The parties met on April 23, 2024 to exchange positions on six issues for resolution at arbitration: wages; insurance premiums; excused tardiness; holiday pay; grievance procedures; and food allowance. The parties submitted preliminary statements to the Arbitrator on April 26, 2024.

The Arbitrator convened a one-day arbitration hearing with the parties in the Council Chambers at City Hall in Iowa City, Iowa on April 30, 2024. Party witnesses were sworn under oath. Michael Galloway, Esq. of the Des Moines law firm Ahlers & Cooney, P.C. appeared on

behalf of the Employer, and City Manager Geoff Fruin provided testimony on behalf of the Employer. Charles Gribble, Esq. of the Des Moines law firm Gribble, Boles, Stewart & Witosky Law appeared on behalf of the Union. Union Local 610 President Brandon Pflanzner, Union Local 610 Vice President Sam Brown, and IAFF representative Jim Tate each provided testimony on behalf of the Union. The parties submitted sixty-five (65) exhibits during the hearing, and the Arbitrator developed an audio record of the hearing proceedings; party exhibits and the hearing's audio record were provided to the Board upon issuance of this Award. The parties did not file post-hearing briefs in the matter, and the Arbitrator declared the record closed at conclusion of the April 30, 2024 hearing.

ISSUES

The parties submitted the following issues to the Arbitrator for determination:

1. Article 27, section 2 – Wages.
 - a. Union proposal: 6% across-the-board wage increase.
 - b. Employer proposal: 3.4% across-the-board wage increase.
2. Article 13 – Insurance.
 - a. Union proposal: 11% employee premium contribution (no change).
 - b. Employer proposal: 12% employee premium contribution.
3. Article 5, section 6 – Hours.
 - a. Union proposal: maintain current provision (“Excused tardiness. Employees shall be allowed two (2) fifteen (15) minute penalty free tardiness annually. This provision shall only be applicable in situations involving unintentional tardiness.”).
 - b. Employer proposal: delete provision in its entirety.
4. Article 8, section 4 – Holidays.
 - a. Union proposal: increase benefit payment to \$50 per holiday, or \$500 annually.
 - b. Employer proposal: \$35 per holiday, or \$350 annually (no change).

5. Article 22, section 1 – Grievance Procedure.
 - a. Union proposal: Modify section to add the underlined provision as follows: “The word “grievance” wherever used in this Contract shall mean any dispute between the City and any employee, or any dispute between the City and the Association, with regard to the meaning, application, or violation of the terms and provisions of this Contract.”
 - b. Employer proposal: maintain current provision (no change).

6. Article 28, section 3 – Supplemental Pay.
 - a. Union proposal: Increase food allowance from \$700 to \$1,000 annually.
 - b. Employer proposal: maintain current provision (no change).

RELEVANT LAW

IOWA CODE SECTION 20.22(7)

For an arbitration involving a bargaining unit that has at least thirty percent of members who are public safety employees, the arbitrator shall consider and specifically address in the arbitrator’s determination, 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 with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
- c. 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.

BACKGROUND

This matter arises out of an impasse between the Union and the Employer during the current round of negotiations for a successor collective bargaining agreement. The IAFF and the City have been engaged in a collective bargaining relationship since 1976, and have enjoyed a positive working relationship throughout this period. The parties last invoked the Board’s

interest arbitration services in 2000. The current collective bargaining agreement commenced on July 1, 2019 and expires on June 30, 2024.

The Employer. Iowa City is the county seat of Johnson County, located on the banks of the Iowa River in eastern Iowa and home to the University of Iowa. The City has maintained good relationships with each of its three employee unions, which also includes the Police Labor Relations Organization of Iowa City (the “police union,” representing sworn officers in the police department) and the American Federation of State, County and Municipal Employees (AFSCME) Iowa Council (representing certain civilian employees across multiple departments).

Municipal Finances. The parties agreed that the City has maintained sound municipal finances, and the City explicitly stated that it has not disputed its ability to pay for cost increases related to the parties’ respective proposals at arbitration.

The City’s general fund is used to pay for fire department operations. At the close of fiscal year 2023, the City’s general fund balance was \$62,036,000. Within the general fund, unrestricted funds – those which are not set aside for a specific purpose – amounted to \$57,599,000 at the end of FY23. During the hearing, the Union submitted an analysis of the City’s general fund and other aspects of its operations and finances. Jim Tate, an official with the IAFF international union, described the methodology and the findings of the Union’s analysis of City audited financial statements spanning fiscal years 2019 through 2023. One key measurement is the City’s asset-to-liability ratio. A ratio greater than 1 indicates that an employer maintains assets that exceed its liabilities. Tate indicated that a higher ratio is an overall indicator of fiscal health. The City ended fiscal year 2023 with an asset-to-liability ratio of 2.34 – a number that has increased on a regular basis over the last five years. This ratio indicates that the City had \$2.34 in general fund assets for every \$1.00 of general fund liabilities.

Some of these assets are encumbered: since 2019, the City has allocated a portion of these assets to a facility reserve fund to finance building projects without resorting to a bond referendum.¹

Despite the City’s relative fiscal health, City Manager Geoff Fruin cautioned that changes to property tax revenue formulas for Iowa municipalities over the last decade will reduce the City’s ability to raise funds over the next several years and are likely to be outpaced by rising personnel costs. The City’s property tax revenue has grown at an average annual rate of 3.5% over the last five years. Concurrently, the City’s FY25 adopted budget includes a 4.5% increase for personnel costs (wages and benefits). Property tax revenues make up two-thirds of the general fund, while three-quarters of expenditures from the general fund are attributed to personnel costs.

Fruin provided a forecast of the following additional impacts to City revenues over the next several fiscal years due to property tax reform:

- A 2013 measure reduced the taxable base of commercial and industrial property to 90% of the assessed value. The state has begun phasing out soft landings for municipalities, which will end in FY27.²
- A 2021 measure converted business property tax credits to a valuation reduction. The City attributed a \$300,000 reduction in forecasted revenue for the FY25 budget to this measure, with additional reductions expected in future years.
- A 2023 measure, known as House File 718, eliminated the City’s ability to raise funds through two separate property tax levies. Concurrently, municipalities are limited to 3% annual growth in taxable valuation. Iowa City’s growth for FY25 is estimated to exceed 3%; concurrently, lost revenue associated with general levy collections at the maximum allowable rate is estimated at approximately \$800,000

¹ City Manager Geoff Fruin indicated that the current facility reserve stands at \$17.7 million, with \$11 million allocated to building projects in FY25 and an additional \$4 million in FY26.

² Fruin also noted a 2013 measure that reclassified multi-unit residential properties from commercial to residential for taxable purposes. Iowa City houses a large number of students from the University in multiple, multi-unit off-campus dwellings. The lost revenue is noted; however, it is also noted that the provision was enacted over a decade ago, during which time the City has continued to see increased property tax revenue and positive growth in the general fund. Unlike the other 2013 changes to property tax valuation for commercial and industrial property, the state did not provide municipalities with a soft landing and, as such, no further revenue reductions can be assumed on the basis of the multi-unit classification change.

for FY25. The maximum general levy is required to be reduced by no later than FY29, and Iowa City expects to reach the maximum by FY28.

The Union. The IAFF represent fire department employees at the rank of firefighter, fire lieutenant and fire captain. The bargaining unit is composed of 60 members, with the vast majority (44) at the rank of firefighter. The unit also includes three members at the rank of captain, and 13 members at the rank of lieutenant.

Due to the relatively higher cost of living in Iowa City³ when compared to surrounding communities in eastern Iowa, and City residency rules⁴ that permit employees to live within a certain radius of the City’s limits, 51 of the 60 bargaining unit members live outside of Iowa City. The bargaining unit is relatively stable; for the last ten years, the City’s overall employee turnover rate has outpaced the turnover rate within the bargaining unit. 26 members have left the bargaining unit during this time; 14 of those departures were due to retirement, and two others were involuntary terminations.

THE EMPLOYER’S PROPOSALS

The Employer presented a preliminary statement, evidence, and testimony at the hearing to support its positions on the six issues before the Arbitrator.

At the outset, the Employer acknowledged its decades-long and mutually respectful relationship with the Union. The Employer also acknowledged that interest arbitration was last

³ The Union submitted a “Living Wage Calculator,” which is an “alternative measure of basic needs” that uses a “market-based approach that draws upon geographically specific expenditure data related to a family’s likely minimum food, childcare, health insurance, housing, transportation, and other basic necessities (e.g., clothing personal care items, etc.) costs.” Using 2022-2023 data, the Union asserted that the minimum annual before-tax income required to sustain a one-wage earner family composed of two adults and one child was approximately \$71,000. *See* <https://livingwage.mit.edu/metros/26980>. On the current bargaining unit salary scale, a firefighter reaches this figure at step five of the scale (three years of service).

⁴ Residency rules are maintained by the City and are not governed or superseded by a term of the parties’ Agreement. On April 17, 2024, the City adopted a revised Administrative Regulation allowing certain employees to reside within 25 miles of the corporate limits of Iowa City. All bargaining unit members are covered by the Administrative Regulation on residency.

invoked with the Union in 2000. Since Iowa amended its laws on public employee labor relations in 2017, only five interest arbitration awards have been issued involving public safety unions in communities across the state: Ames, Carter Lake, Indianola and Dubuque (twice). In the current round of negotiations, the Employer has settled agreements with its two other employee bargaining units, the police union and AFSCME. These agreements become effective on July 1, 2024.

The high cost of living in Iowa City, home to the state's flagship university, has created challenges to the financial aspects of employee compensation. The Employer has addressed this issue, in part, by recently expanding the radius of surrounding communities in which Union members and other City employees may reside. Nevertheless, the Employer asserted that its total compensation package of wages, benefits and working conditions has remained strong, as demonstrated by the relatively low turnover rate among members of the fire Union. For the last ten years, the bargaining unit turnover rate has been 4.3% (26 departures, 14 of which were retirements and two were involuntary terminations), while other City employees have turned over at a rate of 7.9%.

Changing economic conditions have also affected the Employer's approach to bargaining over the financial components of the collective bargaining agreement. While the Employer does not dispute its ability to pay for wage increases and other cost drivers in the parties' proposals, declining property tax revenues due to changes in state laws and corresponding growth in personnel costs will continue to have a negative effect on the City's financial condition in future years.

Within this environment, the Employer asserted that contractual language issues and cost items beyond wages and health insurance premiums are best left to the bargaining table.

Specifically, the Employer asserted that “[a]rbitrators should only implement a change to contractual language if it has been shown that the language at issue has been submitted to arbitration numerous times with no resolution and that comparability dictates a change” and that the “*status quo* or current contract language should be given substantial weight when analyzing these types of proposals.”

Wages. Internal and external comparability data is the most important factor for the Arbitrator to consider when selecting the appropriate wage proposal. The Employer has proposed a 3.4% increase in base wages for the bargaining unit, effective July 1, 2024. By adopting the Employer’s position, the entry level firefighter wage will remain above the average of external peer comparators. Neither the Employer’s proposal nor the Union’s proposal will address the disparity among Iowa City firefighters and their peers at the top step of the salary scale. Addressing such disparities calls for a negotiated change to the steps on the salary scale at the bargaining table.

The Employer also asserted that its proposed wage increase is much closer to the peer average of 3.61% when compared to the Union. Removal of Sioux City from the peer group would further reduce the peer comparator average increase for FY25 to 3.38%. Sioux City settled for a 5.5% wage increase with its fire union for FY25, but should be considered an outlier because the wage increase was exchanged for a modification in the calculation of employee insurance premiums.

Finally, internal comparators favor the Employer’s position on wages. AFSCME and the police union have agreed to 3.5% wage increases for FY25, and the Employer has historically reached consistent wage agreements with its three employee bargaining units over the course of the last three decades.

Insurance. Comparator data is the most important factor for the Arbitrator to consider when assessing the parties' competing proposals on insurance. Within this context, internal comparators should be given substantial weight since each individual employer negotiates a unique combination of plan design features and contribution rates when fashioning an employee health insurance package. External comparators take a disparate approach to health insurance premiums in particular. Among the peer comparator group, some communities maintain flat-dollar contribution rates for employees, while others have negotiated premium contribution rates ranging from 8% to 18% - with further differentiation based on single or family subscriber status.

Internally, Union members' health insurance premium contribution rate has maintained consistency with other represented and non-represented personnel over the last 15 years. For FY25, the Employer will implement a 1% increase in the premium contribution rate for non-represented employees; the police union and AFSCME have agreed to the same increase. As such, the Employer asserts that internal comparators support the adoption of a 12% premium contribution rate for Union members in FY25.

Hours. The Employer proposed to delete Article 5, section 6 of the CBA in its entirety. In brief, the provision allows Union members to arrive up to 15 minutes late for work twice per calendar year, without penalty, so long as the employee's late arrival is unintentional. The provision has no internal or external comparators.

The Employer has an obligation to hold accountable employees who are being paid using public funds. As such, deleting the provision is the more reasonable proposal before the Arbitrator.

Holidays. The Employer proposed maintaining the current Article 8, section 4 provision, which provides Union members with an annual lump sum payment of \$350 in anticipation of

performing work during holiday periods. Similar to each of the remaining proposals at issue, this issue should be a product of negotiation at the bargaining table. In support of its position, the Employer noted that the Union presented no evidence of an ongoing concern about holiday pay. While the Employer acknowledged that some peer communities provide holiday compensation, there was no evidence presented that the current benefit level is inconsistent with peers. Moreover, the Union did not premise its proposal to increase the benefit on the basis of comparator data. As such, the Employer asserted that maintaining the *status quo* is the more reasonable position on this issue.

Grievances. The Employer proposed maintaining the current language of the grievance procedure. The Union's proposal to allow for grievances that do not include a named grievant is a solution in search of a problem. The Employer has never denied a grievance because an individual grievant failed to sign a grievance form. As such, maintaining the *status quo* is the more reasonable position for the Arbitrator to adopt in these proceedings.

Supplemental Pay. Finally, the Employer proposed maintaining the current Article 28, section 3 provision, which provides Union members with an annual lump sum payment of \$700 as a food allowance. Again, the Employer asserted that this issue should be a product of negotiation at the bargaining table. The Union presented no substantive evidence of an ongoing concern about food allowance. While the Employer acknowledged that two peer communities provide a food allowance, the balance of peer communities do not provide a food allowance. Moreover, the Union did not premise its proposal to increase the benefit on the basis of comparators. As such, the Employer asserted that maintaining the *status quo* is the more reasonable position on this issue.

THE UNION'S PROPOSALS

The Union presented a preliminary statement, evidence, and testimony at the hearing to support its positions on the six issues before the Arbitrator.

At the outset, the Union acknowledged its longstanding and mutually respectful relationship with the Employer. Within this context, the Union has sought wage increases and other benefits that maintain competitiveness in the market relative to other fire departments in peer communities. The Employer is clearly able to pay for the Union's wage proposal and other cost items in the Union's proposals, as evidenced by the Employer's record of strong financial management practices and unrestricted cash reserves available through the general fund.

Wages. The Union proposed a 6% increase in base wages for bargaining unit members in FY25. Comparability is the most important factor for the Arbitrator's consideration when determining the most appropriate wage proposal. The mutually agreed upon peer group of external comparators mirrors the group of communities surveyed by a consultant commissioned by the Employer to study internal wage equity among City employees. The equity study revealed that bargaining unit members are 6.3% below the midpoint for wages among the peer group. The disparity for bargaining unit members relative to peers at the midpoint varied among rank, ranging from 4.7% for firefighters to 4.2% for lieutenants and 9.9% for captains.

By proposing a 6% across-the-board increase, the Union has not sought to move bargaining unit members to the top of the peer group. Entry-level firefighter wages in Iowa City are competitive among the peer group, yet peer wages advance at a greater rate when compared to Iowa City firefighters with five years of service or at the top step (10 years of service). The Union's proposed increase would move all bargaining unit members into the top half of the peer group – irrespective of service level or rank. Internally, the Union's proposal would also help close a growing wage gap between rank-and-file firefighters and department management.

The Union's negotiated wage increases over the span of the last contract did not keep pace with the cost of living for members, or with increases to non-bargaining unit management personnel in the department. Union wage increases from FY20 through FY24 were: 2.75%; 2.75%; 3%; 3.5%; and 3%. Over the same time period, service calls have increased within Iowa City.

Finally, the Union noted that the Employer's last proposal for a one-year wage increase during negotiations was 3.5%, yet at arbitration the Employer reduced its proposal to a 3.4% increase.

In closing, the strong financial position of the Employer evidences a clear ability to pay for the Union's proposed 6% wage increase for FY25.

Insurance. The Union proposed to maintain the *status quo* rate of 11% for employee contributions to health insurance premium costs. In support of its proposal, the Union argued that members have experienced a continued rise in health insurance premium contribution rates, as measured by the contractual contribution percentage rate and by year-over-year premium cost increases. In FY23, members experienced a 1% increase in the contribution rate. Cumulatively, the cost of these increases has exceeded the comparable pace of wage increases.

At the same time, Union members utilize health insurance benefits at a disproportionately lower rate when compared to other employee groups. From FY19 through FY22, Union members comprised 12% of the Employer's insured population yet generated only 9% of the Employer's claims experience. As such, maintenance of the *status quo* is the more reasonable proposal on health insurance.

Hours. The Union proposed maintaining the longstanding contractual provision that grants amnesty from discipline for its members who occasionally and unintentionally arrive late to work. In support of retaining the language of CBA Article 5, section 6, which was originally

adopted by the parties in 1980, the Union noted that it has never filed a grievance related to the provision. The Union also noted that the Employer has failed to articulate a single example of misuse or abuse of the provision by its members. As such, the Union's proposal to retain the current provision is the more reasonable position for the Arbitrator to adopt in these proceedings.

Holidays. The holiday pay provision, which was originally adopted in fiscal year 1994, has not kept pace with cost of living increases. The benefit was last increased in FY10, to the present level of \$350 annually. The Union proposed to increase the benefit to an annual benefit of \$500. The Union asserted that it has sought to increase the benefit level in recent rounds of bargaining and, as such, its proposal is the more reasonable position to adopt in these proceedings.

Grievances. The Union proposed to modify Article 22, section 1 of the Agreement by expanding the definition of a grievance to include "any dispute between the City and the Association" over the meaning, application, or violation of the Agreement's terms and conditions. The current language limits grievances to individual dispute.

In support of its proposal, the Union asserted that its status as a party to the collective bargaining agreement at issue should be interpreted as an implicit grant of rights to enforce its rights without a named employee. Under Iowa law, grievance procedures are defined as disputes between public employers and employee organizations. *See* Iowa Code Section 20.18(1). Moreover, the Union has a duty to bargain on behalf of its members and must fairly represent each member, and cannot do so if it is unable to file grievances on behalf of a member who may be unwilling or unable to initiate a grievance.

External comparators also support the adoption of the Union's proposal. Eight of the nine peer contracts specifically grant the employee organization the right to pursue a grievance.

As such, the Arbitrator should adopt the Union's proposal as the more reasonable option for implementation.

Supplemental Pay. Finally, the Union proposed to increase the food allowance for its members by \$300, from the current rate of \$700 to \$1,000 effective December 1, 2024. First adopted in 1981 and subsequently increased in 1985, 1997, 1998 and 1999, the food allowance has not been increased from its present level in 25 years. During this time, members have lost purchasing power due to a substantial increase in the cost of living. During the intervening period, the Union has proposed increases to the food allowance without success. For these reasons, the Union requests that the Arbitrator adopt its proposal as the more reasonable option for implementation.

OPINION

Interest arbitration is intended to be a last resort for resolving contract disputes when the parties cannot reach a mutual agreement on a collective bargaining agreement. This principle is reflected in the longstanding and peaceful relationship between Iowa City and the City's fire union, which last invoked interest arbitration in 2000.

When called upon to break an impasse, interest arbitrators proceed in a conservative manner. As a substitute for a bargained resolution, interest arbitration proceedings are intended to approximate the intent of the parties and produce a result that tracks the agreement that most likely would have been reached absent an arbitrator's intervention. As such, interest arbitration is not a forum for wholesale contractual revisions absent exceedingly compelling external factors. This does not mean that once a provision is in a collective bargaining agreement it may never be changed. Generally speaking, where circumstances have changed since the last time the parties negotiated an agreement, it may well be appropriate that the contract be amended to

account for those changes. What this means in practice is that the party seeking to alter an existing term has the burden of persuasion that the change is justified. In other words, the proposing party must show that the parties' previous assessment of what constituted a proper balancing of the statutory factors is no longer valid.

Here, the Employer and the Union are seeking a one-year successor CBA, and have identified six issues for resolution by the arbitrator. By applying the three statutory criteria articulated in Iowa Code Section 20.22(7), it is clear that this process should result in minimal changes to the parties' existing Agreement. Specifically, the substantive provision on excused tardiness should remain unchanged as a result of this process. The grievance procedure shall also remain unchanged, given the parties' apparent past practice that is equivalent the Union's proposal. The non-wage cost items – insurance premium contributions, holiday pay and food allowance, are typically the type of changes that come about as a result of the give-and-take that is integral to the collective bargaining relationship. Accordingly, these items should also remain untouched by this process. The parties will soon have a chance to return to the table for a contract beginning in fiscal year 2026, and may capitalize on their decades-long working relationship to bargain over proposed changes to these provisions.

For the reasons discussed below, the Employer's wage proposal is adopted and the *status quo* is maintained in all other respects.

Wages. In considering the statutory criteria outlined in Iowa Code Section 20.22(7)(a)-(c), the Employer's proposed wage increase of 3.4% is the most appropriate figure and is adopted effective July 1, 2024. While the Union presented reasonable arguments in support of keeping pace with peer competitors in an effort to recruit and retain employees in the fire service, the across-the-board increase proposed by each party is an ineffective tool to address the disparities between senior Iowa City firefighters and their peers in comparable communities. An

across-the-board increase is a blunt instrument that treats all bargaining unit members equally. A wage package that distinguishes treatment of individuals at different ranks and service levels would be a more appropriate solution for the concerns articulated by both parties – and would be best addressed at the bargaining table. The parties presented some evidence of attempts to bargain toward such a result, but were unsuccessful.

The Employer's Position at Arbitration. I do pause, however, with respect to the regressive nature of the Employer's wage proposal at arbitration. The Employer's last best offer at the bargaining table was composed of two options:

- a two-year deal inclusive of annual 3% across-the-board wage increases, and coupled with additional annual 1% increases at the top step of the salary scales for firefighters, lieutenants and captains to account for the market equity issues identified by the Union; or,
- a one year settlement for FY25 comprised of a 3.5% across-the-board wage increase.

The 3.4% increase for FY25 did not appear until the Employer exchanged its arbitration proposal packet with the Union on April 23, 2024 – one week prior to the hearings in this matter. At the hearing, the Employer asserted that state law and decisional precedent supported its position and allowed for a revised wage proposal to be submitted for the Arbitrator's consideration, but did not cite specific provisions of the law or present authorities in support of its position. The Union asserted that the Employer could not exceed its previous proposal under the law but did not identify any restrictions on the Employer to reduce its arbitration wage proposal.

I note the disparity in the Employer's wage proposal at arbitration because, while it was apparently not restricted by law or governing regulation, it was extraordinary – particularly in the context of a multi-decade working relationship largely devoid of the arbitration process. This interest arbitration is governed by what are known as “modified baseball” rules; that is, I am limited by Iowa Code Section 20.22(3) to select one of the parties' proposals on each issue

presented for resolution rather than fashion an independent solution through this process. As such, I must proceed within the bounds of the subsection 7 criteria to choose the most appropriate proposal. Notably, the Union approached arbitration by maintaining its last best offer on wages. The Employer position at arbitration was a slight reduction from its last best offer, but did not articulate a reason for reducing its proposal. Simply put, parties to a long-term collective bargaining relationship should use caution when approaching a process that renders an imposed result – particularly where that result departs from the assumptions that drove the parties’ respective bargaining positions to that point.

Turning to the impacts of this reduction to the value of the adopted wage proposal, it should be noted that the parties differed on assumptions about the cost of a 1% increase to the bargaining unit’s base wages. The Union estimated the total cost to be approximately \$123,000, inclusive of step increases and other proposed cost items. Using a different methodology, the Employer estimated the same value to be approximately \$47,000. As such, the value of the 0.1% reduction in the Employer’s final wage proposal at arbitration is somewhere between \$4,700 and \$12,300. I will discuss the impact of this valuation in the context of other contractual proposals that include an implementation cost below.

The statutory criteria that support adoption of the Employer’s wage proposal are as follows.

Bargaining History. The parties also presented evidence of historical wage increases dating to fiscal year 1995. Using the last five years as identified by the Union in its presentation, the 3.4% figure proposed by the Employer aligns with recent experience in this collective bargaining relationship. Specifically, contractual wage increases from FY20 through FY24 were: 2.75%; 2.75%; 3%; 3.5%; and 3%. The 6% wage increase proposed by the Union, on the other hand, would be an outlier when compared to recent experience. Such outliers typically

reflect a bargained for exchange on other cost items at the bargaining table – which is not present in this matter.

Internal Comparators. The Employer has settled contracts for FY25 with its two other public employee bargaining units: the civilian AFSCME unit and the police union. Each contract includes a FY25 wage increase of 3.5%. The one-year deal offered by the Employer at the bargaining table is equivalent to these settled contracts, and the Employer’s proposal at arbitration is much closer to the internal comparators when compared to the Union proposal.

It is also notable that internal wage increases have frequently remained consistent – although such consistency has not been absolute. Data provided by the Employer from FY95 through the present indicates that the police and fire unions have settled for different wage increases on 12 occasions. On nine of these occasions, police received a slightly higher increase.⁵ These disparities likely explain, to some extent, the differential between police and fire union wages within Iowa City. As one example, the current entry level base wage for firefighters (\$61,547.46) exceeds the comparable entry level wage for police officers (\$56,908.80). By the third year of service, police officer base wages (\$76,710.40) exceed those of firefighters (\$72,868.12). This trend continues through ten years of service – the top step of the wage scale in each CBA. The Union’s proposal would close but not eradicate these gaps.

External Comparators. The external peers surveyed during the City’s recent internal equity analysis⁶ were adopted by the parties as peer comparators for the purpose of establishing a reference group on wages and other proposals. The peer group represents the ten largest cities in

⁵ The data does not include information about any bargaining trade-offs that may have resulted in such differences.

⁶ The City’s internal salary equity survey, which was conducted by the Austin Peters Group, included the City of Dubuque as a peer. The parties agreed to remove Dubuque from the list of peer comparators during this round of bargaining.

Iowa, by population; Iowa City is ranked fifth within the group. These communities have adopted FY25 wage increases as follows:

<u>City</u>	<u>Across-the-Board Wage Increase</u>
Des Moines	4%
Cedar Rapids	4%
Davenport	3.5%
Sioux City	5.5%
Ankeny	3%
West Des Moines	4%
Ames	3.25%
Waterloo	2.5%
Council Bluffs	2.75%

The average FY25 wage increase among the external peer group is 3.61%. As the Employer noted, the peer group contained an outlier in Sioux City, which settled with its fire union on a 5.5% wage increase for FY25. The wage increase in Sioux City was tied to a change in the insurance premium structure for fire personnel. By removing Sioux City from the wage comparators, the peer average wage increase for FY25 is 3.38%. Again, the Employer’s proposal is much more closely aligned with the external comparators than the Union proposal.

To further illustrate trends in the cost of living for Iowa residents, PERB and the state workforce development agency collaborate to provide guidance on the consumer price index for urban consumers (CPI-U) for parties engaged in the interest arbitration process. For the month ending April 30, 2024, the date of the hearing in this matter, the Board identified CPI-U at 2.9%. Notably, Article 28 of the parties’ CBA utilizes CPI-W as a measurement for certain wage-related provisions. CPI-W is an index that measures the buying power of urban wage earners and clerical workers. The April 2024 CPI-W was 3.4%.⁷

⁷ See Consumer Price Index – April 2024, at <https://www.bls.gov/news.release/pdf/cpi.pdf> (U.S. Dept. of Labor, Bureau of Labor Statistics; viewed May 28, 2024).

On a final note, the external equity study identified key issues for consideration by the parties. The dueling across-the-board increases proposed by the parties would do little to change the position of senior firefighters relative to the peer group of comparators: for example, firefighters at the top step would earn approximately \$4,000 less than the peer average annual compensation rate under the City's proposal, while the Union's proposal would close that gap to approximately \$2,000. The raw data provided by the parties also demonstrates that – similar to the internal comparison between Iowa City police officers and firefighters, the Union's rank among its peers relative to wages earned declines as length of service increases. Even so, length of service must be considered when drawing comparisons among the peer group: Iowa City firefighters reach the top step of the salary scale in 10 years, while the average length of service to reach the top step of the salary scale is 12 years within the peer group. In brief, the equity study and the raw data collected by the parties support continued examination of salary scale adjustments for senior-level firefighters and for those members at the rank of lieutenant and captain, with any changes subject to arms' length negotiation during future rounds of bargaining.

Public Policy. The statutory criteria for evaluating interest arbitration proposals includes effects on operations and service delivery. *See* Iowa Code Section 20.22(7)(c). The Union raised the issue of expanded service calls over the last five years as an additional basis for wage increases. Accounting for a slight decrease in calls during the COVID-19 public health emergency, call volume has generally increased year-over-year from 7,432 calls during FY19 to 9,220 calls in FY23. When compared to the peer group, call volume varies given that some other departments provide emergency medical services (EMS) patient transport through the fire department. Iowa City provides a combined fire and EMS service utilizing this bargaining unit, but does not provide patient transport services. In order to establish a meaningful comparison for the purpose of analyzing the impact of call volume on wages and related department

operations, the parties must at minimum examine the services provided by each peer department and other relevant comparisons, such as community population data and department size.

In closing, the Employer’s ability to pay was not raised as a defense, and the Union’s analysis of the Employer’s fiscal management demonstrates a clear ability to finance the adopted wage increase.

Insurance. Maintenance of the *status quo* is the more reasonable proposal on health insurance premium contribution rates. As a practical matter, recall that the interest arbitration forum is intended to most closely track the agreement that might have been reached absent intervention. From this perspective, the result is clear – it is exceedingly difficult to envision a scenario in which the Union would accept an inferior wage package relative to the police union and AFSCME bargaining units while accepting the same premium contribution rate increase that was accepted by those units.

Bargaining History. Similar to wages, the employee contribution rates negotiated by the fire and police unions and the AFSCME bargaining unit have remained mostly consistent – but not absolute – over time. During the last fifteen years, the fire and police unions have negotiated different employee contribution rates for health insurance premiums on two occasions – fiscal years 2013 and 2021. The parties indicated that the disparity present in FY21 was due to unaligned contract expiration dates between the police and fire unions, which resulted in changes adopted by the police union in FY21 being adopted by the fire union in the following year.

Internal Comparators. The Employer estimated the cost impacts of the proposed increase as of July 1, 2024 to be

<u>Employee Contribution Rate</u>	<u>Single - \$830.34/month</u>	<u>Family - \$2,424.51/month</u>
11%	\$91.34	\$266.70
12%	\$99.64	\$290.94

With a one percent increase in the contribution rate as proposed by the Employer, the bargaining unit's five single contributors would each experience a monthly impact of \$8.30, and an annual impact of \$99.60. The much larger family contribution population of 55 bargaining unit members would each experience a monthly impact of \$24.24, and an annual impact of \$290.88.

The cumulative cost of the Employer's FY25 health insurance proposal for bargaining unit members is \$16,496.40. By comparison, the 0.1% difference between the Employer's wage proposal at arbitration (3.4%) and the wage increases to be implemented for the police union and AFSCME bargaining units (3.5%) is valued between \$4,700 and \$12,300 for this Union. Given the adoption of the Employer's proposal on wages, the corresponding adoption of the Union's proposal on health insurance premium contribution rates – that is, no change – reasonably captures what would have likely occurred absent arbitral intervention.

External Comparators. As the Employer noted, the complexity of health insurance plan design and premium contribution schemes makes a side-by-side comparison of benefits among a group of employers exceedingly difficult. The parties' designated group of peer comparators included three communities that negotiated flat-dollar premium contributions with local fire unions: Waterloo, Davenport and Sioux City.⁸ Other comparator communities have maintained percentage contribution rates in a style similar to Iowa City: firefighters in Ames and Council Bluffs contribute 10% of annual health insurance premium costs, while those in Ankeny contribute 11% and those in Des Moines contribute 12%. Still other comparators in Cedar Rapids and West Des Moines contribute on a percentage basis that is contingent on their subscriber status (e.g., single, family or similar) – these rates range from 8 to 18%. The parties

⁸ Recall that Sioux City recently negotiated a conversion from flat-dollar premium contributions to a percentage contribution rate, which was bargained in exchange for a larger base wage increase.

did not present further evidence on additional costs derived from deductibles, co-insurance, out-of-pocket maxima or co-pays that further differentiate benefits among external comparators.

Public Policy. As noted, the Employer has not asserted an inability to pay for the costs associated with the parties' proposals.

Hours. As the Employer pointed out during its presentation, substantive contractual language issues and cost items beyond wages and health insurance premiums are best left to the bargaining table. Specifically, the Employer asserted that the Arbitrator should give substantial weight to current contract language when analyzing the parties' proposals. I agree with this approach, and particularly in this instance.

This contractual provision granting amnesty for occasional, inadvertent instances of tardiness has existed for more than four decades without controversy. The City's other collective bargaining agreements do not include a similar provision, nor do any of the CBAs maintained by the peer group. Nevertheless, there was no evidence presented relative to grievances over the application or interpretation of this provision, and the Employer did not present evidence that it has previously proposed to delete the provision.

The Employer raised a reasonable argument about accountability. Iowa Code Section 20.22(7)(c) calls for consideration of proposals in light of public policy or impacts on the delivery of services. Here, there is no evidence of misuse or abuse among Union members over the 44-year history of the provision. Were the Union seeking to adopt the provision as a new proposal, or were there some showing of negative experience with the provision over previous contract terms, public policy considerations may render a different outcome. In this case, the Union's proposal is the more reasonable option and the *status quo* should be maintained.

Holidays. The *status quo* should also be maintained for holiday pay. Consistent with my opinion on insurance premiums and the tardiness provision, this cost item should be the product of arm's length bargaining between the parties. In a 60-member bargaining unit in which all members are eligible for the benefit, the \$150 proposed increase to the holiday pay benefit has an annual value of \$9,000. The Union makes a compelling argument about the parties' failure to keep pace with the cost of living over the life of the contract, and has made a minimum showing that the issue has been the subject of proposals during recent rounds of bargaining. Nevertheless, there was no evidence presented on internal or external comparators, nor was any argument made that modification of the current provision would have an effect on the operation of the department.

For these reasons, the position of the Employer is adopted and no changes shall be made to Article 8, section 4 of the Agreement.

Grievances. The Union's proposal concerning the contractual grievance procedure is reasonable, supported by the Union's legal duties and obligations as an employee organization, and is aligned with the rights of external peers. However, an award granting a change to the existing contract language is unnecessary for the Union to achieve its stated objective.

Specifically, the Union is seeking the right to process grievances in the name of the Union only – absent a named individual or class of grievants. During these proceedings, the Employer asserted that it has never denied a grievance based on the lack of a named grievant. Practically speaking, the Union's proposal is reflected in this apparent past practice. The

practice aligns with the Union's legal duties, and is also consistent with eight of the nine peer CBAs that include an explicit union right to process a grievance.⁹

As such, no contractual modification is necessary because the Union's proposal is incorporated by practice.

Supplemental Pay. Finally, the *status quo* should be maintained on the food allowance. Consistent with my opinion on insurance premiums, holiday pay and the tardiness provision, this cost item should be the product of arm's length bargaining between the parties. In a 60-member bargaining unit in which all members are eligible for the benefit, the \$300 proposed increase to the food allowance has an annual value of \$18,000. Similar to holiday pay, the Union reasonably notes that the benefit has failed to keep pace with the cost of living over the last quarter century. The Union has made a minimum showing that the issue has been the subject of proposals in recent rounds of bargaining. Nevertheless, the scant evidence of external comparators provides little guidance: firefighters in Sioux City receive an annual \$180 food allowance, while Davenport firefighters receive \$900. Moreover, neither party provided evidence that modification of the current provision would have an effect on the operation of the department. Simply, there is no compelling reason to depart from the current contractual benefit level in this Award.

For these reasons, the position of the Employer is adopted and no changes shall be made to Article 28, section 3 of the Agreement.

⁹ Fire union contracts in Ames, Cedar Rapids, Council Bluffs, Davenport, Des Moines, Sioux City, Waterloo and West Des Moines each provide the employee organization with the right to process a grievance. Ankeny is the only other city among the peer group that does not contain an explicit right for the employee organization to process grievances.

This Award shall be integrated with the current collective bargaining agreement and shall become effective on July 1, 2024.

AWARD

The parties' collective bargaining amendment shall be amended as follows, with an effective date of July 1, 2024:

1. The Employer's position on Article 27, section 2 - Wages is awarded (3.4% increase for FY25).
2. The Union's position on Article 13 - Insurance is awarded (*status quo*).
3. The Union's position on Article 5, section 6 - Hours is awarded (*status quo*).
4. The Employer's position on Article 8, section 4 – Holidays is awarded (*status quo*).
5. The Union's position on Article 22 – Grievances is awarded (*status quo*).
6. The Employer's position on Article 28, section 3 – Supplemental Pay is awarded (*status quo*).

A handwritten signature in black ink, appearing to read 'M. Loconto', with a large, sweeping flourish extending to the right.

Michael T. Loconto, Esq.
Arbitrator
May 30, 2024