
In Re the Arbitration between

City of Glencoe, Minnesota,

BMS Case File No. 12-PN-1005

Employer,

**INTEREST ARBITRATION
OPINION AND AWARD**

and

Glencoe Federation of Police,

Union.

Pursuant to Minnesota Statutes Section 179A.16, the Bureau of Mediation Services of the State of Minnesota certified the following issues between the above parties to arbitration on August 22, 2012:

ISSUE ONE: *Wages – Wage Rates 2012 – Article 20*

ISSUE TWO: *Insurance – Employer Contribution – Article 16.1.2*

ISSUE THREE: *Insurance – Health Savings Account Contribution – Article
16.1.2*

ISSUE FOUR: *Employee Security – Pay For Steward Duties – Article 6.3*

ISSUE FIVE: *Grievance Procedure – Processing Grievances – Article 7.3*

The parties selected James A. Lundberg as the neutral arbitrator from a list of arbitrators provided by the Minnesota Bureau of Mediation Services.

A hearing over the above issues was conducted on December 28, 2012 at the Glencoe City Hall in Glencoe, Minnesota.

No briefs were submitted and the record was closed following oral argument.

APPEARANCES:

FOR THE EMPLOYER

Mark D. Larson
City Administrator
1107 11th Street East, Suite 107
Glencoe, MN 55336

FOR THE UNION

Robert J. Fowler
Fowler Law Firm, LLC
1700 Hwy 36 W, Suite 550
Roseville, MN 55113

Prior to hearing the parties settled over issues two, four and five and withdrew the issues from arbitration. The issues to be resolved are wages for the year 2012 at **Article 20** and the Employer's contribution to Health Savings Account at **Article 16.1.2**.

ISSUE ONE: Wages – Wage Rates 2012 – Article 20

Employer's Position:

The Employer proposed a 2% wage increase across the board, conditioned upon acceptance of the Employer's proposed contribution to Health Savings Accounts in 2012 being limited to \$1,610.00 of the Employee's Deductible and \$1,610.00 of the Dependent's Deductible in 2012.

Since the Employer's contribution to the Employee's and Dependent's Health Savings Plan is an additional form of compensation, the Employer believes that any Employer contribution to the Health Savings Accounts of Employees and Dependents over and above \$1,610.00, should result in a reduction in the wage increase from 2%. A reduction in the wage increase below 2% would result in internal consistency among city employees and would still be externally comparable to wage increases made to municipal police departments throughout the state.

The parties are nearly in agreement over wages for 2012. The wage proposal is the same wage increase being paid to all other city employees for 2012. Using a

sample of 32 municipal police department increases for 2012, the City notes that the average settlement was only 1.48%. Hence, the City views the proposed 2% wage increase as comparable both internally and externally.

Union's Position:

The Union proposes a 2% across the board wage increase, retroactive to January 1, 2012.

The Union believes that a 2% wage increase is appropriate and externally comparable. It is the Union's position that internal comparisons are not appropriate in this situation, since the Police Department is the only bargaining unit in the city. The City did not negotiate the wage increase and Health Savings Account Contribution with other city employees. The Union contends that the only valid wage comparison that can be made is with other similarly situated municipal police departments.

DISCUSSION:

The Glencoe police unit is comprised of six members. Since 2008 the wage settlements between the Police Unit and the city have been the same as wage adjustments with non-employees. The wage settlements over the same time period have also been comparable to wage settlements statewide. In order to assure on going economic viability the City has made budgetary cuts and in the year 2010 gave no wage increase. The Glencoe Police Unit wage increases and wage freeze since 2008 reflect the difficult economic times experienced in the community and, in general, throughout the state.

The proposed 2% wage increase is very much in line with the comparisons made at hearing. The city concedes that it has the ability to pay a 2% across the board wage increase and the Union is asking for the same wage increase that was given to the non-union members of the work force. While the Employer would like any wage increase to be reduced by any amount contributed by the Employer over and above \$1,610 paid to Employee and Dependent Health Savings Accounts, such a reduction would reduce the value of a bargained for benefit without a quid pro quo. Additional discussion of negotiations surrounding the **Article 16.1.2** Health Savings Account contribution will be made in the next section of this opinion.

The wage increase for 2012 should be 2% and the wage increase should be retroactive to January 1, 2012.

AWARD:

The Employer shall pay an across the board wage increase of 2% to the Police Bargaining unit members, retroactive to January 1, 2012.

ISSUE THREE: **Insurance – Health Savings Account Contribution – Article 16.1.2**

Employer’s Position:

The Employer proposes a dollar limit to the Employer’s contribution to both Employee and Dependent Health Savings Accounts of \$1,610.00.

The previously negotiated 68% contribution has resulted in a substantial increase in cost to the Employer over past years. While health insurance premiums have actually been reduced, the deductible for the insurance plan increased substantially in 2012. If the 68% contribution remains in the collective bargaining

agreement, Employer Health Savings Account contributions by the Employer in 2012 will be \$2,040.00 as compared to \$1,610 contributed to all other employees.

In 2008 the Employer's contribution to Health Savings Accounts for both Union and non – union employees was \$1,760.00. The Employer's contribution from 2009 through 2013 has been \$1,610.00. The Employer believes that all employees should receive the same contribution and that a 68% contribution to Health Savings Accounts for the Police Union is not supported by internal comparisons.

Finally, the Employer argues that the overall Employer contribution to Employee Health Insurance and Health Savings Accounts at \$1,610.00 compares favorably with other communities and should be awarded.

Union's Position:

The Union is asking that the existing contract language be retained in the collective bargaining agreement.

There is no reasonable basis for changing the existing language. The Employer is able to pay for the negotiated benefit and there is no showing that the cost of the benefit will place an undue burden on the Employer.

The current language came into the collective bargaining agreement through negotiations in 2010. During 2011 contract negotiations, the Union made retention of the negotiated 68% language a priority. In fact, the Employer unilaterally paid only \$1,610.00 in contributions to Employee and Dependent Health Savings Accounts in 2011, despite existing, continuing contract language that required the Employer to contribute 68%. The Employer should have contributed \$1,870.00 to

Employee and Dependent Health Savings Accounts. As a quid pro quo for retention of the 68% language in the 2011 collective bargaining agreement, the Union agreed to accept the contribution of \$1,610.00.

The history of bargained for settlements over the Employer's contribution to Employee and Dependent Health Savings Accounts from 2008 to the present reflects a pattern of higher contributions to members of the Police Bargaining Unit than to other city employees. The only years in recent history when the contributions to Union and non-union employee and dependent Health Savings Accounts were the same were 2008 and 2011. The reason why the 2011 contribution to Union members and dependents Health Savings Accounts was the same as for non-union employees was the fact that the Union agreed to the lower 2011 contribution as quid pro quo for retention of the 68% contribution language in the contract.

The Union successfully negotiated the specific 68% contribution level and the negotiated language should be retained in the collective bargaining agreement.

DISCUSSION:

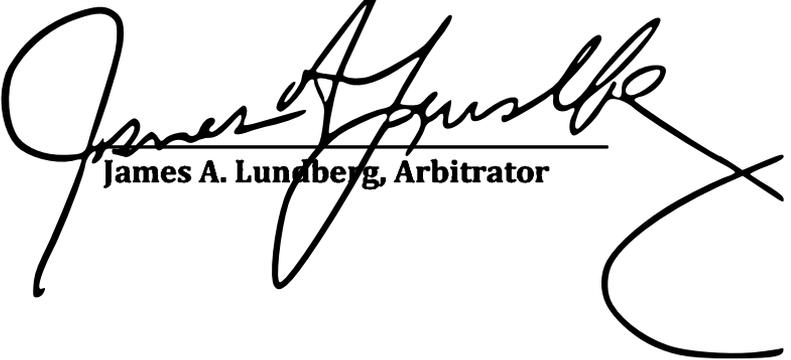
The parties negotiated the provisions of **Article 16.1.2** in 2010 and renegotiated in 2011. The result of those negotiations was to retain the provision that requires the Employer to contribute 68% of the deductible to Employee and Dependent Health Savings Accounts. The Employer did not establish a need to change the provision and the Union established that it gave up a significant economic benefit in 2011 to retain the provision in the collective agreement.

In the absence of a strong showing of a need to change the benefit and given the fact that the Employer has the ability to pay for the benefit, the previously negotiated benefit should be retained in the collective bargaining agreement.

AWARD:

Article 16.1.2 of the collective bargaining agreement shall remain the same and the Employer shall be required to contribute 68% of the deductible to Employee and Dependent Health Savings Accounts for 2012.

Dated: January 2, 2013


James A. Lundberg, Arbitrator