

In the Matter of Interest Arbitration)	
Between:)	
)	Marvin Hill,
CITY OF PARK RIDGE,)	Arbitrator
)	
Employer,)	Interest Arbitration On
)	Unresolved Economic Issues
)	
and)	Pre-trial conference: May 12, 2011;
)	Hearing Dates: June 28, August 4,
FRATERNAL ORDER OF POLICE)	August 30, 2011.
(FOP) LABOR COUNCIL,)	
)	
Union.)	
)	

Appearances:

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Preliminary Statement

Pursuant to the parties' ground rules and Section 14(p) of the Illinois Public Labor Relations Act ("IPLRA" or "Act"), the City of Park Ridge, Illinois ("City" or "Employer") and the Fraternal Order of Police Labor Council ("FOP" or "Union") selected the undersigned as the neutral Arbitrator to decide six unresolved economic issues in connection with the parties'

negotiations for a successor collective bargaining agreement. A pre-trial conference was held on May 12, 2011 in Oak Brook, Illinois. Hearings were held at 400 Busse Highway, Park Ridge, Illinois on June 28 (mediation/arbitration), August 4 and 30, 2011. The parties appeared through their representatives and entered exhibits and testimony. Post-hearing briefs were filed on November 11, 2011, and exchanged through the offices of the Arbitrator. The record was closed on that date.

I. BACKGROUND, FACTS AND STATEMENT OF JURISDICTION

The parties have submitted six (6) economic issues for resolution: (1) Wages; (2) Term of Agreement; (3) Longevity; (4) Medical Plans; (5) Holiday Pay, and (6) Specialty Bonus Pay. Management asserts that the most significant of these six issues is the wage rate for City police officers. Equally important is the City's proposal for a re-mapping of the parties' health insurance provision including the elimination of caps and greater contribution rates by employees.

By way of introduction, the following considerations regarding the parties' bargaining environment at Park Ridge is noted for the record:

A. The City's Public Works Bargaining Unit

The City's Public Works employees are represented by the International Union of Operating Engineers Local 150 ("Local 150"). Prior to the economic downturn, the City and Local 150 negotiated a multi-year collective bargaining agreement, with the following across-the-board wage increases: FY 2008-09 – 4.25%; FY 2009-10 – 4.25%; FY 2010-11 – 4.25% (R. 123; CX 21). In FY 2009-10, the City attempted to negotiate several mid-term concessions with Local 150. Those attempts proved unsuccessful. The City ultimately achieved costs savings by exercising its contractual right to lay off four (4) Local 150 bargaining-unit members (R. 123).

At the end of the term of the City-Local 150 collective bargaining agreement, the parties negotiated a one-year extension, with a zero percent increase for FY 2011-12 (R. 123; CX 23). Except for several language changes (which *preserved* the City's contractual right to lay off employees), all provisions of the Local 150 collective bargaining agreement were extended for another year (*Brief for the Employer* at 10; CX 23).

B. The City's Residual Civilian ("ICOPS") Bargaining Unit

The Illinois Council of Police and Sheriffs ("ICOPS") represents a residual civilian unit of police and non-police employees. The parties negotiated a multi-year agreement beginning on May 1, 2009, which established a new step-pay plan. By May 2011, however, the City and ICOPS had negotiated a modification to their collective bargaining agreement, which involved a zero percent wage increase for FY 2011-12, and a wage re-opener for FY 2012-13 (CX 22). In conjunction with this wage concession agreement, the City pledged not to lay off any bargaining-unit employees up through and including April 30, 2012 (CX 22).

C. The City's Firefighter Bargaining Unit

The City's firefighters and lieutenants are represented by the International Association of Firefighters, Local 2697 ("IAFF"). In a four-year collective bargaining agreement negotiated prior to the national economic downturn, the City and IAFF had agreed to, among other things, wage increases of 4.00 percent for FYs 2008-09 and 2009-10 (*Brief* at 10; CX 21).

In the last year of the parties' four-year agreement (*i.e.*, FY 2009-10), the City approached the IAFF about employee layoffs (R. 17). During the course of subsequent negotiations, the parties agreed to an arrangement whereby firefighters would take approximately 6 to 7 unpaid vacation days to offset the cost of the already-scheduled 4.00 percent wage increase for FY 2009-10 (*Brief* at 11; R. 17-18, 28). After this unpaid vacation arrangement was negotiated, the City again approached the IAFF in 2010 with proposals for wage concessions. The parties ultimately agreed on a one-year extension to their collective bargaining agreement, with an expiration date of April 30, 2011 (R. 19-20). As part of the one-year extension, the IAFF agreed to (among other things) the following concessions: (1) Each employee gave up his annual engineer bonus in the amount of \$500 per applicable employee; (2) Each employee gave up holiday pay; and, significantly, (3) A zero percent wage increase was scheduled for FY 2010-11 (*Brief* at 11; R. 28-29). In return, the City promised not to lay off any IAFF bargaining-unit members for FY 2010-11 (R. 19, 29-30; CX 17).

After the one-year extension, the City and the IAFF negotiated a successor three-year collective bargaining agreement, which included a series of additional wage and benefit concessions by the IAFF (*Brief* at 11; R. 20-21). In return for a new minimum manning provision (which established a shift staffing minimum of 10 firefighters), the IAFF agreed to the following provisions: (1) 0.00% for FY 2011-12; 2.00% for FY 2012-13; and 3.00% for FY 2013-14; (2) The addition of three new steps to the firefighters' step pay plan, which will extend the time it takes new firefighters to reach maximum pay (for an estimated long term cost savings of \$65,000); (3) A new Section 7(g) overtime rate for non-firefighting duties, for an estimated cost savings of \$26,445 per year; (4) The elimination of overtime payments when a firefighter is transferred from one station to another, for an estimated cost savings of \$3,500 per year; (5) The elimination of health insurance caps, with 10% employee premium contributions for FY 2011-12; 11.5% employee premium contributions for FY 2012-13; and 13% employee premium contributions for FY 2013-14, for an estimated cost savings of \$24,000 (assuming a 15% annual health insurance increase for each fiscal year); and (6) The reversion to a prior practice of paying a firefighter who works on "battalion overtime" only a straight time rate, for an estimated cost savings of \$3,800 (*Brief* at 11-12; CX 19; R. 31-34).

Contrary to the Union's belief, the City asserts the IAFF's minimum manning provision was not a significant concession, because it will not result in any economic impact on the City's operations (*Brief* at 12). Typically, the City cannot operate a firefighter shift with less than 12 firefighters. As a result, the 10-person minimum outlined in the new firefighter collective bargaining agreement will not result in any new monetary costs for the City (*Brief* at 12).

D. The City's Negotiations With the FOP for a Successor Agreement

Currently, the FOP bargaining unit consists of 41 employees holding the rank of patrol officer (R. 9).

After the end of the parties' 2004-2008 collective bargaining agreement (UX 23), the parties met for purposes of bargaining a successor contract. There is no dispute that successor negotiations at one point addressed the potential layoff of four (4) police officers. Ultimately, the FOP and the City agreed in September 2009 to a two-year collective bargaining agreement covering FYs 2008-09 and 2009-10 (JX 4). In that agreement, the parties agreed to a 4.00 percent across-the-board increase for FY 2008-09 (with full retroactivity) and a 4.00 percent across-the-board increase on April 30, 2010 (*Brief* at 13; JX 4 at 4). The Union arguably intended that the deferred FY 2009-10 wage increase would avoid the layoff of four police officers (R. 46).

In 2010, the parties met on five occasions to negotiate a successor collective bargaining agreement. The FOP demanded bargaining in January 2010 (UX 5), and the parties subsequently met for bargaining sessions on July 9, September 21, and October 6, 2010 (UX 7). Two mediation sessions were also held on December 2 and 28, 2010 (R. 63; UX 7). After one "mediation-arbitration" session on June 28, 2011 (chaired by the undersigned) the current interest arbitration hearing commenced (R. 63).

In the early part of 2010, the parties also met to discuss ways to avoid the layoff of four (4) bargaining-unit personnel (R. 59). Ultimately, the parties could not reach an accord, and the City laid off four police officers, one of whom has since been recalled (*Brief* at 13-14; R. 57, 59). In the Union's view, in one sense it has already paid for a wage increase.

E. Agreed Upon External Comparables

The parties agreed in their ground rules to use the following 17 municipalities for purposes of external comparability analysis on a non-precedential basis:

- | | |
|-----------------|-----------------|
| Bartlett | Buffalo Grove |
| Carol Stream | Downers Grove |
| Elmhurst | Elmwood Park |
| Glen Ellyn | Hoffman Estates |
| Lake Zurich | Libertyville |
| Lombard | Morton Grove |
| Rolling Meadows | Roselle |
| Wheaton | Wheeling |
| Wilmette | |

(JX 1 at 3-4; CX 29). The exhibits, charts, power points, etc. used in this opinion reflect this agreement.

II. STATUTORY CRITERIA

The statutory provisions, in pertinent part, governing the issues in this case are found in Section 14 of the IPLRA:

(g) As to each economic issue, the arbitration panel shall adopt the last offer of settlement which, in the opinion of the arbitration panel, more nearly complies with the applicable factors prescribed in subsection (h). The findings, opinions and order as to all other issues shall be based upon the applicable factors prescribed in subsection (h).

(h) Where there is no agreement between the parties,...the arbitration panel shall base its findings, opinions and order upon the following factors, as applicable:

- (1) The lawful authority of the employer.
- (2) Stipulations of the parties.
- (3) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.
- (4) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
 - (A) In public employment in comparable communities.
 - (B) In private employment in comparable communities.
- (5) The average consumer prices for goods and services, commonly known as the cost of living.
- (6) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment and all other benefits received.
- (7) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- (8) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

Furthermore, "It is well settled that where one or the other of the parties seeks to obtain a substantial departure from the party's *status quo*, an "extra burden" must be met before the arbitrator resorts to the criteria enumerated in Section 14(h)." Additionally, where one party seeks to implement entirely new benefits or procedures (as opposed to merely increasing or

decreasing existing benefits) or to markedly change the product of previous negotiations, the onus is on the party seeking the change.” *Village of Maryville and Illinois Fraternal Order of Police*, S-MA-10-228 (Hill, 2011).

Arguably, the so-called “breakthrough” items in this case include the Employer’s offer on the insurance issue, where the City desires to increase employee contribution rates and eliminate long-bargained caps. I also include the Administration’s proposal to revise the Holiday Pay provision in this category.

III. POSITION OF THE EMPLOYER

The position of the Employer, as outlined in its opening statement and post-hearing *Brief*, is summarized as follows:

A. The Arbitrator’s primary focus is to replicate what the parties would have agreed to if left to their own self-help devices

The Administration initially points out that in terms of wages, the Arbitrator’s primary focus should be on the following question – “which wage package would the parties have mutually selected if bargaining was allowed to proceed?” As arbitrators have repeatedly noted, the goal of interest arbitration is to replicate what the parties would have agreed to if left to traditional economic devices. See, e.g., *Village of Arlington Heights*, Case No. S-MA-88-89 at 12 (Jan. 19, 1991) (Briggs); *Will County Bd.*, Case No. S-MA-88-09 at 49-50 (Aug. 17, 1988) (Nathan). In light of this overarching principle, the record evidence does not support the FOP’s wage proposal, which is admittedly premised on the claim that “less officers doing more work . . . deserve to be fairly compensated.” (R. 11). There is no factual basis for this claim, the Employer asserts (*Brief* at 2).

B. The current economic climate favors the Employer’s offer

Management submits that several Illinois interest arbitrators have acknowledged that the national economy still has not recovered from the so-called “Great Recession of 2008.” (*Brief* at 4-5). As Arbitrator Nathan recently noted, recovery is likely still a year or more away:

As has been discussed by others *ad nauseam*, the economy is in a hole and having trouble crawling out. Indeed, some arbitrators, including the undersigned, had expressed the opinion in earlier cases that by now the economy would have improved. Instead, we have witnessed the reduction in the valuation of the County’s debt, as well as that of the United States. Unemployment continues to be an infection, and those not unemployed, especially in the public sector, should be concerned about their future. We have witnessed debacles in Ohio and Wisconsin, and in Illinois certain teacher bargaining rights have been compromised. Rightfully or wrongfully many people blame the current economic problems in the public sector on labor unions.

It is this arbitrator's opinion, and that of many professional economists, that there will be no meaningful improvement in the economy until after the November, 2012 elections. (Citations omitted.)

See, County of Cook, Case No. L-MA-09-016 at 9 (Sept. 14, 2011) (Nathan); *see also Village of Schaumburg*, at 30 n.18 (Sept. 19, 2011) (Hill) (noting that while there are some positive signs of economic improvement, "recent data indicate that the so-called 'recovery' is problematic") (*Brief* at 5).

Various economic reports (Bureau of Labor Statistics and the Federal Reserve) and data support these arbitral conclusions which should govern in the instant case, management argues (*Brief* at 6).

C. The recession's impact on the City's revenue and general fund balance has adversely affected the City's finances

Management argues the City's General Fund balance has witnessed a dramatic decline from FY 2007-08 through 2010-11 (*Brief* at 6; R. 128). Based on data derived from the City's audited financial reports, overall revenues decreased by over \$6 million in one fiscal year alone (*i.e.*, 2007 to 2008) (CX 25). Revenue reductions have continued up through the end of FY 2010-11 (CX 25). By contrast, the City's total expenditures have continued to increase over time, resulting in a total net income deficit for the last three fiscal years of over \$8 million (CX 25), resulting in a consistent reduction in the City's General Fund balance to approximately \$7.6 million in FY 2010-11 (from a high of \$15.5 million in FY 2007-08).

Contributing to the recent decrease in the City's overall revenue stream is the unique demographics of Park Ridge. Unlike other communities, management submits, the City's tax base does not rely on the existence of industry or "big-box" stores (R. 130). Instead, approximately 89 percent of City land consists of residential units, whereas only 1.5 percent of the City's property base consists of retail businesses (CX 28). Of those retail businesses, over 10 have closed within recent months, while other non-retail business developments have remained vacant and unused for several years (R. 131; CX 28). With only about \$2.6 million in General Fund resources available to operate the City at any one time, the City's Finance Director continually must borrow money from other City funds in order to cover City costs, such as employee payroll (*Brief* at 7). Due to legal accounting restrictions, the City cannot "permanently" transfer money from one fund to another; rather, an accounting must be made so that the borrowed money is eventually "paid back" to the originating fund (R. 135).

In light of this dour economic climate, and the City's declining revenues, the City has recently pursued a number of cost-saving and revenue generation measures in order to help conserve resources for other more critical priorities and this favors its proposal, argues the Administration (*see, Brief* at 8-9).

At the same time that the City has been taking these cost savings and revenue generation measures, the City experienced increased costs in a variety of areas (R. 126-127).

With respect to its attempts to negotiate cost savings with its four bargaining units, management submits that its efforts have been met with varying degrees of success (*Brief* at 9).

D. ISSUES 1 & 2- WAGES AND LONGEVITY

UNION'S FINAL OFFER: Effective May 1, 2010, a 2% across-the-board salary increase shall be applied to only Step F of the parties' negotiated step pay system. Effective May 1, 2011, a 1% across-the-board salary increase shall be applied to only Step F of the parties' negotiated step pay system. Effective, November 1, 2011, a 1% across-the-board salary increase shall be applied to only Step F of the parties' negotiated step pay system. Effective May 1, 2012, a 3% across-the-board salary increase shall be applied only to Step F of the parties' negotiated step pay system. All proposed increases are fully retroactive.

CITY'S FINAL OFFER: No change to the wage scale for FYs 2010-11 and 2011-12. Effective May 1, 2012, a 2% across-the-board salary increase to all non-longevity steps (A-F). Effective May 1, 2013, a 3% across-the-board salary increase to all non-longevity steps (A-F).

The Union proposes no change to longevity steps H and I.

The City is also proposing a \$250 increase to longevity step H, effective May 1, 2012, and a \$350 increase to longevity step I, effective May 1, 2013 (discussed *infra*).

* * * *

Management first asserts that in support of the Union's "unreasonableness" argument with respect to the Administration's offer, the FOP attempts to portray the City's wage proposal as two consecutive years of "zeros" (*Brief* at 16). When the Union's proposal is closely examined, its argument loses much of its persuasiveness because bargaining-unit employees have effectively received a 4.00 percent increase for FY 2010-11. When the other relevant Section 14(h) factors are considered (including the series of "zeros" negotiated by the City's other three bargaining units for FY 2011-12), the inevitable conclusion is that the City never would have voluntarily agreed to the Union's wage proposal. Rather, the City's wage proposal more closely approximates what the parties would have inevitably settled upon if left to their own bargaining devices, management argues (*Brief* at 16).

1. The Union should not be awarded a "catch-up" in the first year of the parties' agreement, where the FOP voluntarily agreed to defer a 4.00% wage increase until April 30, 2010

Management argues that the first year of the Union's wage proposal can best be described as a "catch-up" for its voluntary deferral of a 4.00 percent increase from May 1, 2009 to April 30, 2010 (*Brief* at 17). Management notes that the Union voluntarily agreed in September 2009 to schedule a 4.00 percent wage increase on April 30, 2010, in return for the City's pledge to refrain from laying off four bargaining-unit employees for the remaining term of the parties' 2008-10 collective bargaining agreement. With this agreement, the FOP knowingly gave up the opportunity to receive a 4.00 percent increase at the beginning of FY 2009-10. This

occurred despite the fact that only one other bargaining unit (i.e., Local 150) received a wage increase for FY 2010-11 (*Brief* at 17; CX 21).

In light of this undisputed fact, management argues, it is misleading for the Union to characterize the first year of the City's wage proposal as granting a "zero" increase (*Brief* at 17). The City maintains that the Arbitrator should instead characterize the 4.00 percent increase on April 30, 2010 as effectively covering the entire FY 2010-11 time period. In management's eyes, the Union's 2.00% wage increase in 2010-11 really is intended to reverse the 364-day delay in its 4.00 percent increase. As such, the FOP should not be allowed to now undo the deal by seeking a rapid "catch-up." (*Brief* at 17).

2. The second year of the Union's wage proposal is inconsistent with the FY 2011-12 wage settlements by the other three City bargaining units

Addressing the second year of the Union's wage proposal, the FOP seeks an overall "lift" of 2.00 percent for FY 2011-12, divided into 1.00 percent increases on May 1 and November 1, 2011. Such increases find no support in the FY 2011-12 wage settlements that the City reached with its other three bargaining units (*Brief* at 19).

In light of this extended economic downturn, the FY 2011-12 wage agreements by the other three City bargaining units take on added significance. Significantly, if three other bargaining units (Local 150, ICOPS & IAFF – two with the right to strike) decided it was in their best interests (as well as the best interests of the entire City) to agree to a zero percent increase for FY 2011-12, would not the FOP likely have agreed to a similar "zero," absent the opportunity to gain more through interest arbitration? (*Brief* at 20). This is especially the case, management asserts, where the IAFF and FOP settlements have roughly paralleled each other since the late 1990's, where no fiscal year wage increases was ever more than 0.50 percentage points apart (*Brief* at 22; CX 16).

Addressing non-bargaining-unit employees' increases, overall the FOP bargaining unit will realize a 4.00 percent "lift" for the 2009-12 time period (if the City's wage proposal is adopted), as compared to only a 3.00 percent "lift" for non-bargaining unit employees (*Brief* at 23). Thus, the Arbitrator should reject any argument that the 3.00 percent FY 2011-12 wage increase for non-bargaining unit personnel undercuts the proposed "zero" for the FOP bargaining unit. Indeed, the Administration correctly maintains that the FOP bargaining unit employees have actually received more than the City's non-unionized work force (*Brief* at 23).

3. The City's wage proposal is sufficient to maintain its relative ranking vis-à-vis the external comparable communities

With respect to an external comparability analysis, the City's wage proposal is more than sufficient to maintain the FOP bargaining unit's relative ranking among the 17 stipulated comparable communities, the Employer argues (*Brief* at 23).

As City Exhibits 32 and 33 demonstrate, the City ranks no higher than 10th out of the 17 comparable communities in terms of total number of sworn officers and population. However, in

terms of the City's relative ability to generate operating revenue, the City ranks among the lower third of the external comparables (*Brief* at 24). The City's average ranking among these key demographic factors is 12 of 18 (or in percentage terms, the City falls among the lower one-third of the comparable communities). By extension, one would expect that wages (plus longevity) for City police officers to roughly fall in the lower third of the external comparables. Comparable wage rankings from FY 2008-09 and FY 2009-10 support this expectation (*Brief* at 24).

For example, the City ranked 10 of 15 among comparable communities in terms of top police officer pay (plus longevity) for FY 2008-09 (CX 43). This is the fiscal year when the City and the FOP agreed to a 4.00 percent wage increase. Significantly, the City ranked 15 of 18 for FY 2009-10 in terms of top pay (plus longevity) (CX 43). Thus, by May 1, 2009, the parties had voluntarily positioned themselves in the lower 18 percent of the external comparables. With the deferred 4.00 percent increase taking effect on April 30, 2010, the City actually increased its overall ranking by jumping to the 25th percentile of the external comparables.

With this baseline having been voluntarily established by the parties, the City's wage proposal maintains its relative ranking: FY 2010-11 – 12 of 16 (lower 25%) & FY 2011-12 – 9 of 11 (lower 18%)(*Brief* at 25).

In light of the City's relative economic stature *vis-à-vis* its neighboring external comparables, there is no evidence that the City's wage proposal dramatically reduces the City's ranking from where the parties voluntarily placed themselves after negotiating their 2008-10 collective bargaining agreement (*Brief* at 25).

4. CPI data strongly supports acceptance of the City's wage proposal

Analysis of CPI data clearly supports acceptance of the City's final wage offer, the Administration asserts. As a result, there is absolutely no justification for the Union's 3.00 percent wage increase for FY 2012-13, when the City's 2.00 percent proposal for that fiscal year likely will provide police officers with a net gain over inflation. This is especially true when one considers that the City's 3.00 percent proposal for FY 2013-14 exceeds the expected inflation rate for that year (*Brief* at 25-27).

5. There is no record evidence that the FOP bargaining unit has experienced a dramatic workload increase

The record evidence does not support the conclusion that bargaining-unit members are "doing more with less." Granted, the bargaining unit has witnessed a decrease in approximately four employees since the beginning of FY 2010-11. By the same token, the record does not reflect a dramatic workload increase for bargaining-unit members, nor does the record demonstrate how any alleged workload increase specifically impacts bargaining-unit employees (*Brief* at 27).

If the Union wished to properly establish the fact that bargaining-unit members are "doing more with less," it should have presented a more rigorous analysis that included: (1) a summary of the long-term workload patterns in the City's Police Department; coupled with (2)

descriptions of how those workload patterns are affecting bargaining unit members. The Union has done neither (*Brief* at 28).

Even if some type of workload increase allegedly has occurred for bargaining-unit members, there is still a dearth of record evidence explaining how that increased workload has specifically impacted bargaining unit members (*Brief* at 29).

6. The “interests and welfare of the public” statutory criterion strongly supports acceptance of the City’s wage proposal

Section 14(h)(3) of the Illinois Public Labor Relations Act provides that “[t]he interest and welfare of the public and the financial ability of the unit of government to meet those costs” is to be taken into account in interest arbitration proceedings. See 5 ILCS 315/14(h)(3). The Union cannot seriously dispute the fact that public-sector employers like the City are still feeling the adverse effects of the recent economic downturn, and that most predictions support the notion that the economy will not be improving any time soon. Thus, as this Arbitrator has previously recognized, employers like the City should not be faulted for being cautious in this “up and down, roller-coaster economy.” In light of the dour economic realities that still face the City, Section 14(h)(3) begs the question whether an employer should pay a larger wage increase to a group of employees, when no other traditional interest arbitration factor weighs in favor of such an increase (*Brief* at 29-30).

While the City is not raising an “inability-to-pay defense,” in the end, the “public interest and welfare” criterion demands that the City avoid paying the additional \$140,514 that the Union’s final wage proposal would cost (compare CX 26 & 27), especially where there is no clear and convincing evidence that this \$140,514 would serve any useful purpose other than to justify the police officers’ “we want more because we want it” approach to this interest arbitration (*Brief* at 30).

E. ISSUE 3 – DURATION¹

UNION’S FINAL OFFER:

Three-year contract, from May 1, 2010 through April 30, 2013.

CITY’S FINAL OFFER:

Four-year contract, from May 1, 2010 through April 30, 2014.

* * * *

The parties’ disagreement in terms of contract duration largely centers on the significance (or lack thereof) to be given to the “first year” of the parties’ collective bargaining agreement,

¹ The parties have stipulated that the duration issue will not “predetermine” the wage issue (R. 7, 8/4/11 hearing). In other words, if I reject the City’s four-year duration proposal, I am not automatically obligated to grant the Union’s three-year wage proposal. The problem with this stipulation is addressed in the opinion.

i.e., FY 2010-11. The Union maintains that a “three-year” contract is more in line with prior contract settlements between the City and the FOP, which reflect a series of two-year contracts from 1985 through 2001 (UX 23). **The key defect in the Union’s proposal, however, is the fact that the “first year” covers FY 2010-11, and the second year covers FY 2011-12, which is already more than half over. From a practical perspective, therefore, the Union’s duration proposal basically would give the parties a 1.5 year contract (on a going forward basis)(Brief at 31).** Assuming, for the sake of argument, that the Arbitrator issues his award in the first few months of 2012, the parties basically will have only one year’s worth of labor peace before they will be back at the bargaining table to renegotiate a successor contract.

The City’s duration proposal, by contrast, would offer the parties at least two years’ worth of labor peace before the need to begin bargaining a new contract. In this respect, the City’s duration offer would extend the parties’ contract through April 30, 2014, the very same expiration date that the IAFF recently negotiated (Brief at 32; CX 20).

In the end, argues management, the Arbitrator should hesitate giving the “first year” of the parties’ agreement (FY 2010-11) the same legal significance as he would a more typical “future year.” This is especially true in light of the fact that the Union essentially received a wage increase for FY 2010-11, in the form a the deferred 4% on April 30, 2010. Therefore, in a very real sense, the “first year” of the parties’ current agreement is more akin to the “last year” of the parties’ prior contract. In light of this unique fact, the Arbitrator should not hesitate awarding the City’s duration proposal.

F. ISSUE 4 – HEALTH INSURANCE

The parties’ current contract provides for a cost-sharing arrangement for employee health insurance premiums, with the City paying 90 percent of the premium for the applicable HMO or PPO plan, and the employee paying the remaining 10 percent. At the same time, the current contract imposes “not to exceed” dollar caps for employee contributions.

UNION’S FINAL OFFER: *Status quo*, with no change to employee caps or the health insurance premium contribution.

CITY’S FINAL OFFER: Eliminate employee “not to exceed” dollar caps, and increase employee premium contribution rates to 11.5% for FY 2012-13 and 13% for FY 2013-14.

* * * *

The City offers bargaining-unit employees the opportunity to participate in three different health insurance plans: a PPO I, a PPO II, and an HMO (Brief at 32; CX 48). Between FY 2008-09 and FY 2011-12, total health insurance premiums costs for these three plans increased from \$424,032.36 to \$538,776.12, which amounts to approximately a 27.06 percent increase (CX 50).

Historically, management submits, the City and the FOP have re-negotiated the employee premium “caps” found in Article VI, in order to account for the ever-rising cost of health care (Brief at 33; R. 149). Indeed, as City Exhibit 52 demonstrates, the “caps” recently were increased during negotiations for the parties’ 2008-10 collective bargaining agreement.

Significantly, the FOP has not proposed during these negotiations an increase to the contractual health insurance "caps" (R. 90). Instead, the FOP is seeking to freeze those caps in place at their 2008-10 levels (R. 90), which will result in all bargaining-unit employees paying less than the contractually required 10 percent (R. 149-50). Such a result is unprecedented in the parties' bargaining history, where the parties always have been able to negotiate cap increases, so that the City can reap the full benefit of the 10 percent employee premium contribution rate. As admitted by the FOP's counsel, bargaining-unit employees during the last 10 years have always paid their full 10 percent premium contribution, due in part to the periodically-adjusted cap levels (*Brief* at 33; R. 90-91).

Citing internal considerations, the City has been able to eliminate employee premium contribution caps for two of its other collective bargaining units. For example, the City bargained with ICOPS a flat 10 percent employee contribution rate, without caps (CX 51; R. 149). After the expiration of the one-year ICOPS contract extension, the City will be seeking to negotiate the very same employee contributions as proposed herein. The IAFF also recently agreed to the very same health insurance premium contribution increases as outlined in the City's current proposal, all without "caps." Also, the City's non-bargaining unit workforce also is required to pay the very same health insurance premiums, without caps, as summarized in the City's current proposal (R. 149). This is significant, because the City also included in its health insurance proposal a "me too" provision, which essentially protects the FOP bargaining unit from the City unilaterally providing a better contribution system for its non-bargaining unit workforce.

Citing numerous decisions, management asserts interest arbitrators have overwhelmingly adopted the principle that internal comparability is the most persuasive factor when analyzing an employer's final health insurance offer, even if that final offer results in extra costs to employees. See, e.g., City of Elgin, (June 27, 1995) (Briggs, Arb.); City of Aurora, (1993) (Berman, Arb.); City of Elmhurst, (1993) (Feuille, Arb.); City of Peoria, (Sept. 11, 1992) (Feuille, Arb.); Village of Schaumburg, S-MA-93-155 (Sept. 15, 1994) (Fleischli, Arb.); Village of Alsip, S-MA-93-110 (May 18, 1995) (Fletcher, Arb.). City of Peoria (Sept. 11, 1992) (Feuille, Arb.). Sibley County Sheriff's Dep't, 111 Lab. Arb. Rep. (BNA) 795 (1998) (Bognanno, Arb.)(*Brief* at 34-35). Thus, by adopting the City's current proposal, the FOP will be joining the majority of City employees on the same health insurance contribution system.

G. ISSUE 5 – SPECIALTY BONUS PAY

UNION'S FINAL OFFER: Add "Ranger Officer" to the list of specialty assignments, with a \$100 per month stipend while training.

CITY'S FINAL OFFER: Eliminate School Resource Officer, non-patrol Evidence Technician and Accreditation Officer specialty-bonus pay.

* * * *

The City's primary rationale for eliminating the specialty bonus pay for non-patrol Evidence Technicians and Accreditation Officers is that they lack support among the stipulated external comparables (*Brief* at 35). For example, not a single comparable community offers specialty pay for officers who perform accreditation work (CX 53). Moreover, the FOP itself had agreed in a prior contract that the bonus payments should lapse once the incumbent officer leaves that position (R. 150). As a result, the Arbitrator should award the City's proposal to eliminate the Accreditation Officer specialty pay as of January 1, 2011 (*Brief* at 35).

In terms of non-patrol Evidence Technicians ("ET"), these are non-patrol officers who very infrequently perform ET work at a crime and accident scenes (R. 150-51). In this respect, the City is not proposing to eliminate the ET bonus pay for officers in the patrol division. The vast majority of comparable communities (13 of 17) do not offer specialty pay for such ET work (CX 54). Without such support, the Arbitrator should award the City's proposal as a moderate way to cut costs in an area that will minimally impact the bargaining unit as a whole.

In terms of the School Resource Officer, recent events involving school funding justify the elimination of this specialty pay (*Brief* at 36).

Finally, there is no justification for the Union's proposal to add yet another specialty bonus pay assignment to Article VI. According to the Union, its proposal is based on the view that Range Officers should be compensated for time spent training other officers, just like Field Training Officers (R. 100). However, only one of the 17 agreed-upon comparables provides specialty pay for Range Officers (i.e., Lombard)(*Brief* at 36; CX 56).

H. ISSUE 6 – HOLIDAY PAY

UNION'S FINAL OFFER: *Status quo.*

CITY'S FINAL OFFER: Reduce holiday payments to time-and-half for regularly scheduled hours worked during holidays, with eight (8) hours of compensatory time for the holiday itself. Also, reduce holiday payments to double time for call back hours worked during a holiday, along with eight (8) hours of compensatory time for the holiday itself.

* * * *

Management submits the City's Police Department has had to grapple with increasing holiday-pay costs associated with those officers who work a certain number of hours on a designated holiday (*Brief* at 37-38; R. 143-44). To this end the City incurred over \$160,000 in direct holiday payment costs in FY 2009-10 due to the holiday pay requirements of Article VII of the parties' collective bargaining agreement. This number constituted approximately 60 percent of the Department's then-overtime budget of \$267,000 (*Brief* at 38; CX 44). Indirect costs of approximately \$1,369 also were incurred on those occasions when an officer chose to take compensatory time in lieu of cash (R. 144; CX 44).

The City maintains that these costs are exceedingly high, especially in comparison to holiday pay incurred by the IAFF bargaining unit (R. 144). Moreover, double-time-and-a-half payments for holiday work do not comport with the holiday pay rates offered by the

agreed-upon comparables. As City Exhibit 45 demonstrates, approximately 3 of the 17 external comparables offer “2.5 times pay” (or its equivalent) for work on a holiday. The remaining comparables offer something less than double-time-and-a-half (*Brief* at 38).

In light of these facts, the City’s proposed modification to the holiday-pay time provision is a modest way of placing some limitations on the increase in holiday pay costs. Thus, while the City is offering to reduce pay to time-and-a-half for regularly-scheduled work on holidays, the City proposes to offset this reduction by giving employees an additional eight (8) hours of compensatory time for use at a later time. Similarly, the City is proposing to reduce the holiday pay rate for call back hours from 2.5 to 2.0, while maintaining the available benefit of eight compensatory time hours. These reductions will bring the City more in line with the external comparables. When one also considers the excessive costs resulting from the current holiday pay system, the Arbitrator should award the City’s final proposal on this issue.

* * * *

Conclusion. On the basis of the facts, precedent and arguments set forth above and during the hearing, and in accord with the Section 14 criteria that must be applied by this Arbitrator, the City respectfully submits that the Arbitrator should and must select the City’s final offers on the six economic issues over which the Arbitrator has the authority and jurisdiction to decide.

IV. POSITION OF THE FOP

The position of the FOP, as outlined in its opening statement and lengthy post-hearing *Brief* and attachments, is summarized as follows:

A. Park Ridge’s Finances

The FOP first submits that a fundamental issue in this dispute is whether the City of Park Ridge has an inability to pay a wage increase that is otherwise appropriate (*Brief for the Union* at 6). In the Union’s opinion, there is no inability to pay a fair and market increase as proposed by the FOP’s bargaining unit (*Brief* at 6-17).

By way of introduction, one cannot dispute, argues the Union, that the country, since at least 2008, experienced a recession resulting in layoffs, reductions in services and consumer belt-tightening (*Brief* at 6). It was only a matter of time before the national economic picture began to have either a real or perceived impact on local governments and thus on public sector bargaining. Given the history of “ability to pay” cases in Illinois, it is generally recognized that the ability to pay factor is not a sword that may be wielded by unions to garner otherwise not comparably-supported pay increases or benefits merely because the jurisdiction has the ability to pay. Nor is the factor to be used by an Employer to shield itself against otherwise appropriate pay increases merely because it does not wish to expend the funds. **The central question remains the same today as it has been for the last 25 years: Does the employer have the ability to pay what is determined to be, by resorting to the 14(h) factors, the appropriate**

level of compensation and benefits? (Brief at 7). It is that tension between public employers' desire for efficiency and cost savings versus the employees' desire for greater compensation that is the *raison d'être* of collective bargaining. While there are public employers who are suffering greatly, particularly those dependent on the State of Illinois for funding, every employer is not broke. Every employer is not faced with a fiscal condition so egregious that it cannot pay an appropriate increase, the FOP submits.

This was recognized by one of the first "inability to pay cases" heard in the State of Illinois by Arbitrator Duane Traynor who, in awarding the firefighters' final offer, found that the employer is responsible for providing certain essential services such as a fire department. It cannot expect that the fire fighters, who, by law, are denied the economic weapon of striking, to suffer a cut back in wages due to the loss of the purchasing power of the dollar. *See, City of East St. Louis, IL and East St. Louis Firefighters, Local No. 23, S-MA-87-125, at 11 (Traynor, 1987)(Brief at 8).* *See also, Jefferson County/Sheriff & IL FOP Labor Council, S-MA-95-18 (Briggs, 1996)(Brief at 9)* and *Forest Preserve District of DuPage County & MAP, FMCS No. 091103-0042-A (Goldstein, 2009)(stating: "This Arbitrator is not authorized to interject itself into what is the political question of overall allocation of resources.") (Brief at 10).*

The Union submits that since Arbitrator Traynor's 1987 Award, numerous other jurisdictions have plead inability to pay, and in nearly every case neutral arbitrators have held the employer to a very high standard to prove a total inability to pay. Nearly all have failed, the Union says (*Brief at 8*). There is no reason to deviate from the long line of ability to pay analyses that have been conducted by the more experienced neutrals over nearly the past three decades.

To this end the Union acknowledged the City of Park Ridge did not claim an inability to pay in negotiations or interest arbitration. Rather, like so many public employers, fully aware of the standard of proof necessary to prove such a claim, attempted to persuade the Arbitrator it surely must have a "limited" ability since it was able to secure wage freezes and economic concessions with non-public safety units, non-union employees, and the firefighters (facing fears of privatization and safety due to threatened lay offs). All the while, the City continues to spend on its priorities, maintain millions of dollars in unrestricted ending balances, and attract new businesses and streams of revenue to the City in its lucrative TIF Districts (*Brief at 11*).²

The Union cites a recent "inability to pay" case involving the Sheriff's Deputies in Woodford County in support of its argument. In that case Illinois Arbitrator Peter Feuille rejected similar wage freezes. Although the Employer was not immune from local economic downturns, the evidence demonstrated it had the ability to not only maintain its financial condition, but to continue spending on the other priorities of the government:

There is no question that the County is in poorer financial condition during the pendency of this proceeding than it was in 2007. At the same time, the financial evidence discussed

² The FOP cited numerous examples supporting this claim, noting, for example, that in the year the City seeks the first pay freeze, revenues actually increased by 0.03%. *See, Brief at 11-12.* In the Union's words: "In 2011, the second year of its proposed pay freeze, the City's own documentation anticipates revenues will increase by nearly \$4.0 million or 16.3%." *Id.*

in the preceding paragraphs demonstrates that the Employer is not in the dire financial straits it has claimed or that its final offer is the only offer that can be selected. More specifically, the ability to pay evidence does not meet the threshold of showing, in the words of another Illinois interest arbitrator, “that the Union’s offer would place such a heavy burden on [the County’s] services to pay the Union’s offer, resulting – and this is the important point – in the elimination or harmful diminution of essential services, or extensive layoffs, or both.” (Citing Arbitrator Briggs, supra.) The Employer has not come close to showing the County is in such a financially weakened condition.”

The observations of this Arbitrator in *Winning Arbitration Advocacy* (BNA Books, 1989), cited in a recent case in *Macoupin County*, S-MA-080103, are helpful in evaluating the City’s ability to pay and interests and welfare of the public evidence in this case:

Arbitrators may question priorities in the budget (being careful, we hope, not to substitute their judgment for that of public management) by making inquires into such subjects as (1) management’s history of understating revenues and overstating expenses; (2) whether additional sources of revenue are in fact available, given constitutional or statutory debt limitations; (3) whether employees are being asked to bear an unreasonable burden in a financial crisis. Ability to pay, as opposed to willingness to pay, is a factual determination and a valid interest criterion. If arbitration is to continue to be a viable alternative to public sector strikes, financial considerations must be given prior weight by the arbitral community.

(*Brief* at 16).

The Union argues that to sanction the City’s axing of pay and benefits without clear and convincing proof of an inability to pay on the City’s part is to demoralize the Police Department (*Brief* at 17). Further, it will undercut bargaining between the parties for the future and start a spiral downward of excessive demands followed by successive impasses. There is no assertion and certainly no proof of an inability to pay. There are only internal settlements that, when examined more closely, do not support the Employer’s final offers in these proceedings.

B. The Internal Comparability Criterion

The Union maintains that in its wage proposal, the Employer proposes not one but two wage freezes, in years one and two of the contract (*Brief* at 17). According to the Union, in order for this Arbitrator to award the Employer’s final offer on wages, he must be persuaded that the City has a true inability to pay ANY wage increase for years one and two of the contract. As noted, there is not a *scintillum* of evidence to support an inability to pay argument.

In addition to unreasonable wage increases, the Employer seeks “take backs” with respect to both holiday pay and specialty pay. And to add insult to injury, the Employer also asks for a substantial increase in the employee’s contribution to insurance premiums while simultaneously taking away dollar caps on premium payments which were negotiated and have been in place for since at least 2001 (*Brief* at 17).

Faced with the reality that its financial condition does not support such Draconian measures, the Employer relies on one factor – internal comparability – to support not only its wage offer but ALL of its final offers (*Brief* at 17-18).

The Fire deal cannot be viewed in a vacuum, the FOP asserts. The acceptance of what would otherwise be a subpar wage proposal and concessions was part of a meaningful negotiations process. Concessions were made on several issues, including wages, so that the members of the Fire Union could gain strides in other areas. In contrast to fire, the City offered the police no meaningful *quid pro quo* in exchange for its demands for concessions and that fact alone provides a compelling reason for this Arbitrator to reject the internal comparability argument (*Brief* at 18). Further, the more distant bargaining history of both the Police Union and the Fire Union does not support the City's position that Police and Fire should be viewed the same in the eyes of an Arbitrator. There simply is not the history of parity that the City suggests (*Brief* at 22-23).

More specifically, in 2003, Patrol received a 3.75% increase in May while Fire received a 3.5% increase in May and a 1.5% increase in November. In 2005, Patrol received a 3.0% increase in May and a 1.0% increase in November, yet Fire received a 3.5% increase in May. In 2007, Patrol received a 3.5% increase in May and a 1.0% increase in November and Fire received a 4.0% increase in May. Further, in 2000, Patrol received a wage package which Fire ultimately received but not until 2001. In 2001, Patrol's wage increase was 3.5% in May. Thus, in 5 out of 10 years, or 50% of the time, Patrol and Fire negotiated different wage increases. (Union Book 1; UX 14)(*Brief* at 23).

Similarly, the City offers an increase in longevity which would make the Police Officer's longevity payments the same as Fire's current payments. The very fact that the City has to make such an offer demonstrates a hole in its parity argument. If there has always been parity between Police and Fire, why is Fire currently earning more in longevity that the Police? The longevity increases currently being offered to Police have been in place in the Fire contract since May of 2009. Further, the longevity payments that Fire received in May of 2000 (\$650, \$750 and \$850) were akin to the payments that Police had received as far back as May of 1994! In 1994, Police received \$600, \$750 and \$850 in longevity payments. Surely the fact that it took Fire six years to "catch up" to Police contradicts the City's parity argument. And to the extent that there were years of parity, that did not occur until May of 2001 despite bargaining histories that date back to May of 1993.

A similar lack of parity can be seen when comparing Police and Fire insurance dollar contributions back to May of 2001. In every year but one (May 2002 to May 2003), there were differences in the two Unions' contributions, the Union asserts (*Brief* at 24).

In summary, while the City is looking for substantial concessions from the Police Unit, it is not offering any meaningful *quid pro quo* for those concessions as it did with Fire. Further, the long bargaining history for both Police and Fire does not demonstrate historical parity between the negotiated settlements of the two bargaining units. For these reasons, the City's all or nothing internal comparability argument must fail (*Brief* at 24).

C. An analysis of the statutory factors demonstrates that the Union's final offers are more reasonable and should be adopted

1. Wages

Addressing the "external comparability" criterion, the FOP asserts this factor weighs in favor of its final offer. The Union's wage offer is narrowly tailored to address only those steps where officers are behind the external comparables. Specifically, the Union only seeks wage increases at the top or "F" step because its officers consistently lag behind other jurisdictions at the top steps, while faring better in the earlier steps (*Brief at 25*).

The top or "F" step is achieved after four years and an officer remains in the F step until after 10 years when first eligible for longevity. Officers are entitled to longevity payments after the completion of 10, 15 and 20 years of service. Looking at a comparison to external comparables salaries for 2010, after seven years Park Ridge Officers are behind 2.81%, after 10 years they are behind 2.5%, after 15 years they are behind 2.67% and at top pay they are behind 2.97% (*Brief at 25; UX 17*).

As for 2011, without any increases, the lag in wages at the top steps continues. After 7 years, 10 years, 15 years and top pay, Park Ridge Officers fall behind 6.14%, 5.83% 6.00% and 6.22%, respectively. And in 2012, it only gets worse, with officers at the top four steps lagging behind their comparables by 9.5%, 9.17%, 9.34% and 9.58%. The Union's conservative wage proposal reduces the gap between the Park Ridge Officers at the top four steps and their comparable counterparts. In 2010, the Union's proposal of 2% to the F step reduces the gap to .79%, .52%, .69% and .99%. As for the 1% in May and 1% in November, 2011, the effect is to reduce the gap to .71%, 1.52%, 1.69% and 2.16%. Similarly, the 3% increase in 2012 results in Park Ridge Officers being behind its comparables by 2.17%, 1.95%, 2.13% and 2.37%. Thus, per its wage proposal the Union does not close but significantly narrows the gap, slowly and conservatively, so that by 2012, the Park Ridge Police Officers are still behind its comparables by 2.17%, 1.95%, 2.13% and 2.37% yet better off than the 2010 situation where they are behind 2.81%, 2.50%, 2.67% and 2.97% (*Brief at 25-26*).

On the contrary, the City's wage proposal pushes the Park Ridge Officers farther behind relative to the external bench-mark comparables. Per the City's proposal, in 2012, Park Ridge Officers at the top will go from being around second to 3% behind its comparables to being nearly 7% behind, or more specifically, 6.85%, 6.59%, 6.45% and 6.55% behind at the top four steps (*Brief at 26*).

Not only is the Union's wage offer more reasonable, it also is consistent with the wage increases received by the external comparables for the contract years at issue, the Union asserts (*Brief at 26*). Wage increases for FY 2009 through FY 2012 in comparable jurisdictions range from 0% to 4.25%, with most of the increases falling in the area of 3%. In fact, in only one instance did a jurisdiction accept a 0% wage increase, Elmhurst, but that contract also included a mid-year wage reopener. Certainly, the modest increases sought by the Union of 2%, 1%, 1% and 3% are in line with and in fact lower than what happened in these other jurisdictions (*Brief at 27*).

Cost-of-living statistics also support the Union's wage offer and not the City's. The Officers' loss in buying power from May of 2009 through May of 2011 was more than 5%, or 5.37%, the Union maintains (*Brief* at 27).

Further, the interest and welfare of the public criterion supports the Union's wage offer. The layoffs tremendously impacted the morale of the membership. Also, Park Ridge Police Officers are strained with increased work loads due to the shortage of officers. According to Park Ridge Crime Offense/Arrest Comparison of 2009 to 2010, in 2010, the Crime Rate in Park Ridge increased from 1527.5 to 1564.5. So there is more crime on the streets of Park Ridge, and one can only expect the increased crime rate to continue.

In a nutshell, the layoffs and Department reorganization resulted in LESS Police Officers to do MORE work. And to add insult to injury, the Park Ridge Officers are working more for less in a Police Station that is in a deplorable condition, as acknowledged by the City in a 2012 budget document. Rather than reward the Officers for their increased work loads and efforts under substandard working conditions, the City offers unreasonably low wage increases, further demoralizing the Unit.

Clearly, all of the applicable statutory factors support the Union's wage proposal. Additionally, the total impact of the Union's offer, over the course of a three-year contract, would cost the City \$263,211.00, well within what the City can afford as demonstrated in the financial discussion presented earlier in this Brief.

2. Term of Agreement

In support of its proposed three-year contract, the Union advances the following arguments:

First, the parties have been bargaining together since 1985 and since that time, nearly every contract has been for a duration of two years. On only one occasion, the parties agreed to a four-year agreement (05/01/04 to 04/30/08), and one other time, they agreed to a three-year deal (05/01/01 to 04/30/04)(*Brief* at 29).

Assuming the Arbitrator renders a decision within 60 days of the due date of the *Briefs*, if the successor contract has a duration of two-years, the parties would be back at the table approximately two months after the issuance of the decision or even sooner. Thus, the Union's three-year offer strikes a balance between labor stability between the parties and the long-standing history of short agreements.

Further, in these uncertain economic times, Arbitrators are inclined to award contracts of shorter duration (*Brief* at 30, citing *Forest Preserve District of DuPage County and MAP, FMCS 091103-0042-A* (Goldstein, 2009) and *City of Galena & IL FOP Labor Council, S-MA-09-164* (Callaway, 2010)).

Additionally, at no time during prior bargaining sessions did the Employer propose a four-year contract; each and every wage proposal submitted by the Employer was either for a

two-year or a three-year deal. As such, the Union had no meaningful opportunity to bargain over a fourth year (*Brief* at 31). There was no discussion about what, if anything, the City was willing to give to the Union in exchange for a longer contract. Therefore, the City's last minute final offer of a four-year duration clause is contrary to the notion of bilateral negotiations and should be rejected, the Union maintains (*Brief* at 31).

3. Longevity

The City is offering an increase in longevity payments in year three of the contract, while the Union is asking for no increase and offering the *status quo*. An increase in longevity payments could very well be appropriate given that the Park Ridge Police Officers have not received ANY increase in longevity payments since May of 2000 (*Brief* at 31-32).

However, the City is offering the longevity increases as a purported *quid pro quo* for subpar wage increases, substantial increases in insurance, elimination of dollar caps, a reduction in holiday pay and a reduction in specialty bonus benefits. Unlike the longevity increases which are offered in year three, the substantial take backs proposed by the City would commence as early as year two of the contract, or May 1, 2012. The Union argues the mere hundreds of dollars that comprise the City's longevity offer would not fill the huge void that would be created should the rest of the City's abysmal offers be adopted (*Brief* at 32).

The City's proposed increase amounts to \$250 for those employees in Step H, and \$350 for those employees in Step I. A breakdown of the bargaining unit demographics demonstrates that only 10% of the members have 16 to 20 years of service, and 10% of the members have more than 20 years of service. Thus, only 20% of the entire membership would reap the benefit of the \$250 and \$350 increase in longevity payments. This is not an appropriate *quid pro quo* for the enormous concessions it is seeking.

Additionally, while the Police Officers lag behind its external comparables at its top steps, unlike the Union's carefully tailored wage proposal, the City's longevity proposal does virtually nothing to close the gap that currently exists and continues to grow at the top end.

The most reasonable and conservative approach to narrow the gap at the top of the pay scale would be to adopt the Union's wage offer, the Union argues. However, the Arbitrator must consider each issue separately; as such, if he opts to award the City's wage increase, the gap at the top end of the pay scale would drastically increase. **While the City's longevity proposal barely addresses that problem, it would make sense, given the numbers, to award the longevity offer ONLY IF the City's wage proposal was also adopted** (*Brief* at 33).

4. Medical & Insurance Plans

Currently, employees' co-pay is 10% and the City proposes increasing that amount to 11.5% effective 05/01/12 and to 13% effective 05/01/13. The Union maintains the more drastic aspect of its proposal is the abolishment of the dollar caps which have been bilaterally negotiated and in place since 1997. In light of the bargaining history of years of negotiated caps, a "breakthrough-type" analysis is appropriate in analyzing the City's proposal (*Brief* at 33).

To this end the only evidence the City offers in support of its final offers, including its offer on insurance, is internal comparability, i.e. the Fire Union has accepted the insurance “deal” that the City is seeking to impose on the Police Unit. In light of the circumstances and bargaining history of both Police and Fire, internal comparability should not be a determinative factor, the FOP contends (*Brief* at 33-34).

In summary, the Union points out that the Police, to date, have been offered nothing in exchange for the Draconian insurance changes that the City seeks. Additionally, when looking at the history of negotiated insurance contributions for both Fire and Police back to May of 2001, those dollar contributions have almost always been different. Suffice it to say that in every year but one (May 2002 to May 2003), there were differences in the two Unions’ contributions to insurance (*Brief* at 35-36).

Local 150, another internal comparable, has maintained caps throughout the duration of its contract and has maintained a 10% premium contribution. So to the extent that internal comparability is considered, the Local 150 contract supports the Police Union’s final offer on insurance.

As for the dollar caps, the City is seeking a breakthrough when it asks that the caps be eliminated. The Police have had caps in place since 1997, but historically, as far back as 1985, they have always have always had some protection with respect to the amount of increase in contributions they would experience (*Brief* at 36).

Thus, internal comparability should not be the determinative factor in deciding which final offer on insurance is appropriate. And because the insurance changes should be treated as a breakthrough item, it is incumbent upon the City to prove the changes are necessary. Any changes sought by the City insurance proposal would have a serious impact on employees’ actual wage increase per the Employer’s offer, which is demonstrated in several charts submitted by the Union. The City’s proposed wage increase of 2% in May of 2012 would be significantly reduced for the majority of employees who belong to both HMO plans and all three PPO plans. The City has not satisfied its burden of establishing a need to change the *status quo*. In light of the bargaining history of the parties regarding insurance, the absence of historical parity between Police and Fire and their contributions to health insurances, the give and takes which lead to the Fire Union’s acceptance of the City’s insurance proposals and which did not occur with the Police Union, and the failure to prove the need for a breakthrough in insurance, the Union’s offer of *status quo* must be adopted.

5. Holiday Pay

In the Union’s eyes, the Employer seeks dramatic concessions with respect to Holiday Pay provisions that have been in the parties’ contract in some form since 1985. Significantly, the Union points out, all of the past and current holiday provisions have been the result of bilateral negotiations. The current language, whereby Park Ridge Police Officers receive double time and a half for all holidays worked, and double time and a half plus eight hours of compensatory time

for all holidays worked pursuant to a force back, has been in place since May of 2004 (*Brief* at 39).

The City is seeking yet another concession, a reduction in the holiday benefit to time-and-a-half plus eight hours of compensatory time for scheduled holidays and to double time plus eight hours of compensatory time for all hours worked pursuant to a force back. Since the City is seeking to reduce the holiday benefit, it is a “breakthrough” item and like the breakthrough item of insurance, the City offers no *quid pro quo* in exchange. This attempt to take all and give nothing is completely contrary to the parties’ history of bargaining the holiday pay benefit and must be rejected (*Brief* at 39).

6. Specialty Bonus Pay

The Union seeks to add one more position to the list of recognized specialties – the position of Range Officer. The Union asks that the Range Officer be paid \$100 per month while training. The position of Range Officer is similar to the position of Field Training Officer, in that both positions involve the training of other officers. Unlike Range Officers, Field Training Officers have been recognized as a specialty since 1997 and the compensation that the Union is seeking for Range Officers is actually what the Field Training Officers made in 1997. In sum, the Union is seeking a modest stipend as an incentive to Range Officers. In light of the number of years that Field Training Officers have been recognized, the recognition of Range Officers and the extra training duties that they perform is long overdue.

With respect to external comparables, while the types and numbers of specialties vary from jurisdiction to jurisdiction, all but two recognize Field Training Officers as specialties, and one jurisdiction (Lombard) recognizes the position of Range Officer. Generally speaking, there is sufficient external support to treat training positions such as Range Officer as specialties (*Brief* at 40; UX 33).

Most importantly, the Union’s proposal regarding specialty bonus pay is more reasonable than the City’s. Once again, the City proposes take backs in the absence of a *quid pro quo*. **Specifically, without justification, the City seeks to eliminate three specialty positions, School Resource Officer, Evidence Technician non-patrol and Accreditation Officer.**

Specifically, the City testified that it wants to eliminate the Accreditation Officer position simply because “no one else” has such a position. As for Evidence Technician non patrol, the so called rationale is that “normally” Evidence Technicians outside of patrol are not called upon to perform evidence technician work. Further, the City takes the position that the School Resource position should be eliminated because there are not such designated positions, with the exception of some DARE officer positions, in other external jurisdictions.

The City’s arguments would carry some weight if the positions it is seeking to eliminate were actually new positions that the Union was seeking to add. But that is not the case. Two of these earmarked positions (Evidence Technician non patrol and Accreditation Officer) have been in the parties’ contract since 1997. The third position, School Resource Officer, has been a part

of the contract since 1999. In light of the long history of the existence of these specialties, the elimination of these positions constitutes a “breakthrough.”

As with the other breakthroughs proposed by the City, no *quid pro quo* has been offered. To adopt the City’s unilateral gutting of the specialty bonus pay benefit would fly in the face of the parties’ long history of bilaterally negotiated agreements (*Brief* at 41-42).

V. DISCUSSION

As noted, this dispute involves six (6) *economic* issues. The Act significantly restricts an Arbitrator’s discretion in resolving economic issues to the adoption of the final offer of one of the parties. 5 ILCS 315/14. Unfortunate (or not), there is no Solomon-like “splitting of the child” under the statute.³

A. Term of Agreement

Union: Three-year contract duration (05/01/10 through 04/30/12).

Employer: Four-year duration (05/01/10 through 04/30/13).

* * * *

Generally, I would favor a longer-term agreement *versus* a shorter-term contract when not much bargaining occurred and arbitration hearings take place over an extended period of time, as they have in this case. To this end, I agree with the reasoning of Arbitrator Edwin Benn in *City of Springfield & PBPA* (1990):

The entire design of the impasse resolution contemplated by requiring consideration of the interests and welfare of the public in Section 14(h)(3) and the “other factors . . . which are normally or traditionally taken into consideration” criteria found in Section 14(h)(8) have common threads of a bottom line goal of stability and “industrial peace” as those concepts translate into the public employment setting. A hotly contested matter such as this with the amount of time, effort and expense that have been invested by the parties and the corollary uncertainties that have arisen (which may be prolonged or even exacerbated if a short contract is imposed which requires the parties to once again face each other across the bargaining table in the near future), coupled with the obvious present breakdown in the parties’ ability to agree, on balance, all weigh against the arguments made by the Union. **Given the particular history of this matter, the**

³ Cf. 1 Kings 3, 24-27. “And the king said, ‘Bring me a sword.’ When they brought the king a sword, he gave this order, ‘Divide the child in two and give half to one, and half to the other.’ Then the woman whose son was alive said to the king out of pity for her son, ‘Oh, my lord, give her the living child but spare its life.’ The other woman, however, said, ‘It shall be neither mine nor yours. Divide it.’ Then the king spoke, ‘Give the living child to the first woman and spare its life. She is the mother.’”

overriding goal of stability dictates a contract of longer duration than the one sought by the Union.

Arbitrator Benn similarly addressed the contract duration problem and the absence of flexibility regarding final offers in *Boone County* (2009)(quoted in *Metropolitan Alliance of Police*, Chapter 471, FMCS Case 091103-0042-A (Goldstein, 2009)) and commented as follows:

The problem employers, unions and employees (and interest arbitrators) faced in recent years concerning health insurance now pale in comparison to the daunting task of how to set up the terms of the collective bargaining agreements in the face of the current economic crisis.

. . . These are, unfortunately, very volatile and unpredictable times – a conclusion that is consistent with the general state of the declining economy at this moment.

Perhaps a cautious and practical way to approach negotiations and interest arbitration in these uncertain and changing times is for parties to negotiate reopeners on economic items . . . With negotiated reopeners, the parties can then assess the situation as the economy changes rather than project years out into the future with fixed obligations having no idea what the economic conditions will be. For now, final offer interest arbitration does not serve the parties well when flexibility is not built into the parties' offers. Until the economy settles, parties may also want to consider giving interest arbitrators the authority to impose reopeners along these lines or to not be bound by the final offer provisions of Section 14(g) . . .⁴

Arbitrator Goldstein noted the problems before interest arbitrators *when the parties present different offers on duration*, as they have in this case:

Frankly, the lack of congruence between the parties' final offers in the duration of the contract at issue puts this interest arbitrator in a genuine quandary. An integral part of this process is to compare apples to apples, these parties certainly know. And, when assessing economic proposals that are inherently so divergent because the Union presents a three-year package and the District, a two-year proposal – with the second year containing a wage reopener – the ability to accurately assess the best and final offers is significantly compromised. This caused not a few interest arbitrators to conclude that the party proposing the shorter term must be found to effectively be presenting “zero or nothing” for the third year. That conclusion creates an extremely steep hill for the party presenting the two-year proposal to persuade a neutral its package is the more reasonable on wages, or on any other economic terms, I recognize.

* * *

⁴ Arbitrator Benn quoted from his earlier decision in *State of Illinois, Department of Central Management Services (Illinois State Police) and IBT Local 726*, S-MA-08-262, January 27, 2009, as cited by Arbitrator Goldstein in *Boone County* (2009)(quoted in *Metropolitan Alliance of Police*, Chapter 471, FMCS Case 091103-0042-A (2009).

The strong presumption in normal times, I reiterate, is that the lack of congruence in this duration of the contract means a “zero” offer for the third year. See my decision in *County of Cook and Cook County Sheriff’s Department (Joint Employers) and IBT 714*, S-MA-95-001 (Goldstein, 1995). Even if that is assumed to be true, the context and circumstances demand further scrutiny of what is reasonable here, I hold.

Citing the present hard times with the economy, Arbitrator Goldstein went on to award the shorter duration, two years with a reopener in year two.

Another factor to consider is how soon will the parties be back at bargaining once the award is issued. As correctly pointed out by the Union, a two-year deal would end on April 30, 2012, just months after the hearing in this matter. It would put the parties right back at the bargaining table approximately two months after issuance of the award (assuming an award is issued 60 days from submission of briefs). A three-year deal is better, but still puts the parties back into bargaining in a year, the Union asserts.

Management responds that the FOP’s contract proposal is defective. In the City’s words: “The key defect in the Union’s proposal, however, is the fact that the “first year” covers FY 2010-11 and the second year covers FY 2011-12, which is already more than half over. From a practical perspective, therefore, the Union’s duration proposal basically would give the parties a 1.5 year contract (on a going forward basis).” (*Brief* at 31). The parties will have basically one year’s worth of labor peace before they will be back at the bargaining table to renegotiate a successor contract. Indeed, during the last round of negotiations the FOP served a bargaining demand on the City in January 2010. (*Brief* at 31 n.14). In contrast, the City’s duration proposal would offer the parties at least two years’ worth of labor peace before the need to bargain a successor collective bargaining agreement.

Moreover, selection of the FOP’s three-year contract would throw into question what wage offer to award.⁵ While recognizing the independence of each impasse item, the FOP has submitted a wage offer for three years. The City submitted an offer for four years. Technically, there is no three-year wage offer before me from the Administration. The City has a 3.0 percent wage offer on the table *for the last year of the contract*. If a three-year contract term is selected, does this mean the City’s year four wage offer is eliminated and the first three years are slotted? The ambiguity as to how this will play out favors the Administration’s proposal.

In the end, as argued by the Administration (*Brief* at 32), in light of the fact that the Union essentially received a wage increase for FY 2010-11 (a deferred 4.0% on April 30, 2010), the so-called “first year” of this agreement should not be given the same legal significance as a more typical “future year.”

Overall, and for the above reasons, the City advances the better case with respect to the term of the successor collective bargaining agreement.

⁵ This, of course, will *always* be the problem when the parties are at impasse regarding the term of the agreement. Although some arbitrators have conducted a bifurcated hearing as a solution (i.e., decide the length and then allow the parties to submit final offers thereafter), I am not convinced that such a procedure is permitted under the statute.

B. Wages (Article V, Parts A & B)

Union: Effective 05/01/10 – 2% wage increase to Step F⁶ only.
Effective 05/01/11 – 1% wage increase to Step F only.
Effective 11/01/11 – 1% wage increase to Step F only.
Effective 05/01/12 – 3% wage increase to Step F only.

7.0% over the term of the collective bargaining agreement (11% if the deferred 4% is included in the Union's offer).

Employer: Effective 05/01/10 – 0% wage increase
Effective 05/01/11 – 0% wage increase (i.e., no change in the wage scale for the fiscal years commencing May 1, 2010 or 2011)
Effective 05/01/12 – 2% wage increase to the non-longevity steps, Steps A-F (effective May 1, 2012)
Effective 05/01/13 – 3% wage increase to the same steps⁷

5.0% over the four-year term of the agreement (9% if the deferred 4% is factored into the City's offer).

Significantly, the FOP, banking on its three-year contract proposal, makes no offer for a fourth year.

Focus of an Interest Arbitrator

At this stage of interest arbitration in the State of Illinois there can be no serious dispute that arbitrators attempt to issue awards that reflect the position the parties would have reached if left to their own impasse devices. Recently, one Arbitrator reflected the genesis of this concept back to Arbitrator Whitley P. McCoy who, in the often-quoted *Twin City Rapid Transit Company* decision, 7 LA (BNA) 845, 848 (1947), stated:

Arbitration of contract terms differs radically from arbitration of grievances. The latter calls for a judicial determination of existing contract rights; the former calls for a determination, upon consideration of policy, fairness, and expediency, of the contract rights ought to be. In submitting . . . to arbitration, the parties have merely extended their negotiations, having agreed upon . . . [T]he fundamental inquiry, as to each issue, is: what should the parties themselves, as reasonable men, have voluntarily agreed to? . . . [The] endeavor is to decide the issues as, upon the evidence, we reasonable negotiators, regardless of their social or economic theories, might have decided them in the give and take process of bargaining.

⁶ Step F is the top step in the pay scale. Steps G, H and I are Step F plus longevity pay based on completion of years of service (10, 15 and 20).

⁷ The City's wage proposal is specifically outlined to reflect the steps A-I at JX 3.

See, *City of Galena, IL*, S-MA-09-164 (Callaway, 2010).

Similarly, Chicago Arbitrator Harvey Nathan, in *Sheriff of Will County and AFSCME Council 31, Local 2961*, S-MA-88-9 (1988), Arbitrator Nathan declared that the award must be a natural extension where the parties were at impasse:

[I]nterest arbitration is essentially a conservative process. While obviously value judgments are inherent, the neutral cannot impose upon the parties' contractual procedures he or she knows that parties themselves would never agree to. Nor is his function to embark upon new ground and to create some innovative procedural or benefits scheme which is unrelated to the parties' particular bargaining history. **The arbitration award must be a natural extension of where the parties were at impasse. The award must flow from the peculiar circumstances these particular parties have developed for themselves. To do anything less would inhibit collective bargaining.**" *Will County Board and Sheriff of Will County* (Nathan, 1988), quoting *Arizona Public Service*, 63 LA 1189, 1196 (Platt, 1974); Accord, *City of Aurora*, S-MA-95-44 at p.18-19 (Kohn, 1995).

. . . The well-accepted standard in interest arbitration when one party seeks to implement entirely new benefits or procedures (as opposed to merely increasing or decreasing existing benefits) or to markedly change the product of previous negotiations is to place the onus on the party seeking the change. . . . In each instance, the burden is on the party seeking the change to demonstrate, at a minimum:

- (1) that the old system or procedure has not worked as anticipated when originally agreed to or
- (2) that the existing system or procedure has created operational hardships for the employer (or equitable or due process problems for the union) and
- (3) that the party seeking to maintain the status quo has resisted attempts at the bargaining table to address these problems.

Without first examining these threshold questions, the Arbitrator should not consider whether the proposal is justified based upon other statutory criteria. These threshold requirements are necessary in order to encourage collective bargaining. Parties cannot avoid the hard issues at the bargaining table in the hope that an arbitrator will obtain for them what they could never negotiate themselves.

Sheriff of Will County at 51-52 (emphasis mine), as cited in *City of Danville*, S-MA-09-238 (Hill, 2010); See also, *Sheriff of Cook County II*, at 17 n.16, and at 19.

Arbitrator Elliott Goldstein said it best: "Interest arbitrators are essentially obligated to replicate the results of arm's-length bargaining between the parties, and to do no more." *Metropolitan Alliance of Police, Chapter 471, FMCS 091103-0042-A* (2009).⁸

Internal Criteria Supports the Administration's Wage Offer

Arbitrator Neil Gundermann, in *Village of Skokie & IAFF Local 3033* (1993), discussed the importance of the internal criterion and had this to say on the subject:

Arbitrators in interest disputes frequently consider not only external comparables, which the Illinois Public Labor Act mandates be considered, but internal comparables as well. Internal comparables are considered for at least two purposes: first, to determine if there is a pattern of settlements between the employer and its bargaining units which may be applicable to the dispute before the arbitrator; and second, to determine if there has been an historical pattern of settlements involving bargaining units.

Generally, where internal comparables are considered for the purpose of determining if there is a pattern of settlements it involves a situation where agreements have been reached between the employer and a number of bargaining units and either the union or the employer is attempting to break the settlement pattern. *Id.* at 30.

The four-year collective bargaining agreement negotiated with the firefighters provided for wages increases of 4% for FY 2008-09 and FY 2009-10 (CX 21). In the last year of the parties' four-year collective bargaining agreement (FY 2009-10) the Administration secured a "concession" from the firefighters (six to seven unpaid vacation days) to offset the cost of the already-scheduled 4% increase for FY 2009-10 (R. 17-18; 28; *Brief for the Employer* at 11). Subsequent to this, the City then approached the IAFF in 2010 for proposed wage concessions. The parties ultimately agreed on a one-year extension, with an expiration date of April 30, 2011. In return for some "give-backs," the firefighters would receive a zero percent wage increase for FY 2010-11. In return, the City promised not to lay off any firefighters (CX 17; R. 19; 29-30). After the one-year extension, the parties negotiated a successor three-year collective bargaining agreement, which included a series of additional concessions. Significant is this: the firefighters agreed to 0% for FY 2011-12; 2% for FY 2012-13; and 3% for FY 2013-14, or a total of 5% for the term of the contract.

The Administration's wage offer to the FOP is also 5% for the last three years of the collective bargaining agreement, essentially the same number as agreed to by the firefighters. While there is not side-by-side parity, the numbers are nevertheless telling:

⁸ See also, *City of East St. Louis & East St. Louis Firefighters Local No. 23, S-MA-87-25* (Traynor, 1987), where the Arbitrator, back in 1987, recognized the teak of determining where the parties would have landed had management been able to take a strike and the union able to withhold its services. In Arbitrator Traynor's words:

Because of the Illinois law depriving the firefighters of the right to strike, the Union has been deprived of a most valuable economic weapon in negotiating a contract with the City. There seems to be little question that if the firefighters had been permitted to strike, and did so, insisting on increased wages, public pressure due to the lack of fire protection would have motivated the City Council to settle the strike by offering wage increases.

Id. at 11.

**Park Ridge Police and Firefighters ⁹
General Wage Adjustments**

Date	Police (FOP)	Firefighters (IAFF)
5/1/1999	3.25%	3.25%
5/1/2000	3.5	3.5
5/1/2001	3.5	4.0
5/1/2002	3.75	3.75
5/1/2003	3.75	3.50
11/1/2003		1.50
5/1/2004	3.75	3.5
5/1/2005	3.0	3.5
11/1/2005	1.0	
5/1/2006	4.0	4.0
5/1/2007	3.5	4.0
11/1/2007	1.0	
5/1/2008	4.0	4.0
5/1/2009	4.0*	4.0
5/1/2010		0.0
5/1/2011		0.0
5/1/2012	2.0 (City proposed)	2.0
5/1/2013	3.0 (City proposed)	3.0

* The May 1, 2009 4.0% increase was deferred until April 30, 2010.

** The May 1, 2009 4.0% increase for firefighters was offset by unpaid vacation days (CX 17).

Source: EX 16.

What of the Union's argument that no other unit took two "zeros" in successive contract years?

The record indicates that in September of 2009, the parties agreed to a two-year collective bargaining agreement covering FY 2008-09 and FY 2009-10 (JX 4). In that agreement the parties agreed to a 4% across the board increase for FY 2008-09, with full retroactivity, and a 4% increase on April 30, 2010. The latter represented a voluntary deferral of 4% on April 30, 2010, in return for the City's pledge from laying off four bargaining unit employees. The police unit voluntarily gave up the right to receive 4% at the beginning of FY 2009-10.

Given how the numbers line up, I agree with the Administration's argument (*Brief at 17*) that it is misleading to characterize the first year of the parties' collective bargaining agreement as granting a "zero percentage" wage increase. The police unit received a 4% increase on April 30, 2010. It is not unreasonable, for comparative purposes, to count the 4% increase as having the same value if it were granted the next day, May 1, 2010. Thus, as argued by the Administration, when analyzing the parties' final wage proposals, the Union is essentially seeking a 6.00 percent first year increase (i.e., the 4.00 percent awarded on April 30, 2010, and

⁹ There is a 0.5% difference between the Administration's number and the FOP's numbers for 5/2001 (see, Union Book 1, UX 15).

the additional 2.00 percent on May 1, 2010), while the City's wage proposal should be characterized as seeking to maintain the already-agreed upon 4.00 percent increase (*Brief* at 19).

Having determined how to treat the first year of the parties' collective bargaining agreement (in effect, 4%), the Administration's wage offer to the police is essentially the same as its offer to the firefighters (5% over the last three years of the agreement), which favors its proposal.

I also find the Employer's proposal to have internal comparability to the other units that have settled contracts for FY 2011-12, specifically Local 150 of the Operating Engineers (zero percent for FY 2011-12), and ICOPS (zero percent for FY 2011-12).

Finally, the fact that fire and police have roughly paralleled each other since the late 1990's, where, apparently, no fiscal year increase was ever more than 0.50 percentage points apart (CX 16; *Brief* at 22), favors the Administration's wage offer.

External Analysis and Overall Compensation Favors the Administration's Wage Offer

Of course, comparisons to the internal bench marks is not dispositive in selecting a wage offer. Also important under Sections 14(h)(4)A and (6) of the Act is an inquiry as to the ranking on the bargaining unit relative to the external bench marks.

The evidence record indicates that the City ranks no higher than 10th out of the 17 benchmark comparables in terms of total number of sworn officers and population. Given the City's relative disadvantage in raising revenues (lower sales tax per capita, general fund revenues & balances, absence of big-box business), the City's police unit falls in the lower one-third relative to the comparables for FY 2008-09 & FY 2009-10 (*see, Brief for the City* at 24). At the same time, with the deferred 4% increase taking effect on April 30, 2010, the police increased its overall ranking by jumping to the 25th percentile of the external comparables. *Id.*

When coupled with the longevity increases awarded, *infra* at 28, I find that the City's wage offer more than maintains the unit's relative ranking.

The Effect of the Economy in Analyzing the Parties' Wage Offers

A final note is in order regarding the state of the economy and its impact of public-sector entities.

Both parties have addressed the current state of the economy and its impact on selection of final offers in their post-hearing *Briefs*. To this end, Arbitrator Peter Myers reflected on the weight that should be given to the current financial difficulties in the economy as follows:

The economic situation that now faces all employers, public and private, is one factor that “normally or traditionally” should be taken into account when considering wages, hours and conditions of employment, pursuant to Section 14(h)(8) of the Act. The financial difficulties facing the Village as a result of the ongoing economic downturn therefore must be given appropriate weight and considered here. *Village of Western Springs and Metropolitan Alliance of Police, Western Springs Police Chapter #456, S-MA-09-019* (Myers, 7/30/2010).

Arbitrator Benn devoted most of his opinion in *State of Illinois and International Brotherhood of Teamsters, Local 726, S-MA-08-262* (1/27/2009, Benn) to an analysis of the “economic free-fall” which occurred in 2007, mentioning, in part, the sharp drop in the stock market, the freezing of credit markets and the worst unemployment rates in Illinois since June, 1993.

While counsel for the City is not advancing an inability-to-pay argument, its focus on the current status of the economy and the termed “economic crisis” is valid. True, the City ranks about average regarding revenues when compared to the relevant bench-mark-jurisdictions used for an external analysis. However, as I held in *Schaumburg & Fire Command* (2011), few if any neutrals who conduct interest arbitrations and read the financial pages would rule that a city cannot be cautious in this up and down, roller-coaster economy.¹⁰

This recognition in no way, however, implies that the employees should underwrite the taxpayers in a community. Despite the national, state and local economic problems facing a public employer, it is still obligated to provide certain essential services to the community, such as police and fire protection. One Arbitrator had this to say on the balancing problem that all arbitrators are confronted:

The panel of arbitrators realizes that the City of East St. Louis is nearly bankrupt and that unless it curtails its expenses, generates greater revenues, increases in wages might force it into bankruptcy. The City government, however, is responsible for providing certain essential services such as a fire department. It cannot expect that the firefighters, who, by law, are denied the economic weapon of striking, to suffer a cut back in wages due to the loss of the purchasing power of the dollar. It therefore has the obligation of funding increases in wages.

¹⁰ As I noted in *City of Aurora & APPO, S-MA-11-121* (2011): With all due respect to the Union’s analysis, recent data indicate that the so-called “recovery” is problematic. See, “Worries Grow over U.S. Jobs,” *Wall Street Journal*, Saturday, July 9, 2011 at 1 (noting that the U.S. added 18,000 jobs in June (half of what was expected) and unemployment ticked up to 9.2%, “dashing hopes that the economy was getting back on track and raising pressure on policy makers.”).

As of July 2011 the unemployment rate remained unchanged at 9.1% (VX 24B). According to the BLS, “since April, the unemployment rate has shown little definitive movement. The labor force, at 153.2 million, was little changed in July.” In addition, consumer confidence tumbled in July to its lowest level since early 2009. (VX25A). Finally, according to the Federal Reserve, economic growth so far this year has been considerably slower than the Federal Open Market Committee expected. “Indicators suggest a deterioration in overall labor market conditions in recent months, and the unemployment rate has moved up. Household spending has flattened out, investment in nonresidential structures is still weak, and the housing sector remains depressed.” (VX 70). While there are some positive signs (business investment in equipment and software), overall not much has changed since drafting the Aurora award.

City of East St. Louis & East St. Louis Firefighters, Local 23, S-MA-87-25 (Traynor, 1987) at 12-13. Accord: Jefferson County & IL FOP, S-MA-95-18 (Briggs, 1995) (“Protective services are considered essential to the welfare of the public. It is imperative that they be maintained at a reasonable level of quality. Accordingly, it is reasonable that employees . . . be paid at levels competitive with those in comparable municipalities.” *Id.* at 12).

Overall, the City’s financial picture mirrors the national economic situation which, in turn, favors the Administration’s final offer. I credit the City’s argument regarding its General Fund balance declining since FY 2007-08 through 2010-11, \$6 million in one year alone (R. 128). At the same time, the City’s expenditures have continued to increase over this same period, resulting in a total net income deficit for three fiscal years over \$8 million (*Brief for the Employer* at 6). The General Fund balance is now approximately \$7.6 million in FY 2010-11 (from a high of \$15.5 million in FY 2007-08)(CX 25). The numbers reveal the following:

FY Ended April 30,	Revenues	Expenditures	Net Income	General Fund Balance (or deficit)
2007	31,584,187	25,207,793	6,376,394	15,463,838
2008	25,520,969	27,237,736	(1,716,767)	13,747,071
2009	25,423,930	27,792,654	(2,368,724)	11,378,347
2010	25,313,437	29,024,255	(3,710,818)	7,667,529

Source: EX 25.

The trends regarding a decrease in revenues and an increase in expenditures, causing the General Fund Balance to decline, is noteworthy.

I also credit the City’s argument regarding the revenue stream being impacted by the unique demographics of Park Ridge (the absence of “big box” stores and the number of retail outlets that have closed)(*See, Brief for the Employer* at 7; EX 28).

Add to this the City’s increase in medical¹¹ and pension costs (CX 24), the reality favors caution in the current economic environment. This position is consistent with the statute’s mandate that the interest and welfare of the public be considered as a criterion.

To this same end, I find that the City’s wage offer creates no detriment to the public services provided by the bargaining unit and, therefore, the public interest is best served by the adoption of the City’s proposed wage increases, rather than the Union’s proposal. The fact that the City did not enter an inability-to-pay argument is not dispositive of anything. As correctly outlined by Arbitrator Edward Clark in *City of Gresham & IAFF 1062*

¹¹ The numbers are revealing and, overall, favor granting the City relief:

	2008	2009	2010	2011
Total Premiums:	\$424,032	\$429,347	\$429,347	\$538,776
Percent Increase:				27.06%

Source: CX 50.

(1984), the fact that public management is able to pay a specific wage proposal is not grounds for awarding it. In the Arbitrator's words:

Having observed that the City has the ability to pay an increase does not mean that the City ought to pay an increase unless it is satisfied that there will be some public benefit from such expenditure. The City exists for the service and benefit its residents not for the benefit of its employees. The careful management which characterizes the City of Gresham in matters such as this is confirmed by the high bond rating from Moody's, the widely respected financial rating service. Residents need many services such as police, parks, street repairs, court, in addition to fire services. In our system, the elected representatives of the people of Gresham make policy decisions on the apportionment of funds among a variety of public services based upon recommendations of its professional staff. The City must also consider the salary expectation of other employees besides firefighters and the reciprocal impacts from decisions relating to one classification of employee compared to another.

Arbitrator Clark's reasoning applies here also. Accord: City of Southfield, 78 LA (BNA) 153, 155 (Killingsworth, 1982)(holding that the employer's ability to pay may probably be taken into consideration only within the limits of a "zone of reasonableness" which "is determined by examining wage rates in other cities for similarly situated employees.").

Cost-of-Living Considerations

To the extent that cost-of-living considerations are relevant in this parity-driven case, the evidence record indicates that the CPIU for the Chicago metropolitan area from May 2008 through May 2011 was approximately 2.4%, making both parties' final offers in the overall ballpark (CX 13). The Administration's argument that it makes more sense to look at changes in the CPI over a broader time perspective is indeed valid. Given this focus, the bargaining unit is not falling behind relative to the CPI.

Equally important, future projections with respect to the CPI (around 2% for 2012 and 2013) supports the Administration's wage offer (CX 11; *Brief* at 27). Indeed, when compared to changes in wages (8.0%), the unit fares particularly well with an average CIP at 2.4% (CX 14):

Annual Changes in Consumer Price Index Price Index: May 2008 – May 2011

	Annual CPI	Wage increase
2008-2009	-2.40%	4.0%
2009-2010	1.50%	4.0%
2010-2011	3.30%	0.0%
Total:	2.40%	8.0%

Source: EX 14.

The City's Wage Offer is Consistent with Numerous Arbitration Awards

Under the “catch-all” criterion of Section 14(h)(8), particular attention should be paid to the wage awards in six recent interest arbitration decisions, which speak to both the extraordinarily difficult economic times which exist for all public employees and the employer’s task to balance declining revenues with increasing expenses. *See, City of Chicago* (2010)(where Arbitrator Benn awarded a 5-year contract term, and annual wage increases that totaled 10% (non-compounded) for 5 years. Thus, the average annual increase under the award was 2%); *City of Rockford* (where Arbitrator Yaffe awarded the city’s proposed increases of 0% for 1-1/2 years, 2% for 1-1/4 years, and 2% for ¼ year (3 months)); *City of Rockford* (increasing wage rates by 4% (non-compounded) over three years, or an average of 1.33% per year); *Village of Romeoville* (Arbitrator Fletcher awarded the employer’s proposed 2% wage increase in each of three contract years starting 5/1/09); *Village of City of Belleville* (Arbitrator Goldstein awarded across-the-board increases of 3.25%, 0% and 2.5% for the three contract years commencing 5/1/08. Thus, the aggregate “across the board” increases were 5.75% over 3 years, or an average of 1.92% per year); *City of Evanston* (where Arbitrator Goldberg awarded increases of 2.5%, 0%, and 2% (and an additional 1% in the last 6 months) for the 3 years commencing 3/1/09, or an average of 1.83% per year); and *Village of South Elgin* (where Arbitrator McAlpin adopted the employer’s 1.75% - 1.75% proposal, and rejected the Union’s 2.25% - 2.75% demand). *See also, State of Illinois, Dept of Central Management Services and IBT, Local 726 (“ISP”)*(Benn, 2010)(noting that since the Patrol Officers’ last wage increase on May 1, 2008, “the economy simply tanked;” *Sheriff of Cook County and AFSCME Council 31*, ILRB Case No. L-MA-098-003 (Benn, 2010), (“*Sheriff of Cook County IIP*”)(“As of this writing, the economic outlook and the chances for recovery in the short-term are simply not good.”); *City of Danville*, S-MA-09-238 (Hill, 2010)(rejecting Union’s proposed 9% wage increase over three years, in favor of City’s offer of 7% wage offer).

Clearly, the City’s wage offer (effectively 9% over four years, more when longevity is factored in) is consistent with the prevailing trends evidenced by published awards.

For the above reasons, the Village’s final offer on salaries is awarded.

C. Longevity

Union: *Status Quo.*

Employer: Effective May 1, 2012, longevity to be awarded at Step:

G Step (completion of 10 yrs of service) remains \$1,050/yr in addition to the F Step.

H Step (completion of 15 yrs) increased from \$1250 to \$1,500/yr (a \$250 increase) in addition to the F Step.

I Step (completion of 20 yrs) increased from \$1450 to \$1800/yr (a \$350 increase) in addition to the F Step.

Longevity pay shall be effective on the anniversary date of employment according to the continuous length of service as specified, subject to the satisfactory merit ratings. It should be pointed out that longevity pay is not necessarily to be considered automatic upon completion of the necessary years.

(JX 3).

* * * *

Interestingly, the Union has asked for no increase in longevity while the Administration has offered an increase in longevity payments in year three (May 1, 2012) of the parties' collective bargaining agreement. The record indicates that Park Ridge has not received any increase in longevity payments since May of 2000 (Union Book 1; UX 22). Unlike the insurance issue, where no *quid pro quo* can be identified, here the City is offering a *quid pro quo* in longevity increases for relief on holiday pay.

Given the demographics of the bargaining unit, the Union asserts that only 20% of the entire membership would reap the benefit of the \$250 and \$350 increase in longevity payments (Brief at 32; Union Book 1; UX 13). This, says the Union, is an inappropriate give back for the enormous concessions it is seeking (the FOP characterizes it as "ludicrous")(Brief at 32).

Still, in recognition of the realities of interest arbitration, the FOP acknowledged that if the City's wage proposal is to be awarded, it would make sense to award the City's longevity provision (Brief at 33).

In view of my decision on wages, and the offered rationale, the City's longevity provision is awarded.

D. Medical & Insurance Plans, Paragraph 3 of Article VI, D (Medical Plans)

Union: *Status Quo.*

Employer: Increase percentage of premium to be paid by the employee for all plans from 10% to 11.5% effective 05/01/12 and to 13% effective 05/01/13.

Remove current dollar caps on monthly premiums.

Add language that the amount of an employee's applicable monthly premium shall not exceed the amount of the applicable monthly premium required of other regular full time non-represented City employees generally.

(JX 3).

Premium costs under the medical plans are controlled by the concept that both the City and the employee shall share in payment of the premium cost for both employee and dependent coverage.

The Union correctly points out that the City is seeking a so-called “breakthrough” on a long-standing contractual provision, especially when the City is requesting the removal of all caps.¹²

In *City of Aurora & IAFF 99* (Kohn, 1995), S-MA-95-44, Arbitrator Lisa Salkovitz Kohn considered Aurora’s proposal to increase the length of time in the first two steps of the salary structure for firefighters hired *after* the effective date of the contract. The record indicated that the Aurora firefighters’ maximum base salary was “approximately average for the comparison group, although they have the lowest starting rate.” *Id.* at 18. In rejecting the City’s final offer, Arbitrator Kohn, in reflecting the better weight of arbitral authority, had this to say regarding the City’s burden when requesting a change in benefits:

When one party proposes to modify a benefit, that party bears the burden of demonstrating a need for a change. *Village of Elk Grove & Elk Grove Firefighters Association, Local 2298, IAFF, supra* at 67. Here, the City offered no reason to lengthen the time period for Steps A and B from six months to 1 year, other than the fact that its police officers have accepted this change, albeit only for the duration of the current contract, and the City, having imposed it on their executive and exempt employees, now intends to seek this extension from all other bargaining units. **However, a “breakthrough” of this sort is best negotiated at the bargaining table, rather than being imposed by a third-party process.** *Kohn* at 19 (emphasis in bold mine).

The lesson here is this: Arbitrator Kohn rejected Aurora’s offer, reasoning that “a breakthrough is best negotiated at the bargaining table,” a position endorsed by numerous arbitrators.

Significant in Park Ridge is the fact that numerous arbitrators have given their blessing to insurance uniformity within a city. As outlined by Wisconsin Arbitrator Edward Krinsky in *City of Elgin & Local 439, IAFF* (2005):

Given that the City’s offer achieves internal consistency to a much greater degree than the Union’s offer, and that both offers result in employees paying significantly smaller premiums than employees in the comparable jurisdictions, the arbitrator favors the City’s offer with respect to Health Insurance Premiums (*Krinsky* at 9-10).

Arbitrator Krinsky accepted the City’s offer even though the Firefighters would be making larger contributions in 2006 than any of the other units. *Id.* at 8. Also, the bargaining unit would be making contributions some three months before the police and other bargaining units. *Id.* at 9. Finally, the employer’s insurance costs were significantly lower (second lowest)

¹² To be fair, an argument can be made that insurance adjustments only designed to bring uniformity to employee groups should not be considered as a “breakthrough,” especially when a union has not offered anything by way of a *quid pro quo* to address skyrocketing health premium costs.

relative to the bench-mark jurisdictions. *Id.* While neither offer provided complete internal uniformity of benefits, Arbitrator Krinsky awarded the City's final offer since that offer achieved internal consistency "to a much greater degree than the Union's offer." *Id.*

Similarly, in *Village of Schaumburg & Metropolitan Alliance of Police Chapter 195* (2007), Arbitrator Tom Yaeger found compelling notions of internal consistency with respect to insurance benefits. On this subject the Arbitrator had this to say:

The Village argues that the Arbitrator should select its final offer to maintain the Village-wide uniformity with respect to its generous flexible benefit plan since the Union has not met its burden of demonstrating a compelling reason to create unique terms applicable only to this bargaining unit. It contends that Illinois arbitrators with amazing uniformity recognized the strong interest of employers in maintaining uniformity with respect to health insurance and cited the arbitrator to several of those decisions.

* * *

As I discussed earlier, **unless there is some compelling reason why this bargaining unit should not be treated like the other Village bargaining units, the Village's ability to negotiate the same provision with its other represented bargaining units should receive significant if not controlling weight in this interest arbitration.** Again, as was the case with the Union's wage proposal there is no record evidence that persuades me this principle should not be controlling in this instance. There is no evidence relevant to this issue that distinguishes this unit from the others. (*Id.* at 25-27, emphasis mine).

Chicago Arbitrator Elliott Goldstein, in *Elk Grove Village & Metropolitan Alliance of Police* (1996), agreed with the position articulated by the above arbitrators. His reasoning regarding uniformity of insurance benefits is noteworthy:

However, I believe that the factor of internal comparability alone requires selection of the Village's Insurance Proposal, as the Village believes. Prior to 1994, I note, the Village had always provided insurance benefits to all Village employees on an equal basis. All of the Village's various insurance options were made equally available to union and non-union employees alike, and on the same terms and conditions, including the same dollar amount of employee contributions.

* * *

Arbitrators have uniformly recognized the need for uniformity in the administration of health insurance benefits. Arbitrator Fleischli in *Village of Schaumburg and FOP* (September 15, 1994) perhaps stated it best when he explained:

In the case of benefits like health insurance, internal comparisons can be particularly important because of the practical need to establish uniformity in the largest pool for reasons of fairness and to hold down overall costs.

Id. at 36.

Arbitrator Feuille's analysis in *City of Peoria and IAFF* (September 11, 1992) is also illustrative. In that dispute, the City was "moving in the direction of bringing all of its employees under the new health insurance plan," while the fire union wanted a separate plan and program for its employees. Covering the weight to be given to the factor of internal comparability, Arbitrator Feuille was of the view that:

. . . the health insurance issue in dispute here is a city-wide issue, in that the City is trying to continue to maintain City-wide uniformity in its health insurance plan whereby all employees will receive the same medical and dental benefits and also make contributions according to the same contribution formula. In other words, health insurance is not an issue that is somehow unique to this City bargaining unit. Instead, it is most usefully addresses from a city-wide perspective.

Accordingly, the Panel believes that the internal comparability evidence deserves considerable weight. Unlike some other labor-management issues, this health insurance issue is the type of issue where comparisons with other City employees are imminently appropriate and useful. In this instance, other city employees constitute healthy appropriate comparison groups within the meaning of Section 14(h) of the Act. This internal evidence provides much stronger support for the City's offer than for the Union's offer.

Goldstein at 96-97, quoting Arbitrator Peter Feuille at 31-32.

And finally, Arbitrator Robert Callaway, in *City of Galena, IL*, S-MA-09-164 (2010), reflected the better weight of arbitral authority when he observed:

Unless it is evident there are exceptional patterns or unusual conditions, it is generally accepted under arbitration law that internal comparables carry substantial weight on this issue. Insurance cost/benefit issues normally move beyond a separate bargaining unit where that unit is an integration in the economics of a larger risk pool for cost/benefit purposes."

Id. at 10.

* * * *

I agree with Arbitrators Krinsky (2005), Yaeger (2007), Goldstein (1996), and Callaway (2010), along with many others cited by the Administration in its *Brief* at 34-35, regarding the

issue of establishing an insurance provision that no other unit has and the need for uniformity.¹³ Significantly, but not dispositive in this case, the City recently concluded a voluntary deal with the firefighters (IAFF) that includes the very same insurance contribution increases as outlined in the City's current proposal, all without "caps." ICOPS are at a flat 10% contribution rate, but without any caps (CS 51; R. 149; *Brief for the Employer* at 33).¹⁴ Also of note, the non-bargaining unit workforce is also required to pay the same insurance premiums, without caps, as the firefighters.

Rejecting the Administration's health insurance proposal, and clinging to the *status quo*, the FOP asserts that the *only* reason proposed by management for accepting the revised insurance proposal is because the firefighters agreed to it. Of course, if the argument of management is that everyone at Park Ridge should be on the "same page" on insurance (not unreasonable, by the way), and that is the only argument proffered, no arbitrator operating under the statute could award uniformity *on that basis alone*. As pointed out by Arbitrator Elliott Goldstein, in *Metropolitan Alliance of Police, Chapter 471*, FMCS Case 091103-0042-A (2009), held that "Adopting this logic, in my view, would be tantamount to abandoning my duty under the Act to select one of two 'last best offers' which closely complies with established statutory criteria." *Id.* at 67. *Accord: City of Waterloo & IL FOP*, S-MA-97-198 (Perkovich, 1999)("Simply to say that the Employer's other bargaining units have agreed to percentage health contributions without caps is not enough. Rather, because interest arbitration is intended to replicate what the parties would have bilaterally adopted, I believe evidence of internal comparability must be of such a degree and/or bear a history that is strong and fixed. Tests that one might use to make this assessment would include the length of time the agreements or terms have been extant with the other groups, the other concessions those groups obtained in return for those terms and conditions, and the history of bargaining on the same issue between the parties to the arbitration." *Id.* at 7).

In addition to the fact there is *not* across-unit uniformity of insurance benefits currently at Park Ridge, there is an additional consideration favoring the FOP. Other than citing arbitrators' rulings and entering a plea for uniformity, no *quid pro quo* is cited by the Administration for this significant concession. *See, City of Danville & IAFF*, S-MA-09-238 (Hill, 2010)(noting that employer offered an insufficient *quid pro quo* for moving to alternative insurance provision).

¹³ For the record, I would not deny a party's offer that included a provision that few or none of the internal or external comparables had for that reason only. However, the proponent of that provision would bear a heavy burden in establishing that the other side was being unreasonable in its stance. Indeed, there is authority that uniformity of benefits among employer groups should be given controlling weight. *See, e.g., City of Elgin & IAFF Local 439* (Krinsky, 2005)(where the Arbitrator ruled that, "an item such as the administration of sick leave benefits should be uniform within a municipality wherever possible, in order to avoid confusion and unfairness."); *Village of Schaumburg & MAP* (2007)(where Arbitrator Thomas Yeager ruled in favor of the Employer on the basis that deviation from uniform policy is a "type of change best achieved through mutual agreement rather than imposition by a third party." Arbitrator Yeager found consistency among bargaining units on the issue of sick leave buyback controlling). *See also, City of Waterloo & IL FOP*, S-MA-97-198 (Perkovich, 1999)("I find that indeed internal comparability on the issue of health insurance is a significant determinant and indeed may carry the day, especially when, as here, the external comparability evidence is not overwhelmingly to the contrary. *Id.* at 6).

¹⁴ The City asserts that after the expiration of the one-year collective bargaining agreement extension with ICOPS, it will be seeking to negotiate the very same health insurance premium contribution increases as outlined in the City's current proposal, all without "caps." (*Brief for the Employer* at 33). Noteworthy, the ICOPS apparently have a "me too" clause so that if the City makes changes to other non-represented employees' insurance, the ICOPS unit has to accept the same changes (Union Book 2; EX 26)(*Brief for the Union* at 36).

Fire received a number of benefits from the City as a *quid pro quo* for moving to increased contributions and no caps.¹⁵ I have been through the City's *Brief* line-by-line (*Brief* at 32-35) as well as the transcript and cannot ascertain any argument that it has offered a *quid pro quo* for the increased insurance contributions with no caps. Again, its focus is on the firefighters' contract which, by itself, does not warrant an arbitrator removing a long-standing benefit.

Make no mistake, history aside, the FOP is hanging on to an allocation that will become more scarce and expensive as time passes.¹⁶ The City has argued that it has experienced medical costs increases of 13 and 15 percent in FY 2010-11 and 2011-12, respectfully (CX 24). It is unreasonable to respond negatively to requests for relief from the bargaining unit. Any argument that the City has not shown a need for a change is illusory. Still, one reason for arbitrators not changing insurance packages is that a party may have paid dearly in the past to maintain "super benefits." To do so without a sufficient reason, including a *quid pro quo*, is dysfunctional to the bargaining process. Arbitrator Sharon Imes, in *School District of Wausau v. Wausau Education Ass'n* (1982)¹⁷ expressed this principle as follows:

It is not uncommon for arbitrators to require a "compelling need" be shown and/or that a *quid pro quo* exists in order to justify the removal of benefits secured by a party through negotiations

. . . .

15

In its *Brief*, the FOP outlined some of the benefits received by the firefighters during the last round of bargaining:

Most recently, Fire settled with the City on a three-year contract, from May 1, 2011, until August 30, 2014. During negotiations, Fire accepted a wage increase of 0% in 2011, an increase in insurance premiums, the elimination of insurance caps and other substantial concessions. However, in exchange for these take backs Fire made high gains, and even obtained breakthrough items. They received minimum staffing guarantees which meant assurances of employee safety, guaranteed overtime and an inability by the department to privatize fire duties. They received PEHP (post employment health plan) and the Employer agreed to contribute two sick days per year annually into that plan, separate and apart from the sick time that members are already allowed to cash out under the contract. They received an extra day of holiday pay and substantial improvements to their sick leave policy. (*Brief* at 20-21; Union Book 1, UX 12).

The FOP's argument that the City is seeking the same substantial concessions that were agreed to by the firefighters but unlike the fire scenario, the City has not and is not offering the Police Union any meaningful items in return, is not in left field. (*Brief* at 21).

16

In *City of Danville*, S-MA-09-238 (2010), I pointed out the realities of hanging on to a Cadillac-type insurance provision. My thoughts are applicable in Park Ridge.

For the record: By the thinnest of margins I am awarding the Union's *status quo* position on health insurance benefits but with this declaration: The Union's continued insistence on being separate from the rest of the bargaining units at Danville is problematic, at best, for the near future. Gone are the days when employees can isolate themselves from the realities of the economy – an economy that has really tanked, quoting Arbitrator Benn – by insisting on retaining Cadillac-type insurance benefits negotiated in an entirely different economic environment from the present. Skyrocketing health-care costs will eventually mandate moving everyone from 90-10 to 80-20 co-payments. This phenomenon has forced many cities in Illinois to get out of the business of providing health insurance to retirees. There will be a point in time that economic necessity will mandate a change from the status quo. Danville will not be exempt. My guess: The next round of arbitration will again be the forum for another contest between the parties regarding a plea for uniformity. Given the evidence record before me, however, coupled with my awarding the City's final offer on wages for three years (1%, 3%, and 3%), I hold only that management has not shown an appropriate justification and *quid pro quo* to move the bargaining unit to a city-wide program at this time.

Id. at 52-53.

17

Decision No. 18189-A, Wisconsin Employment Relations Commission (Imes, Arb. 1982)(unpublished).

Absent a showing of need for change or a showing of financial difficulties if the *status quo* were to be maintained, the undersigned finds no reason why she should implement a change in the working conditions which is more appropriately accomplished voluntarily by the parties. *Id.*

The infirmity in Park Ridge is that there is no current uniformity with respect to insurance contributions & caps between the bargaining units (I count only firefighters and non-bargaining unit employees as uniform, the later of less relevance than the former unit). Nor has there been uniformity in the past. Indeed, in every year but one since May of 2001, there were differences in police and firefighters' contributions (*See*, Union Book 2; UX 26). Moreover, if there is a *quid pro quo* offered, it is not at all clear to me what it is. Indeed, with the exception of longevity, where the City outlines with specificity its *quid pro quo* for relief on holidays, I find no *quid pro quo* operative with respect to insurance concessions. Had there been a *quid pro quo* and/or any kind of historical parity or uniformity in insurance contributions & caps (where the police are seen as unreasonably "holding out" relative to every other unit), the result would be different. Absent such an evidence record, the FOP makes the better case.

For the above reasons, the FOP's final offer on insurance is awarded (as amended)*

* On December 13, 2011, the Insurance issue was remanded to the parties to consider adding language providing that the bargaining unit would indeed contribute 10% toward medical insurance. Pursuant to the remand the Union agreed to amend its final offer as follows:

Article VI, Section D, MEDICAL PLANS (Premium Costs):

The Union offers a 10% increase in current caps for each year of the contract, effective 5/1/12 of the contract, as follows:

Current Caps -- PPO 250 single -- 92.00
PPO 250 family -- 225.00

PPO 1000 single -- 39.70
PPO 1000 family -- 101.15

HMO single -- 54.45
HMO family -- 121.00

Effective 5/1/12 PPO 250 single/family: 122.45/299.48
PPO 1000 single/family: 52.83/134.63
HMO single/family: 72.47/161.05

E. Holiday Pay

Section 6 and 7 of Article VII of the parties' current collective bargaining agreement (as well as paragraphs 5b and 5c of the parties' Memorandum of Agreement) provide for double-time-and-a-half pay for all hours worked by a bargaining-unit employee on a designated holiday (whether a regularly scheduled holiday or a call-back occurring on a holiday). In addition, for holiday call backs, an officer receives eight (8) hours of compensatory time for the holiday.

Union: *Status Quo.*

Employer: Holiday Pay Scheduled – decrease pay from double time a one half for all hours worked to time and a half for all hours worked and 8 hours compensatory time for the holiday.

Holiday Pay Force Back – decrease pay from double time and a half for all hours worked and 8 hours of compensatory time to double time for all hours worked on the holiday and 8 hours compensatory time for the holiday.

* * * *

I credit the Administration's argument regarding the excessive allocation of resources for overtime holiday payments. As noted, with an expenditure of \$160,000 in direct holiday payment costs in FY 2009-10, this number constitutes approximately 60% of the Department's overall overtime budget (CX 44). The City also attributed \$1, 369 as indirect costs incurred when an officer elects to take compensatory time in lieu of cash (CX 44).

I also credit the City's arguments regarding how these costs stack up relative to the bench-mark jurisdictions. Only three (Bartlett, Carol Stream & Glen Ellyn) of the 17 comparables offer 2.5 times pay (or its equivalent) for work on a holiday. The remaining comparables offer something less than double time-and-a-half.

The City's proposal is a modest way of placing some limitations on the increase in holiday pay costs. The offset of compensatory time of an additional eight hours is noteworthy, which will bring the City in line with the external comparables. When considered with the longevity award, the final offer of the Administration is more than reasonable.

For the reasons stated, the City's final offer on holiday pay is awarded.

F. Specialty Bonus Pay

Section Q of Article VI of the parties' current contract provides for a series of additional bonus payments for specialty work assignments. Currently, those assignments include School Resource Officers, Evidence Technicians, Field Training Officers and Accreditation Officers.

Union: Add Range Officer to list of recognized specialties, to be paid \$100/mo. Otherwise, *Status Quo*.

Employer: Remove School Resource Officer and Evidence Technician (non patrol) from list of recognized specialties. Eliminate Accreditation Officer from list of recognized specialties as of January 1, 2011.

* * * *

As noted, both parties propose wholesale changes to Section Q, with the FOP wanting to add a classification (Range Officer) and the City desiring to remove bonus payments for three (3) classifications, one effective January 1, 2011 (Accreditation Officer). The correct call here is the *status quo* which, of course, is not an option presented by the parties.

I agree that there is no justification for the Union's proposal to add yet another specialty bonus pay assignment to Article VI where only of the 17 agreed-upon comparables provide specialty pay for Range Officers (CX 36). Moreover, apparently the parties have already agreed that the Accreditation Officer's bonus pay should lapse once the incumbent officer leaves that position (*Brief* at 35; R. 150). Also, no bench-mark jurisdiction offers such a bonus for officers who pay accreditation work (CX 53).

On balance, the Administration makes the better case and its position is awarded.

VI. AWARD

Applying the statutory criteria outlined for interest arbitrators, and for the reasons articulated above, as well as the authority vested in me by Section 14 of the Act, the following is awarded:

- | | |
|-------------------------|----------------------------------|
| A. Term of Agreement: | City's final offer |
| B. Wages: | City's final offer |
| C. Longevity: | City's final offer |
| D. Insurance: | Union's final offer (as amended) |
| E. Holiday Pay: | City's final offer |
| F. Specialty Bonus Pay: | City's final offer |

Dated this 20th day of December,
2011, at DeKalb, IL 60115



Marvin Hill,
Arbitrator

2011 INTEREST ARBITRATION

Between

THE CITY OF PARK RIDGE, ILLINOIS ("City")

And

ILLINOIS FRATERNAL ORDER OF POLICE LABOR COUNCIL ("Union")

UNION'S AMENDED FINAL OFFER REGARDING INSURANCE

December 20, 2011

Article VI, Section D, MEDICAL PLANS (Premium Costs):

The Union offers a 10% increase in current caps for each year of the contract, effective 5/1/12 of the contract, as follows:

Current Caps –	PPO 250 single – 92.00
	PPO 250 family – 225.00
	PPO 1000 single – 39.70
	PPO 1000 family – 101.15
	HMO single – 54.45
	HMO family – 121.00
Eff. 5/1/12 -	PPO 250 single/family: 122.45/299.48
	PPO 1000 single/family: 52.83/134.63
	HMO single/family: 72.47/161.05

With respect to all other provisions, the Union offers status quo.

Marvin Hill - Park Ridge Amended Insurance Proposal

From: Tamara Cummings <tcummings@fop.org>
To: Marvin Hill <mhill@niu.edu>
Date: 12/20/2011 2:10 PM
Subject: Park Ridge Amended Insurance Proposal
CC: "Robert J. Smith, Jr." <RSmith@cbslawyers.com>, Becky Dragoo <bdragoo@fo...>
Attachments: 2011 IA amended insurance proposal.doc

Arbitrator Hill:

At our last meeting, the City agreed to allow the Union to amend its insurance final offer. I am attaching that amended offer for your consideration.

By way of explanation, the proposal represents a 10% increase in CAPS for each year of the contract, but not effective until 5/1/12. This is consistent with the Employer's proposal on insurance which would not take effect until 5/1/12. Historically, the parties have negotiated 10% increases in CAPS which is how the 10% was derived. Thus, if the Employer's premium amounts increase, it will have the ability to obtain higher contributions from Union employees.

Given that the Union has had insurance protections in the contract since 1985, and specifically CAPS in the contract since 1997, as well as the bargaining history between the parties, the Union, acting on behalf of the membership, simply can not voluntarily abolish the CAPS in the absence of a meaningful quid pro quo in exchange.

We eagerly wait your final decision in this matter.

Tamara Cummings

