BEFORE
EDWIN H. BENN
ARBITRATOR

In the Matter of the Arbitration **between** **VILLAGE OF CHICAGO RIDGE** **and** **CHICAGO RIDGE PROFESSIONAL FIREFIGHTERS UNION, IAFF, LOCAL 3098**	Arb. Ref. 05.160 (Interest Arbitration)

OPINION AND AWARD

APPEARANCES:

For the Village: Nick A. Cetwinski, Esq.

For the Union: Lisa B. Moss, Esq.

Place of Hearing: Chicago Ridge, Illinois

Date of Hearing: September 23, 2005

Date of Award: October 3, 2005

I. BACKGROUND AND ISSUE IN DISPUTE

The Union represents Lieutenants and Firefighters/Paramedics.[1] The parties have had collective bargaining agreements since 1989, the most recent expiring on December 31, 2004.[2] There are a total of 19 members in the Department — the Chief, three Deputy Chiefs and 15 bargaining unit members.[3]

The parties have agreed to a new two year agreement ("Agreement").[4] However, there is one issue in dispute in this case concerning the terms of a pay buyout at the time of retirement under the new Agreement.

The Union proposes the following be added to the Agreement:[5]

ARTICLE XIII, SECTION 13.1

INSERT THE FOLLOWING AFTER THE WAGE CHART AND BEFORE LONGEVITY SCHEDULE:

RETIREMENT PROVISIONS

The parties further agree to the terms and conditions of the Letter of Understanding, attached hereto and incorporated herein as Appendix B.

APPENDIX B

LETTER OF UNDERSTANDING REGARDING ARTICLE XIII, SECTION 13.1 (WAGES)

1) Buyout of 20% of pay at time of retirement or 14% of pay at time of retirement as described below:

a) If a bargaining unit employee retires on his/her 25th anniversary year and is under the age of 50 years, he/she can retire with a 20% buyout (paid per hour only for last day worked);

b) If a bargaining unit employee retires on his/her 25th anniversary year and is 50 years of age or over, he/she can retire with a 20% buyout (paid per hour only for last day worked). He/she must retire on his/her 25th anniversary;

c) If a bargaining unit employee reaches his/her 25th anniversary year and is under 50 years of age, he/she can continue to work until his/her 50th birthday, at which time he/she can retire with a 14% buyout (paid per hour only for last day worked);

d) If a bargaining unit employee exceeds 25 years of service, he/she is not eligible for a 20% buyout.

e) If a bargaining unit employee exceeds 25 years of service and is 50 years of age or older, he/she is not eligible for any buyout.

2) If the provisions contained herein are deemed illegal or unconstitutional, or for any other reason cannot be made available to the employee (unrelated to the employee's own conduct or inaction) the parties

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1 Joint Exhs. 1, 2 at Article 1.1.

2 *Id.* at Article 25.1; Tr. 6.

3 Tr. 6. *See also*, Joint Exh. 7.

4 Tr. 23.

5 Joint Exh. 6(a).

> agree to serve notice to commence negotiations of a successor Labor Agreement covering all terms and conditions thereof. The parties shall then have thirty (30) days within which to commence said negotiations.

The Village is not opposed to the Union's position concerning a buyout, but the Village's position is that the buyout should be granted only in exchange for a one year wage freeze during the last year of the new Agreement [emphasis in original]:[6]

> The Employer has steadfastly proposed that is would ACCEPT the Union's proposal with regard to "retirement" <u>under the same terms and conditions that the Police Bargaining Unit accepted: one year wage freeze</u>. Furthermore, in order to assist bargaining unit employees in accepting said wage freeze, the Employer would propose that said wage freeze NOT be retroactive to Jan. 1, 2005 since the employees are not prepared for such and would propose that said wage freeze be effective prospectively: January 1, 2006 through December 31, 2006, wherein the Labor Agreement expires.

II. DISCUSSION

In their pre-hearing stipulations, the parties agreed as follows:[7]

> **COMPARABLE COMMUNITIES**
>
> The parties agree that for purposes of the instant proceeding only, and on a non-precedential basis, not to be referred to in any future proceeding unless agreed to by the parties, the comparables are internal only, including, the Police (Illinois Fraternal Order of Police Labor Council, Lodge No. 12), Public Works) Service Employees International Union, Local 1) and Administrative Offices (Service Employees International Union, Local 73) bargaining units. However, the parties further agree that historically, they have relied on the Police Bargaining unit as the most relevant internal comparable.

The Police contract contains a buyout provision similar to the one sought by the Union.[8] The SEIU contracts have no similar provisions.[9]

At first blush, the Village's position makes sense. In this case, the parties are looking to internal comparables (most notably the Police contract) and the Police have the retirement benefit the Union seeks — but when the Police obtained that benefit, they agreed to a one year wage freeze. Thus, according to the Village, if the Union wants the same benefit here, then — as did the Police — the Union should also have to take the one year wage freeze. That seems to make sense.

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[6] Joint Exh. 6(b).

[7] Joint Exh. 6.

[8] Joint Exh. 3 at Appendix B. Eligibility for the buyout under the Police contract is at 20 years. The Union seeks eligibility at 25 years. Tr. 8-9; Joint Exhs. 3, 6(a).

[9] Joint Exhs. 4, 5A.

However, notwithstanding the Village's seemingly logical approach, the Union's position must prevail.

First, as the Union points out, the Village's *quid pro quo* is out of balance. Putting aside the wage freeze issue for 2006, the parties have agreed to 4% increases for 2005 and 2006.[10] Taking the wage rates under the prior Agreement and the new Agreement, total base wages plus longevity will cost $880,602.06 for 2004; $933,041.39 for 2005; and $974,265.64 for 2006.[11] By 2011, only two bargaining unit members will be affected by the Union's proposed "spike".[12] With the assumption of a 4% increase in each of the years after 2006, the "spike" proposed by the Union will cost the Village $158.38 for one employee who will be able to take advantage of the benefit in 2009 and $171.30 for the other who will be able to take advantage of the benefit in 2011, for a total of $329.68.[13] Thus, the Village's proposal is that the bargaining unit give up the wage increase in 2006 of $41,224.25[14] in order to get one employee an increase in one day's pay to $158.38 in 2009 and another employee an increase to $171.30 in 2011.[15] That wage trade-off is nowhere near being equivalent.

Second, the driving factor in this case is internal comparability, with particular emphasis on the Police contract.[16] The Police have the benefit the Union seeks. There is no demonstrated reason why the bargaining unit should be deprived of over $41,000 in wage increases for 2006 in order to get a benefit that by 2011 will cost the Village approximately $330 in terms of wages impacting two employees.

Third, I recognize that, in reality, the cost disparity is not as lopsided as it first appears. The effect of the one day "spike" has very positive pension ramifications for retiring employees.[17] And, it may be as the

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[10] Tr. 13-14.

[11] Union Exh. 1.

[12] Union Exh. 2.

[13] *Id*. *See also*, Tr. 19.

[14] $974,265.64-$933,041.39=$41,244.25. *See* Union Exh. 1 at 2-3.

[15] As the Union points out, the wage loss to the bargaining unit is even greater than $41,224.25. Overtime and other payments tied to the wage rate are not part of this calculation. Tr. 14.

[16] *See* Joint Exh. 6 ("... the parties further agree that historically, they have relied on the Police Bargaining unit as the most relevant internal comparable.").

[17] Tr. 20.

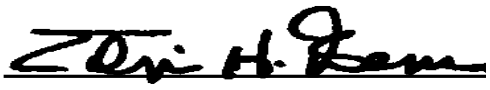
City points out, that "[i]n the long run th[r]ough this pension benefit, which is going to benefit more than 2 people in the department as time progresses, is going to cost the Pension Fund far more than $44,000."[18] But in this case, I am comparing wage benefits. And, when the employees have the same wage benefit — *i.e.*, the one day "spike" — the long term pension applications will now be the same for Police and the employees covered by the Agreement. Both groups have a pension benefit resulting from a buyout and the resulting one day "spike".

Fourth, the wage freeze in the Police contract was in 1999.[19] In terms of dollars, due to wage increases since 1999, a freeze in 2006 under this Agreement will cost each employee much more than it cost the individuals under the Police contract in 1999. That additional cost must weigh against the Village's proposal.

In sum then, the burden is on the party seeking a change to demonstrate why the change is necessary. Given that the Police contract provides for the benefit the Union seeks and the imbalance of the *quid pro quo* offered by the Village for the employees to get that similar benefit, the Union has met its burden and justified the change through internal comparability. The Union's position shall therefore be adopted.

III. AWARD

The Union's position is adopted without a wage freeze for 2006. The parties are now directed to draft language consistent with this award. I will retain jurisdiction over disputes, if any, which may arise from the drafting of that language and the reconciliation of any language concerning the terms of the new Agreement.[20]



Edwin H. Benn
Arbitrator

Dated: October 3, 2005

[18] Tr. 22.

[19] Tr. 7, 25.

[20] In addition to agreeing upon language concerning the outcome of this dispute, the parties are to reconcile their respective versions of the language for the other provisions of the new Agreement. *See* Tr. 5-6.