

**ILLINOIS LABOR RELATIONS BOARD
PETER R. MEYERS, ARBITRATOR**

In the Matter of the Interest
Arbitration between:

**POLICEMEN'S BENEVOLENT
LABOR COMMITTEE,**

Union,

And

CITY OF DANVILLE,

Employer.

Case No. **S-MA-07-220**

DECISION AND AWARD

Appearances on behalf of the Union

Sean M. Smoot—Attorney
Shane Voyles—Attorney
Eric Poertner—Chief Labor Representative

Appearances on behalf of the Employer

Timothy E. Guare—Attorney
Tony Loizzi—Attorney
Scott Eisenhauer—Mayor

This matter came to be heard before Arbitrator Peter R. Meyers on the 24th day of August 2009 at the Danville City Hall located at 17 West Main Street, Danville, Illinois 61832. Mr. Sean M. Smoot presented on behalf of the Union, and Mr. Timothy E. Guare presented on behalf of the Employer. The Union's post-hearing brief was received on or about June 28, 2010; the Employer's post-hearing brief was received on or about June 22, 2010.

Introduction

In 2007, the City of Danville, Illinois (hereinafter “the City”), and the Policemen’s Benevolent Labor Committee (hereinafter “the Union”) entered into negotiations over a successor collective bargaining agreement to the contract scheduled to expire as of April 30, 2007. That contract covers a bargaining unit composed of nine command officers holding the ranks of sergeant and commander within the City’s Police Department (hereinafter “the Department”). Although the parties were able to resolve and agree upon most of the provisions that will make up their new collective bargaining agreement, there nevertheless are unresolved issues remaining between them.

Pursuant to the Illinois Public Labor Relations Act, 5 ILCS 315/1 *et seq.*, this matter was submitted for Compulsory Interest Arbitration and came to be heard by Neutral Arbitrator Peter R. Meyers on August 24, 2009, in Danville, Illinois. The parties submitted written, post-hearing briefs in support of their respective positions on the issues remaining in dispute; the City’s post-hearing brief was received on or about June 22, 2010, while the Union’s was received on or about June 28, 2010.

Relevant Statutory Provisions

ILLINOIS PUBLIC LABOR RELATIONS ACT 5 ILCS 315/1 *et seq.*

Section 14(h) Where there is no agreement between the parties, or where there is an agreement but the parties have begun negotiations or discussions looking to a new agreement or amendment of the existing agreement, and wage rates or other conditions of employment under the proposed new or amended agreement are in dispute, 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) Comparisons 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.

Issues Submitted for Arbitration

The following economic issues remain in dispute between the parties:

1. Article 22, Section 22-1, Group Insurance; and
2. Article 23, Wages.

The following non-economic issue remains in dispute between the parties:

1. Article 34, Term of Agreement.

Discussion and Decision

The City of Danville, Illinois, has a population of about 31,000, and it is located near the border between the State of Illinois and the State of Indiana, about 150 miles south of Chicago and about thirty miles east of Champaign-Urbana, Illinois. Danville is surrounded by rural areas, and the City's industrial and commercial sectors are in decline. The most recent data available at the time of the hearing in this matter reveal that the City's unemployment rate is at 10.9%, showing that the City has not escaped the economic challenges that currently face the State, the country as a whole, and even most of the world.

The record reveals that there are two established bargaining units with the City's Police Department. One of these units represents sworn peace officers holding the rank of patrol officer, while the other bargaining unit, the unit involved here, is comprised of nine peace officers who hold either the rank of sergeant or the rank of commander.

The record in this matter establishes that there have been a number of collective bargaining agreements between the parties here, with the most recent one having an effective term from May 1, 2004, through April 30, 2007. As will be true of the parties' new collective bargaining agreement, the parties' most recent contract was finalized and implemented only after the parties took part in binding interest arbitration. Arbitrator George Larney conducted this earlier interest arbitration proceeding between these two parties and issued an Award that resolved the disputes that then were outstanding between them.

The process leading up to the instant interest arbitration hearing is somewhat

involved. The parties engaged in collective bargaining over a new contract through mid-July 2008, more than a year after the scheduled expiration of their prior contract. In late 2007, because of the length of their negotiations, the parties agreed to a 3% wage increase for the bargaining unit that was retroactive to May 1, 2007. Danville's City Council approved this wage agreement in February 2008. The other terms of the parties' 2004-2007 agreement remained in effect during the course of their negotiations over the new agreement.

In July 2008, after the parties were unable to agree on certain outstanding issues, the Union declared impasse and demanded interest arbitration under Section 14 of the Act. After further unsuccessful efforts to resolve the outstanding issues, the parties selected Arbitrator Paul S. Betts in September 2008 to serve as the neutral arbitrator in the interest arbitration proceeding. Shortly after this selection, the Union filed an unfair labor practice charge before the Illinois Labor Relations Board, asserting that the City's proposal in connection with placing command officers in the City's insurance plan constituted a permissive subject of bargaining that could not be bargained to impasse.

In March 2009, the parties again met and were able to reach tentative agreements on several of the outstanding issues between them. At that point, five issues remained: the term of the new agreement; employee insurance premium co-payments; wages; longevity-based compensation; and the terms of health care coverage. In early May 2009, Arbitrator Betts informed the parties that he was unable to serve as arbitrator in this proceeding, and the parties subsequently selected this Arbitrator. The parties exchanged final offers on the remaining impasse issues on August 13, 2009, and the hearing in this

matter was scheduled for August 24, 2009.

On August 19, 2009, the Union filed, and the City joined in, a Petition for Declaratory Ruling before the ILRB, asking the ILRB to determine whether the City's proposal relating to the "terms of insurance coverage" was a permissive subject of bargaining. The August 24 hearing before this Arbitrator took place as scheduled, with the parties presenting evidence on all five of the issues then identified as remaining in dispute, including the issues that were the subject of the Petition for Declaratory Ruling before the ILRB.

On April 28, 2010, the ILRB finally issued its ruling on the Petition for Declaratory Ruling, finding that the City's proposed changes to Article 22, Section 22.2, of the parties' agreement did constitute permissive subjects of bargaining, so, based on that ruling, these proposed changes relating to the "scope of insurance" accordingly are not before this Arbitrator. In addition, the City's proposal on longevity, intended as the *quid pro quo* for its "scope of insurance" proposal, has been withdrawn as moot.

Of the three remaining impasse issues in dispute, two are economic in nature and the third is non-economic. With regard to the economic issues, this Arbitrator must select either the City's final offer or the Union's final offer as the resolution for each of these issues. Under Section 14(g) of the Illinois Public Labor Relations Act, 5 ILCS 315/14(g) (hereinafter "the Act"), this Arbitrator is without authority to devise a compromise resolution different from the parties' final offers in connection with economic issues. As for the non-economic issue in dispute here, this Arbitrator may select either of the parties' final offers or may fashion a compromise resolution of his own.

Section 14(h) of the Act, 5 ILCS 315/14(h), sets forth certain statutory factors that serve as the framework for evaluating final proposals in proceedings such as the instant matter. Not all of the listed statutory factors will apply to this matter with equal weight and relevance; one or more of these factors, in fact, may not apply here at all. The proper first step in analyzing the impasse issues in dispute, therefore, is to determine which of the statutory factors are relevant and applicable to the instant proceeding and which are not particularly relevant.

Some of the listed statutory factors appear to have little or no applicability to this matter. The lawful authority of the City, for example, does not appear to be at issue, and the evidentiary record herein contains nothing that would suggest that there has been any change in either party's circumstances during the pendency of this matter that would affect its outcome. It must be noted that the interest arbitration award relating to the City's fire command falls within the scope of internal comparison under Section 14(h)(4) of the Act, rather than as a change in circumstances under Section 14(h)(7). The parties have entered into a number of stipulations, and these are quite helpful in establishing the procedural steps to be followed in this proceeding. The parties' stipulations also have a direct impact on one of the listed statutory criteria, in that the parties have agreed on a list of external comparable communities. These communities are Alton, Belleville, East Moline, Kankakee, Normal, Pekin, Quincy, and Urbana, all located in Illinois. Particularly with regard to the economic issues, the statutory factors involving consumer price data and evidence relating to overall compensation will be of great use in analyzing the parties' competing proposals.

As important as these external comparables are, internal comparisons with other City employee groups also can be quite helpful in resolving economic and non-economic issues alike. The City currently is a party to several collective bargaining agreements, involving bargaining units composed of clerical employees, firefighters, police patrol officers, fire command officers, transit workers, and employees in Public Works and mechanics working in the Police Department. The terms and conditions set forth in these various contracts, including the fire command contract that is the subject of a recent interest arbitration proceeding, will provide useful parameters for the consideration of the parties' proposals on the impasse issues to be resolved here.

The remaining factors expressly mentioned in Section 14(h) of the Act are the interests and welfare of the public and the financial ability of the City to meet the costs of the proposals in question. The interests and welfare of the public, the first part of Section 14(h)(3) of the Act, always will be an important consideration in an interest arbitration proceeding, but this particular factor can cut both ways on economic issues. The public, of course, has an interest in keeping the cost of its government in check through operational and administrative efficiency, which would include keeping a tight rein on operational, administrative, and personnel costs. The public also has an interest, however, in attracting and retaining high-quality, experienced, and capable employees, particularly front-line safety employees, and this generally requires the outlay of competitive, even attractive, salary and benefit packages.

The most complex of the statutory factors in the context of the instant proceeding would appear to be the second part of Section 14(h)(3) of the Act, i.e., the City's financial

ability to pay the costs of the various proposals at issue here. The City has not argued that it is unable to pay the costs of any or all of the proposals in question, but it has pointed to the need to “reduce, reorganize and reduce expenditures,” as explained by Mayor Eisenhower during his testimony at the hearing. Whether or not the City presented evidence that established an inability to pay, the fact is that the difficult 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 City as a result of the on-going economic downturn, and the impact that these financial challenges have on the City’s ability to pay the costs associated with the proposals at issue in this proceeding, therefore must be given appropriate weight and consideration here. The record includes a significant amount of evidence that illustrates the state of the City’s finances, including financial statements for several years, with the statement for the fiscal year ending April 30, 2008, being the most recent such annual report that is available.

The Union has objected to what it terms “indefinite, contingent final offers” from the City. The City has, in fact, submitted final offers on the group insurance and wage issues that include proposals for a fourth year if this Arbitrator adopts the City’s proposal for a four-year contract terms, instead of the Union’s proposal for a three-year term. The Union’s proposals on the issues of group insurance and wages comprehend only three years. The Union has characterized the structure of the City’s proposals as an inappropriate attempt to negotiate with this Arbitrator.

A review of the City's proposals on group insurance and wages, however, does not support the Union's criticisms. Although it certainly is true that the City included an element in each of these proposals that will come into play only if its proposal for a four-year contract term is adopted, this form of contingency really is nothing more than a reasonable response to the fact that the parties have been unable to agree on the length of their new collective bargaining agreement. The City sensibly and logically has structured its proposals to account for the possibility that the term of the new contract will be either three years or four years. The fact that the Union chose a different approach, making group insurance and wage proposals that extend only over three years, does not mean that the City's approach is inappropriate.

This Arbitrator now moves on to a focused analysis of each of the remaining issues in dispute, in light of the relevant statutory factors, the evidence in the record, and the parties' arguments in support of their respective proposals.

A. ECONOMIC IMPASSE ISSUES

1. Article 22, Section 22-1, Group Insurance

The Union's final offer on the impasse issue of group insurance is as follows:

Increase the employees' annual dependent premium contributions to:

| | |
|--------|--------|
| 5/1/07 | 75/85 |
| 5/1/08 | 85/95 |
| 5/1/09 | 95/105 |

The City's final offer on the impasse issue of group insurance is as follows:

Increase the employees' annual dependent premium contributions to:

5/1/07 75/85

5/1/08 90/100

5/1/09 105/115

But, if the Arbitrator awards a 4 year term, then the City's offer includes:

5/1/10 120/130

The parties' competing offers on the issue of group insurance center directly on the amount of the police command officers' monthly contributions toward the cost of health insurance premiums for dependent coverage. The first of each pair of numbers represents the proposed monthly premium contribution toward coverage of a single dependent, while the second of each pair of numbers represents the proposed monthly premium contribution toward coverage of two or more dependents.

For the first year of their new collective bargaining agreement, the parties are proposing the very same increase in the level of employee contributions toward the cost of dependent health insurance coverage. Under both proposals, a command officer would contribute \$75.00 per month toward the premium cost for coverage of one dependent and \$85.00 per month toward the premium cost for coverage of two or more dependents. The proposed increases for the first year of the parties' new agreement are in line with the annual increases in employee contributions toward dependent health insurance premiums dating back to 2005.

For the second and subsequent years of the parties' new contract, the City proposes that the command officers increase their monthly contributions toward the cost

of dependent insurance coverage by fifteen dollars each year, rather than the ten-dollar annual increase that was adopted and implemented in accordance with Arbitrator Larney's decision in the prior interest arbitration proceeding between these two parties. The Union's proposal seeks to maintain the annual ten-dollar increase in these monthly contributions, although it does not propose any increase for a fourth year of the new contract's effective term. In light of the fact that this Arbitrator has adopted the City's proposal for a four-year contractual term, as discussed more fully below, the effective impact of the Union's proposal is that there would be no increase in employee contributions toward the cost of premiums for dependent coverage in the fourth and final year of the parties' new contract.

With the exception of the fourth and final year of the effective term of the parties' new contract, the Union's proposal would maintain the established status quo of ten-dollar annual increases in the police command officers' monthly contributions toward premiums for dependent health insurance coverage. As both parties recognize, a proposal that continues the status quo on an issue generally is favored in interest arbitration. The City's proposal, although it involves a higher fifteen-dollar annual increase to employee contributions toward dependent coverage, does not really constitute a "breakthrough," as that term is used in interest arbitration. The City may be seeking a change in the status quo, but its proposal does not constitute the type of comprehensive, game-changing alteration on the issue of employee contributions toward dependent coverage that justifies branding the proposal as a "breakthrough" and requiring the City to meet a higher standard in support of its proposal.

The information from the external comparables on employee contributions toward dependent coverage does not provide much guidance on the resolution of this issue. The external comparables have adopted a variety of approaches on this issue. One of the external comparables, Pekin, required its employees to pay a flat \$75.00 monthly contribution toward dependant coverage for the entire period from 2007 through 2009, while Alton's employees contributed a flat \$143.00 per month during this same period. Four of the external comparables – Belleville, Kankakee, Normal, and Quincy – appear to have established a set percentage contribution rate; although the dollar amount of employee contributions changed as the total premium cost changed over time, the applicable percentages did not change in these communities during the 2007-2009 period. The record also shows that East Moline called for increases in the percentage contribution of its employees, increasing from 10% in 2007 to 13% in 2008, and finally to 18% in 2009.

Based on this evidence, I find that there is no discernible consensus or trend among the external comparables relating to the matter of employee contributions toward dependent coverage. As for the internal comparisons, there is a similar variety in the contribution rates that apply to the other bargaining units and non-union employees working for the City. For 2008-2009, as an example, other City employees contributed as little as \$72.00 and as much as \$90.00 toward the monthly cost of single dependent coverage, with a similar spread for coverage of two or more dependents. Again, this range of contribution levels is not overly helpful in resolving the instant dispute because both parties' proposals fall within that established range.

The statutory factor relating to the consumer price index also does little to illuminate this particular matter. Over the past several years, increases in health insurance premiums have outpaced the inflation rate, and health insurance premiums appear to have little or no correlative relationship to consumer price data.

The interests and welfare of the public and the City's financial ability to meet the costs of insurance coverage also are not determinative on this particular issue. The financial statements in the record demonstrate that the City is well-positioned to weather the current economic downturn, although the City must continue to exercise care and prudence in managing its costs. That necessary restraint, however, would not prevent the City from meeting its financial obligations in connection with dependent care coverage under either of the parties' proposals on this issue. As for the public's interests and welfare, these arguably may be better served by the City's being able to attract and retain its quality employees by paying a little more toward the cost of dependent coverage, as proposed by the Union.

The statutory factor that has the most impact on this particular issue is the overall compensation received by the police command officers. Because the City's proposal on wages is being adopted, as will be discussed more fully below, the extremely low one percent wage increase that these employees will receive for 2009 strongly argues in favor of holding the line as much as possible with regard to their out-of-pocket expenses for insurance coverage. In addition, the police command officers will receive only a three percent wage increase in each of the other years in the new contract's effective term, as opposed to the 3.5% annual increases that apply to the City's other police and fire

bargaining units for 2007-2009. This lower rate of wage increase for the police command officers constitutes another strong argument in favor of the Union's proposed lower rate of employee contribution toward dependent coverage, which effectively includes no increase in that contribution for the fourth and final year of the parties' new collective bargaining agreement.

In light of the relevant statutory factors, the competent and credible evidence in the record, and the considerations discussed herein, this Arbitrator finds that the Union's proposal on the impasse issue of group insurance is more reasonable. Accordingly, the Union's proposal on this issue shall be adopted and included within the parties' new collective bargaining agreement, and it is set forth in the Appendix attached hereto.

2. Article 23, Wages

The Union's final offer on the impasse issue of wages is as follows:

| | |
|--------|------|
| 5/1/07 | 3.5% |
| 5/1/08 | 3.5% |
| 5/1/09 | 3.5% |

The City's final offer on the impasse issue of wages is as follows:

| | |
|--------|----|
| 5/1/07 | 3% |
| 5/1/08 | 3% |
| 5/1/09 | 1% |

But, if the Arbitrator awards a 4 year term, then the City's offer includes:

| | |
|--------|----|
| 5/1/10 | 3% |
|--------|----|

As often is true in interest arbitration proceedings, the issue of wages is the

principle focus of the parties' arguments, attention, and energy. This is logical because wages constitute the foundation issue of virtually every collective bargaining agreement. Analysis of this particular wage dispute is a bit different than what appears in many interest arbitration proceedings, however, because most of what is in question is retroactive in nature. Due to the lengthy and time-consuming process that has culminated in the instant proceeding, most or all of the effective term of the parties' new contract will have expired by the time that this Decision and Award is issued.

For this reason, it is possible to analyze the parties' competing wage proposals with hard evidence of the financial and economic conditions that actually existed during the course of that contractual term. This is very different from what occurs in many interest arbitration proceedings, in which arbitrators typically choose between wage proposals that will take effect in the future for the most part and therefore must be judged based upon informed estimates of future economic conditions arising from data on past economic conditions and trends. Here, wages for 2007, 2008, and 2009 may be set with full knowledge of the actual economic and financial data from those years.

The retrospective nature of this wage analysis does mean that one or the other of the parties will have an advantage in that each wage proposal can be adjusted upwards or downwards to reflect, for example, the actual inflation rate or the actual state of the City's finances. Because of the current economic downturn, the City has tailored its wage proposal to reflect the negative CPI data for 2009, when the cost of living actually decreased. There is an element of opportunism in the City's wage proposal, but had the economic numbers been the opposite, with a large increase in consumer prices for one or

more of the years in question, then the Union's wage proposal almost certainly would have accounted for that.

A review of the available wage data from both the external comparables and the other bargaining units of City employees certainly may be used to support both of the parties' wage proposals here. The evidentiary record shows wage increases across the external comparables during the 2007-2009 period range from 0% (the City of Normal commanders for 2009) to 11.26% (the City of Alton sergeants and commanders for 2007). Even dropping these two extremes from consideration, the range of wage increases still is quite broad, extending from a low of 2.5% to a high of more than 8%. Because the wage increase data from the external comparables does fall along such an extensive range, this evidence does not provide any clear indication as to which of the parties' proposals is more reasonable.

Focusing on a comparison of actual salary figures with the external comparables, as opposed to percentage increases, the evidence reveals that under either of the wage proposals at issue, the wages for the City's sergeants will remain at or near the middle of the salary range established by the external comparables through 2009. This is true even if the City's wage proposal, with its 1% increase for 2009, is adopted. The picture is different for the City's commanders, who will remain near the bottom of the salary range established by the external comparables through 2009, even under the Union's more generous proposal of a 3.5% increase for each year of the contract, including 2009.

Among the most notable and relevant of the internal comparisons, the contract governing the City's firefighters calls for annual wage increases of 3.5% for 2007, 2008,

and 2009, while the City's fire command unit received wage increases of 3.5% for 2007 and 2008 in a contract that was finalized after negotiations and interest arbitration. The City's patrol officers also received 3.5% increases for both 2007 and 2008; as with the fire command unit, however, there is no evidence that any agreement on a 2009 wage increase for patrol officers yet has been reached. The absence of 2009 wage data for the City's patrol officers and fire command means that the internal comparisons are not as useful as such comparisons often are because, as the Union has emphasized, the parties' proposals for 2009 constitute the main area of dispute on the issue of wages.

The data in the record relating to the City's financial circumstances shows that the City generally is able to pay the annual wage increases set forth in each of the parties' proposals. The financial statements in the record for the fiscal years ending in April 2005, 2006, and 2007, reveal that the City regularly enjoyed an excess of revenues over expenditures in its General Fund, and with respect to its total governmental funds. It is not possible to determine whether the City's total governmental funds' balance similarly increased during the 2008 fiscal year because several pages are missing from the copy of the 2008 financial statement that was entered into the record and provided to this Arbitrator. The record copy of the City's 2008 financial statement does reveal, however, that the balance of the City's General Fund at the end of fiscal 2008 was about \$375,000.00 below the balance at the end of fiscal 2007, leaving a General Fund balance of nearly five million dollars. The overall evidence in the record regarding the City's financial circumstances conclusively shows that despite the financial challenges currently facing the City because of the general economic downturn, the City nevertheless is well

able to handle annual wage increases for its police command unit in line with either of the wage proposals at issue.

As for the other statutory factors that are particularly relevant to the issue of wages, neither side has suggested the police command's overall compensation, including benefits, tips the balance in either direction. In connection with the interest and welfare of the public, both of the wage proposals at issue attempt to strike a reasonable balance between the public's interest in fiscal restraint and the public's interest in attracting and retaining high quality personnel.

As this discussion makes clear, the relevant statutory factors do not provide any particularly significant basis for choosing between the parties' competing wage proposals. Arguments based on the statutory factors may be used to support either party's proposal, despite the marked difference in proposed wage increases for 2009. There certainly will be a very real and personal impact on the City's police command unit arising from the resolution of this wage dispute, but the volatility and financial hardships associated with the current economic downturn mean that the statutory factors sometimes do cut both ways.

There is one consideration that does provide a basis for determining which wage proposal is more reasonable. As set forth in the following section of this Decision and Award, the four-year contract term that is being adopted means that a wage scale covering four years is desirable for the sake of internal consistency across the new contract's provisions. Moreover, if the Union's three-year wage scale were to be adopted, the parties would be required to immediately enter into negotiations over wages

for the final year of their new contract. Such a scenario hardly would be conducive to the strengthening of a stable and cooperative working relationship between the parties. Also, in light of the wage packages that have been awarded lately, it may be extremely difficult for the Union to obtain a 3% wage increase for the final year of this contract which is being awarded here as part of the City's proposal.

This Arbitrator is aware that this same issue of internal consistency for the parties' new contract also could be applied to the issue of group insurance, discussed in the preceding section. Readers of this Decision and Award certainly have noticed that this particular element was not discussed in the above section addressing the group insurance issue. Because the substantive nature of the group insurance issue is so different from that of wages, it is not entirely necessary for the parties' new contract to set a different level for employee contributions toward insurance premiums for each year of the new contract's effective term. It is not unheard of, for example, for a collective bargaining agreement to set a single employee contribution level, either as a percentage of total premium cost or as a particular dollar figure, that extends for the entire term of that agreement. In contrast, the nature and purpose of wages almost necessarily requires an annualized structure of increases and/or adjustments, setting this issue apart from the matter of employee contributions toward insurance premiums. Because the question of employee contributions toward insurance premiums is so very different from the issue of wages, it is not an oversight or a mistake of logic that this Arbitrator has not applied the question of internal contractual consistency to support the adoption of the City's four-year schedule of increased employee contributions toward insurance premiums. It also

must be noted that the harshness of the City's proposed 1% wage increase for 2009 is somewhat softened by the fact that the employee contribution toward the cost of insurance does not increase during the fourth and final year of the parties' new collective bargaining agreement.

In this Arbitrator's view, the fact that the City's wage proposal offers only a 1% increase for 2009 does not argue in favor of its adoption. This negative, however, is mirrored by the negative associated with an absence of a 2009 wage increase figure in the Union's wage proposal. Because this Arbitrator is required to choose between the parties' competing proposals on this economic issue of wages, and cannot amend those proposals or fashion a compromise, one of these two negatives must be adopted and incorporated into the parties' new contract. As stated above, this Award, which includes a 3% wage increase for the Union members for the final year, may also be a positive to outweigh the negative of the 1% increase for the previous year.

The interests of stability between the parties and internal contractual consistency argue in favor of the City's wage proposal, and these concerns are just strong enough to overcome the negative impact of the proposed 1% increase for 2009. Because the Union's proposal leaves entirely open the question of what wage increase should apply during the fourth and final year of the parties' new contract, adoption of the Union's proposal likely would yield a troubling degree of turmoil and animosity, not to mention the possibility of extensive negotiations and legal proceedings. All of this not only would consume the few remaining months before the parties must begin negotiating over their next collective bargaining agreement, but easily could extend throughout and beyond

those negotiations.

The parties' new contract must contain a resolution of the wage issue that extends for the entire effective term of that contract. In light of the parties' history, any other result actually would create more problems than it would solve. For this reason, unique to these parties and to the negotiations and proceedings giving rise to their new collective bargaining agreement, this Arbitrator is compelled to find that the City's proposal on the impasse issue of wages is more reasonable. Accordingly, the City's proposal on this issue shall be adopted and included within the parties' new collective bargaining agreement, and it is set forth in the Appendix attached hereto.

B. NON-ECONOMIC IMPASSE ISSUES

1. Article 34, Term of Agreement

The Union's final offer on the impasse issue of term of agreement is as follows:

3 years, through 4/30/10

The City's final offer on the impasse issue of term of agreement is as follows:

4 years, through 4/30/11

The lengthy negotiations and proceedings leading up to this Decision and Award are a critical consideration in connection with the proper resolution of the parties' dispute over the length of their new collective bargaining agreement. Comparing the parties' proposed expiration dates for their new contract with the date of this Decision and Award reveals that adoption of a three-year contractual term would mean that the parties' new agreement technically already has expired, while adoption of a four-year contractual term would mean that the parties will have to gear up for negotiations over their next contract

within a matter of a few short months. Neither outcome provides the parties with much in the way of stability and peace in their working relationship.

It also is important to bear in mind that the parties began their negotiations over the contract at issue here in the early months of 2007. More than three years later, the parties still are without a complete collective bargaining agreement.

Of those statutory factors that are relevant to this particular issue, a review of the contracts in place in the external communities demonstrates that four-year agreements are in place in half of these eight communities. The internal comparables, contracts in place between the City and its other bargaining units, show that the typical contract term extends for three years. This evidence, however, is neither helpful nor determinative here because there is no indication that any of these other contracts were finalized and implemented after their scheduled expiration, as would be the case here if the Union's proposed three-year term were to be adopted.

The interest of the public weighs in favor of the longer contract term proposed by the City. The brief period of stability that will occur before that longer contract term expires in 2011 will be helpful to both of the parties and to the community at large because it will allow all sides an opportunity, albeit a short one, to build a more cooperative working relationship, with the benefits from such a relationship being of great importance to the community.

Those of the statutory factors that are more economic in nature do not directly relate to the question of how long a term should attach to the parties' new collective bargaining agreement. One aspect of these issues does favor the longer term proposed by

the City. It is possible, although not necessarily a certainty, that a clearer and less volatile economic situation may evolve by the time that the parties enter into negotiations over their next contract. In the months between the issuance of this Decision and Award and the expiration of the parties' new contract in April 2011 under the City's proposal, the parties may be able to gain a clearer idea of the economic trends that will impact their negotiations of wages, benefits, and working conditions for their next contract.

Moreover, the fact that the parties will have to begin negotiating over their next contract so soon after the issuance of this Decision and Award, no matter which of the parties' proposal on this issue is adopted, means that neither side is likely to suffer a major negative impact if economic circumstances significantly change over the next several months.

The realities of the parties' situation strongly argue in favor of the longer contract term proposed by the City. Their history of protracted negotiations, interest arbitrations, and proceedings before the ILRB, suggests a need for some stability and peace, even if that lasts only for several months. The parties need to strengthen their cooperative working relationship, and this would be fostered by the adoption of the City's proposal for a longer contract term.

Based on the relevant statutory factors, the evidence in the record, and the considerations set forth above, this Arbitrator finds that the City's final proposal on the impasse issue of term of agreement is more reasonable. Accordingly, the City's proposal on this issue shall be adopted and included within the parties' new collective bargaining agreement, and it is set forth in the Appendix attached hereto.

Award

This Arbitrator finds that the language set forth in the attached Appendix shall be adopted and incorporated into the parties' new collective bargaining agreement.



PETER R. MEYERS
Impartial Arbitrator

Dated this 24th day of August 2010
at Chicago, Illinois.

APPENDIX

Article 22, Section 22-1, Group Insurance

Increase the employees' annual dependent premium contributions to:

| | |
|--------|-------------|
| 5/1/07 | 75/85 |
| 5/1/08 | 85/95 |
| 5/1/09 | 95/105 |
| 5/1/10 | NO INCREASE |

Article 23, Wages

The following wage increases shall apply:

| | |
|--------|----|
| 5/1/07 | 3% |
| 5/1/08 | 3% |
| 5/1/09 | 1% |
| 5/1/10 | 3% |

Article 34, Term of Agreement

4 years, through 4/30/11