BEFORE
JAMES R. COX
INTEREST ARBITRATOR

VILLAGE OF HAZEL CREST

and ILRB CASE S-MA-09-271

HAZEL CREST PROFESSIONAL
FIREFIGHTERS ASSOCIATION
LOCAL 4087, IAFF

DECISION AND AWARD

The Hearing in this matter was conducted in Hazel Crest, Illinois October 26, 2009. Attorney Lisa Moss represented Firefighters Local 4087. Attorney John Murphey presented the Village of Hazel Crest Case. In support of their respective positions, both Representatives filed Post-Hearing Briefs December 17, 2009.

Following issuance of the Award, February 9, 2010 Local 4087 filed a timely Application to Modify or Correct a calculation error involving Impasse Item 7 - *Section 18.1 (B) Hospitalization and Medical Insurance, Employee Contributions.* The Village filed Objections to the sought modification. February 19, 2010 I asked the parties to substantiate health insurance premium costs. Upon receipt of the requested data from the parties, the computation error was corrected.

All procedural prerequisites for Interest Arbitration had been met[1] and this matter was properly placed before me for final and binding determination. My findings are based upon applicable factors set forth in Section 14(h) of the Illinois Labor Relations Act. All Tentative Agreements reached during the

[1] Neither party sought a tri-partite panel.

course of negotiations are incorporated by reference into this Award and shall become a part of the new Labor Agreement. Despite efforts to reach final agreement, the Parties had remained at impasse on several issues.

Local 4087 submitted Final Offers on 12 Issues, four of which are presently pending before the Illinois Labor Relations Board[2] Two others, one involving Life Insurance and the other compensation for acting up as an Officer in Charge, have been withdrawn. Agreement has been reached on a Non–Discrimination proposal. The Union notes that an incorrect reference in Section 17.8, Voluntary Request for Assistance, should be deleted. That matter can be handled by the parties with the Arbitrator retaining jurisdiction should there not be any agreement within 10 days of the issuance of this Award.

There are eight issues upon which the parties have reached impasse. Final Positions of the Village of Hazel Crest and Local 4087 on those matters are discussed below.

IMPASSE ITEMS

1. Section 4.1 Management Rights
2. Sections 5.B and 5.2B Hours of Work/Overtime
3. Sections 6.1 and 6.8 Sick Leave
4. Article VIII Wages
5. Section 9.1 Holidays and Personal Days.
6. Section 12.9 Reimbursement of Village Hiring Expense
7. Section 18.1 (B) Hospitalization and Medical Insurance, Employee Contributions
8. Retiree Health Insurance

COMPARATIVES

[2] The Union filed an Unfair Labor Practice Charge with the Illinois Labor Relations Board alleging that the Village had violated the Act by *"insisting to impasse"* on four of those twelve Proposals each of which they assert are *"permissive"* subjects of bargaining – (1) Section 4.3, Subcontracting; 2) Section 17./7, Employee Alcohol and Drug Testing; (3) Section 21.6, Promotion and Discipline and, what would be a new Article involving Discipline. As emphasized in their Post Hearing Brief, Local 4087 made it clear that these four proposals were not being placed before this Arbitrator but that, in the event the Board finds that the Village has bargained in bad faith over these issues, they are retaining their right to present them to the Arbitrator. I will retain jurisdiction over them.

INTERNAL COMPARABILITY

There are three Collective Bargaining Agreements covering various Village employees. The May 1, 2006 Hazel Crest Fire Contract, a three year Agreement, expired April 30, 2009. The Police Contract, negotiated before that Contract expired, was made effective May 1, 2008 and has an April 30, 2011 termination date. There was a 3% first year increase which matched a 3% increase in the last year of the expiring Firefighter Contract. The Police Contract provides 2% increases the second and third years. The Village offers 2% across the Board in these negotiations.

The current Public Works Contract is a first Contract which runs from May 1, 2009 through April 30, 2012. 3% increases were made effective each year.

The Village and the Firefighters have agreed that the first year increase in their new Agreement will match the 2% increase for the same time period in the Police Contract. However, the Union disputes that the second year increase in their new agreement should track the 2% third year increase in the Police Contract. In negotiations for that Unit the Employer did not seek the increase in employee health insurance contributions sought here.

The Firefighters seek increases of 2%, 3.5% and 3.5% as well as a number or new/augmented benefits. In matters of Village wide benefits, Internal Comparables, particularly the Fire and Police Units, do have a special affinity.

EXTERNAL COMPARABILITY

COMPARABLES

Both Parties agree that Homewood, Country Club Hills, Markham and Blue Island[3] are communities comparable to Hazel Crest. Besides being contiguous with the first three listed comparables, Hazel Crest has a similarly sized population[4]. My review of relevant comparability factors demonstrates

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[4] While there are similarities, there are distinctions. Median home values in Homewood are substantially higher than in Hazel Crest and median household income 13% higher. The Homewood tax base is stronger with an EAV per capita more than 40% higher than Hazel Crest. Homewood also has considerably greater sales tax income per capita - 188% higher than Hazel Crest. While the median home value in Country Club Hills is only 10% greater than Hazel Crest, the median household income is 14% greater and the EAV per capita 33% higher. Sales Tax per Capita in Country

that Midlothian and Chicago Ridge should also be considered comparable municipalities.

ISSUE ANALYSIS

IMPASSE ISSUE 1

Section 4.1 - Management's Rights – a non economic issue – the standard for discipline.

The present Labor Agreement contains a comprehensive Management's Rights Clause....*"..the Village retains all traditional rights to manage and direct the affairs of the Village in all of its various aspects not given up by the terms of his Agreement and to manage and direct its employees, to make and implement decisions with respect to the operation and the management of its operations, in all respects as authorized under Constitution and laws of the State of Illinois. These rights and authority include, but are not limited to the following: to determine the mission of the Village, to plan, direct, control and determine all the operations and services of the Village; to determine the Village's budget and budgetary priorities, to levy taxes; to supervise and direct the working forces; to establish the qualifications for employment and to employ personnel; to schedule and assign work; to establish work and productivity standards and, from time to time, to change those standards, to assign overtime, to determine the methods, means, organization and number of personnel by which operations are conducted; to make, alter and enforce rules, regulations, orders and other policies which are promulgated under the Hazel Crest Personnel Rules, the Hazel Crest Fire Department Standard Operating Procedures Manual and Fire Department Rules and Regulations; to evaluate Employees, to discipline Employees, to change or eliminate existing methods, equipment, or facilities; provided however, that the exercise of any of the above rights shall not be inconsistent or in conflict with any of the specific terms or provisions of this Agreement."* The present language appears to be designed for Discharge Hearings by the Board of Fire and Police Commissioners. There is no evidence of any such Hearings.

There is no specific mention of *"just cause"* in the Management Rights clause, in Arbitration Provisions nor in the Grievance Procedure. However, the

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Club Hills is 112% higher than in Hazel Crest. The median home value in Hazel Crest is 24% higher than in Markham, Hazel Crest median household income is 18% more than in Markham. The Equalized Assessed Valuation per capita in Hazel Crest is higher than in Markham although Markham's Sales Tax is 134% higher than that revenue in Hazel Crest. In Markham, sales tax per capita is more than twice that of Hazel Crest.

Seniority Clause, at 12.6, does provide that both seniority and the employment relationship shall be terminated if a bargaining Unit Employee is *"discharged for just cause".* Section 12.2, a preliminary paragraph, provides a 12 month probationary period and recites that *"an employee shall be afforded all rights and privileges under the Contract; except the Village may reprimand, suspend or discharge a probationary firefighter without cause and such firefighter shall have no recourse to the grievance procedure or the Board of Fire and Police Commissioners to contest such a reprimand, suspension or discharge*".

The Police Contact contains a specific provision which allows Officers, in the event of Suspension or when Charges are filed with the Board of Fire and Police Commissioners, the *"option of having the discipline finally adjudicated through the statutory BFPC process or the grievance arbitration process in the manner provided for below."* The new Discipline Article proposed here by Local 4087 includes a similar option. It is that Discipline proposal which is one of the issues subject to the pending Unfair Labor Practice over which I have been authorized to retain jurisdiction. The parties have stipulated that *"The Arbitrator shall retain jurisdiction for the purpose of resolving any further dispute concerning the four proposals encompassed by the Union's ULP Charge".*

The Local 4087 Proposal which is currently before me would expand the *just cause* concept to include any discipline, not just discharge, by modifying the Section 4.1 clause underlined above to read, *"to discipline Employees for just cause"*.

While completely absent from the Hazel Crest Patrolmen's Agreement, just cause discipline provisions are found in the Public Work's Labor Contract as well as in Contracts of several External Comparables – Chicago Ridge, Country Club Hills, Homewood[5], Midlothian, Markham and Riverdale. In most of the Comparables, the Firefighter is expressly provided an option to have certain Suspensions and Discharges heard either by the Board of Fire and Police Commission or by an Arbitrator.

The Local 4087 Discipline Proposal presently before the Illinois Labor Relations Board contains language closely intertwined with the just cause concept they seek to add to the Management Rights Clause here. That Proposal reads in relevant part:

"Disciplinary Grievances involving Oral or Written Reprimands may be processed through the Grievance Procedure through and including Step 3 but shall not be subject to Arbitration. However, if the Village seeks to use a prior Written Reprimand for the imposition of

[5] See discipline clause.

more severe discipline and the Written Reprimand was originally grieved through and including Step 3, the merits of the prior Written Reprimand may be raised by the Employee in Arbitration. Except as otherwise agreed to herein, disciplinary action or termination may be appealed to and be subject to the jurisdiction of the Board of Fire and the Police Commissioners according to applicable state law or the Grievance Procedure set forth in Article XIII of the Agreement. The Parties agree that the Grievance Procedure set forth in Article XIII and the Hearing process by the Board of Fire and Police Commissioners are mutually exclusive and no relief shall be available under the Grievance Procedure for any action heard before the Board of Fire and Police Commissioners. Furthermore, the Parties agree that the pursuit of a Grievance under this Agreement shall act as a specific waiver by the Union and the involved Employee of the right to challenge the same matter before the Board of Fire and Police Commissioners and a form containing such specific waiver shall be executed by the Union and the involved Employee before Arbitration may be invoked under the Grievance Procedure of this Agreement. An Employee initially seeking review by the Board of Fire and Police Commissioners who subsequently elects to file a Grievance within the appropriate time limits may only do so prior to any Hearing before the Board. An Employee so filing a Grievance shall immediately withdraw his/her request and waive any and all rights to additional Hearings before the Board."

There is no provision in the current Hazel Crest Agreement which would allow a Firefighter to elect between having an Arbitrator determine whether there was just cause for his discharge or having the Fire and Police Commission determine whether there was statutory cause for his termination. We do find such an option in several comparables. I cite a few.

In Chicago Ridge, the Employee Discipline Article recognizes *progressive and corrective discipline principles* and states that discipline shall be imposed for *just cause* only – with the exception of probationary employees. However, in that Village, *discharge* is solely subject to review by the Fire and Police Commission, not an Arbitrator.

In Country Club Hills, "*where the Employer believes just cause exists to institute disciplinary action, the employer shall assess the following penalties: Verbal reprimand, Written Reprimand, Suspension without pay and Discharge".* However, under that Village's Firefighter Contract, there is to be no arbitration in certain Suspension and Discharge Cases. The Fire and Police Commission retains exclusive jurisdiction over Suspension review and Proposed Terminations for cause. Discipline short of suspension such as a written reprimand is subject to the grievance/arbitration process.

The Village of Homewood Agreement expressly states that the Village may discipline post probationary employees *"only for just cause"* but that the Fire and Police Commission has "*statutory authority over employees covered by this Agreement as defined by the Illinois Municipal Code..."* adding that the Labor Agreement is intended to supplement that Commission's authority by providing employees a choice of having disputes over disciplinary action resolved through Arbitration or by the Fire and Police Commission. A specific process for making that election is provided in Section 27.2. The Section that follows provides that disciplinary actions including suspensions and discharges may be imposed upon post probationary employees but only for *"just cause.."*

In the Markham Agreement, the Management Functions Article describes the right to *"discipline or discharge employees for just and proper cause*", a standard reiterated in the Discipline Article where the Employer agrees that employees shall be *"disciplined and discharged only for just cause".* There "*any reprimand or suspension of twelve (12) hours or less shall not be subject to arbitration*." There is a process of electing mutually exclusive appeal procedures, before the Board or before an Arbitrator.

DETERMINATION

There is support for a determination that the disciplinary clause in Section 4.1 be modified to read that the mission of the Village shall include the right *"to discipline Employees for just cause except, as provided in Section 12.2, in the case of probationary employees".* However, making such a change without addressing the statuary right of a Firefighter to bring his discharge or suspension to the *Board of Fire and Police Commissioners* for determination would create uncertainty both as to the standard of discipline to be applied and the venue. Such an election is set forth in the Union's Discipline Proposal now pending before the Illinois Labor Relations Board, a matter over which I am retaining jurisdiction. I am therefore deferring my decision on this aspect of the discipline issue until the Board's determination is made. In the meantime, present language will remain in full force and effect.

Economic Issues

IMPASSE ISSUE 2

Sections 5.B and 5.2B. Hours of Work/Overtime

The Union proposes to reduce the number of hours worked. They would make significant changes in Sections 5.B and 5.2B.

Section 5.1(b) currently reads:

The annual average weekly hours shall normally be 52.9 hours per week with annual hours of 2760 per year. The average weekly hours shall be accomplished by the Village providing each Employee regularly scheduled to work twenty-four (24) hour shifts with every eighteenth (18) on-duty shift scheduled off (without loss of pay) as a 'Kelly Day.'

The Firefighters propose that this language be revised to read:

"The annual average weekly hours shall normally be 52.0 hours per week with annual hours of 2713 per year. The average weekly hours shall be accomplished by the Village providing each Employee regularly scheduled to work twenty-four (24) hour shifts with every fourteenth (14) on-duty shift scheduled off (without loss of pay) as a 'Kelly Day.'

The Village would maintain the status quo on this issue.

The Union stresses that the Arbitrator should award what their Brief characterizes as their "*Kelly Days*" proposal on the basis that in 2008 Village Firefighters were required to work 2760 hours to reach their top base pay whereas, of comparable Firefighter Units, in only Chicago Ridge, do Firefighters have to work that many or more hours in order to reach top base pay.

In accordance with their proposal of additional Kelly Day time, there is to be a corresponding change in the calculation of an employee's regular straight time rate. Instead of dividing the employee's annual salary by 2760, that number under the Union's proposal would become 2713 hours. A Kelly Day increase would come about by *providing each Employee regularly scheduled to work twenty-four (24) hour shifts with every fourteenth (14th) on-duty shift scheduled off (without loss of pay) as a paid, unworked 'Kelly Day',* Currently Firefighters have a *benefit of having* every eighteenth (18th) on duty shift *scheduled off for that purpose.*

As the Village points out, the consequences of such a benefit increase would not only be adding to the unproductive cost of increased paid time off work – working less time for the same money. Moreover such lost time would likely have to be covered at overtime rates. There is no contention that the present level of fire protection could be maintained without (1) filling the vacancies created by the additional time off work or (2) through staffing or schedule changes. It is clear that the additional paid time off work would have both direct and indirect adverse effects on labor costs. While I do not know the number of overtime hours worked, as the Village argues, reducing

annual hours from the present 2760 would increase both the regular rate and the overtime rate.

While I recognize that the Village presently has a Kelly Day every 18th scheduled Shift and that such days are scheduled every 7th Shift in Blue Island and Markham, every 10th shift in Homewood and every 14th Shift in Country Club Hills, considering current economic circumstances in Hazel Crest as well as the overall cost increases resulting from this Award, this is not the time for increases in the number of hours paid but not worked.

DETERMINATION

The Village position that the status quo be maintained on this issue is adopted.

IMPASSE ISSUE 3

The Village seeks to limit paid time off - Changes in Sick Leave

Article VI - Sick Leave Provisions

Section 6.1 currently provides that Firefighters *earn Sick Leave with pay at a rate of twelve (12) hours for each calendar month of service or 144 hours for the full year.* It is a significant benefit for Hazel Crest Firefighters that, "*Sick Leave may be accumulated without limit."*

Contending that there has been abuse of the sick leave benefit, the Village would revise the rate of accrual down from 12 hours a month to eight hours, a reduction of 4 hours each month, leaving a maximum annual rate of accrual of 96 hours - four 24 hour days - a substantial reduction. Comparables Chicago Ridge, Homewood, Markham and Midlothian provide 144 hours (6 24 hour days) for the full year. Blue Island provides 264 hours. Country Club Hills' Firefighters receive five paid 24 hour sick days. There is no contention that the number of Hazel Crest paid sick days are relatively excessive, only that there is abuse of that benefit. Yet as the Union points out, there were but three instances where employees used all six of their sick days in the two year 2008 and 2009 period. There was no evidence that any were used unnecessarily.

The Union maintains that the sought sick leave changes should be rejected and that the current Sick Leave Contract language remain in effect. The Village proposal would disproportionately reduce a Firefighter's yearly

accrual of sick days while at the same time increasing the number of hours that may be accrued each year by only 12 during those years when a Firefighter does not use any sick days. Public works employees currently have 12 eight hour sick days or 96 hours, per year. Obviously, because of 24 hour work days in the Fire Department, Village cost for a single sick day is substantially higher than for employees working straight eights. Moreover, covering an absence of an eight hour employee is easier that replacing one working a 24 hour shift.

DETERMINATION

The evidence shows only a few instances when Firefighters have used all or a large percentage of their sick days in a year. I do not know how much sick time has been accrued and is currently on the books. I do not know what controls, if any, the Village has on checking whether employees are actually at home on sick days or whether they have taken other steps to reduce what they see as sick time abuse.

The evidence does not show a general problem throughout the Department. There is no basis to warrant the changes the Department seeks here, changes which would bring the sick leave benefit markedly below that provided firefighters who work for Comparable Municipalities.

There is insufficient evidence of the degree of benefit abuse which would justify the proposed cut back in sick leave time. The status quo shall prevail on this issue.

IMPASSE ISSUE 4

Wages

Both the Wage Issue and the Health Insurance Issue must be considered with special recognition that the County is in the midst of the deepest recession in this generation and that Health Care Cost Concerns are of National Concern. The two issues are interrelated from several perspectives. First Wages.

The Parties are in agreement that the first year increase should be 2%, a consensus already been put into effect. The Village proposes that same percentage increase should be made effective each of the following two years of the Agreement. The Union seeks a three-year Agreement with, after the first year, wage increases of 3.5% for both 2010-2011 and 2011-2012. They also propose that salary increases for all Employees be made

retroactive to May 1, 2009 for all paid hours and that checks for retroactive pay be issued within sixty (60) days of the date of my Award.

The Village argues that, as a consequence of the current economic crisis, the Union's demand for higher salaries is excessive. As they state, Consumer Prices have slightly declined during the 2009-2010 period and Unemployment Rates are above 10%. There will be continuing adverse effects on Village Revenue. While the Union points to much larger salary percentages increases in the Comparables and the significance of maintaining this Unit's relative salary position among them, the Village asserts that those wage and benefit increases had been mostly negotiated during the 2006 – 2008 period and have little relevance for 2009/2010 negotiators. They point to several External Comparables who have contracts negotiated before or shortly after the advent of the economic decline which provide larger increases than the 2% offered by the Village here.

The Agreement in Homewood has a effective date of August 2004 with a Village estimated 3.5% increases in 2009 and 2010; the Markham Contract runs from May 1, 2006 through April 30, 2010 with larger, 4% increases in 2009 and 2010 and the Country Club Hills Firefighters received 3% increase May 2009 and then 4% in 2010. Increases for those years in Blue Island were reported to have also been 4% according to testimony provided. The Riverdale Contract with an increase reported to be slightly greater that 4% has a May 1, 2007 through April 30, 2011 term.

As Local 4087 sums it up - Firefighters in Country Club Hills, Riverdale, Midlothian and Markham received slightly greater than 3.63% increases for 2009, already improving their relative positions compared with Hazel Crest[6].

The Village indicates their offer of 2% preserves Hazel Crest's relative rank among three agreed upon comparables. However, with the greater percentage increases, their relative salary positions among other Firefighters are being eroded – those in front are moving further ahead and those with lower salaries are narrowing the gap and moving up.

The Village asserts that their offer reasonably reflects modest changes in the Cost of Living, maintains internal comparability with their counterparts in the Police Unit and constitutes a meaningful increase considering the

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[6] At 20 years Service Markham's Firefighters $65,759.00 schedule is similar to Hazel Crest's 10 year salary schedule. Hazel Crest's five year level is 8% greater than Markham's 15 year salary level. Hazel Crest, however, has Firefighters/Paramedics whereas Markham only has Firefighters.

relatively weak economy.[7] I am mindful of the prospective drop in EAV, continuing high foreclosure rates and recent adverse effects upon Village revenue.

DETERMINATION

There is no dispute that hard times are in effect for both Firefighters and the Illinois Municipalities that employ them. Hazel Crest is no exception. However, I cannot ignore the growing expectation that inflationary pressures will resume this summer and that the recent increases in health insurance costs for both Employer and Employee will continue. The parties are negotiating in the dark on this issue given the uncertainty of Health Care Legislation. I have given weight to the substantial increases in Insurance costs for both the Village and each Firefighter in making my determinations of both the Wages and Insurance Contribution Issues.

After careful consideration of the evidence on the Wage Issue and considering the overall economic consequences of all impasse issues, I find that the Position of the Union should be adopted. There shall be 3.5% Wage increases for both 2010-2011 and 2011-2012.

IMPASSE ISSUE 5

Article IX - Holidays and Personal Days

Firefighters have ten paid Holidays and, in addition, a Personal Day each year. Section 9.9 currently provides 88 hours pay for the Holidays and an option for Firefighters to take Holiday Compensation by taking (a) Holiday Pay in the form of additional paid vacation time off work, (b) receiving 88 hours of straight time compensation to be paid in the month of December or (c) receiving a combination of pay and annual vacation.

The Union would add a new benefit – time and one half for Firefighters who work the Holidays. They propose, *"Employees who work the Holidays shall receive time-and-a-half their regular rate of pay for all hours worked on the Holiday."* The Village would maintain the status quo.

[7] Village Sales Tax collections are down 20%, Income Tax revenue decreased 7% and Utility Taxes are almost 6% off. Revenues such as Fines and Permits have decreased 4%. Hazel Crest Fund balance is at a very low level.

DETERMINATION

Several Firefighter Units in External and Internal comparable Municipalities do provide a premium to Firefighters required to work on a holiday. Even more significantly, under the Hazel Crest Police Contract, Officers required to work a holiday receive overtime at time and one half. A review of overtime provisions in External Comparable Fire Contracts reveal that in three, Homewood, Markham and Country Club Hills (two of which are agreed upon comparables) double time is paid for holiday work when required. Double time and one-half is paid in Chicago Ridge.

Considering both Internal and External Comparables, I find that the most reasonable final position on this issue to be that of the Union. The proposed language will be added as proposed to Article IX.

IMPASSE ISSUE 6

Section 12.9 Reimbursement of Village Hiring Expense

The Village proposes a change in Section 12.9 language which currently reads:

Employees hired after May 1st who voluntarily terminate their employment within twelve (12) months shall be obligated to reimburse the Village 50% of the cost of uniform items set forth in Appendix B and Turn Out Gear. There is a $2000.00 cap on that reimbursement.

The Village proposes that the limit on reimbursement be raised to $4000.00 with applicable language stating that no Employee, *"will be required to reimburse the Village more than $4000.00 under this Section if he leaves with less than one year of service. . . ."*

There is no evidence of the extent to which Firefighters have left the employ of the Village without having reimbursed Hazel Crest as required, There is no evidence of the Costs of the Uniforms or Turn out Gear nor any indication of any changes in those costs since this language became a part of the Agreement. There was no projection of dollars the Village has lost, if any, as a consequence of the existing cap. The Comparables do not support the demand. There is no similar coverage in their Contracts.

DETERMINATION

The Union proposes that the status quo be maintained on this issue. There is insufficient evidence to warrant any changes.

IMPASSE ISSUE 7

EMPLOYEE INSURANCE CONTRIBUTIONS

Section 18.1(b) deals with Employee Insurance Contributions. Current language provides for Firefighters to contribute 10% of premium cost. The Village proposes an increase in that percentage to 15%. New language would read:

> *In consideration for the Village's agreement to provide for the coverage and benefits presently in effect, the Union agrees that the Employees shall contribute an amount equal to 15% of the premium cost for the Plan in which they have enrolled as such premium costs may change from time-to-time. Employee premium contributions shall be retroactive to May 1, 2009.*

There was no evidence that during negotiations either the Village or the Union had sought any reduction in Benefits in order to cut Health Insurance costs[8]. In recent years, Health Insurance Providers have been substantially increasing premium levels and, as the parties are well aware, during the past year the United States Congress has given special consideration to what most observers agree has become a national crisis in Health Insurance Costs. In Hazel Crest, there have been unprecedented increases in premium costs, 90% of which have been historically paid by the Village under contract provisions. There is no evidence that either the higher premium or the increase was a consequence of adverse health experience in the group covered by the Policy.

Under the Village PPO Plan in which Hazel Crest Firefighters are enrolled, effective 2009/2010, there are four PPO coverage options – Single, Employee plus Spouse, Employee plus Children and a Family Plan. In addition, there is an HMO. Even without any percentage change in contributions, Firefighters would be paying more dollars at the 10% of premium contribution level because of premium increases. Under this Collective Bargaining Agreement, most of premium cost increases which have ranged between 14.4% and 18.9% over 2008-2009 contributions, would have been picked up by the Employer and have become part of the Firefighter's *hidden paycheck*.

[8] At some point a new coverage option was instituted – *Employee plus Children.* The first premium is shown for 2009-2010 and is lower than the premium for Employee plus Spouse coverage.

The Union stresses that I should consider the cost impact of these already built in premium cost increases on the Firefighters and not adopt the Village proposal to raise Firefighter contributions from 10% to 15% of the premium. There is no question that because of the Employer's much greater share of the Premium, there have already been substantial employee insurance cost increases for a Village with serious revenue problems mentioned above.

Under the Union Proposal, if the Firefighter contribution level remains at 10% for 2009 – 2010, premium cost increases would have the consequences under existing language set forth below. Costs of the five options and the effect of the Village's proposed 15% contribution is also shown. Most of the impact is upon those who have elected coverage under the more comprehensive Plans.

For each of 10 Firefighters[9] with Family Coverage under the PPO[10], Hazel Crest currently pays 90% of what in 2009 became a $20,890.08 premium - $18,801 - as against the Firefighter's $2089.00 share. Because of the premium increase, there had been a $24.96 monthly increase which brought the Firefighter's monthly contribution toward this most costly coverage to $174.08. If the employee contribution were to become 15% of premium, Firefighter contributions in 2009 would increase $87.42 a month from that $174.08 to $261.13, increasing $1044.60 annually or the equivalent of about 50 cents an hour. It is most significant that almost all this amount would be payable retroactively to May 1st. There would be the same 50% percentage increase from the 10% level for the other coverage but less dollar impact.

The annual premium for each of the 3 Firefighters with Employee plus Spouse PPO coverage would be, according to Village figures, $14,265.72 – each of those Firefighters would have been paying $1426.57 annually and the Village $12,839.15. Because of premium increases, in 2009 employee contributions became $18.90 more each month making monthly contributions $118.88. At a 15% contribution level, May 1, 2009, those monthly contributions would increase $59.44 from $118.88 to $178.32, an annual dollar increase of $713.28, most of which would be payable retroactively to May 1, 2009.

PPO Coverage for Employee plus Children coverage was effective in 2009. Under the 10% contribution requirement, the one Firefighter who,

[9] The parties' reports show differences in the number of employees with each coverage.

according to the Union has elected such coverage, is currently paying $113.44 monthly, $1361.28 annually. The Village pays the $12,251 balance of the premium. If the contribution percentage would become 15%, his/her monthly contribution cost would have been $170.16, an annual cost of $2041.87. The yearly cost increase would be $680.87.

The annual premium for each of the 2 Firefighters with Single PPO Coverage is $6988.08 of which the employee pays $698.76 and the Village $6289.08. again because of the premium increases, they contribute $7.36 more each month than in 2008-2009 making their current monthly contributions $58.23. At a 15% contribution rate, monthly contributions from these two 2 employees would increase from $58.23 to $87.35, a monthly dollar increase of $29.11; annually $349.32 more.

There are 2 Firefighters currently paying $503.52 annually for Employee only coverage under the HMO. For that coverage, the 2009 cost to the Village was $4532.04. Their monthly premiums for HMO coverage had increased from $39.68 in 2008 to $41.86 in 2009-2010; they each paid $26.16 more over the year. If the contribution percentage were to go to 15%, their contributions would increase from $39.68 in 2008-2009 to $62.94 in 2009-2010, an annual dollar raise of $279.12.

While the new percentage together with the already built in premium increases would bring about significant new insurance expense for a Hazel Crest Firefighter, their counterparts working in other cited Comparables have been contributing a much greater percentage of premiums than the 15% sought by the Village here. They have been paying and will continue to pay a much higher percentage of their insurance costs than the 10% share being paid by Hazel Crest Firefighters. There was no showing premiums/benefits in those comparable communities were lower than in Hazel Crest.

In County Club Hills, Firefighters have had a 20% of individual and family insurance premium contribution obligation. In Markham, they pay 17.5% of premium for Family Coverage and 22.5% for other coverage. Since 2002, Firefighters in Homewood have had a 10% contribution obligation for full time employees' non-dependent coverage and 20% of the difference between the cost of the premium for dependents and the cost of the non dependent premium. In Riverdale, effective May 1, 2010, employee contributions for family coverage will increase from the lesser of $248.83 per month or the actual percentage that the Village's health insurance carrier raises the monthly premium for Employee and Family coverage from a 2009 $207.36 monthly level. According to Chicago Ridge's 2007 Labor Agreement, while that Municipality picks up the premium for single coverage, Firefighters there pay $1422.96 annually for dependant's coverage irrespective of whether the employee is enrolled in HMO or PPO coverage.

Somewhat neutralizing the higher percentages of premiums paid by employees in Homewood, Markham and Country Club Hills are the higher 2009 wage increases those communities provided their Fire Departments that year, that same year that Hazel Crest seeks to move toward insurance contribution parity. We have reviewed the increases in 2009 and 2010 wages in Homewood (3.5%), in Markham (4% each of those years) and in County Club Hills (increases of 3% and 4%). As seen, Hazel Crest provided only a 2% 2009 increase. While there was reason for the mutual agreement on that percentage, it is noteworthy that 2009 is the year chosen for the major adjustments necessary to move Hazel Crest toward the contribution levels of the comparables. 2009 is the year when there would be substantial retroactive payments if the 15% contribution was made effective as proposed.

As stated above, the Hazel Crest Police Contract has an April 30, 2011 termination date and the Public Works Agreement expires a year later. As Local 4087 correctly points out, these units had not been asked to make any percentage changes from 10% in their contribution rates. However, they remain contractually required to pay additional dollars each month as a consequence of the premium increases.

In the Firefighter Unit, a contribution percentage increase is proposed to take effect May 1, 2009. I recognize that the annual increases provided in the new Agreement for 2010 and 2011 are 1.5% greater than the 2% increases in the Police Unit and slightly greater than the 3% increases negotiated for Public Works.

The parties are in a catch up situation on insurance costs with Firefighter Comparables. Heretofore, Firefighters, as far as the Record shows, have had an advantage in that for some time they have been paying a lower percentage of insurance costs compared with their counterparts. The Village is currently paying and will continue to pay a substantially greater percentage of employee insurance costs than Comparable Villages do even if the proposed percentage increase to 15% were recognized. These comparability factors clearly warrant an increase in the percentage of Health Insurance costs paid by Hazel Crest Firefighter's. The dilemma is how to address that inequity, and at the same time, cushion or stretch out the financial burden on Firefighters which would result from the proposed immediate substantial increase in monthly and annual contributions. Such a retroactivity application is especially onerous for employees during a year in which the agreed upon wage increase (2%) is relatively moderate and underlying insurance premiums have risen to such a large extent. The Arbitrator has limited discretion here.

DETERMINATION

It is certainly not unreasonable that Hazel Crest Firefighters pay similar percentages of insurance costs as their counterparts in comparable municipalities. Even were there an increase to 15%, Hazel Crest Firefighters would still be contributing at lower percentages than those in agreed upon Comparables. I am aware that maintaining the current 10% contribution percentage would only exacerbate the comparability problem and increase the dollar spread between what Firefighters contribute in Hazel Crest and what their counterparts pay in comparable Villages with the higher employee contribution percentages. As we have seen, there is no question that Firefighters in other comparable Units do pay substantially greater percentages of the Health Insurance Premium than the 10% share in Hazel Crest and a catch up adjustment is imperative. However the move proposed here for 2009 is unreasonable considering the substantial increased dollars a Firefighter would have to pay retroactively in a lump sum for coverage that year when there had understandably been only a modest 2009 wage increase and premium costs have soared. In such circumstances the transitional large dollar adjustment should be phased in more gradually than proposed here. It is for that reason that I find that the status quo on contribution percentages should be maintained at this time. The Union Proposal is adopted

IMPASSE ISSUE 8
Retiree Health Insurance

New Section 18.3 - Retiree Health Insurance

The Village proposes that an existing Side Letter of Agreement regarding Retiree Health Insurance be replaced with a new Section 18.3 which shall read:

Article XVIII Section 18.3 - Retiree Health Insurance

A. All Employees who are members of the Bargaining Unit as of the date of this Agreement shall be entitled to all Retiree Health Insurance Benefits as set forth in Chapter VIII B of the Village Personnel Policy in effect in February 2003. A copy of the applicable Personnel Policy provision relating to Retiree Health Insurance is appended to this Agreement as Appendix D.

B. Employees hired after the date of this Agreement will be subject to any restrictions, modifications to or elimination of

Retiree Health Insurance Benefits that are applicable to other Employees bound by the Personnel Policy.

The Union is not in agreement. They suggest a new Section 18.3 with more specific language.

A. All Employees in the Bargaining Unit as of the day of this Agreement shall be entitled to all Retiree Health Insurance benefits as set forth in Chapter VIII of the Village Personnel Policy as they existed as of the revisions effective February 2003, a copy of which is attached hereto as Appendix _____ and incorporated herein.

B. Employees hired after the effective date of this Agreement will be subject to any restrictions or modifications to or elimination of Appendix _____ attached hereto as applied to other Employees bound by the Personnel Policy.

DETERMINATION

There are no substantial differences between the two final positions. However, the Union position is more specific and certain. It is that provision which should be incorporated into the Labor Agreement.

AWARD SUMMARY

Having considered the evidence in accordance with applicable Statutory Criteria, I have made the determinations set forth above on each issue. The Hazel Crest/Local 4087, IAFF Collective Bargaining Agreement shall be modified to incorporate these determinations as well as all other matters previously agreed upon by the parties.

James R. Cox

Arbitrator

Issued this 10th day of March 2010

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