

IN THE MATTER OF ARBITRATION)	
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BETWEEN)	Marvin Hill
)	Arbitrator
RUTLAND-DUNDEE FIRE PROTECTION DISTRICT, EMPLOYER)	
)	
-- and --)	Case S-MA-09-283
)	
IAFF PROFESSIONAL FIREFIGHTERS, LOCAL NO. 4682, UNION.)	Successor collective bargaining agreement: Wages & Insurance
)	
_____)	

Appearances

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Preliminary Statement

On or about January 6, 2012, the undersigned arbitrator was selected as neutral in an interest dispute between the Rutland-Dundee Fire Protection District (the “Employer”) and IAFF Local 4682 (“Union”). A pre-trial conference with counsel was held on March 2, 2012, in Oak Brook, Illinois for purpose of agreeing of the issues for resolution and the comparables. Ground rules were also proposed and agreed upon by the advocates (JX 4). Pursuant to a reopener in the collective bargaining agreement, the parties agreed that two items are at impasse: Insurance (Article 15) and Wages (Article 13.1). A hearing was held at the Rutland-Dundee Fire Protection District Training Center, 11 Higgens Road, Gilberts, Illinois. The parties appeared

through counsel and entered exhibits and testimony. At the end of the hearing counsel met with the Arbitrator for purposes of exploring a settlement agreement. After mediation, a settlement/stipulated award was agreed to by the parties. The terms of the award is reflected as follows:

AWARD

Wages: 2.0% effective May 1, 2011;

2.0% effective May 1, 2012.

Insurance: Effective May 1, 2012, Article 15.1 will be modified by increasing the Medical Expense Reimbursement maximum amount available from \$6,000 per fiscal year to \$7,500 per fiscal year.

DISCUSSION AND ANALYSIS OF SETTLEMENT

The record indicates that this interest arbitration is part of an initial contract bargained by the parties (JX 1) that provided for a reopener for 2011 and 2012 in both health insurance and wages. Thus, the instant dispute is within the context of an existing collective bargaining agreement (R. 54). The bargaining unit totals six (6) firefighters working a 24/48 shift (R. 64). Coverage is maintained by the use of part-time firefighters (R. 65).¹ The unit initially received a zero increase in 2010 with the right to reopen on wages and health insurance (R. 64).

¹ An exchange between Mr. Berry, Mr. Kelly and Chief Thomas illustrates the manning operative at Rutland-Dundee:

Q. [By Mr. Berry]: Well, in terms of the bargaining unit people, you got one bargaining unit person at each station, 24/48?

A. [By Chief Thomas]: Correct.

Q. When do you replace them on overtime with a full-time person?

A. When both are off.

Q. So the minimum for bargaining unit persons is one person?

A. Yeah.

Q. So your overtime recall is zero?

A. Hopefully.

By Mr. Kelly: No. No. Overtime recall is one.

By Mr. Berry: No. When they go to one, they don't replace him. When they have none, then they bring in one. Right?

Chief Thomas: Yes. (R. 69).

The parties agreed on seven comparables: East Dundee, Hampshire, Leyden, North Maine, Oakbrook Terrace, Palatine Rural and Sugar Grove, all fire protection districts (R. 6). Like all fire protection districts in the state, virtually all of the revenue of a district is based on property tax values which, in this District, have declined since 2008 (R. 56; EX 3). The Board has taken no action to raise taxes (R. 58). There are no internal comps (FOP and AFSCME, for example) cluttering the analysis.

The Union's final offer on the issue of wages is to increase all steps of the wage schedule, Appendix A of the contract, by two percent effective 5/1/11 and two percent effective 5/1/12 (R. 8). Management's offer is 1.0 percent for the first year, effective May 1, 2011, and 1.5 percent for the second year, May 1, 2012, of the contract (R. 18-19).

With respect to insurance, the Union points out that there is no insurance policy or benefit provided to employees in the District. What is operative "is a system where they grant credits up to a certain amount of money that can be charged with proof of receipts against medical expenses that were incurred during the fiscal year." (R. 8). Currently, the amount of credit is \$6,000 for each fiscal year. The Union's position is that it should be increased by \$3,000, making it \$9,000 for fiscal year 2012 (5/1/11 through 4/30/12, using the terminology of fiscal year as the last date of the year)(R. 8). For fiscal year 2012, the Union is proposing an additional \$3,000 increment to that amount, bringing the total amount to \$12,000 (R. 8). If an individual does not use \$6,000 in one year, the unused amount does not carry over to the next year (R. 9).² The record indicates that all of the bench-mark jurisdictions have an insurance benefit providing for both single and family coverage (R. 31).

Significantly, the Union is proposing to increase the insurance benefit to the level that is currently enjoyed by the chief officers. In Mr. Berry's words: "So we're not even proposing to make it the same as of this year. We're proposing to step it up in two steps to the same level that they already have." (R. 10). In contract, management is proposing no change in the insurance provision. As explained, *infra*, the Union advances the better argument.

While Rutland-Dundee is slightly less than average with respect to population and fire department employees, the Employer's EAV is above average (R. 12). At the same time,

² As pointed out by Mr. Berry: "It's almost like – it's like our uniform allowance, you know, like we have this uniform allowance. You put the money in the bank, you buy something and you get it debited. So it's an unusual – obviously, very unusual program here, but that's what they have. So we're not even proposing to change it. We're just proposing to increase it." (R. 9). "There's just money. There's just a credit account. There's no plan." (R. 32).

By the Arbitrator: There's a reimbursement plan?

Mr. Berry: There is a reimbursement plan for medical expenses, but there's no policy (R. 32).

* * *

By the Arbitrator: My understanding is that Rutland-Dundee collects nothing from the employee per month.

By Mr. Kelly: Correct (R. 35).

* * *

By the Arbitrator: Can we call it a debit card?

By Mr. Berry; Right. (R. 36).

A fair characterization of the insurance benefit is anything above \$6,000 in costs the employee is self-insured (R. 37). There is no "family" "single" distinction. It's just a reimbursement up to a certain amount (R. 38).

although the Employer's EAV is almost 19 percent above the average, the revenue that is generated by the District is almost 29 percent below that average (R. 12). Total revenue ranks 35% below the average (R. 13). Rutland-Dundee has higher that average revenue per employee (R. 13). Regarding expenses, the District is almost 54 percent below the average; their expenses are the lowest of any of the comparable districts (R. 13-14). The District budgets for actual expenses; hence, it has no ending fund balance (R. 14). Amazingly, Rutland-Dundee has no debt (R. 15).

Addressing the wage levels *vis-à-vis* the comps, the Union asserts that for 2010 the average of the comparable communities is \$62,723. Rutland's vale is \$52,570 (R. 18). This places them 7th of 8 and a little more than 19 percent below the average (R. 18). The average increase between the top base for 2010 and 2011 is 2.64 percent among the comps (R. 18). The Union's proposal is more than reasonable relative to the bench mark jurisdictions, the Union asserts (R. 18).

For the second year of the collective bargaining agreement, the average of the bench mark jurisdictions is 2.5 percent (R. 19). According to the Union, it will still lose ground to the comparables with its proposed raise "since the comp averages are 2.64 and 2.5." (R. 19). While the data is sparse, for the third year the comps average is 2.76 for those who have settled (R. 19).

With respect to years to maximum salary, the average of the comps is four (4). Rutland-Dundee is six (6), giving the District a rank of 7 out of 8. (R. 20). Rutland-Dundee at 2,912 hours is also below the average in hours worked, with the average of the comps at 2,819 (R. 20). This makes the top base further compressed, the Union asserts (R. 21). Based on 2011 settlements, Rutland-Dundee is significantly below the average. (R. 21).

Significantly, Rutland-Dundee has no Kelly Days, resulting in the unit being at work a hundred hours more annually than the bench mark jurisdictions, 3.8 percent below the average (R. 25). Also significant, Rutland-Dundee is last in terms of longevity for 2010, 2011 and 2012 (salary at 30 years is 52,570 while the average of the comps is 67,441)(R. 26-27), thus favoring the Union's proposal.

Addressing average total compensation, the Union maintains Rutland-Dundee's position is further depressed, with almost 34 percent below the average (R. 28).

The lieutenants are about four percent better than the firefighters in relation to the comps in terms of all various comparison factors (R. 28).

* * *

The statutory provisions, in pertinent part, governing the two economic issues in this case (wages and insurance) are found in Section 14 of the IPLRA:

(g) As to each economic issue, the arbitration panel shall adopt the last offer of settlement which, in the opinion of the arbitration panel, more nearly

complies with the applicable factors prescribed in subsection (h). The findings, opinions and order as to all other issues shall be based upon the applicable factors prescribed in subsection (h).

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

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

Furthermore, “It is well settled that where one or the other of the parties seeks to obtain a substantial departure from the party’s *status quo*, an “extra burden” must be met before the arbitrator resorts to the criteria enumerated in Section 14(h).” Additionally, where one party seeks to implement entirely new benefits or procedures (as opposed to merely increasing or decreasing existing benefits) or to markedly change the product of previous negotiations, the onus is on the party seeking the change.” *Village of Maryville and Illinois Fraternal Order of Police*, S-MA-10-228 (Hill, 2011).

Arguably, there are no “breakthrough” items in this case. I do not view the Union’s insurance proposal as a demand for an item traditionally subject to a breakthrough analysis. A

modest increase to the so-called “debit card amount” is not a radical departure from the *status quo* to warrant application of a higher standard of analysis.

By all accounts the stipulated award/settlement agreement comports with the statutory criteria. The wage package is more than fair given the settlements in the bench mark jurisdictions. Indeed, with a two-two wage increase (2.0% and 2.0%) over the next two years (2011 and 2012), Rutland-Dundee still lags behind the comparables (2.64% for 2011 and 2.5% for 2012) losing ground to similarly-situated firefighters (UX 2). With a zero percentage increase in 2010, it will take some time for Rutland-Dundee to catch up to the bench mark jurisdictions. The Union’s reasonableness in its proposal for 2011 and 2012 is noteworthy.

With respect to insurance, it is difficult to rationalize any award less than what the parties ultimately settled on, i.e., an increase of \$1,500 effective May 1, 2012. As noted, the Union’s initial offer was for \$9,000 for fiscal year 2012 (5/1/11 through 4/30/12). For fiscal year 2012, the Union was proposing an additional \$3,000 increment to that amount, bringing the total amount to \$12,000 (R. 8). This is the same package that is enjoyed by the non-unit employees (UX 12). Again, Rutland-Dundee is the only jurisdiction without a traditional insurance plan among the comps (UX 3). Applying the statutory criteria to the firefighters’ insurance proposal, modest by all accounts, a stipulated award/settlement at an increase of \$1,500 is more than reasonable.

Dated this 7th day of April,
2012, at DeKalb, Illinois, 60115.

Marvin Hill
Arbitrator