

IN THE MATTER OF ARBITRATION)	
)	Marvin Hill
Between)	Arbitrator
)	
City of Aurora, Illinois)	Case No. S-MA-11-121
Employer,)	
and)	March 21 & 22, 2011
)	Aurora, Illinois
Association of Professional Police Officers,)	
(APPO) Collective Bargaining Unit, Union)	
)	

Appearances:

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I. BACKGROUND, FACTS AND STATEMENT OF JURISDICTION

This interest arbitration concerns a bargaining impasse over the terms of a successor collective bargaining agreement between the Association of Professional Police Officers (“APPO” or “Union”) and the City of Aurora (“City,” the “Administration” or “Employer”). The matter was arbitrated on Monday, March 21, and Tuesday, March 22, 2011, in Aurora, Illinois (U.S. Census population: 197,899). There were three issues which the parties stipulated that the Arbitrator decide:

- a. Wages, with the Union’s final offer calling for a 2% across-the-board increase on January 1, 2011; an additional increase effective at the start of the 2011 contract year; an additional 3.0% increase at the start of the 2012-13 contract year; and a

\$1,000 across-the-board increase (the “bump”) to the salary schedule at 11:59 p.m. on March 5, 2013. The City’s final offer is to freeze the schedule for the contract year 2011-12, while allowing step movement (*Brief* at 5; R. 8). In recognition that the individual in the 10-15 and up step would not be receiving an increase for contract year 2011, for that contract year the City also proposes to increase all of the longevity steps by \$1,000. For contract year 2012-13, the City proposes a 2% across-the-board increase. The City’s wage offer also proposes to eliminate the March 5, 11:59 PM “bump” (aka, the “Cinderella Increase”).

- b. Health Insurance Contribution. The Union’s position is *status quo* (i.e., employees pay 2.5% of base salary for insurance). The City’s health insurance proposal is based on employees paying a percentage of premium costs for the following programs:

PPO: Employee, Employee plus Children, and Employee plus Spouse would pay 12.75% of the premium equivalent costs. PPO Family would pay 10%.¹

HMO: All segments would pay 10% of the premium costs. The change is proposed to take effect on January 1, 2012 (*Brief for the Employer* at 5).

- c. Accumulated Compensatory Time. The Administration is proposing to reduce maximum compensatory time accumulated from 580 hours to 240 hours (*Brief for the Employer* at 6). The Union’s proposal is *status quo*.

- d. A fourth issue concerns retiree health insurance. Based on the Union’s presentation of evidence and declaration that it has no opposition to the Administration’s final offer (since it will affect only *new* employees), the City’s offer is accepted and made part of this award.²

The parties stipulated that all issues are economic in nature.³ The parties also have agreed comparables, including Elgin, Evanston, Joliet, and Naperville

Pursuant to the striking process contained in the parties’ collective bargaining agreement,

¹ The 10% figure is not a typo. “The reason that 10% was proposed for PPO family was to taper or moderate the extent of the proposed increase.” (*Brief for the Employer* at 5). The Administration’s proposal is intended to allow employees to engage in various cost-saving initiatives. The City estimated the cost increase for 2011 “in the neighborhood of 10%.” *Id.*

² Indeed, the parties were informed not to brief the issue, that it would be included in this award as a so-called “Stipulated Award.”

³ By its terms, the prior collective bargaining agreement expired March 5, 2010. The parties negotiated an interim settlement agreement for 2010. Part of that agreement called for the parties to limit the issues to be presented at this proceeding to wages, health insurance and comp time (R. 6-7). That interim agreement dealt with a number of issues that the parties came to terms on in order to deal with the financial difficulties experienced by the City (R. 7).

the parties selected the undersigned to serve as Arbitrator. The parties agreed to waive Section 14(d) of the Illinois Public Labor Relations Act (the “Act” or “statute”) requiring the appointment of panel delegates by the employer and exclusive representative and further waived the commencement of the arbitration hearing within 15 days following the Arbitrator’s appointment (Section 14(d)).

The parties had agreed to and exchanged final offers simultaneously on Saturday, March 19, 2011, and further agreed that the arbitrator would choose between the final offers of the Employer or APPO.

It was further stipulated that the undersigned Arbitrator was to base his findings and decision upon the applicable factors set forth in Section 14(h) of the Illinois Labor Relations Act which, in relevant part reads as follows:

- A. 5 ILCS 315/14(g) At or before the conclusion of the hearing held pursuant to subsection (d), the arbitration panel shall . . . direct each of the parties to submit, within such time limit as the panel shall prescribe, to the arbitration panel and to each other its last offer of settlement on each economic issue.

- B. 5 ILCS 315/14(h) where there is no agreement between the parties, . . . the arbitration shall base its findings, opinions and order upon the following factors, as applicable:
 - (i) The lawful authority of the employer;
 - (ii) Stipulations of the parties;
 - (iii) The interests and welfare of the public and the financial ability of the unit of government to meet those costs;
 - (iv) 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.

- (v) The average consumer prices for goods and services, commonly known as cost of living;
- (vi) 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 to her benefits received;
- (vii) Changes in any of the foregoing circumstances during the pendency of the arbitration proceeding; and
- (viii) 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 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).

The only so-called “breakthrough item in this case is the City’s offer on health insurance, where the City desires an end to the percentage of salary allocation (currently 2.5% of the employee’s base salary) to a percentage of the premium.⁴ To its credit, the City acknowledged that in this kind of case its burden is to show that the “current system is broke, and that it creates operational difficulties for the employer, and that the employer has attempted to achieve this change through bargaining.” (R. 11-12; 22).

⁴ The City proposed to increase the employee’s contribution from 2.5% of base to 3.5% at the Cox arbitration. Arbitrator Cox rejected the City’s proposal. Once again, during this round of negotiations, the City proposed moving to a percentage of premium, which was rejected by the Union in bargaining.

II. POSITION OF THE POLICE (APPO)

The position of the Police Association (APPO), as outlined in its post-hearing *Brief*, is summarized as follows:

Setting aside wages, the two issues at stake in the interest arbitration are health insurance premium contributions and compensatory time cap. On both of these issues, APPO has proposed to maintain the *status quo*.

With respect to health insurance, the APPO proposes to maintain the allocation of 2.5% of base pay as the basis for its fair share of health insurance premium contribution. As Arbitrator James Cox noted in his Award of April 2008 (CX 21): “there is insufficient evidence that claims experience in this unit justifies any contribution increases emphasized beyond the built-in increases provided by the current formula and, especially considering that the other City of Aurora internal comparables (with the exception of exempt management) are all on a percentage-of-base-pay premium contribution basis.” In the Union’s view, the same holds true today. **The City has offered no evidence, except upon speculation, that their claims experience “of this unit” justifies any contribution increases beyond the 2.5% of base pay.**

Addressing the compensatory time bank issue, the APPO’s position is maintaining the *status quo* with the compensatory time bank set at 480 hours. Again, that there is no need for a change, the Union argues. Only one officer in the entire unit has more than the 240 hours the City proposes (CX 22). The Fair Labor Standards Act (FLSA) allows accumulation of 480 hours, exactly what the Association is requesting. See, 29 USC 207(o)(3)(A).

It is suggested that the City has not met its “extra burden” changing the long-standing and negotiated issues concerning health insurance premium contribution and compensatory time bank.

A. Comparable Communities

Pursuant to Section 14(h)(4)(a) of the Illinois Labor Relations Act, the Arbitrator must consider a comparison of the employees involved in the arbitration (in this case, the Aurora patrol officers) with other employees performing similar services in comparable communities. 5ILCS 315/14(h)(4)(a).

In the last interest arbitration between the parties, the City proposed to add Waukegan, Arlington Heights, and Skokie to the list of the comparable communities. As Arbitrator Cox noted:

There is no dispute that Joliet, Naperville, Elgin, and Evanston are communities comparable to Aurora. The Union presented evidence that Arbitrator Suntrup had recognized these four municipalities to be appropriate comparables in 1996 and they have been so utilized in subsequent negotiations without objections. According to the Suntrup award, while other

municipalities had been proposed, both sides agree on the comparability of core cities, including Aurora, which can serve as a basis for comparison. I see no valid reason to disturb that finding. (CX 21 at 2).

The statute also allows the Arbitrator to compare internal comparables. As such, Arbitrator Cox also gave consideration to the other internal comparables units in the City of Aurora with “special comparative importance” on the firefighter unit. (CX 21 at 3).

Based upon the guidelines given to the parties by Arbitrator Cox, the Union’s analysis will rely on the external comparables of Elgin, Evanston, Joliet, and Naperville, and internally provide emphasis upon the relationship between the City of Aurora and the International Association of Firefighters Local 99 (IAFF), who represent the Aurora Fire Fighters.

B. The State of the Contract

The last collective bargaining agreement between the parties expired on March 5, 2010. (UX 1). Prior to the expiration of the prior agreement, the parties negotiated an “interim settlement agreement” (UX 2), signed on December 11, 2010. Economically, effective March 6, 2010 through December 31, 2010, every single officer gave back approximately \$3,600.00 of his or her wages.

The chart below ⁵ illustrates the actual effect of the interim settlement agreement on the officers’ wages:

<u>Step</u>	<u>March 6, 2010 Salary</u>	<u>Minus Health Insurance 2.5%</u>	<u>Minus Uniform Allowance and 10 Minute Reporting Time</u>	<u>Net Pay Before Taxes</u>
6 months -1 year	\$68,246.40	\$66,540.24	\$3,260.70	\$63,269.54
1-2 years	\$71,116.80	\$69,338.88	\$3,360.40	\$65,978.48
2-3 years	\$73,124.40	\$71,345.04	\$3,456.08	\$67,888.96
3-4 years	\$77,356.80	\$75,422.88	\$3,555.14	\$71,867.74
4-5 years	\$80,805.60	\$78,785.46	\$3,659.92	\$75,125.54
5-10 years	\$84,241.60	\$82,135.56	\$3,770.29	\$78,365.27

⁵ In the first column is the “step,” that is, the years of service as an officer. The second column shows the officer’s annual salary after the \$1,000.00 “bump” went into effect on March 5, 2010 as part of the now expired contract. The third column shows the net base salary after taking out the 2.5% for health insurance contribution. The fourth column subtracts the actual amount of concessions given, and the fifth column shows the net economic base salary of the officer through the end of December 2010.

10-15 years	\$85,032.00	\$82,906.20	\$3,794.99	\$79,111.21
15-20 years	\$85,468.80	\$83,332.08	\$3,808.38	\$79,523.37
20-25 years	\$85,864.00	\$83,717.40	\$3,820.99	\$79,896.41
Over 25 years	\$86,259.20	\$84,102.72	\$3,833.08	\$80,269.64

Comparing the probationary officers in Aurora with the other comparable jurisdictions, the Aurora officers are higher than Elgin, Evanston, Joliet, and Naperville. However, at Step 3 (at the start of 3 years), the officers in Elgin and Joliet move ahead of Aurora, and the Aurora officers are only slightly ahead of Naperville.

At Step 6, the Elgin officers are ahead of Aurora, the Evanston officers are slightly behind Aurora, the Joliet officers are well ahead of Aurora, and the Naperville officers have now passed Aurora.

Moving to the 10-15 year Step in Aurora (approximately Step 7), as a result of the interim settlement agreement, the net income for an Aurora officer is \$79,306.20. At the same step level, Elgin is at \$81,360.00 (UX 5), and Evanston is at \$76,628.00 (UX 6). On October 10, 2010, Joliet has moved to \$93,021.00 (UX 7) and on May 1, 2011 (following their 3% pay increase) Naperville is at \$82,674.08 (8).

Thus, while all the comparable jurisdictions were giving their officers raises in 2010 (Elgin 4% January 1, 2010, Joliet 4% October 1, 2010, and Naperville 3% May 1, 2010) the Aurora officers were not only losing their traditional ground as second only to Joliet, they were also losing the compound value of future earnings, especially for the younger officers. In the Union's analysis, the younger officers (under two years), are especially victimized by the City's offer of 0%. **What the City's wage proposal would mean to the younger officers, which comprise over half of the bargaining unit, is a 4.5% loss in the year 2010 and a freeze (loss) in 2011, the Union argues.**

C. Internal Comparables

With respect to group health/dental premium contribution, all of the City internal bargaining units are still paying a *percentage* of either base salary or gross pay. The only employees of the City that are not paying a *percentage* of base or gross pay for health insurance premium are the executive and non-exempt, who have no bargaining rights and are solely employees on an at-will basis. Indeed, the Aurora executives have actually received an economic benefit from switching from a percentage of gross or base pay to a percentage of premium.

The experience in the internal collective bargaining units is summarized in City Exhibit 10 as follows:

- AFSCME Local 1514 similarly took a wage freeze in 2010. For 2011, Local 1514 received a 2% pay increase and a 2.75% pay increase for 2012 and there were no layoffs. Those contracts run on a calendar year basis.
- AFSCME Local 3298, with 170 employees, received a 2% wage increase on October 1, 2010. Any wage increases following September 30, 2011 are subject to negotiations.
- The City also called the executive branch a “unit”. Leaving aside their loftier salaries, they do not have a collective bargaining agreement and are exempt. However, ten of the executives each received a \$10,000.00 raise in 2010 after accomplishing reopened negotiations and concessions from the collective bargaining units. Further, they have received a benefit in that their health insurance contribution now on a percentage of premium basis is substantially less.
- Higher management consists of 27 employees and the “negotiations” are ongoing.
- Most significantly, the 153 firefighters of IAFF Local 99 received a 3.5% wage increase which they deferred to January 1, 2011. In effect, the firefighters took a wage freeze in 2010 much like APPO, and received a 3.5 % pay increase on January 1, 2011, which they are presently enjoying. Not only do the firefighter have the 3.5% raise in place, the raise also helps accumulate and extend future compounding value and ultimately their pensions.
- The seven employees of the IBEW have ongoing negotiations. According to the testimony, those seven workers accepted some furlough days in 2010, but did not take a pay or benefit cut for the purpose of compounding value. Those negotiations are still ongoing.
- Police management contains 53 employees, of which 39 are members of the Aurora Sergeant’s Association. Those negotiations are ongoing. There were no concessions out of police management nor any furlough days and the Sergeants are at a pay grade 18% above the patrol officers.

D. The Economic Downturn

Since Arbitrator Cox entered the last award between the parties to this collective bargaining in April of 2008, there has been an obvious economic downturn. At the depths of what has been called the “Great Recession,” Arbitrator Edwin Benn asked how interest Arbitrators “can rationally formulate terms for multi-year collective bargaining agreements with an economy that has taken such a hard hit and at this time shows no real signs of substantial recovery?” In his words:

With an economy in free fall, unemployment marching steadily upward, credit markets frozen, businesses laying-off or closing, revenue streams diminishing, government intervention programs of massive proportions seeking to prevent further harm and not knowing whether, when, or to what degree those programs will succeed in stopping the bloodletting, how am I as an interest Arbitrator rationally supposed to set the economic terms of a multi year collective bargaining agreement which the parties unsuccessfully attempted to reach before the economy crashed” County of Boone and Boone County Sheriff and Illinois Fraternal Order of Police Labor Council FMCS-MA-08-010 (March 23, 2009)

Since Arbitrator Benn wrote the above opinion, the economy has moderately regenerated and instead of marching steadily upward, unemployment claims are down 0.9%, the Union asserts (Union Supp. Ex. 4). Credit markets have generally opened up with tighter restrictions than prior to the downturn. The unemployment rate in Illinois went from 11% in March of 2010 to 8.8% in March of 2011, a 2.2% drop, gaining 76,600 jobs in that same time frame (Union Supp. Ex. 4). As alluded to above, even the City of Aurora’s 2011 budget is in better shape than when it was set.

E. Wage Comparison Among Comparable Communities

For the purposes of this analysis and the instant arbitration, the Union believes that step movement is not a consideration. The Union points out that in all of the comparable internal and external contracts, each of the units maintain step movement regardless of their wage increases.

The chart below ⁶ is a summary of all of the external collective bargaining agreements.

COMPARABLE ANNUAL/HOURLY SALARIES FOR 2010

YEARS	AURORA		ELGIN		NAPERVILLE		EVANSTON		JOLIET	
0- 6 MOS.	\$67,246	\$32.33	\$59,189	\$28.46	\$60,005	\$28.85	\$57,203	\$27.50	\$45,974	\$22.10
1 YEAR	\$70,116	\$33.71	\$62,876	\$30.23	\$64,731	\$31.12	\$60,794	\$29.23	\$61,460	\$29.55
2 YEAR	\$73,174	\$35.18	\$69,158	\$33.25	\$69,343	\$33.34	\$63,113	\$30.34	\$75,041	\$36.08
3 YEAR	\$76,356	\$36.74	\$73,911	\$35.53	\$73,503	\$35.34	\$65,770	\$31.62	\$75,041	\$36.08
4 YEAR	\$79,705	\$38.32	\$77,008	\$37.02	\$77,178	\$37.11	\$68,250	\$32.94	\$78,852	\$37.91
5 YEAR	\$83,241	\$40.02	\$81,360	\$39.16	\$80,266	\$38.59	\$73,686	\$35.43	\$78,852	\$37.91
6 YEAR	\$83,241	\$40.02	\$81,360	\$39.16	\$82,674	\$39.75	\$76,628	\$36.84	\$82,794	\$39.80

⁶ The chart reflects the wages for all units; including any applicable longevity pay, beginning January 1, 2010. The chart does not reflect the concessions made by Aurora Officers during 2010. Historically, Aurora’s Pay Appendix has always included longevity pay, while the comparable agreements have not.

7 YEAR	\$83,241	\$40.02	\$81,360	\$39.16	\$84,327	\$40.54	\$76,628	\$36.84	\$82,794	\$39.80
8 YEAR	\$83,241	\$40.02	\$81,360	\$39.16	\$84,327	\$40.54	\$76,628	\$36.84	\$82,794	\$39.80
9 YEAR	\$83,241	\$40.02	\$81,360	\$39.16	\$84,327	\$40.54	\$76,628	\$36.84	\$86,935	\$41.80
10 YEAR	\$84,034	\$40.40	\$82,510	\$39.67	\$85,827	\$41.26	\$78,735	\$37.85	\$86,935	\$41.80
11 YEAR	\$84,032	\$40.40	\$82,510	\$39.67	\$85,827	\$41.26	\$78,735	\$37.85	\$86,935	\$41.80
12 YEAR	\$84,032	\$40.40	\$82,510	\$39.67	\$85,827	\$41.26	\$78,735	\$37.85	\$93,021	\$44.72
13 YEAR	\$84,032	\$40.40	\$82,510	\$39.67	\$85,827	\$41.26	\$78,735	\$37.85	\$93,021	\$44.72
14 YEAR	\$84,032	\$40.40	\$82,510	\$39.67	\$85,827	\$41.26	\$78,735	\$37.85	\$93,021	\$44.72
15 YEAR	\$84,468	\$40.61	\$82,910	\$39.86	\$86,827	\$41.74	\$79,310	\$38.13	\$93,021	\$44.72
16 YEAR	\$84,468	\$40.61	\$82,910	\$39.86	\$86,827	\$41.74	\$79,310	\$38.13	\$93,021	\$44.72
17 YEAR	\$84,468	\$40.61	\$82,910	\$39.86	\$86,827	\$41.74	\$79,310	\$38.13	\$93,021	\$44.72
18 YEAR	\$84,468	\$40.61	\$82,910	\$39.86	\$86,827	\$41.74	\$79,310	\$38.13	\$93,021	\$44.72
19 YEAR	\$84,468	\$40.61	\$82,910	\$39.86	\$86,827	\$41.74	\$79,310	\$38.13	\$93,021	\$44.72
20 YEAR	\$84,864	\$40.80	\$83,310	\$40.05	\$86,827	\$41.74	\$80,469	\$38.69	\$93,021	\$44.72
21 YEAR	\$84,864	\$40.80	\$83,310	\$40.05	\$86,827	\$41.74	\$80,469	\$38.69	\$93,021	\$44.72
22 YEAR	\$84,864	\$40.80	\$83,310	\$40.05	\$86,827	\$41.74	\$80,469	\$38.69	\$93,021	\$44.72
23 YEAR	\$84,864	\$40.80	\$83,310	\$40.05	\$86,827	\$41.74	\$80,469	\$38.69	\$93,021	\$44.72
24 YEAR	\$84,864	\$40.80	\$83,310	\$40.05	\$86,827	\$41.74	\$80,469	\$38.69	\$93,021	\$44.72
25 YEAR +	\$85,259	\$40.99	\$83,310	\$40.05	\$86,827	\$41.74	\$80,469	\$38.69	\$93,021	\$44.72

As noted by the City, the Aurora officers are hired at the highest salary of the comparable communities. At the beginning of the fifth year, the Aurora officers are still higher paid (\$84,241.00 - \$41.50) than the comparable communities. However, at the next longevity step (in the APPO contract), Aurora has fallen to third of the five comparable communities behind Naperville and Joliet.

F. The City's Final Offer on Wages

Applying the City's final offer on wages (CX 5) the officers in Aurora at the 5-10 year step would remain frozen with their salaries for 2011. The officers in the four steps beyond 10 years would receive a \$1,000.00 longevity stipend for 2011

While Elgin's officers have agreed to a zero percent increase for 2011, they have also been allowed to cash in accumulated sick time for cash which, ostensibly, could demonstrate an actual net gain (Union Supp. Ex. 5) of one weeks pay.

The Evanston officers have already received a 2% wage increase on March 1 of this year and

will receive a 1% increase on September 1 of 2011 (Union Ex. 6) for a net 3% gain in Evanston contract year 2011.

The Joliet officers will receive a 4% across the board increase on July 1, 2011; they will also receive a 4% wage increase on January 1, 2012 (UX 7).

The Naperville officers have already received a 3% salary increase on May 1, 2011 with a contract expiring April 30, 2012 (UX 8).

In effect, the City's offer on wages for the officers in the 5-10 year step-range further diminishes their standing with the comparable communities. Interestingly, the City's final offer (CX 5) does not discuss what, if anything, is it offering for new hires or the 1-5 year range: Indeed, the City's final offer does not discuss, or make any offers to officers who are just hired through five (5) years. It is therefore impossible to assess what the City's wage position is on nearly 25% of its police force other than it wants more in contributions for health insurance.

With regard to Part D of the employer's 2011 offer, a \$1,000.00 increase would take the 10-14 year step to \$86,032.00, a 1.2% increase or a \$0.48 per hour raise. At the 15-19 year level it would mean a raise to \$86,468.00, 1.2% raise or \$0.42 per hour raise. For the officers beginning their 20th year through the end of their 24th year, their current salary of \$85,864.00 would increase \$1,000.00, again a 1.2% increase or nearly a \$0.42 per hour increase. For those few officers who have more than 25 years, their annual salary would be set at \$87,259.00 (1.2% increase) or a little under \$0.42 per hour.

With the exception of the officers in Elgin (discounting the officers ability to trade in sick time for cash) the Aurora officers with 10 or more years experience are receiving a 1.2% increase, again well behind the comparable communities of Evanston (3.0%), Joliet (4.0%), and Naperville (3.0%).

The Employer's second component of its wage offer is a March 5, 2012, 2% pay increase for (apparently) all steps in the bargaining unit.

Finally, the employer seeks to eliminate the "bump" at the end of the contract term. The \$1,000.00 "bump" went into effect at 11:59 p.m. on March 5, 2010, prior to the expiration of the old contract. The \$1,000.00 "bump" was awarded by Arbitrator Cox (UX 10).

As Arbitrator Cox, and before him, Arbitrator Suntrup found, the "bump" is an unusual feature which "became effective in January 1994" when money "received for protective equipment was rolled into their base pay effective with the expiration of the prior contract" (Cox at 4). The bump, as Arbitrator Cox recognized, has been a facet of Union pay structure since January, 1994. (UX 10).

At the last arbitration, the Union proposed to keep the bump as it had been at \$1,500.00. The

City proposed reducing it to \$1,000.00. Arbitrator Cox ruled in favor of the City's proposal to reduce the "bump" to \$1,000.00.

The City now wishes to eliminate the "bump," again taking the rowing oar on a change of a long-term feature of the Collective Bargaining Agreement. As noted before, when one of the parties seeks to obtain a substantial departure from contract status quo, an "extra burden" must be met before the Arbitrator resorts to the criteria enumerated in Section 14(h). In this regard, there was no testimony, documentary or otherwise, that illustrates the necessity of reducing the "bump." The "bump" has been a staple of the parties' collective bargaining agreement since 1994 and the City has failed to demonstrate, economically or not, why the "bump" needs to be changed. The City may argue that they want to change it, but they have to demonstrate on competent evidence the necessity or extra burden of changing the current condition awarded by Arbitrator Cox. The Union respectfully suggests that the City has not met that burden.

G. The Union's Wage Proposal

The Union's proposal for wage increase reflects the impact of the interim agreement of December 11, 2009 (UX 2). Aurora's Officers agreed not only to a wage freeze but also agreed to approximately \$3,600 concession per officer for calendar year 2010. As a result, the Union has proposed a 2% increase on January 1, 2011, the date that the interim settlement agreement expired. In reality, it reflects only a 0.33% pay increase for all of contract year 2010.

The Union's final offer also requests a 3% raise on March 5, 2011 and 3% on March 5, 2012. The three year average for the raise would be 2.11% per year when the interim settlement agreement is factored in. **If the whole agreement is projected out over a three-year agreement, March 5, 2010-March 5, 2013, the Union offer for an increase in wages is averaged to 2.67%, the Union asserts.** The comparable agencies in Elgin, Evanston, Joliet and Naperville shows an average increase of a 2.75% in 2010 and a 2.5% increase in 2011 (after including Elgin's 2011 wage freeze) for an overall comparable average of 2.63%.

The net economic impact is, however, less: Aurora officers immediately pay 2.5% of their salary off of the top for their health insurance premium which gives the officers, on a three-year average, a 2.6% raise per year.

Further demonstrating the reasonableness of the APPO wage proposal in the twelve months since APPO's collective bargaining agreement expired, the Consumer Price Index for the Chicago/Kenosha/Gary index area (Union's Supp Exhibit 4) has risen 2.7%. The Union's offer is below the CPI increase. In contrast, the City's offer (discounting the fact that the City did not make a wage offer for new hires through five years) and for officers in the five-ten year range gives officers with less than ten years experience a 2% increase in the third year of the contract or .67% per year. For Officers with more than 10 years, the City's offer of a \$1,000.00 raise (approximately 1.2% in 2010) and 2% in 2011 equates to a 1.07% average pay increase over 3 years.

H. Health Insurance Contribution

The Union points out that, deviating from the past agreements and arbitration awards between the parties, the City now wishes to implement an entirely new procedure with respect to the employee contribution to health insurance premiums. **The current system has been in place since at least 1994, based upon first a percentage of gross salaries then to a percentage of base salary.**

The City's proposal is a "break through," in the Union's view. As illustrated, the burden on the parties seeking to change a long-standing term of the contract requires the following:

1. That the sold system of procedure has not worked as anticipated when originally agreed to; or
2. That the existing system or procedure has created operational hardships for the proponent; and
3. That the parties seeking to maintain status quo has resisted attempts at the bargaining table to address these problems.

None of the bargaining groups within the City of Aurora have agreed to this insurance change. To APPO's knowledge, none of the bargaining groups in the City have been tendered this drastic change. The only attempt by the City to change health insurance came in the Cox arbitration in 2007 on a percentage of salary basis.

In the last contract arbitration, the City proposed to increase the APPO member's contribution from 2.5% of the base salary to 3% of the base salary effective January 1, 2008, and to 3.5% of base effective January 1, 2009. In support of their contention, the City argued "the Union's proposal really results in the employees paying less in the coming years than they are paying now on a percentage of cost basis." The City is now attempting to implement what it complained about in the last Arbitration: the higher paid employees, like Director Caputo and Mr. Alexandrou, instead of paying a percentage of base salary for their health insurance premium, are actually incurring a reduction in their costs by implementing a percentage of premium basis. Conversely, the lower paid employers would incur an increase in their health insurance contribution.

What is further troubling about the City's position on the substantial change in health insurance premium treatment is what the City has done with respect to contracting a third-party administrator. In 2008, the stop-loss limit for the City of Aurora was \$275, 000.00 through ING Reliastar. In 2009, the City then raised the stop loss limit to \$325,000.00 through Allied. That in itself would raise the cost of the premiums to both the City and to its employees.

Further, under the Patient Protection and Affordable and Care Act (PPACA) and its effect on such "Cadillac plans" by the year 2014, by 2014 the City will "face some type of an excise tax" (T101 L 17-18), although as Mr. Alexandrou admitted "they haven't advised us of an excise tax or what". The Union will concur that the 2014 excise tax, if implemented in its present form, may be

something to be considered in the future, but not in this Arbitration: both parties are proposing a contract that expires on March 5 of 2013. In the event PPACA becomes effective in 2014, the parties could bargain, discuss and renegotiate terms concerning its effect. The parties should also meet and discuss plans that are less lucrative than “Cadillac” and “Rolls Royce” plans. There is no need for one of the most lucrative benefit plans in either of the public or private sector and there is no need to worry about PPACA until 2014, in the Union’s view.

As Arbitrator Cox noted, when the employees receive a raise, the City automatically receives a 2.5 % increase in the health insurance premium contribution. As an example, the Aurora Officers have paid the following since 2006:

YEAR	2006	2007	2008	2009	2010
Base Pay	\$73,548.80	\$77,688.00	\$80,412.80	\$83,241.60	\$84,241.60
Insurance Cost	2.5% \$1,838.72	2.5% \$1,942.20	2.5% \$2,010.32	2.5% \$2081.04	2.5% \$2,106.04
Increase	\$70.72	\$103.48	\$68.12	\$70.72	\$25.00

Therefore, in 2010 Aurora Patrol Officers were paying an across the board \$2,106.00 to the City of Aurora regardless of what coverage they elect. Comparable jurisdictions: Elgin, Naperville, Evanston, and Joliet are displayed below:

INSURANCE EXTERNAL COMPARABLE

INSURANCE	AURORA 2010	ELGIN 12/10	NAPERVILLE 2011	EVANSTON 03/09-02/12	JOLIET 01/09-01/12
HMO EMPL.	\$2,106.00	\$573.12 - \$661.68	\$475.68 - \$1,933.92	\$1,056.00	\$1,300.00
HMO EMPL. CH.	\$2,106.00	\$1,219.20 - \$1,407.60	\$475.68 - \$1,933.92	\$1,518.00	\$1,300.00
HMO EMPL. SP.	\$2,106.00	\$1,219.20 - \$1,407.60	\$475.68 - \$1,933.92	\$1,584.00	\$1,300.00
HMO FAMILY	\$2,106.00	\$1,749.60 - \$2,019.84	\$475.68 - \$1,933.92	\$1,716.00	\$1,300.00
PPO EMPL.	\$2,106.00	\$382.08 - \$853.92	\$475.68 - \$1,933.92	\$1,386.00	\$1,300.00
PPO EMP. CH.	\$2,106.00	\$815.76 - \$1,823.52	\$475.68 - \$1,933.92	\$1,980.00	\$1,300.00
PPO EMP. SP.	\$2,106.00	\$815.76 - \$1,823.52	\$475.68 - \$1,933.92	\$2,112.00	\$1,300.00

PPO FAMILY	\$2,106.00	\$1,171.44 - \$2,618.88	\$475.68 - \$1,933.92	\$2,442.00	\$1,300.00
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Across the board, with the exception of Evanston at the end of its contract, the Aurora Officers have been paying more for health insurance than any of its comparable jurisdictions (for the first time the Joliet Officers are making a health insurance contribution). With a wage increase, the percentage of base salary system long in place would pay more to the City's coffers.

Finally, and perhaps most importantly (as the City has presented in Exhibit 11) is what the other employee groups of the City of Aurora are paying. Other than executive and non-exempt, none of the other employee groups in the City of Aurora have agreed to the City's percentage of prevailing premium plan. Instead, all are on a varying percentage of their gross pay or base salary. It is respectfully suggested that the City has not met its "extra burden" in seeking to take a substantial departure from the parties *status quo*.

I. Net Benefit Economic Analysis

It is the Union's belief that the documentary materials submitted into evidence as well as the testimony, when applying a net benefit economic analysis, strongly favors its proposals with respect to wages and health insurance. Based upon the modest upturn in the economy, the Union's wage proposal, after figuring in the statutory effect of the Consumer Price Index, is far more reasonable than the City's offer on wages.

J. Conclusion

APPO recognizes that in 2008-2009 the economy took a drastic downturn. The APPO members gave up over \$3,600.00 per person in 2010. The police officers of the City of Aurora also forever gave up the compounding value of any raises as well as the \$3,600.00 out of pocket.

While not a booming economic engine, the national economy is recovering. Unemployment in Illinois has dropped from 11% to 8.8%, and all other economic indicators, including Mr. Caputo's budget projections, are higher than expected.

The Fair Labor Standards Act allows employees to accumulate up to 480 hours in compensatory time. The City's own exhibit with respect to officers in excess of 240 hours shows exactly one officer. The City's proposal would change the compensatory time allowed for just one officer. There has been no showing of any need to change the present system.

The City's proposal to change the health insurance premium contribution system that has been in effect for years and years is not supported by the evidence. Indeed, the only evidence adduced is that the only group of employees who have changed to a percentage of premium shows

that they are paying less in health care costs than they were under the old system. Under the present system with wage increases the City also generates more health insurance contribution. The impact of PPACA is yet unknown and probably will not be known until these parties begin negotiations in anticipation of the March 5, 2013 expiration of this contract. The City has failed to show the “extra burden” it needs to change the system.

With respect to wages, the comparable cities of Elgin, Evanston, Joliet and Naperville have given their officers averages of 2.75% and 3% pay increases. APPO’s wage proposal is at or below what the comparable cities have paid their officers. APPO has fewer officers doing more work now for a city of 198,000 people than they did when Arbitrator Cox issued his award.

Conversely, the City’s proposal on wages does not indicate one way or another how it would compensate the new officers with less than five years experience in 2011. Further, using the Consumer Price Index, the City’s offer means that officers would be working at a deficit from where they were a year and a half ago after each giving up (on the average) \$3,600.00 out of their own pockets. Finally, the City wishes to eliminate the \$1,000.00 “bump” after advocating for the \$1,000.00 “bump” in the 2008 arbitration. It has failed to produce any evidence concerning the necessity of eliminating the “bump.”

When all of the evidence and testimony is considered, including the improving economic conditions, the final offers of APPO are more reasonable and accurate under the comparable economic circumstances than those of the City’s.

III. POSITION OF THE CITY

The position of the City, as outlined in its post-hearing Brief, is summarized as follows:

A. Background – The Parties’ Interim Agreement for 2010

Management first points out that for the three-year contract expiring on March 5, 2010, Arbitrator Cox awarded a 3.5% annual increase (EX 21). While the parties’ collective bargaining agreement was scheduled to expire on March 5th, the parties negotiated an interim agreement for 2010 (EX 2). Pursuant to that agreement, the parties agreed that there would be no layoffs for calendar year 2010; that the previously negotiated \$1,000 “bump” will be implemented as scheduled; that the reporting (roll-call) pay would be reduced as would the uniform allowance; that these reductions would revert back to their former rates as of January 1; and that the parties would limit the issues to be submitted to arbitration from January 1, 2011, going forward to wages (including comp time) and health insurance.

B. Comparative Wage Offers

Evaluating the parties’ wage offers, the City offers the following table:

**Comparative Wage Proposals
Ten-Year Police Officer**

Effective Date	City Proposal		Union Proposal	
	Annual Salary Percentage Increase		Annual Salary Percentage Increase	
March 5, 2010	84,032		84,032	
March 6, 2010	85,032	1.19%	85,032	1.19%
January 1, 2011	85,032	0.00%	86,732.64	2.0%
March 6, 2011	86,032	1.18%	89,334.62	3.0%
March 6, 2012	87,752.64	2.0%	92,014.66	3.0%
March 5, 2013	87,752.64	0.0%	93,014.66	1.09%
Percent Change		4.43%		10.69%

(See, *Brief for the Employer* at 9).

While the Union's proposal increases the salary schedule for a 10-year officer by 10.69% over three years, the City's proposal results in a 4.43% increase over the same contract period (*Brief* at 8). If the 2010 increase is factored out (because there is nothing for the Arbitrator to decide with respect to 2010), but include the Union's Cinderella Increase, then the offers are 9.09% for the Union to 3.17% from the City (*Brief* at 9).

C. The Consumer Price Index

When the consumer price index (CPI) is examined, the City's proposal is more reasonable relative to the Union's proposal (*Brief* at 10). According to the City's numbers, the increases of those employees moving through the steps greatly exceed the CPI (*Id.*). While nobody can predict the future, the past few years, combined with the gloomy state of the economy, would indicate that the City's proposal of little more than 3% for contract years 2011-12 and 2012-13 much more closely approximates CPI than does the Union's proposal of over 9% for these same two years (*Brief* at 11).

D. The Internal Comparables Favors the City's Final Offer on Wages

With respect to the internal comparables, the City asserts that the bargaining history shows that all labor groups either agreed to or were required to take no increase or minimal increases for 2010-11. The internal comparability evidence furnishes no basis to believe that any of these other labor groups will be receiving a 5% increase for 2011 or a compounded 9% increase for 2011-12 (*Brief* at 11-12)(see, *infra*).

E. External Comparability Analysis Favors the Administration

The most recent external agreement was negotiated by the City of Elgin and its police union. Elgin agreed to a zero percent increase for 2011, which is strong evidence in favor of the City's final offer (*Brief* at 12).

With respect to the comparable bench-mark jurisdictions, for 2009 Aurora is highest among the comparables at start, and at the 5 and 10 year benchmarks. Thereafter, Aurora is behind Joliet and only slightly ahead of Naperville. For 2010-11, Aurora stays at the top for start and 5 year salaries. Aurora slips behind Naperville at the 10 year range and thereafter. Once again, according to the Employer, the differences are insignificant (*Brief* at 13). At the 10 year range the Naperville salary is only 1.05% below Naperville. At the 15 year range it is 1.7% lower and at the 20-year range it is 1.23% lower (*Brief* at 13).

For 2011 Aurora stays at the top at start and 5th year step. At the 10 year step Aurora is 2.87% below Naperville, 3.5% below Naperville at the 15 year step, 3.04% below Naperville at the 20 year step, and 2.5% below Naperville at the 25 year step. This reflects the fact that Naperville received a 3% increase for 2011 compared to the 2% offered by the City in this case (*Brief* at 13).

On the other hand, the Administration points out, the gap between Aurora and Elgin increases in Aurora's favor by virtue of the Elgin wage freeze for 2011. For example, a 10 year Aurora officer is 2.99% ahead of his counterpart in Elgin for 2010. For 2011 the gap increases to 4.12%.

Aurora loses some ground to Naperville under the City's proposal, and increases its place in relation to Elgin (*Brief* at 13).

The City submits that Aurora is lowest among the comparables in terms of tax base *per capita*. Indeed, Naperville has a tax base per capita 125% greater than Aurora. Elgin's tax base per capita is 240% greater than Aurora (*Brief* at 14). This, says the Administration, explains Aurora slipping a little below Naperville among the comparables. Naperville has a much larger tax base and 45% fewer people serviced (*Brief* at 14).

Addressing the Union's offer, the City submits that under their proposed 5% increase, the Aurora officers' salary at 10 years would be \$89,983, which would take Aurora above Naperville by .88% when that increase is not justified by the comparative economics of the two communities. At the same time, that increase would greatly increase the disparity between Aurora and comparable Elgin. Under the City's proposal there is a 4.09% difference between Aurora and Elgin. Under the Union's proposal that gap would almost double to 8.2% (*Brief* at 15).

The City further asserts that the Union's formulation would also balloon the differences between Aurora and the comparables at the start and 5 year step (*Brief* at 15). Under the Union's proposal the 5 year Aurora salary would increase from \$84,242 to \$88,454, which would increase the gap between Aurora and Naperville from 1.86% to 6.99%. The Union proposal would increase

the starting salary from \$68,246 to \$71,658, which would increase the starting salary gap between Aurora and Naperville from 9.44% to 16% (*Brief* at 15). There is no rational basis to widen the gap between Aurora and the other comparables at these early steps. This impact strongly argues against the Union's wage offer (*Brief* at 15-16).

With respect to the \$1,000 Cinderella increase, the City asserts that in this economy there is no rational basis to give one group of employees an automatic wage increase before bargaining commences. None of the internal comparables has any such increase (*Brief* at 16).

F. The Financial Health of Aurora

The City argues the evidence record indicates a significant decline of general fund revenues from 2008 to 2009. Specifically, sales tax revenue is down 14.34%. Gaming revenues have dropped 22.5%, and the addition of other casinos will significantly hurt Aurora (*Brief* at 17). Finally, the City's commitment to "fiduciary funds" such as pension and health insurance obligations has more than doubled in the past few years. In fact, the City has even had to lay off members of this bargaining unit in an effort to cut into the deficit (*Brief* at 18). The City denies that an increase of 5% is needed so the police can "catch up" to fire who received a deferred 3.5% increase for 2010 (*Brief* at 18).

Management further asserts that the Union's proposal is out of step with what is taking place in the private sector (*Brief* at 19, citing Factors 5 and 8). Its final offer is more consistent with prevailing "economic parameters" both generally and in Illinois local government, as pointed out by the undersigned Arbitrator in *City of Danville & PBPA*, ILRB No. S-MA-09-238 (2010)(addressing ability to pay considerations under the statute).

G. The City's Health Insurance Proposal

The record indicates that beginning in 2007, the City attempted to bargain with the APPO on changing into a percentage of premium, but was unsuccessful. Since that time, the Administration has attempted to similarly bargain for a percentage of premium contribution with other bargaining groups.

Management contends it has submitted sufficient evidence to satisfy its threshold burden in order for the Arbitrator to consider the City's health insurance proposal (*Brief* at 21). The City's goal is to establish a cost sharing mechanism which is fair to both sides, provides incentives for both sides to control costs, and provide for employees who make greater use of the product to pay more for it (*Brief* at 22). These goals are best served by the classic percentage of premium paradigm, where an employee's share is based on a percentage of the entire premium cost, and where employees having only single coverage pay less than those employees with family coverage. According to the Employer, "fixing employee's health insurance obligation to a percentage of base salary – regardless of the product chosen by that employee – is both irrational and inequitable. The

Aurora experience demonstrates both.” (*Brief* at 23).

The City submits that in 2007, a 10 year employee taking PPO family was paying 9.75% of the premium costs. In 2010, that employee is only paying 7.9% of the annual premium costs (*Brief* at 23). On a percentage basis, this means that the employee’s contribution as a percentage of the insurance costs experienced a 19% decrease over three years (*Brief* at 23). In the Employer’s view, “the present system of health insurance cost splitting does not work because it results in employees paying an ever-decreasing percentage of the cost of health, a system which is current inconsistent with sound public policy and further provides a disincentive for the employee to work with the Employer in order to implement cost control measures.” (*Brief* at 23-24). According to the Employer, the present system provides no incentive for an employee to shop policies in order to get the best coverage for the least cost (*Brief* at 24).

The City argues that the Union has resisted any change in insurance and has refused to address the issue at the bargaining table, even in the face of evidence that a majority of the bargaining unit members would greatly benefit from this change (*Brief* at 25). The Union’s *status quo* position is unreasonable. The City respectfully submits that it made a sufficient showing to cross the threshold into the room that contains the 14(h) factors (*Brief* at 26).

Addressing internal comparables, the City acknowledged that Aurora has nine separate employee groups. The “executive & nonexempt” group is the only one where health insurance is assessed on a percentage of premium basis. The Employer concedes that because these are not collectively bargained percentages, they carry less weight than collectively bargained relationships (*Brief* at 26). **At the same time, the Administration asserts that by every reasonable internal comparability measure, this bargaining unit is paying less for health insurance than any of the other employee groups (*Brief* at 27; 30).** Savings to employee groups would even be greater by switching to an HMO option, extraordinary savings which would be available to employees if the City’s proposal is accepted.⁷

The Employer categorically rejects the Union’s explanation – the effect on other units not represented by the APPO bargaining unit – as neither credible nor relevant to Section 14(h) (*Brief* at 29). In the Employer’s view, the possible impact that an award in this case might have on other bargaining units is not relevant to this proceeding. The issue is which of two insurance proposals is the more reasonable one for this particular bargaining unit given all of the various statutory factors (*Brief* at 30).

With respect to the external comparables the City maintains external analysis provides support both for a higher employee insurance contribution and contributions based on a percentage

⁷ Here, the City offers the case of Officer Trettenero who is paying \$2,101.62 for PPO coverage. If the City’s proposal were applicable in 2011, Trettenero would only be paying \$1,132.96 for the same coverage, a savings about \$969.00. If given the opportunity to switch to an HMO at a 10% of premium rate, instead of paying \$2,101.62 for 2011, Trettenero would be paying only \$636.00 for HMO coverage (*Brief for the Employer* at 29; EX 19). Under the present system, argues management, there is no motivation for an employee to engage in smart shopping. *Id.*

of premiums (*Brief* at 28).

In summary, the Administration contends that its proposal should be accepted as more reasonable relative to the Union's *status quo* proposal. In management's words:

[T]he City's insurance proposal offers the opportunity for a majority of bargaining unit members to save significant sums of money. On a long-term basis, moving to a percentage of premiums will help eliminate further bargaining impasses on this issue. Moving to percentage of premiums will help the City – and its employees – control costs because everybody will be invested in smart shopping and prudent product usage. The proposed system is more fair than is currently in place because an individual with a spouse and several children should pay more for health insurance than a similarly-situated single employee.

(*Brief* at 30).

H. Compensatory Time

The City's proposal is to reduce this bargaining unit's compensatory time accumulation so that it is more in line with all of the other employee groups (*Brief* at 30). The Administration submits it is a liability on its books. Because employees who cash out over time are paid for it at their current rate, the City is in effect paying interest to these employees on their compensatory time. To the extent that the wage rate exceeds the City's investment rate, compensatory time is a financially-losing proposition for the City. A wage rate of 2% means that the City is paying a two percent (2%) premium on compensatory time which gets cashed out, a losing proposition (*Brief* at 31). Scaling back comp time also relieves potential staffing problems or conflicts where employees want to use the comp time but the employer resists based on employer staffing imperatives.

IV. DISCUSSION

As noted, this dispute involves three (4) *economic* issues. The Act restricts an Arbitrator's discretion in resolving economic issues to the adoption of the final offer of one of the parties. 5 ILCS 315/14. There is no Solomon-like "splitting of the child,"⁸ which is unfortunate in this case, especially with respect to wages.

⁸ *Cf.* 1 Kings 3, 24-27. "And the king said, 'Bring me a sword.' When they brought the king a sword, he gave this order, 'Divide the child in two and give half to one, and half to the other.' Then the woman whose son was alive said to the king out of pity for her son, 'Oh, my lord, give her the living child but spare its life.' The other woman, however, said, 'It shall be neither mine nor yours. Divide it.' Then the king spoke, 'Give the living child to the first woman and spare its life. She is the mother.'"

A. Wages

In *Village of Skokie & IAFF*, American Arbitration Association Case No. 51 390 01383 06 (2007), I wrote the following:

In today's market, for example, it is not unheard of for Unions to take less salary up front, and agree to a very long-term contract, in order to "lockup" their insurance. **Thus, one reason interest arbitrators are reluctant to order changes in the *status quo* is that a party may have paid dearly for such a benefit by forgoing salary or another benefit.** See, e.g., *City of DeKalb* (Goldstein, June 9, 1988) (where the Arbitrator stated: "Interest arbitration . . . is designed to merely maintain the *status quo* and keep the parties in an equitable and fair relationship, according to the statutory criteria."); *Village of Arlington Heights and IAFF* (Briggs, January 29, 1991) ("Interest arbitration is artificial. It is a substitute for the real thing – a voluntary settlement between the parties themselves through the collective bargaining process. Thus, the primary function of an interest arbitrator is to approximate through the decisions what the parties would have agreed to had they been able to settle the issue themselves. It is therefore appropriate for an interest arbitrator to evaluate the traditional factors which affect the outcome of public sector labor negotiations and to shape the interest arbitration award accordingly. It is important to recognize the nature of such a task. It is simply educated guess work, for two reasons. First, the interest arbitrator must essentially guess what the parties would have agreed to, subject to the traditional influences, market and otherwise. Second, the interest arbitrator must evaluate the influences themselves, most of which are extremely complex and ill-specified. . . . the party wishing to change the *status quo* must present compelling reasons to do so." (Briggs at 12, Emphasis added)); *Will County and MAP, Chapter 123* (McAlpin, October, 1998) ("When one side wished to deviate from the *status quo* . . . the proponent of that change must fully justify its position and provide strong reasons and a proven need. This Arbitrator recognizes that this extra burden of proof is placed on those who wish to significantly change the collective bargaining relationship.").

The point I'm making is this: I don't see either offer – close by all accounts – as resulting in a big "make up" increment for the Union. What the Employer's offer does is to maintain a comparable place that the parties negotiated over many years. And when considered with the rest of this award (specifically, EMT paramedic stipend, acting-up pay, vacation conversion, *infra*), the package is more than competitive and, more important, arguably reflective of the position the parties would have placed themselves if left to their own devices.

Also relevant, and documented in the *Skokie* decision, are the following declarations made by arbitrators who have addressed their function in a dispute such as this:

Citing numerous arbitration awards, the Administration counters by asserting that a party should not use arbitration to "catch up" where the change in position is the product of voluntary collective bargaining between the parties, and that interest arbitrators will reject a union argument that it has fallen in relation to the internal or external comparables that have occurred through prior voluntary agreements of the parties. (*Brief for the Employer* at 8-10).

Wisconsin Arbitrator Edward Krinsky, in *Village of Greendale, Wisconsin*, Decision No. 30432-A (2003), considered a "catch-up" argument and found that arbitration was not the forum for correcting wage deterioration that was the result of bargaining:

The Association presented data showing that deterioration of Greendale's wage position relative to the comparables has occurred since at least 1991. The arbitrator is not persuaded of the need to review those figures. As the Village has emphasized, the Agreements which were bargained during this period were voluntary agreements, not the result of arbitration. Thus, to the extent that there has been wage deterioration, it is something which the parties realized, or should have realized was occurring

when they mutually arrived at their settlements. The Association's arguments are not persuasive that arbitration should now be used to begin to correct the results of years of voluntary bargaining. *Krinsky* at 8.

Arbitrator Krinsky is not alone in his thinking. More at home, Chicago Arbitrator Elliott Goldstein voiced the same thought and analysis in *City of DeKalb*, Case S-MA-87-76 (1988):

[I]t is a central purpose of the act to encourage the parties to engage in genuine arms-length collective bargaining. It is not the responsibility of the arbitration panel to correct previously-negotiated wage inequities, if any. The concern of the panel and its authority to evaluate comparisons is limited to the current agreement. This is because the parties themselves had control over the salaries and benefits previously negotiated. They alone decided whether the "disparity" in either base pay or overall compensation between the FOP and IAFF was a pertinent consideration in their deliberations; and, if so, whether the agreed-upon salaries and overall compensation would meet, exceed or fall below either FOP or the AFSCME unit. The chair must presume that in the past the parties reached agreement in good faith and considered all the factors they believed pertinent. Otherwise, this interest arbitration would be relitigating the issues of 1975 – long before the statute itself was passed.

Arbitrator Goldstein further addressed the nature of interest arbitration in *City of DeKalb, supra*, and had this to say:

Interest arbitration . . . is designed to merely maintain the *status quo* and keep the parties in an equitable and fair relationship, according to statutory criteria.

* * *

Going beyond negotiations to catch up or give either party a breakthrough is contrary to the statutory scheme and undercuts the parties' own efforts, in rather direct contravention of the collective bargaining and negotiations process itself. *Goldstein* at 8-9.

In *Village of Elk Grove & Metropolitan Alliance of Police No. 141* (1996), Mr. Goldstein elaborated on the issue of the proper use of comparables in the face of a wage demand. His reasoning is particularly instructive in the present case:

As will be developed below, I thus agree with the Village's view that the process of bilateral wage and benefit establishment via collective bargaining over a period of seven years or longer is relevant and must be considered. It also represents sufficient time to have determined where arms-length collective bargaining had placed this community as compared to any other group of communities. Three separate sets of bargaining negotiations over wage rates have been held, I note, albeit these were with the FOP as the incumbent union, and not the current incumbent, the MAP chapter, which is the moving party on the economic issues, at least, in this interest arbitration, I of course recognize.

Considering all the relevant factors, it also appears to this writer that Management is generally correct on the question of the proper way to use comparables in this particular and in many ways unique case. **What has gone before must mean something not only as regards the "historical" comparables used for negotiations for the bargaining-unit employees, but also regards the additional issue of where, in relative terms, the earlier bargaining had placed Elk Grove Village on a whole range of issues bargained for in the past along the external market comparisons.** To do anything else would give unique advantage to MAP as the new incumbent Union; additionally, such a result is nowhere mandated by any provisions of the Act I could find. *Goldstein* at 46 (emphasis mine).

What I find significant in Mr. Goldstein's ruling is that he took this position (correctly, I believe) with respect to a *successor* police union (MAP), even though that union had nothing to do with the prior collective bargaining agreements. Mr. Goldstein astutely concluded:

The single fact of a change in Union representation cannot recreate the entire process, as I have indicated above, and that critical conclusion obviously shapes many of the determinations that are to follow, I specifically note. *Goldstein* at 47.

* * * *

As noted, the City's wage proposal for contract year 2011 (March 6, 2011 through March 5, 2012) is for a schedule freeze *but the step movement is allowed*. In recognition that the individuals in the 10-15 and up step would not be seeing an increase for contract year 2011, the Administration offers \$1,000 for that year (which it maintains represents a 1.2 to 1.35% increase). In terms of the City's overall 2011 budget, zero has been budgeted for 2011 and, as pointed out by the City, it has been able to achieve zeros with quite a few groups (*Brief* at 5). For contract year 2012-13, the City proposes a 2% across-the-board increase (R. 9). The City's wage offer also proposes to eliminate the March 5, 11:59 PM "bump" (aka, the "Cinderella Increase") ("Eliminate any additional payment to bargaining-unit members at the end of the contract term." According to the Employer, its proposal amounts to an increase of 4.43%, while it estimates the Union's increase at 10.69% (since March 6, 2010).

The Union has proposed a 2% increase on January 1, 2011, the date that the interim settlement agreement expired. The Union's final offer also requests an additional increase of 3% raise on March 5, 2011 and 3% on March 5, 2012. If the allocation is projected out over a three-year agreement, March 5, 2010 -- March 5, 2013, the Union offer for an increase in wages is averaged to 2.67%, the Union asserts. The Union is further requesting a \$1,000 across-the-board increase on the salary schedule on March 5, 2013.

The City submits that its analysis shows the salaries at Aurora are "front loaded," or "very, very, very well at the first five years, and even through five to ten." (R. 8). After that, ten and beyond, they tend to "bunch up," even with the longevity steps, thus the City's rationale to add \$1,000 to everybody within ten years and beyond (R. 9).

* * * *

Remand of the Wage Issue

Section 14(f) of the IPLRA reads:

At any time before the rendering of an award, the chairman of the arbitration panel, if he is of the opinion that it would be useful or beneficial to do so, may remand the dispute to the parties for further collective bargaining for a period not to exceed 2 weeks. If the dispute is remanded for further collective bargaining the time provisions of this Act shall be extended for a time period equal to that of the remand. The chairman of the panel of arbitration shall notify the Board of the remand.

On July 11, 2011, after a meeting with counsel for both parties in St. Charles, Illinois, the wage issue was remanded to the parties for possible resolution under Section 14(f). Monday, July 25, 2011 was set as a date certain for the parties to reach an accord on wages. If an agreement was not reached by that date, a written award would be issued.

The parties reached an accord (adding one percent to the City's wage package), thus mooted the need for an award on wages. At the same time, as indicated to the parties' counsel, their decision on wages may appropriately be considered as part of the total package going to the bargaining unit and as a possible *quid pro quo* for moving to the City's insurance proposal.

B. Health Insurance

Background. Aurora offers two insurance products, an HMO and a PPO option. For the HMO, it "goes on the street" and buys from Blue Cross. The PPO program is a self-insurance option with a stop loss of \$325,000 (for catastrophic illness)(R. 20). A third-party administrator generates a premium equivalent, a calculation based on the claims for two years prior (R. 20). The record indicates a significant increase of the premium equivalent rates for the various elements of insurance at various levels in the past. The City, of course, admits to wanting to incentivize people to move to the HMO. Thus, for everybody but family, it proposes a slightly higher percentage of premium PPO (10% for the family PPO rate).

As noted, the current system of funding health insurance benefits has been in place since at least 1994 based upon first a percentage of *gross* salaries then to a percentage of *base* salary. Indeed, some units have health insurance based on a percentage of premiums (non-exempt), others have health insurance based on a percentage of gross pay, while still others have health insurance based on a percentage of base pay. **The police unit is on the low end relative to the internals with the unit paying just 2.5% of base pay.**

Most employee health insurance plans provide for employee contribution *as a percentage of the premium*. Similar to Mr. Cox's findings in the 2008 interest arbitration (EX 21), apparently efforts in Aurora to achieve a uniform premium-based contribution have been unsuccessful to date. It is significant that the more highly-paid employees at Aurora, such as police and fire, will, as a result, pay more dollars for the same coverage provided other city employees. Indeed, the patrol officer unit contributes a disproportionate number of dollars because of their relatively higher wage scale and the percentage basis for employee contributions.

Since as far back as 2007, the City attempted to bargain with the APPO on changing into a percentage of premium, which was not successful (R. 95). Indeed, the City is currently bargaining with Firefighters Local 99, and the same proposal has been made to that unit (R. 96). The City claims to be "close," but does not yet have a deal (R. 96-97).

The City characterizes its plan as “a bit better than a Cadillac, it’s probably a Rolls Royce.” (R. 101). In its view, if these things aren’t repealed like they’re talking about, we face some type of excise tax [under the PPACA law].” (R. 101). The law calls for a 20% excise tax on municipalities (R. 151). I agree with the Administration’s argument that it would be irresponsible to sit and wait and do nothing (R. 151).

Management asserts, correctly, that the current system is no longer sustainable “based on simply an employee’s contribution of pay, whether it’s base or gross.” (R. 102). “Simply stated, our salaries have remained flat overall, and the costs have just gone again, 10 to 15 percent or more continuously for years.” (R. 102). In the City’s view: “And that’s a hole that we’re not going to get out of any time soon without making these changes.” (R. 102).

In an attempt to “sell” its proposal, the City decided to moderate its proposal within the parameters of the comparables and the market and offer a 10% contribution rather than a 15% contribution (R. 104).⁹ For 2010, the City paid out approximately \$18.7 million in claims (which includes about \$3.8 million in prescription drugs)(R. 128).

Inequities with the current system. Moreover, there is no question that the current system creates a tremendous inequity where someone who is on single PPO and family PPO is paying exactly the same. Thus, the employee who vectors into family PPO, based on current costs, is paying only 6.7% as a percent of premium. The inequity relative to single PPO is clear and, in many respects, indefensible from a financial point of view. It puts the single consumer of health insurance in the position of having to subsidize the health insurance of employees who are taking PPO family. People who opt for the single coverage should be saving more money than they otherwise are under the current program.

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

When one party proposes to modify a benefit, that party bears the burden of demonstrating a need for a change. *Village of Elk Grove & Elk Grove Firefighters Association, Local 2298, IAFF, supra* at 67. Here, the City offered no reason to lengthen the time period for Steps A and B from six months to 1 year, other than the fact that its police officers have accepted this change, albeit only for the duration of the current

⁹ Q. In terms of the decision to go just 10 percent on family as opposed to 12.75% for this group, why did you decide that?

A. Well, again, when we looked at various models of this, at 15% or even as 50%, it was a huge change financially for especially lower paid employees.

So we decided to moderate that and go with the ten percent knowing that we could sell it as still within the parameters of our comparables, and what the market’s doing so to speak.

And still give enough of an incentive to people if they so choose or chose to stay within that. (R. 104).

contract, and the City, having imposed it on their executive and exempt employees, now intends to seek this extension from all other bargaining units. **However, a “break-through” of this sort is best negotiated at the bargaining table, rather than being imposed by a third-party process.** *Kohn* at 19 (emphasis in bold mine).

Arbitrator Kohn rejected Aurora’s offer, reasoning that “a breakthrough is best negotiated at the bargaining table,” a position endorsed by the better weight of arbitral authority.

The Union’s insistence on maintaining the *status quo* is puzzling.¹⁰ In this case the absence of any other unit at Aurora (except the non-exempt employees) agreeing to the City’s proposal favors the Union’s position. At the same time, the present system of paying for health insurance by assessing a percentage of an employee’s wages is not supported by the external bench-mark jurisdictions. **Given the City’s revision of its wage offer (settled upon remand), I award the City’s final offer on health insurance.**

Financial Considerations at Aurora

Revenues at Aurora have declined significantly, especially sales tax and gaming revenue (EX 12).¹¹ While the external comparables are fairly tight and clustered, Aurora’s general fund balance *per capita* is considerably lower than fund balances of the comparable bench-mark jurisdictions (EX 10). Also, the City’s pension fund obligations are on the rise. Indeed, there are those who argue that the pension situation is not sustainable (with pension fund obligations increasing, it will squeeze out money from the general fund)(R. 41). With respect to police, the City’s pension fund liability has grown over the last six years from \$154 to \$236 million (R. 77).

To this end the City points out that it was able to pass a balanced 2011 budget only with the assumption of ten (10%) salary concessions across the board (*Brief for the Employer* at 4; R. 54).

¹⁰ As indicated, there is no question in my mind that the current system of funding health insurance is irrational. Not only does it provide a disincentive for the employee not work with the City in order to implement cost control measures, it is irrational because it does not associate the cost of the product to the usage by individual employees. Clearly, with the present system all employee contributions are fixed as a percentage of base salary, no employee has any motivation to shop insurance between PPO and HMO in order to obtain the best coverage for the least cost. It results in the employee paying a smaller and smaller percentage of health insurance costs (see, *Brief for the City* at 25).

Why, then, is the Union holding on to such a provision?

Besides having no economic motivation to change, by every reasonable internal and external criterion, this unit is paying less for health insurance than any other employee group or bench-mark jurisdiction. *Id.* at 27. The Union’s argument that if it agreed to the City’s health insurance proposal “other units representing lower paid employees would go to a percentage of premium and thereby it will cost those employees not in [APPO] a greater percentage of their salary than what they are paying now,” (R. Trettenero, R. 95-96, V. II), is untenable as a rationale for holding on to the *status quo*.

I offer no opinion whether her opinion is credible, but it is not relevant to 14(h) of the Act. Her opinion is certainly speculative.

¹¹ The City submits that it is especially frugal in its use of gaming revenue, reserving the gaming revenue for capital-type projects, as opposed to subsidizing annual costs. Because of increased competition and trends in the economy, there is a prediction for further erosion going into 2012. In the City’s words: “it’s fair to say that when there’s more gambling facilities chasing a flat number of gamblers, that there is going to be a decline in revenues.” (R. 31). From a high of 15.4 million, Aurora estimates 2010 gaming revenue lower than it came in last year at 10.5 million (R. 47). Caputo: “It’s not the type of revenue that you can rely on long term.” (R. 48).

While the increase in state income tax funds attributable to Aurora's increased census population will help alleviate budgetary problems, the City still anticipates a significant general fund shortfall for 2011 (EX 3, V. 1). This shortfall, says the City, will project out at \$18,000,000 because revenues are in decline while expenses are substantially increased (*Brief* at 4). The problem for the City, of course, is that when trying to balance a general fund budget "you're talking about dealing with personnel." (R. 49). The City is currently at 84 or 85% (personnel costs as a percent of general fund)(R. 50).

As outlined by Finance Director Ryan Caputo, the City's EAV is down somewhere between four and five percent (R. 41). "What this means in real dollars is less money. Less money going into our general fund." (R. 41). Caputo further maintained that Aurora has reached "full build out." (R. 45). Property tax revenue is projected between 4% and 5% decline for 2011.

Favoring the City's offer, Caputo pointed out that the City tried to avoid furlough days in trying to balance the budget. "We wanted to have them [employees] working. And in the end, we still had to build some of those back in in order to make it balanced." (R. 53). During cross examination, Caputo said he personally took ten furlough days, which also resulted in a decline in his pension benefits (R. 79).

The City's balanced budget was passed with 10% concessions across the board. Otherwise, Aurora would be faced with large scale layoffs (R. 54).

Although the City has not entered an inability to pay defense (Aurora's S&P bond rating is AA plus)(R. 65), there is no serious argument that ability to pay considerations in the public sector simply amount to governmental priorities.¹² Is the City funding a new roof in the park pavilion or putting another half percent on the firefighters' base? I find that the City's wage resolution is a reasonable increase that reflects the current economic situation at Aurora. Arbitrator Peter Myers reflected on the weight that should be given to the current financial difficulties in the economy as follows:

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

Arbitrator Benn devoted most of his opinion in *State of Illinois and International Brotherhood of Teamsters, Local 726, S-MA-08-262* (1/27/2009, Benn) to an analysis of the

¹² See, "A City's Wrenching Budget Choices: A Fire Truck, Road Paving and Raises Compete for Priority," *New York Times (National Edition)*, Tuesday, July 5, 2011 at A 1& A 12-13 (discussing the problems local governments have during periods of economic downturns and the effects on allocation of resources).

“economic free-fall” which occurred in 2007, mentioning, in part, the sharp drop in the stock market, the freezing of credit markets and the worst unemployment rates in Illinois since June, 1993. Furthermore, as of this writing at least five arbitrators have awarded a zero percent wage increase in the context of a multi-year award. See, *City of Bellville and Illinois FOP Labor Council*, Case S-MA-08-157 (Goldstein, 2010); *City of Rockford and Police Benevolent Labor Committee* (Yaffe, 2910); *City of Evanston & IBT Local 700*, Case S-MA-09-086 (Goldberg, 2010); *Wabash County/Wabask County Sheriff & IL FOP Labor Council*, Case No. S-MA-09-020 (Feuille, 2010); *City of Highland Park & IAFF Local 822*, Case No. S-MA-10-282 (Benn, 2010)(stipulated award); *Board of Trustees of Univ of Illinois at Urbana-Champaign & FOP Labor Council*, Case No. S-MA-10-075 (Perkovich, 2010).

While the Union disagrees with the City’s economic predictions, overall, the City’s financial picture favors the Administration’s final offer on health insurance.¹³

C. Compensatory Time

Federal law allows employees to bank up to 480 hours of comp time (R. 123). If an officer works overtime, he or she can be paid at time and one-half or given an hour of comp time (R. 123).

The 480 hours is the most of any group internally in terms of a maximum compensation accumulation limit (R. 112). The City notes that it does pay comp time at the rate it is earned. Rather, it is paid out at the rate that employees decide to cash it in at (R. 112). So, from a financial standpoint, it is indeed another liability for the City, an increased liability that the City has to carry and account for in the future (R. 112). “So if an officer has a higher limit, or maintains a higher limit, it’s a higher liability on the books.” (R. 113). From an internal standpoint, the next closest is 240 hours, Fire Local 99 (EX 23; R. 113).

As of February 25, 2011, only one officer has accrued more than 240 hours (R. 125). Only three have accrued more than 100 hours (EX 22; R. 125).

The *status quo* is awarded. While it remains a liability on the City’s books, the number is consistent with the statute. If the City believes this is a financially-losing proposition, the place to resolve this issue is at the bargaining table, at least until the City can show it tired and failed to reduce this liability at the table.¹⁴

¹³ With all due respect to the Union’s analysis, recent data indicate that the so-called “recovery” is problematic. See, “Worries Grow over U.S. Jobs,” *Wall Street Journal*, Saturday, July 9, 2011 at 1 (noting that the U.S. added 18,000 jobs in June (half of what was expected) and unemployment ticked up to 9.2%, “dashing hopes that the economy was getting back on-track and raising pressure on policy makers.”).

¹⁴ The City’s declaration that I have the power to fashion an award for those employees who have more than 240 hours on the books is, I believe, not contemplated by the Act (*Brief* at 31). Once the parties designated all items as “economic” impasse issues, my jurisdiction became limited to selecting one offer or the other.

D. Retiree Employee Health Insurance Coverage

The City admits to having one of the richest benefit plans in either the private or public sector. Not only does the City cover retirees, but it accords them prescription drug coverage (R. 93). “And once you’re a retiree and you elect the city health plan to continue as a retiree, you also get what you cannot purchase out in the market in supplemental form, and that is, prescription drug coverage.” (R. 93).

The City proposes to establish new language for a two-tier approach where future hires who will retire, depending on years of service, will have their percentage of premium identified in advance. Thus, if somebody is hired next year, and this language is in the contract, that employee will know “that if I stick around for 20 plus years, I will have the retiree health insurance at 40 percent.” (R. 14). “Similarly, if we have somebody that comes out relatively late and retires with less than 20 years, that retiree will have to pay 100 percent of the health insurance.” (R. 14). In summary, what the City is attempting is to bring some stability regarding retiree health insurance, so that people will know what to expect in 20 years (R. 15-16).

Effectively a Stipulated Award,¹⁵ the following language is included in the successor collective bargaining agreement:

Upon reaching age 65, the premium paid by a retiree will be frozen at whatever applicable premium level is being paid by the retiree at that time.

Employees hired after March 5, 2011, who retire after 20 years of City service will be able to participate in the City of Aurora health insurance plan as it exists at that time provided that employee pays 40% of all applicable premiums as adjusted from time to time.

Employees hired after March 5, 2011, who retire with less than 20 years of City service will be able to participate in the City of Aurora plan as it exists at that time, provided the employee pays 100% of all applicable premiums, as adjusted from time to time.

¹⁵ It would have to be. As I read the law, in Illinois retiree health insurance benefits is a permissive item of bargaining. Thus, the Union has no right to bargain over the insurance benefits for people *who are already retirees*. Retirees are not “employees” under the Act, so the Union does not represent the retirees. As such, my jurisdiction to issue a contested provision over this issue is non-existent.

The Union may bargain over retiree insurance benefits that will be given to current employees when they actually retire. See, *City of Blue Island*, 7 PERI 2038 (ISLRB 1991)(citing *Pittsburgh Plate Glass*, 404 U.S. 157 (1971)(holding that under the NLRA, the union had no right to bargain over the insurance benefits for retirees) with approval, but distinguishing it with respect to the future retiree benefits of current bargaining unit employees); *City of Hickory Hills*, 18 PERI 2044 (ISLRG GC 2002)(“It is well settled that the benefits active unit members will receive upon retirement are part of their overall compensation and therefore mandatory subjects of bargaining. On the other hand . . . retirees’ benefits are not mandatory subjects of bargaining.”).

V. AWARD

For the reasons articulated above, the following award is entered:

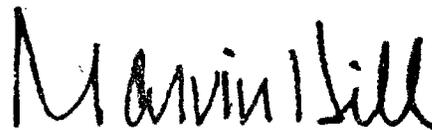
Wages – Agreement on Remand by the Parties (additional one percent added to City's Wage offer).

Insurance – City's Final Offer (parties will move to a percentage of premium rather than a percentage of base pay).

Compensatory Time – Union's Final Offer (480 hours).

Retiree Health Insurance – Employer's Final Offer (Stipulated Award).

Dated this 25th day of July, 2011
at DeKalb, IL 60115



Marvin Hill,
Arbitrator

From: "Timothy O'Neil" <to'neil@foote-meyers.com>
To: Marvin Hill <mhill@niu.edu>, John Murphey <JMurphey@rmcj.com>
CC: David Schmidt <schmidtd@apd.aurora.il.us>, Robin Trettenero <trettenr@ap...>
Date: 7/25/2011 4:12 PM
Subject: FW: City of Aurora and Association of Professional Police Officers
Attachments: Aurora final 7-24

Arbitrator Hill: Although I was unable to open this attachment, it is my understanding that the City's final offer is as stated below (one percent across the board retroactive to 1-1-11 through 3-5-12) as well as \$1000 added to existing step longevity in the contract (i.e. 10 completed years = 1.0% of base longevity plus one thousand dollars; 15 completed years = 1.5% of base plus one thousand dollars, et cetera). Based upon that proposal, the APPO Board voted to accept that offer. The vote was not unanimous.

-----Original Message-----

From: John Murphey [mailto:JMurphey@rmcj.com]
Sent: Saturday, July 23, 2011 5:44 PM
To: Timothy O'Neil; to'neil@foote-myers.com; mhill@niu.edu
Cc: AAlexandrou@aurora-il.org; jmurphey@comcast.net
Subject: Re: City of Aurora and Association of Professional Police Officers

Tim - Sorry about e-mail hang ups. The Union's latest offers are far beyond what the arbitrator recommended. As our absolute final offer on wages, we have agreed to take matters a step further. The City would agree that the 2011 A-T-B increase would take effect on 1-1-11 instead of 3-5-11. THIS gets more money to the bargaining unit members.

The attached memorializes the revised wage offer.

Please let us know one way or another by noon Monday so we can let Arb. Hill know. Thanks/

The information contained in this email may be confidential and/or legally privileged. It has been sent for the sole use of the intended recipient(s). If the reader of this message is not an intended recipient, you are hereby notified that any unauthorized review, use, disclosure, dissemination, distribution, or copying of this communication, or any of its contents, is strictly prohibited. If you have received this communication in error, please reply to the sender and destroy all copies of the message.