

Daniel Nielsen, Arbitrator

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In the Matter of the Arbitration of an Interest Dispute Between

**THE ILLINOIS FRATERNAL ORDER OF  
POLICE LABOR COUNCIL**

And

**THE VILLAGE OF LOMBARD**

Case S-MA-11-311 – Wages for the Period June 1, 2011 through May 31, 2014

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Appearances:

The Illinois Fraternal Order of Police Labor Council, by **Gary Bailey**, 5600 S. Wolf Rd, Suite 120, Western Springs, IL 60558, appearing on behalf of the Union.

Clark Baird Smith, LLP by **Robert Smith**, Attorney at Law, 6133 North River Road, Suite 1120, Rosemont IL 60018, appearing on behalf of the Village.

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**ARBITRATION AWARD**

The Village of Lombard (hereinafter referred to as the Village or the Employer) and the Illinois Fraternal Order of Police Labor Council (hereinafter referred to as the FOP or the Union), selected the undersigned to serve as the arbitrator of a dispute over the terms of the collective bargaining agreement for the Village's Police Officers. A hearing was held on April 9, 2012, at which time the parties presented such testimony, exhibits, other evidence and arguments as were relevant. Post-hearing briefs were submitted, which were exchanged through the undersigned on June 1, 2012.<sup>1</sup>

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<sup>1</sup> At the hearing, the undersigned advised counsel that his schedule would not allow issuance within 60 days of the submission of briefs, and the parties graciously agreed that the Award should be issued as soon thereafter as the schedule allowed.

**A. Issues and Offers**

The sole disputed issue is wages for the period from June 1, 2011 through May 31, 2014. The Union's final offer is:

June 1, 2011:	2.50%
June 1, 2012:	2.50%
June 1, 2013:	3.00%

The Village's final offer is:

June 1, 2011:	1.75%
June 1, 2012:	1.75%
June 1, 2013:	Wage Reopener

As the dispute concerns economic issues, the arbitrator is confined to selecting one or the other of the final offers, without modification.

**B. Statutory Criteria**

Section 14(h) of the Illinois Public Labor Relations Act, 5 ILCS 315 provides the specific factors for an arbitrator to use when analyzing the issues in an interest arbitration dispute:

[T]he 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 following 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.

### **C. The Arguments of the FOP**

The Union argues that external comparability is the most closely considered factor in interest arbitration under the Act. The parties agreed that the external comparables, solely for the purpose of this proceeding, should be the following seven area communities: Addison, Carol Stream, Downers Grove, Elmhurst, Glendale Heights, Wheaton, and Woodridge. A review of the settlement data for those communities provides clear support for the Union's position:

<b>Comparable Community</b>	<b>Wage Increase 2011-12</b>	<b>Wage Increase 2012-13</b>	<b>Wage Increase 2013-14</b>
Addison	2.0%	n/s	n/s
Carol Stream	2.0/1.0	n/s	n/s
Downers Grove	4.0%	n/s/	n/s
Elmhurst	2.0%	3.0%	3.0%
Glendale Heights	2.5%	2.25%	n/s
Wheaton	1.25%	1.5%	2.0%

Woodridge	4.25%	n/s	n/s
Average Settlement:	2.71%	2.25%	2.5%
Union Offer:	2.50%	2.50%	3.00%
Village Offer:	1.75%	1.75%	n/a
Average 3 year total:	7.46%		
Union Offer 3 yr total:	8.00% (+0.54%)		
Village Offer 3 yr total:	3.50% (-3.965%)		

The Union's offer provides competitive increases which nearly match the settlements among the comparables in the first two years (5.0% vs. 4.96%). The Village's proposal is well below the average settlement in comparable units, no matter which year or years are used for comparison. It would mark the second lowest increase among the comparables in the first year, and the second lowest increase among the comparables in the second year. It would lead to an erosion of standing by the officers of nearly 1.5% in the first two years.

The Village proposal is regressive when viewed in light of area settlements. Without any justification, it seeks to lowball the wages in this unit. If it is accepted by the arbitrator, it will destabilize labor relations, since the officers would be compelled to arbitrate in the reopener year to attempt to make up lost ground. This is not a case in which the officers have actual salaries which substantially lead the area departments, and can be expected to take a lower percentage increase in light of overall compensation. The actual salaries paid in Lombard are in the middle of the pack, and the Union's offer would leave them there. An offer that maintains the employees' relative standing among the comparables is presumptively reasonable, since the ranking is the result of voluntary negotiations. The following shows the impact of the offers on the relative rankings:

	Start	1 yr	2 yr	3 yr	4yr	5yr	10 yr	15 yr	20 yr
2010-11	3 <sup>rd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	4 <sup>th</sup>	4 <sup>th</sup>	4 <sup>th</sup>	4 <sup>th</sup>
2011-12 (U)	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	4 <sup>th</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
2011-12 (V)	2 <sup>nd</sup>	3 <sup>rd</sup>	5 <sup>th</sup>	5 <sup>th</sup>	5 <sup>th</sup>	5 <sup>th</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	4 <sup>th</sup>

While this makes it appear that the Union offer increases the rank of Village officers, that apparent increase is simply the result of the unusual agreement in Wheaton, under which starting wages decreased in 2011-12.<sup>2</sup> By contrast, the Village's offer creates a genuine drop in the relative rank of Lombard police officers.

<sup>2</sup> Salaries from Start to 5 years in Wheaton decreased by between \$2,500 and \$3,000 in 2011-12.

The arbitrator must consider the actual conditions and the actual effect of these proposals, rather than focusing on propaganda about the impact of the 2008 financial crisis. As other arbitrators have noted, the crisis impacted different municipalities differently, and generalizations about economic conditions cannot overcome evidence. In Elmhurst, for example, increases of 2%, 3% and 3% were bargained for the same period covered by this contract. No broad conclusion can be drawn from that, other than the notion that every community is different and every bargain turns on its own peculiar facts. The increases proposed by the Union are moderate, and in keeping with the going rate for settlements among law enforcement personnel. It does not create any serious or unusual financial stress for the Village, and should not be discounted simply because general economic conditions have been difficult. Rather, the arbitrator should look to the overwhelming evidence that external comparability favors the Union's position, and should award the proposed increases.

Turning to the other statutory factors, the Union argues that the cost of living, interests and welfare of the public and ability to pay, and the internal comparables are worth consideration. The cost of living in the eleven months since the beginning of the contract period in June 2011, through the submission of arguments, has been 2.0%. This is slightly below the Union's first year wage offer, and slightly above the Village's. Awarding the Union's offer results in an effective increase of 0.5% in purchasing power, while the Village offer would actually cut purchasing power by 0.25%. Salary proposals which cut pay are historically disfavored. Consideration of this statutory factor favors the Union.

Next addressing the Village's ability to pay argument, the Union notes that this criteria actually requires consideration of the interests and welfare of the public, as well as the ability to pay. The Village focuses only on the last point, but even on that point, it fails to show any reason to reject the Union's proposal. Certainly there are stresses on the municipal finances, as there are everywhere. Certainly the administration of the Village seeks to be prudent. None of that amounts to an inability to pay the increases sought by the Union. The actual evidence shows that the Village has done a good job of retaining reserve funds over the past six years, even accounting for the financial crisis in 2008. The General Fund Balance has actually increased by 50% since 2006, and the unreserved general fund balance is lower than it was, but still within a comfortable range. Local reporting of the

Village's finances includes the Village President being quoted as saying that they spent nearly \$1 million less than budgeted in fiscal 2011. In short, the Village is financially healthy and there can be no suggestion that it suffers from an inability to pay. Given the interest that citizens have in retaining reasonably compensated emergency employees, the statutory factor should be judged to favor the Union's offer.

Finally, the Union addresses the factor in internal comparability. This factor has very limited usefulness, given that arbitrators have long recognized the unique nature of law enforcement. The Village places great stress on its settlement with the firefighters, and suggests that it should control the outcome of these negotiations. The firefighters accepted the Village's wage offer, but it is difficult to make any valid comparisons between the two employee groups. There are simply too many variations between the fringe benefits, promotional opportunities and wage incentives between the police and fire contracts to determine with any degree of certainty what the overall effect of the Village's wage proposal is as applied to the two groups. Nor does the arbitrator have any idea whether the firefighters were influenced to settle low because they were far ahead of their external comparables. Simply knowing a percentage of increase does not provide the arbitrator with a reliable basis for any conclusion. Internal comparability is of no help in resolving this dispute, and the arbitrator should discount the Village's arguments accordingly.

In sum, the Union seeks a modest wage increase, one that is consistent with what has been accepted elsewhere, is well within the Employer's ability to pay, and properly accounts for increases in the cost of living. All relevant statutory criteria support the Union's position, and the arbitrator should order adoption of the Union's final offer on wages.

#### **D. The Arguments of the Village**

The Village takes the position that its proposal most appropriately balances the interests of all parties under the statutory criteria, and should be adopted. The arbitrator must consider this dispute in the context of the Village's economic position relative to comparable communities. By most measures, the Village is in the middle of the pack economically. In one critical area, however, the Village of Lombard suffers in comparison to its neighbors. On January 5, 2012, Standard and Poors lowered the Village's bond rating

from AA to BBB. It also bears noting that, among the eight communities being compared, Lombard is the only non-home rule community, meaning it has a very limited ability to increase property taxes or otherwise raise revenues. Thus the Village has a more constrained financial picture than the other communities. Against this backdrop, the Village had made a proposal which exactly mirrors the voluntary settlement reached with its firefighters, the only other arbitration-eligible group in the Village, and which maintains the officers' position relative to law enforcement personnel in comparable communities.

The maintenance of an internal pattern of settlements is of critical importance to stability in labor relations. The arbitrator has recognized this in past rulings, and this principle should carry forward to this case as well. Past arbitrations in Lombard have adopted internal settlement patterns, and there is a long history of parity in the settlements between police and fire. From 1998 through and including 2008, the wage increases for the two groups have been identical. This pattern was interrupted in 2009 and 2010, when the police received more in wages than the firefighters. This exception was due to exceptional circumstances – the police settled in May of 2008, before the Great Recession was realized. The firefighters' 2008-2011 contract went unsettled until April of 2010, after the effects of the downturn were fully evident. Thus the IAFF represented employees received 3.75%, 3.50% and 2.00% in 2008, 2009 and 2010 respectively, while the FOP represented employees received 3.75%, 3.75% and 4.00%. Both bargaining units are now bargaining in the same environment, and the arbitrator should defer to the historic pattern of identical increases between the two groups. As the firefighters have agreed to increases of 1.75% in 2011 and 2012, the Village's proposal for those same increases should be accepted for the police unit.

In addition to the strong support provided by internal comparability, the Village argues that its proposal is preferable when external comparables are considered. Only 10 of the 52 officers in the Department are below the top step of the wage schedule, and 3 of those 10 will reach the top during the term of this agreement. Nearly 90% of the bargaining unit members will be directly impacted by the Award's effect on the top step, and the arbitrator should focus his attention on comparing the top step in Lombard under both offers to the top step elsewhere.

Officers at the top step in the Village ranked fourth among the comparables in the

first two years of the most recent contract. They will improve to third place in 2011 and, barring some very unlikely bargaining scenario in the unsettled communities of Woodridge and Downers Grove, will remain in third place in 2012 under the Village's offer. In other words, they will improve their rankings among the comparables at the most meaningful step of the schedule. Their top step wages will also improve in relation to the median and the mean among the comparable communities. In 2007, the top step for Lombard officers was 0.09% above the mean, and 0.38% above the median. Under the Village's offer, those figures for 2011 will be 0.97% and 1.61%, respectively. In 2012, the differential will increase to 3.68% above the mean. The differential at the median will drop slightly, to 1.36%, but that will still mark an improvement from where they stood in 2007.

Even if the arbitrator were to broaden his focus to include rankings at all steps, the data would support the Village's proposal. The Union's wage offer would improve the Lombard officers' rank at virtually every point of comparison - the starting wage, the 1 year step, the 2 year step, the 4 year step, the 5 year step, the 10 year step, the 15 year step and the 20 year step. It would maintain the current ranking only at the 3 year step. The Village's proposal improves the ranking at the starting wage and the 10 year step, leaves it unchanged at the 1 year, 4 year, 15 year and 20 year steps, and drops it at the 2 year, 3 year and 5 year steps. The drops in ranking are by negligible amounts - between \$99 and \$219 - and affect 5 of the 52 officers in the unit. There is simply no justification in the comparable data for the Union's proposal to improve its ranking at every step.<sup>3</sup>

The Village also asserts that its proposal for a wage reopener in the third year of the agreement is more reasonable than the Union's proposal for a 3.0% increase. The firefighters have agreed to 1.75% in 2013-14. Only two of the seven comparable communities have reached agreements for 2013-14, and the economy continues in a state of flux. In such uncertain times, a reopener is a practical approach, allowing parties to assess the situation as it develops rather than guessing at what lies ahead. The Union hopes that the economy improves, and that 3.0% will be a reasonable settlement, but there is no particular reason to believe that. The reopener is more realistic.

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<sup>3</sup> Looking at an even broader comparison, the Village notes that the increases it proposes are well above those provided for military personnel (1.4% in 2011 and 1.6% in 2012) and non-military federal employees (three straight years of pay freezes - 2011, 2012 and 2013). Nationwide, state and local government workers have averaged about 1% per year in 2011 and 2012.

The Village's offer is also preferable when the cost of living is considered. Using the Chicago-Gary-Kenosha region as a reference, inflation ran at 3.80% in 2011 and is forecast to increase 1.40% in 2012. This exceeds the Village's offer by 0.7%, but the Union's offer is 0.8% higher. Thus the CPI factor would appear to be neutral. If, however, the arbitrator looks at the CPI over a longer term, it is clear that the officers will have received wage increases well in excess of the CPI over the past seven years, no matter which offer is accepted. Under the Village's offer, they will have exceeded CPI by 8%. However one measures the cost of living, there is no evidence that this factor warrants the higher increases sought by the Union.

Another important statutory consideration is the interests and welfare of the public, including the Employer's ability to pay the proposed increases. Granting that the public always has a generalized concern with both retaining employees and moderating costs, the specific facts of this case should cause the Village's offer to be favored by this factor. The downgrade of the Village's bond rating, the effects of the recession on Village revenues, and the uncertainty of funding levels due to the State's fiscal woes create unique pressures on the citizens of Lombard. Weighed against this is the evidence that the Village has had no difficulty whatsoever in retaining its police officers. It has an experienced force, and an eligibility list of 191 persons waiting for the next opening on the Department. This criterion clearly favors selection of the more reasonable proposal made by the Village.

The Village had proposed increases to fairly reflect the economic conditions, the internal pattern of settlements, and the external pattern of settlements. By every measure dictated by the statute, the Village's offer should be preferred, and accordingly the Village asks that its final offer be incorporated into the collective bargaining agreement.

## **E. Discussion**

Interest arbitration is an exercise in educated guessing, an attempt to project what reasonable parties would have agreed on if agreement had been possible. The statute assumes that parties would consider a list of factors, and directs the arbitrator to consider those factors as he weighs the dispute in their stead. In addressing economic issues, the list of factors is comprehensive, but the outcome of the analysis can be imprecise, because the arbitrator is confined to selecting one or the other offer in its entirety. Rarely will the offers exactly match what the arbitrator views as the likeliest or most reasonable outcome of negotiations. Thus the result in arbitration will most often be the offer that is closer to what the parties would have agreed on, had agreement been reached.

### **1. The Interests and Welfare of the Public**

In analyzing the instant dispute, I have carefully considered each of the statutory criteria. Many of them have no particular impact on the outcome. There is no question of the lawful authority of the employer, and the stipulations of the parties do not bear on the wage issue. The overall compensation of the Lombard Police Officers does not set them apart from other departments. Both parties make arguments concerning the interests and the welfare of the public, but aside from generalities, there is not much that favors one offer over the other. The Village has no trouble attracting and retaining qualified personnel. The Village argues that the limited taxing authority of the Village, as a non-home rule community, and the recent downgrading of the Village's bond rating both indicate a greater degree of vulnerability to downturns and unforeseen economic reversals than in comparable communities. That is likely true, but that will be true no matter what wage agreement is reached. There is nothing about the Village's financial picture that makes the Union's specific wage proposal any more problematic than the Village's proposal, or, for that matter, a wage freeze. The vulnerability to problems remains. It is the nature and size of the problem that determines whether any wage settlement can be accommodated, and by definition that cannot be known. It bears considering that the Village's status as a non-home rule community is not new, and there is no suggestion that the payment of wages to Village employees is in any way connected to the bond rating. The Village's fiscal concerns are less generalized than the fiscal prudence common to all public managers, and to that extent this factor would lean towards the Village's proposal. However, without denigrating the concerns

of the Village, I cannot conclude that its non-home rule status or the lowering of the bond rating have a significant bearing on the resolution of the instant dispute.

## 2. The Cost of Living

The Union asserts that increases in the cost of living should favor its offer, as it avoids an actual loss in purchasing power while the Village's offer would reduce the purchasing power of Police Officers from what they enjoyed under the last contract. The Village counters that over time the Officers have seen a steady increase in purchasing power, and that any loss over the term of this contract is offset by gains in prior agreements. That is certainly true, but if the CPI analysis is conducted over varying periods of time, it has very little meaning. Parties to a negotiation have presumably factored in the CPI as part of their general environment when formulating their positions, but recent and current CPI increases are going to have much greater significance than increases that were factored in in the negotiation of prior contracts. Generally speaking, those rates are already accounted for in the existing wage structure, in Lombard and elsewhere.

The cost of living continues to be fairly unstable. In the final year of the expired agreement, the CPI-U for the Chicago metro area increased by 3.7% (212.186 in June 2010 to 220.094 in May 2011). By that same measure, in the first 12 months of this agreement, the cost of living increased by 0.9% (220.182 in June 2011 to 222.262 in May 2012). The CPI-U all cities average for the same periods showed 3.7% increase in the final year of the expired contract and 1.8% for the first year of this contract. Projections for 2012 and 2013 range from 1.4 and 1.5%<sup>4</sup> to 2.3 and 2.0%<sup>5</sup>, but given the degree of volatility in the figures over the recent past, the projections have to be viewed cautiously.

Consideration of changes in the CPI provides general support for the Village's proposal, in that it more closely tracks the CPI in the first year, but the independent weight that can be accorded to this factor is hard to measure. The CPI is an environmental constant across the comparable communities and across the comparable employee groups within the Village. The Firefighters reached their settlement in the same general economic environment that the Police are responding to, as did the negotiators in Elmhurst and Wheaton. A major deviation above or below the CPI may render an offer unreasonable, or at

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<sup>4</sup> Congressional Budget Office, Village Exhibit 17

<sup>5</sup> The Livingston Survey, Philadelphia Federal Reserve, June 7, 2012

least in need of further explanation and justification, and a sustained or dramatic change in the CPI after other agreements were reached may warrant deviating from those agreements in response to changed economic conditions. This factor lends general support to the Village's proposal, but as with the interests and welfare of the public, it is not in and of itself a determinative consideration.

### 3. Comparability

The central question in this case is whether the wage increase will be driven by the internal settlement with the Firefighters, or by external settlement patterns. The Village has proposed exactly the same settlement as it reached with the IAFF for the first two years of the contract, and a wage reopener in the third. The Union proposes a different and higher wage settlement, based on how it perceives the external settlement pattern.

#### a. External Comparability

The parties have agreed to the use of seven communities as comparables, solely for the purpose of this round of negotiations. All seven have settlements in the first year of the contract. Three have settlements in the second year, and two have settlements in the third year:

<b>Comparable Community</b>	<b>Wage Increase 2011-12</b>	<b>Wage Increase 2012-13</b>	<b>Wage Increase 2013-14</b>
Addison	2.00% <sup>6</sup>	not settled	not settled
Carol Stream	2.00/1.00% <sup>7</sup>	not settled	not settled
Downers Grove	4.00% <sup>8</sup>	not settled	not settled
Elmhurst	2.00%	3.00%	3.00%
Glendale Heights	2.50% <sup>9</sup>	2.25%	not settled
Wheaton	1.25%	1.50%	2.00%
Woodridge	4.25% <sup>10</sup>	not settled	not settled
<i>Lombard – Union Offer</i>	<i>2.50%</i>	<i>2.50%</i>	<i>3.00%</i>
<i>Lombard – Village Offer</i>	<i>1.75%</i>	<i>1.75%</i>	<i>Reopener</i>

<sup>6</sup> 4<sup>th</sup> year of a four year agreement at 0%, 2%, 2% and 2%.

<sup>7</sup> 3<sup>rd</sup> year of a three year agreement at 2%, 0% and a 2%-1% split increase.

<sup>8</sup> 4<sup>th</sup> year of a four year agreement at 3.5%, 3.5%, 3.75% and 4.0%.

<sup>9</sup> 2<sup>nd</sup> year of a three year agreement.

<sup>10</sup> 5<sup>th</sup> year of a five year agreement at 3.5%, 4.0%, 4.0%, 4.0% and 4.25%.

Average 1 <sup>st</sup> year lift for settled units:	2.71% (7 of 7 communities)
Union Proposed 1 <sup>st</sup> year lift:	2.50% (-0.21%)
Village Proposed 1 <sup>st</sup> year lift:	1.75% (-0.96%)
Average 2 year lift for settled units:	4.16% (3 of 7 communities)
Union Proposed 2 year lift:	5.00% (+0.84%)
Village Proposed 2 year lift:	3.50% (-0.66%)
Average 3 year lift for settled units:	6.375% (2 of 7 communities)
Union Proposed 3 year lift:	8.00% (+1.625%)
Village Proposed 3 year lift:	n/a

With respect to the first year of the contract, the Union's offer is clearly preferable to the Village's when external comparables are considered. It is lower than the average settlement by nearly a quarter of a percent, while the Village's proposal lags the average by nearly a full percent. Some of that disparity is made up by the second year, where the Union jumps ahead of the two year averages by eight tenths of a percent, and the Village falls two-thirds of a percent behind. In the second year, the Village's offer is actually closer to the two year average lift, but that is based on a smaller sampling of just three settlements among the comparable communities and their Police officers. Of those three settlements, one favors the Village across the two years and two favor the Union. If the two three year settlements are considered, one favors the Village, in the sense that the Wheaton settlement would be lower than the Village's offer, even if the Village carried its 1.75% position into a third year, while the Elmhurst settlement matches the three year lift in the Union offer.

In the two out years of the contract, the Village offer fares better than it does in the first year, but the Union's position is strongly supported by external comparability in the first year, where there is a sufficient sample size to draw reliable conclusions. While three of the seven have settlements that are closer to the Village's proposal than to the Union's, both offers are below the average and only one comparable community has a settlement lower than the increase proposed by the Village. Moreover, the Union has a valid argument that the Village offer erodes the relative position of Lombard officers at the various benchmarks:

**2010-11 Benchmarks – Lombard Relative to Comparables**

	2010-11 Lombard	2010-11 Average Comps	2010-11 Lombard % of Ave.	Dollar Difference at Benchmark
Start:	\$58,139	\$56,685	102.56%	\$1454
3 years:	\$67,301	\$66,484	101.23%	\$ 817

5 years:	\$74,198	\$72,899	101.78%	\$1299
10 years:	\$81,919	\$80,661	101.56%	\$1258
15 years:	\$81,919	\$80,804	101.38%	\$ 1115
20 years:	\$81,919	\$80,947	101.20%	\$ 972

### 2011-12 Benchmarks – Lombard Relative to Comparables

	2011-12 Average Of Comps	2011-12 Union Final Offer Offer/%/+\$ v. Ave.	2011-12 Village Final Offer Offer/%/+\$ v. Ave.	Dollar Difference Union v. Village at Benchmark
Start:	\$57,673	\$59,592 / 103.33% / \$1919	\$59,156 / 102.57% / \$1483	\$436 per year
3 years:	\$67,799	\$68,984 / 101.75% / \$1095	\$68,479 / 101.00% / \$680	\$505 per year
5 years:	\$74,396	\$76,053 / 102.23% / \$1657	\$75,496 / 101.48% / \$1100	\$557 per year
10 years:	\$82,874	\$83,967 / 101.32% / \$1093	\$83,353 / 100.58% / \$479	\$614 per year
15 years:	\$83,017	\$83,967 / 101.14% / \$950	\$83,353 / 100.41% / \$336	\$614 per year
20 years:	\$83,160	\$83,967 / 100.97% / \$807	\$83,353 / 100.23% / \$193	\$614 per year

### 2011-12 Benchmark Rankings

	Start	1 yr	2 yr	3 yr	4yr	5yr	10 yr	15 yr	20 yr
2010-11	3 <sup>rd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	4 <sup>th</sup>	4 <sup>th</sup>	4 <sup>th</sup>	4 <sup>th</sup>
2011-12 (U)	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	4 <sup>th</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
2011-12 (V)	2 <sup>nd</sup>	3 <sup>rd</sup>	5 <sup>th</sup>	5 <sup>th</sup>	5 <sup>th</sup>	5 <sup>th</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	4 <sup>th</sup>

Both final offers leave the Lombard officers above the average of the comparable communities. The schedule appears to be strengthened under either offer, in terms of dollar differentials and rankings at the lower steps, but that is largely due to the reduction of hiring rates in Wheaton. The most important comparison is at the top rate, where the vast majority of the Lombard officers are located. At the top steps, the relative advantage of this bargaining unit is eroded in terms of dollar differentials under both offers, but more substantially so under the Village offer:

Comparable Community	Top Rate 2010-11 (vs. Lombard)	Top Rate 2011-12 (vs. U / V)
Woodridge (9 <sup>th</sup> Yr.) <sup>11</sup>	\$86,091 (+\$4172)	\$89,752 (+\$5785 / +\$6399)
Downers Grove (8 <sup>th</sup> Yr.)	\$84,069 (+\$2150)	\$87,432 (+\$3465 / +\$4079)
Wheaton (19 <sup>th</sup> Yr.)	\$83,407 <sup>12</sup> (+\$1488)	\$84,425 (+\$ 458 / +\$1072)
Lombard – Union	\$81,919	\$83,967

<sup>11</sup> In some cases, the year in which the top rate is attained depends upon satisfactory evaluations

<sup>12</sup> This represents the maximum salary of \$81,407 plus longevity bumps.

<i>Lombard – Village</i>	\$81,919	\$83,353
<i>Average w/o Lombard</i>	\$80,947 (-\$ 972)	\$83,160 (-\$ 807 / -\$ 193)
<i>Elmhurst (7<sup>th</sup> Yr.)</i>	\$80,105 (-\$1814)	\$81,707 (-\$2260 / -\$1646)
<i>Glendale Heights (8<sup>th</sup> Yr.)</i>	\$80,012 (-\$1907)	\$82,012 (-\$1955 / -\$1341)
<i>Carol Stream (7<sup>th</sup> Yr.)</i>	\$77,136 (-\$4783)	\$79,466 (-\$4501 / -\$3887)
<i>Addison (9<sup>th</sup> Yr.)</i>	\$75,809 (-\$6110)	\$77,325 (-\$6642 / -\$6028)

Both offers are plausible in terms of external comparability, in the sense that neither is a complete outlier. The Village proposal would be the second lowest settlement among the comparables in the first year, while four of the seven comparables would have settlements that match or exceed the Union's offer. Both offers maintain the rank at the top rate, but erode the officers' position in dollar terms. The Union's advantage under this criterion decreases as the second and third years are considered, but there is less data available for those years, and thus less certainty to any conclusions. Taken as a whole, this factor would favor adoption of the Union's proposal as the more reasonable offer.

b. Internal Comparability

In his 1999 Award between the Village and the IAFF, Arbitrator Briggs listed settlements between 1991 and 1997, showing that the Firefighters and the Police negotiated exactly the same across the board percentage increases every year. In his Award, Arbitrator Briggs adopted the Village's offer, resulting in exactly the same across the board increases for the IAFF in 1997, 1998 and 1999 as had been agreed to by the FOP. Following the Briggs Award, the parties again matched across the board increases exactly from 2000-01 through the 2008-09 contract. Thus in every year for seventeen years, the Firefighters and the Police received the same across the board increases. The internal consistency of settlements between the Village and its two groups of protective service employees is striking, and can hardly be the result of happenstance.

The pattern was broken in the second and third years of the last contracts, when the Firefighters received a lower settlement than the Police. The Village reasonably explains this as being the result of the timing of the settlements. The FOP negotiated a four year deal in May 2008, at 4.00%, 3.75%, 3.75% and 4.25%. The three year IAFF settlement did not occur until well after the financial crisis in the Fall of 2008. The first year of that settlement matched the FOP's 3.75% across the board increase for 2008-09, but the second year at 3.50% and the third year at 2.00% left the Firefighters 2.50% below the cumulative increases

in the FOP agreement. It is not necessary to recount the tumult created by the Great Recession, including a period of intense uncertainty in public sector labor relations. It suffices to say that it is not surprising that a settlement reached prior to the onset of the crisis would be higher than a settlement reached afterwards, even though the deals overlapped and concerned bargaining units that are historically linked. The simple realities of the two different bargaining environments make the different results fairly self-explanatory.

The Village cites several of my Awards from Wisconsin for the proposition that stable labor relations require deference to an internal pattern of settlements. That was, and is my view, with an important caveat. In Wisconsin, prior to the recent changes in the law, virtually every employee group had access to interest arbitration under essentially the same rules. Thus, even with an employer of modest size, it was possible to have a pattern of settlements across four or more bargaining units, all of them with relatively similar leverage. The differing system in Illinois makes an internal pattern such as that far less likely, and thus the weight of internal patterns is more open to question when they conflict with other factors under the statute.

The internal pattern in Lombard consists of a single settlement, but it is a settlement in the only other unit having interest arbitration. More than that, though, it is a settlement in a bargaining unit that has matched this bargaining unit step for step for 20 years.<sup>13</sup> It is this history of near absolute consistency that makes the Firefighter settlement a very persuasive piece of evidence as to what a voluntary settlement might have been in the Police unit.

## **F. Conclusion**

The determinative factors in deciding this salary dispute are the comparisons of the offers with external and internal settlements. These factors point to different outcomes. The Union's offer is more strongly supported by considerations of external comparability. It is a more reasonable proposal when measured against the negotiated rates of increase for police

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<sup>13</sup> The Union's argument that compensation provisions of Firefighter and Police Officer agreements make them difficult to compare is at odds with the actual history of across the board increases for the two units in this municipality.

officers in other area communities, in that it more nearly matches the rate of increase and amount of increase, at least in the first year of the contract. The Village's offer is less reasonable, in that it has some support in the comparables, but is markedly below the average in the first year, and erodes the Lombard officers' positions relative to other area police personnel. On the other hand, consideration of internal comparability strongly favors the Village's offer. The Village has followed a practice of settling at the same across the board increases with its Police Officers and Firefighters in 18 of the past 20 years, with the exceptions being lower wages for the Firefighters in the two years following the onset of the financial crisis.

In general, there should be a presumption that an offer tracking another internal settlement is reasonable. That presumption is, of course, rebuttable. The party seeking to deviate from the settlement can present evidence that the settlement is an anomaly, or was secured for a concession not applicable to another unit, or that conditions have dramatically changed since the settlement was reached, or that the bargaining units involved are so different in terms of labor market or bargaining leverage that the settlement cannot be relied upon as an indicator of what a voluntary settlement would have been in the unit before the arbitrator. It may simply show that the parties themselves have not paid much heed to internal settlement patterns in the past. The Village's settlement with the Firefighters does not appear to fall into any of those categories. It is an agreement between sophisticated parties with a long history of bargaining, and access to interest arbitration. The settlement is on the lower end of settlements when extended to Police Officers, but it is within the range of those settlements and cannot be said to create a wage scale that is anomalous or grossly at odds with other Police contracts. Most importantly, it continues a pattern of consistency between the two units that these three parties have followed, largely on a voluntary basis, for two decades. For these reasons, I conclude that the Final Offer of the Village of Lombard should be incorporated into the 2011-2014 collective bargaining agreement.

On the basis of the record, including the arguments and the stipulations of the parties, the undersigned makes and issues the following Award.

## AWARD

The 2011-2014 collective bargaining agreement shall incorporate the provisions of the predecessor agreement, as modified by the tentative agreements attached hereto as Appendix "A" and the wage schedule proposed by the Village of Lombard, to wit:

June 1, 2011: 1.75%

**Fiscal**

<b>Year</b>	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<b>Step 4</b>	<b>Step 5</b>	<b>Step 6</b>	<b>Step 7</b>
11/12	\$59,156	\$62,114	\$65,287	\$68,479	\$71,900	\$75,496	\$83,353

June 1, 2012: 1.75%

**Fiscal**

<b>Year</b>	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<b>Step 4</b>	<b>Step 5</b>	<b>Step 6</b>	<b>Step 7</b>
12/13	\$60,192	\$63,201	\$66,429	\$69,677	\$73,158	\$76,818	\$84,811

June 1, 2013: Wage Reopener

Article XXXI:

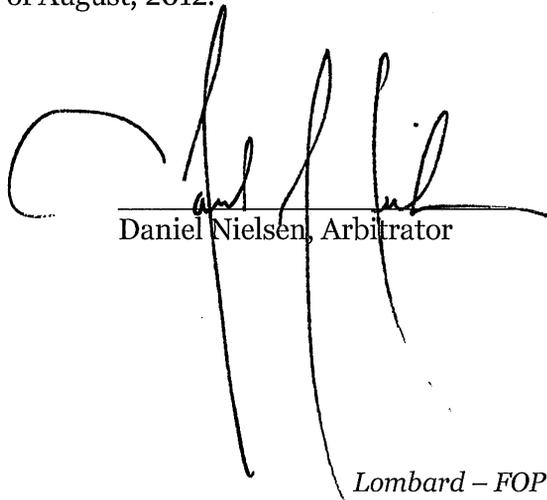
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Wage Reopener. Either party may reopen this agreement for the purpose of negotiating wage rates for the period June 1, 2013 through May 31, 2014 by serving written notice upon the other of a written demand to bargain no sooner than one-hundred twenty (120) nor less than sixty (60) calendar days prior to June 1, 2013 of their desire to negotiate over such subject.

\*\*\*

The Arbitrator will retain the official record and jurisdiction over the dispute until the parties notify him that any issues related to the implementation of the interest arbitration award have been resolved.

Signed this 14<sup>th</sup> day of August, 2012.

  
Daniel Nielsen, Arbitrator

**THE ILLINOIS FRATERNAL ORDER OF  
POLICE LABOR COUNCIL**

And

**THE VILLAGE OF LOMBARD**

Case S-MA-11-311 – Wages for the Period June 1, 2011 through May 31, 2014

**APPENDIX A**  
Tentative Agreements  
and Stipulations

Article XI: Labor Management Meetings

A Labor-Management Committee consisting of the Village Manager, or his designee, and up to three (3) other members of the Village and up to four (4) employee members of the Union may meet once every quarter upon the request of either party, or more often if mutually agreed to by the parties for the purpose of discussing any work related problems of mutual concern for the advancement of better relations and efficient operations. Discussions shall be limited to matters set forth on the agenda and other matters mutually agreed to by the parties, but it is understood that these meetings shall not be used to renegotiate this Agreement or for the purpose of resolving grievances. On-duty members of the Union authorized to represent the Union at Labor-Management meetings will be paid by the Village for time spent in labor-management meetings, but only at the straight time hourly rate for the hours they would otherwise have worked on their regular work schedule.

**Deleted:** The Union and the Village shall exchange agenda items at least seven (7) calendar days in advance of the meeting.

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Page 1 of 6

Article XII: Safety and Health (Remove section)

**Deleted: Section 12.1¶**  
The Village and the Union shall each take all reasonable steps for the protection and safety of employees during work hours and during the performance of their duties. The foregoing shall not be construed to require the Village to eliminate those risks which are inherent in the normal performance of police duties.¶

**Section 12.2¶**  
Both parties to this Agreement hold themselves responsible for mutual cooperation in enforcement of safety rules and regulations.¶

**Section 12.3¶**  
A joint safety committee shall be formed by the Village and the Union. Said Committee shall consist of not more than three (3) employees representing the Union and three (3) persons representing the Village and shall meet not less than quarterly or sooner at the request of the majority of the members, to review or make recommendations on safety or health conditions and to provide support for a strong safety program.

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Article XVI: Clothing Allowance

Section 16.1

The Village shall provide an annual clothing allowance of six hundred dollars (\$600.00) upon the effective date of this contract, which amount shall be increased to \$650 commencing with the fiscal year starting June 1, 2009. This clothing allowance shall pertain to all required uniform apparel. Certain other related items as listed below may also be purchased (within the limits noted) from the clothing allowance:

Deleted: Maglight

(a) "Flashlight" or battery & charger;

(b) Reflective safety vest;

(c) Riot helmet or repairs to same;

(d) PR 24, batons, handcuffs;

(e) Off duty badge & case;

(f) Metal clipboards & ticket holders;

(g) Briefcase;

(h) Soft armor - maximum \$200.00 per year, provided another vest may not be purchased within five (5) years from the date of purchase, without the express written permission from the Chief of Police or his designee.

Replacement of torn or worn out items will be approved upon inspection by the Police Chief or his designee. A carry-over amount not to exceed two-hundred dollars (\$200.00) will be allowed from one fiscal year to the next provided an employee will not be permitted to spend more than two-hundred dollars (\$200.00) more than the annual clothing allowance in any one fiscal year for approved clothing.

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Page 3 of 6

**Article XXXI Duration**

The Agreement shall be effective as of the day after the contract is executed by both parties and shall remain in full force and effect until 11:59 p.m. on the 31st day of May 20~~0~~. It shall be automatically renewed from year to year thereafter unless either party shall notify the other in writing no sooner than one-hundred-twenty (120) nor less than sixty (60) days prior to the anniversary date of this Agreement that it desires to modify or terminate this Agreement. Notice may be given earlier than 120 days if mutually agreed upon by both parties.

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In the event that such notice is given, negotiations shall begin no later than fifteen (15) days after such notice unless otherwise mutually agreed. This Agreement shall remain in full force and effect during the period of negotiations unless either party notifies the other in writing with not less than ten (10) days notice of its intent to terminate after May 31, 20~~0~~.

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Signed and entered into this ~~3~~th day of May, 20~~0~~

**Appendix A**

General Order 26.2, in effect February 11, 2008, of the Lombard Police Department Rules and Regulations is contained in this Appendix. The parties agree that the Village may amend General Order 26.2 as contained herein with the exception of Section 26.2.5, Awards.

**I. Policy Statement:**

It is the policy of the Lombard Police Department to set a commendable example for all motorists through the encouragement, promotion and practice of safe driving habits during both preventive patrol and under emergency driving conditions.

**II. Purpose:**

To establish a set of standards for the Lombard Police Department Safe Driving Award Program, in which an officer meeting these standards will be awarded a Safe Driver letter of appreciation.

**III. Scope:**

These standards shall apply to all Police Officers and Community Service Officers of the Lombard Police Department, who are assigned to drive a vehicle on a regular basis.

#### IV. Responsibility:

Each individual officer will be responsible for the effective and continued implementation of the provisions of this policy. The Patrol Unit Commander and the Director of Training will monitor compliance.

#### V. General:

A. Staff officers, probationary officers, and officers who are assigned permanent staff duties are ineligible.

B. Detectives/Patrol Officers receiving the award must have completed twelve (12) consecutive months of safe driving without a chargeable motor vehicle accident involving a departmental vehicle from January 1<sup>st</sup> through December 31<sup>st</sup> of the following calendar year.

C. Officers using thirty (30) or more consecutive days off i.e., sick time, light duty, etc. per safe driving year will be ineligible to receive that current year award. ("Light Duty" will be defined as not being in a condition of total incapacitation, but being unable, or limited, to function totally in his/her expected duties as a Police Officer in any or all instances that may arise).

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Deleted: April 1<sup>st</sup> through March 31<sup>st</sup> of the following calendar year.

#### VI. Motor Vehicle Accident Investigations:

A. Each motor vehicle accident involving a departmental vehicle will be thoroughly investigated by the officer's Watch Commander.

B. Copies of the following will be forwarded to the Patrol Division Commander: motor vehicle accident report and any tickets issued. In addition there will be memos from the involved officer and his/her Watch Commander, indicating the Watch Commander's recommendation as to whether the accident is "chargeable" or "not chargeable."

C. The Patrol Unit Commander will review each motor vehicle accident on its own merit, then write and forward his recommendation, along with the Watch Commander's, to the Chief of Police.

D. The Chief of Police will weigh all information and facts concerning the cause(s) of each accident, and whether proper driving techniques could have prevented the accident.

E. Any actions found "chargeable" in his/her accident will automatically disqualify the individual from receiving a Safe Driver Award for the current year. In addition, disciplinary action may be taken by the Chief of Police which could include, but not necessarily be limited to, an Official Reprimand or a suspension from duty without pay. Finally, if the reported accident results from a reckless disregard on the part of the officer for the safety of property and/or persons using the highway, formal charges may be filed by the Chief of Police with the Board of Fire and Police Commissioners, or in the Circuit Court of DuPage County.

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F. If an officer is found "not chargeable" in his/her accident, the officer continues toward earning his/her Safe Driver Award, with no disciplinary action taken.

G. When an individual is found "chargeable" in his/her accident, the officer will lose the Safe Driver Award for the current year only. Example: an officer with a six year award has a chargeable accident; the officer will lose the seven year award that he/she was working toward and will have to finish the current year out in penalty and wait until the new safe driving year takes effect. From the new Safe Driving Year anniversary date, he/she will then be eligible to start over earning for his/her seven year driving award.

**VII. Awards:**

A. Each officer will receive a Letter of Appreciation from the Police Department. The letter will indicate the number of years which the officer is being commended for safe driving.

B. In conjunction with the above award, days off with pay may be given in the following manner:

Officers/Detectives who receive/maintain their three (3) and four (4) year safe driver awards are qualified to receive one (1) day off with pay.

Officers/Detectives who receive/maintain their five (5) year or better safe driver awards are qualified to receive two (2) days off with pay.

These earned days off have to be taken within the next safe driving year, which runs from ~~April~~ <sup>JAN</sup> 1<sup>st</sup> through ~~March~~ <sup>FEB</sup> 31<sup>st</sup> of the next year. If these days are not taken within the time span indicated, they will be forfeited, not carried forward.

Village

Union

Conrad  
up at  
D. Byrne  
Paul [unclear] A-6  
Bellus  
4/20/2011

[Signature]  
[Signature]  
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June 27, 2011

## Tentative Agreements

### Article XXVIII: Severance Pay Upon Retirement

#### Section 28.1:

An employee eligible to receive retirement benefits from the Lombard Police Pension Fund upon leaving Village employment shall be awarded retirement severance pay from the Village according to the following schedule:

10 - 14 years of service	4 weeks pay
15 - 19 years of service	7 weeks pay
20 + years of service	9 weeks of pay

Once during the term of this Agreement, the Village may in its discretion decide to offer a voluntary incentive payment to non-probationary bargaining unit employees in lieu of the retirement severance pay outlined in the above schedule. If an employee accepts the voluntary incentive payment, he will not be eligible to receive the retirement severance pay outlined in the above schedule when he leaves Village employment. The Village reserves the right without bargaining to unilaterally set the terms, conditions, eligibility, timing and benefit levels of such a one-time voluntary separation incentive program. Additionally, any newly hired police officer may be given such an offer upon completion of their probation.

#### Section 25.4

Employees shall be entitled to the use of up to twenty-four hours of Crisis leave per calendar year. The use of any Crisis leave shall require Village approval, and is limited to the following situations:

(a) Death of immediate family member, defined as the employee's spouse; mother; step-mother; mother-in-law; father; step-father; father-in-law; son; step-son; son-in-law; daughter; step-daughter; daughter-in-law; brother; step-brother; brother-in-law; sister; step-sister; sister-in-law; grandparent; grandparent-in-law; or grandchild. Such leave shall be taken within fourteen (14) calendar days of death or at the time of a memorial service if this falls beyond the fourteen calendar days.

(b) Hospital Admittance of immediate family member, defined as an employee's spouse, child, parent, step-mother, mother-in-law, step-father, father-in-law, step-son, step-daughter, grandparent and grandchild. Hospital admittance is defined as an overnight stay.

There shall be no accrual or payment for any Crisis leave not taken within the calendar year.

## Article XXVI: Insurance

### Section 26.1:

The Village agrees to provide hospitalization and major medical insurance for all eligible employees. Commencing June 1, 2004, an employee electing single coverage shall make the following premium contributions per pay period Ten Percent (10%) of the premium for the plan, *i.e.*, the HMO or PPO.

Premiums for family coverage (*i.e.* the employee and the employee's eligible dependents) shall continue to be shared by the Village and the responsible employee, provided that in addition to existing employee contributions for family premiums, the Village reserves the right to pass along up to thirty-five percent (35%) of any subsequent annual increase in family premium costs (for the plan covering other full-time non-bargaining unit Village employees). The Village shall provide for informational purposes reasonable documentation to show any increase in the employee's share of family coverage. This information is to be made available to the Union when the data is made available to the Village and in no case less than fifteen (15) days prior to implementation. The proposed increase shall be discussed at a Labor-Management meeting if requested by the Union.

Effective June 1, ~~2004~~2012, or as soon thereafter as is practicable, the PPO and HMO plans offered to bargaining unit employees shall be modified to provide the same coverage, benefits and co-pays as those provided to full-time non-bargaining unit covered Village employees generally, including drug card co-pays. Thereafter, the Village retains the right to change insurance carriers, HMO's, benefit levels, or to self-insure as it deems appropriate during the remaining term of this Agreement, so long as the new basic level of benefits remains substantially the same.

### Section 26.2

The Village and the Union agree that cost containment provisions regarding health insurance coverage may be implemented by the Village, so long as the basic level of benefits remains substantially the same.

### Section 26.3

The extent of coverage under the insurance policies referred to in this article shall be governed by the terms and conditions set forth in said policies. Any questions concerning coverage shall be resolved in accordance with the terms and conditions in said policy(s) and shall not be subject to the grievance procedure set forth in this Agreement.

Nothing in this Agreement shall be construed to relieve any insurance carrier(s) or plan administrator(s) from any liability it may have to the Village, employee or beneficiary of any employee, and nothing in this Section 26.3 shall relieve the Village of its obligation to provide insurance under Article 26.

### Section 26.5

The Village shall provide term life insurance for all eligible employees subject to IRS tax guidelines in the policy amount of \$100,000.

**Deleted at no cost to the employee.**

### Section 27.2

Employees assigned as a Field Training Officer (FTO) shall receive \$400 annually (effective in 2011), to be paid with the first paycheck in November.

Other Specialty Pay: Employees assigned as a: Range Officer; certified as a Breathalyzer Operator; certified Defensive Tactics Instructor; or certified Accident Reconstructionist shall receive \$450.00 annually to be paid with the first paycheck in November, provided that in no event shall any one employee receive more than \$450.00 per year under this paragraph. Notwithstanding the foregoing, an FTO may earn both FTO specialty pay and pay for a single specialty assignment described in this paragraph, for a maximum annual total of \$850.

### Appendix A- Educational Incentive Pay

This Appendix only applies to employees hired prior to May 28, 1998.

1. The Village shall provide eligible commissioned Police Officers below the rank of Deputy Chief with educational incentive pay for successfully completing job-related college level courses from an accredited school or university.

2. Prior to receiving the incentive, a Police Officer shall provide a copy of a certified transcript demonstrating successful completion of all courses with a grade of "C" or better; and a standard "Request for Educational Incentive Pay" on a form developed by the Village.

3. Eligible Police Officers shall be paid one annual incentive according to the following schedule:

a.	30 semester hours	-	\$175.00
b.	60 semester hours	-	\$300.00
c.	90 semester hours or more	-	\$425.00

Three (3) cut-off dates in each fiscal year (July 1st, October 1st, and February 1st) shall be established. In order to receive the incentive pay, all requirements of paragraph #2 must be fulfilled prior to the applicable cut-off date. Incomplete documentation will not be processed until the next cut-off date.

4. All payments shall be subject to State and Federal taxes.

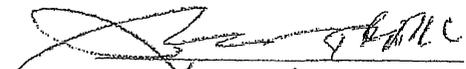
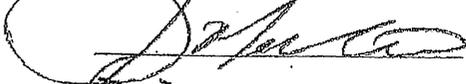
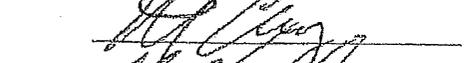
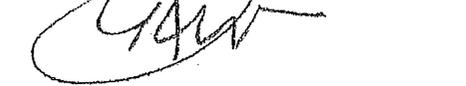
5. Within one hundred and eighty (180) days of this Agreement's execution by both parties, the Village will offer an opportunity to bargaining unit employees hired prior to May 28, 1998 to permanently opt out of the annual educational incentive pay system described above. If an eligible employee voluntarily accepts this opt-out program, he will receive a one-time gross lump sum payment (minus appropriate deductions) calculated as follows: the difference between 30 years and the eligible employee's then current full years of service (as of the date the Village offers the opt-out program), multiplied by the applicable annual incentive rate listed above. For example, if an eligible employee has 19 full years of service as of the date the Village offers the opt-out program, and the eligible employee has completed 60 semester hours, the eligible employee's gross lump sum opt-out payment will be calculated as follows:  $(30 - 19) \times \$300.00 = \$3,300$ . By voluntarily accepting this one-time gross lump sum opt-out payment, the eligible employee will no longer continue to receive the annual educational incentives described above. Eligible employees will have ninety (90) days from the date the Village provides them with their respective estimated opt-out payment to voluntarily accept the payment.

The only remaining issues open for further negotiations are as follows:

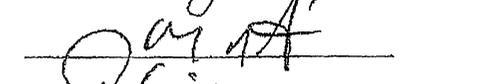
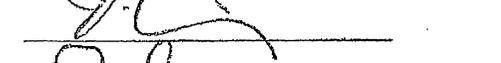
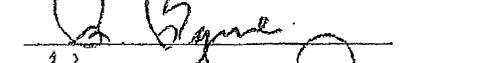
- Wage adjustments under Section 27.1 of the Agreement;
- Discipline;
- Term of Agreement and effective date.

Except as otherwise tentatively agreed upon, the remaining provisions of the 2007-11 collective bargaining agreement between the parties shall be incorporated into the successor agreement.

For the Union:

For the Village:


NEW Section 20.3

The parties agree that the Chief of Police (or the Chief's designee) shall have the right to suspend a non-probationary officer for up to thirty (30) calendar days or dismiss a non-probationary officer for just cause, without filing charges with the Village Board of Fire and Police Commissioners. Neither the Police Chief nor the Village or their agents will file charges asking the Board of Fire and Police Commissioners to impose discipline on any non-probationary bargaining unit employee; instead, all such discipline shall be imposed by the Police Chief or his designee.

The decision of the Police Chief or the Chief's designee with respect to the suspension or dismissal action shall be deemed final, subject only to the review of said decision through the grievance and arbitration procedure. The sole recourse for appealing any such decision by the Chief of Police shall be for the employee to file a grievance as described herein.

If the employee elects to file a grievance as to his or her suspension or dismissal, the grievance shall be processed in accordance with Article V of this Agreement, except that it shall be filed at Step 4 of the procedure. If the grievance proceeds to arbitration and the arbitrator determines that the disciplinary action was not supported by just cause the arbitrator shall have the authority to rescind or to modify the disciplinary action and order back pay, or a portion thereof. No relief shall be available from the Board of Fire and Police Commissioners with respect to any matter which is subject to the grievance and arbitration procedure set forth in Article V of this Agreement. Any appeal of an arbitrator's award shall be in accordance with the provisions of the Uniform Arbitration Act as provided by Section 8 of the IPLRA.

Pursuant to Section 15 of the IPLRA and 65 ILCS Sec. 10-2.1-17, the parties have negotiated an alternative procedure for resolving discipline based on the grievance and arbitration provision of this Agreement, and the foregoing provisions with respect to the appeal and review of any suspension or discharge decisions shall be in lieu of, and shall expressly supersede and preempt, any provisions that might otherwise be available under the Rules and Regulations of the Village Board of Fire and Police Commissioners.

Discipline of probationary officers, as well as any verbal warnings, written reprimands or written warnings shall not be subject to the grievance and arbitration procedure.

STRIKE CURRENT (b) and (c);

TA      GP      4/6/12  
TA      P/S      4/6/12