

BEFORE THE ARBITRATOR

In The Matter Of An Interest Arbitration
Between

THE CITY OF BLOOMINGTON

and

IAFF LOCAL 49

ILRB Case No. S-MA-13-176

Appearances:

Clark, Baird, Smith, LLP, by Mr. James Baird and Mr. Benjamin E. Gehrt, on behalf of the City.

Mr. Shane M. Voyles, Policemen's Benevolent Labor Committee, on behalf of the Union.

ARBITRATION AWARD

The above-entitled parties, herein "Union" and "City," selected the undersigned to issue a final and binding award pursuant to 5 ILCS 315/14 of the Illinois Public Labor Relations Act, herein "Act," and a hearing was held in Bloomington, Illinois, on June 17, 2013. The parties subsequently filed briefs which were received by October 12, 2013.

Based upon the entire record and the arguments of the parties, I issue the following Award.

BACKGROUND

The Union represents for collective bargaining purposes the 103 or so members of the City's Fire Department at and below the rank of captain.

The parties were signatories to a collective bargaining agreement which expired on April 30, 2012, and they engaged in negotiations over the terms of a successor contract. They

subsequently agreed to all terms for a new contract except for one provision relating to the conversion of sick leave buy-back for new hires which is the only issue to be resolved here.

Firefighters since about 1992 have received some sort of sick leave buy-back for their unused sick leave and in about 1997 that benefit was converted to health insurance upon retirement. Since 2006 that benefit has been put into a Retirement Health Savings Account to pay health insurance upon retirement, with the prior 2009-2012 agreement providing for a 100% payout up to 1,800 hours of accrued sick leave for retired firefighters or leaving City service after 20 years under honorable conditions. This benefit currently averages about \$56,780.¹

The City's proposal calls for maintaining the prior sick leave payout for all employees hired before June 17, 2013, and for reducing it for all new employees hired after that date which the City calculates amounts to about \$1,090 per year.² The City in return has offered a one-time \$1,000 bonus check for all current bargaining unit members.

FINAL OFFERS

1. City Final Offer:

As its final offer in the above-referenced interest arbitration, the City hereby proposes that Section 5.1, Sick Leave, of the parties' collective bargaining agreement, in the subsection entitled, "Conversion of Sick Leave," be amended as follows:

Conversion of Sick Leave. Firefighters who retire or leave the employment of the City under honorable circumstances, with twenty (20) or more years of service as a firefighter shall convert accrued sick leave to a Retirement Health Savings (RHS) account, to a maximum of one thousand eight hundred / one thousand four hundred forty (1,800/1,440) hours of accumulated unused sick leave at the final hourly rate. The rate of conversion will be one hundred percent (100%) of any hours of accumulated unused sick

¹ City Tab 18.

² City Tabs 17-18.

leave for employees hired prior to June 17, 2013. For employees hired on or after June 17, 2013, the rate of conversion upon retirement shall be as follows:

Retirement

0-863 hours = 0%

864-1,079 hours = 20%

1,080-1,259 hours = 30%

1,260-1,440 hours = 40%

1,441-1,800 hours = 50%

(Example: An employee retiring with 20 or more years of service and 1,800 hours will have all 1,800 hours converted at the 50% rate; an officer with 1,259 hours will have all 1,259 hours converted at the 30% rate; while an employee retiring with 863 hours will have zero conversion (sic)).

-- AND --

In exchange for this new formula applicable to newly hired employees, the City will agree to provide to all bargaining unit members employed in a bargaining unit position on June 17, 2013, a \$1,000 bonus payment. Such payment will be made in the second pay period following the issuance of the Arbitrator's Award granting the City's final proposal.³

2. Union Final Offer:

ARTICLE 5: ABSENCE DUE TO INJURY AND ILLNESS

Section 5.1 shall remain Status Quo

(other than FMLA language change already agreed to by the parties)

All other provisions shall be as agreed during negotiations, including all tentative agreements reached during those negotiations.

POSITIONS OF THE PARTIES

³ The City stated at the hearing that its proposal contains an "administrative error" because "it is not as it might appear" and that "If you have 1,441 or above, the whole buyback is 50% under the proposal and 100% under the status quo." Firefighters at the lower levels therefore would receive lower percentages for their accumulated hours until they reach the 1,441 threshold. The Union in negotiations understood this to be the City's proposal. See Transcript of June 17, 2013, hearing, herein Transcript, pp. 14, 21.

The City maintains that the internal comparables support its proposal because seven of the City's other bargaining units have agreed to two-tiered benefits and because the police units, while not agreeing to a two-tiered approach, have agreed to "significant changes" in its prior massive overtime costs, thereby saving the City a considerable amount of money. It also states that the external comparables support its position because the current sick leave benefits "are more generous than those offered in the comparable communities" and because the Union has agreed to two-tiered sick leave benefits elsewhere. The City further contends that firefighters' total compensation package supports its proposal, and that the interests and welfare of the public "strongly support the City's effort to control its legacy costs."

The City adds that the Union's quid pro quo arguments "ring hollow" because "No quid pro quo is required to address the City's looming financial problems" caused by a projected \$37,600,000 shortfall in the firefighters' pension fund. It states that the Union "has stubbornly refused to change the sick leave buy back benefits"; that no quid pro quo is required to change that benefit since the Union never offered a quid pro quo to get that benefit in the first place; and that the City in any event has offered a \$1,000 cash payment to all current bargaining unit employees.

The Union contends that the City has not met its burden of meeting the tests needed for its breakout proposal or for altering the status quo. It argues that "the old system has worked exactly as intended and is not a problem in need of fixing at arbitration"; that the City has failed to present any actual data demonstrating that it cannot pay the current benefit; and that the City has failed to prove that the Union refused to negotiate over this issue. It also states that the City has failed to prove a need for the change it seeks; that the City's proposal would impose "an undue burden" and create instability in the bargaining unit by "creating a pool of haves and

another pool of have nots”; and that the City’s one-time payment of \$1,000 to current bargaining unit members does not represent an adequate quid pro quo and thus “has no relationship whatsoever to the current benefit.”

The Union adds that the statutory factors do not support the City’s proposal and that the City believed it “had the financial ability to meet the costs of the sick leave conversion benefit when it agreed to it” and that it can do so now. It also claims that the City’s proposal is not supported by the internal or external comparables, and that the City has failed to prove that firefighters are overcompensated and that an equity adjustment is needed.

DISCUSSION

The statutory criteria set forth in Section 315/14(h) of the Act provides that the Arbitrator’s findings are to be based upon:

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 proceedings with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
 - (A) In the public employment in comparable communities.
 - (B) In private employment in comparable communities.
5. The average consumer prices for goods and services, commonly known as the cost of living.
6. The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time,

insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment and all other benefits received.

7. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
8. Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or private employment.

Here there are no issues relating to the City's lawful authority; the stipulation of the parties; the comparison of wages, hours and conditions of employment between the employees here and those in private communities; or the CPI.

As for changes arising during the pendency of the arbitration proceeding, the City has submitted post-hearing evidence showing that the Telecommunicators' bargaining unit recently has agreed to the City's buyback proposal which eliminates the benefit for new hires.⁴

Comparability is an issue, with both parties asserting that their positions are supported by the internal and external comparables.

As for the internal comparables, the City has collective bargaining agreements with nine represented bargaining units.⁵

The following seven units have all agreed to reduced sick leave buyback plans and six no longer provide buybacks for new employees:⁶

⁴ City Tabs 32-33.

⁵ The City's unrepresented classified staff has a two-tiered buyback plan.

⁶ City Tabs 5, 29; Union Tab 11.

Laborer's Local 372, Support Staff	Eliminated sick leave buyback for employees hired after 5/1/2009.
Laborer's Local 362, Parking Enforcement	Eliminated sick leave buyback for employees hired after 5/1/2009.
Laborer's Local 362, Inspectors	Eliminated sick leave buyback for employees hired after 5/1/2011.
Machinists Lodge 1000, Water Department	Eliminated sick leave buyback for employees hired after 3/24/2013.
AFSCME, Local 699, Library	Reduced sick leave buyback for employees hired between 5/1/97-4/30/2010. Eliminated sick leave buyback for employees hired after 4/30/2010.
AFSCME, Local 699, Public Works/Parks	Reduced sick leave buyback for employees hired after 5/1/1997.
Telecommunicators	Eliminated sick leave buyback for new employees.

All of them also provide for significantly lower maximums. The Laborer's Local 372 Support Staff, the Laborer's Local 362 Parking unit, the Laborer's Local 362 Inspectors unit, and the Machinists unit can only purchase a maximum of 960 hours.⁷ The AFSCME Local 699 Library unit and the AFSCME Local 699 Public Works and Parks unit only can purchase a maximum of 672 hours.

The two police units consisting of patrol and command officers are represented by the Police Benevolent and Protective Association Unit 21. They have not agreed to two-tiered benefits and they have the same sick leave buyback benefit proposed by the Union.

⁷ City Tab 5.

The Union states that “no other bargaining unit currently has in place the 20% to 50% conversion rate proposed by the City”, which is true.

But all these internal units also have significantly lower benefits and six of them no longer even offer it to newly hired employees. The reduced benefit being offered by the City to new firefighters therefore still exceeds what almost all of these other units have. Furthermore, the whole buyback is 50% for firefighters with 1,441 hours or above.

The Union argues that the other internal non-protective units are not proper comparables because the “other higher” comparable police units have not agreed to the City’s proposal and because these “police units are more comparable to the firefighters than the librarians or parking attendants.”

The City answers that “There is nothing unique about protective services that renders sick leave buyback benefits more meaningful to police officers and firefighters than any of the City’s other employee groups.” The City also points out that the police unit made a major concession which substantially reduced the City’s overtime costs, unlike the firefighters who did not make such a major concession in the last round of negotiations.

A number of arbitration awards have recognized the need to compare fire and police units. In the parties’ first interest proceeding Arbitrator Matthew Finkin selected the union’s wage offer because it was supported by “comparable fire departments” and because “the statute requires the comparison be with other employees performing similar services “as well as with’ other employees generally.”⁸ In addition, Arbitrator George Larney in 1990 awarded a sick leave buyback plan to the City’s police unit because it was supported by comparable external

⁸ See The City of Bloomington and IAFF Local 49, S-MA-02-240, p. 12, (2003). See also Village of Arlington Heights, S-MA-88-89, (1991), where Arbitrator Steven Briggs ruled that fire and police units are proper comparables for wage purposes.

police units and because he “dismissed” as “not relevant” the City’s claim that it was not supported by any internal comparables.⁹ Elsewhere, Arbitrator Elliot Goldstein rejected an employer’s attempt to reduce sick leave buyback for firefighters finding that non-sworn employees were not an appropriate comparable.¹⁰

Since sick leave buybacks are not unique to the protective services, I find that internal comparables can be considered, but that they are not as important as the external comparables involving other firefighters.

As for them, the parties have jointly agreed for the purpose of this proceeding only to the following: Champaign, Decatur, DeKalb, Normal, Pekin, Peoria, Springfield, and Urbana.

Some of the sick leave buyback plans for these external comparables are somewhat complicated and need not be elaborated in detail. It suffices to state that Champaign’s plan provides for a buyback of up to 70% to a maximum accumulation of 1344 hours; Decatur’s plan provides for a buyback of \$75 per day up to 200 days; DeKalb’s plan provides for 5% to 100% payment for up to a maximum of 1080 hours; Normal’s tiered plan provides for 40% payment up to a maximum of 1440 hours; Pekin’s plan provides for full payment of up to a maximum of 2520 hours; Peoria’s tiered plan provides for a 80% payment up to a maximum of 1344 hours for employees hired after 1985; Springfield’s tiered plan provides up to a 50% payment for up to 5042 hours; and Urbana’s plan provides for a 50% payment with no maximum.¹¹

⁹ The City of Bloomington and the Police Benevolent and Protective Association Unit 21, S-MA-89-120, (1990), p. 31, 37.

¹⁰ See PBLC and County of Macoupa, S-MA-09-065, (2012), p. 38.

¹¹ City Tab 7A; Union Tab 13.

The City states that the current buyback is over three times “more generous” than Normal and that its proposal still would leave its proposed buyback plan twice as generous as Normal’s, and that Normal only gives a buyback to employees hired before 1998.¹² The City also contends that only Springfield has a higher benefit; that its current buyback plan is 86% “more costly than the average sick leave buyback benefit of the comparables”;¹³ and that it is 72% more generous than the one in Pekin, the next highest in the rankings.

In response, the Union states that firefighters here pay the second highest amounts for family health insurance; that they work the third highest number of hours; that DeKalb, Normal, Pekin, and Peoria partially subsidize the cost of retiree health insurance; and that the total value of the sick leave benefit to retiree health conversion here ranks 6 out of 9. The Union adds that five of the comparables – Champaign, DeKalb, Pekin, Springfield and Urbana – all buyout sick leave at not less than 50% as opposed to the City’s proposal calling for a buyback as low as 20%.

The City’s current plan, standing alone, is one of the best among the external comparables and the reduction sought here may be justified on that basis.

However, this benefit in several comparables is related to retiree health insurance which is why it is difficult to compare “apples to oranges”. For example, while Normal and Peoria buyback sick leave at less than 50%, they provide retiree health insurance subsidies which helps explain their relatively lower buyback plans. Accordingly, the many variables involving retiree health insurance make it difficult to fully measure the buyback plan here with the buyback plans elsewhere.

¹² City Tab 17.

¹³ City Tabs 17-18.

I therefore find that the external comparables are mixed and do not favor either party's proposal.

As for the statutory factor relating to overall compensation, the City states that the total compensation for its firefighters exceeds the total compensation in six of the eight external comparables;¹⁴ and that its proposal would not alter the hourly wage ranking for new employees. It adds that only four comparables – DeKalb, Normal, Pekin, and Peoria – provide a retiree health insurance subsidy, and that DeKalb and Normal have entirely eliminated it for employees hired after July 1, 2011, and April 1, 1998, respectively and that Normal now contributes to a health savings account. The City therefore argues that “the inclusion of the health retiree health insurance benefit has no impact on the City's position in the total compensation analysis.”

Acknowledging that firefighters here have the third best sick leave buyback plan “standing alone”, the Union states that the plan must be viewed with the premium contributions other comparables make towards a retiree's health insurance. The Union adds that the “City has failed to demonstrate that an equity adjustment was required due to the overall compensation of its firefighters”; that the City's data is “hard to follow”; and that firefighters here pay the second highest amount for family health insurance and that they work the third highest amount of hours.

Again, the record is somewhat murky regarding overall compensation because of the complexity in accurately measuring the interaction between straight buyback plans and retiree health insurance plans which are all over the lot. Nevertheless, both sides' proposals will not have much of an effect on overall compensation, which is why this factor does not favor either side.

¹⁴ City Tab 21.

This case thus mainly turns upon how much weight, if any, must be given to the City's projection that it faces a \$37,600,000 shortfall in its firefighters' pension liabilities.

In this connection, City Budget Officer Timothy Ervin testified that the Illinois State Legislature establishes the pensions for the City's fire and police personnel, and that the City is prohibited from bargaining over pensions. He explained that the City's Fire Pension Board is a separate legal entity and is not included within the General Fund, and that the City's pension liability for its current firefighters who may retire in the future is only 51% funded thereby leaving an unfunded liability of \$37,600,000.¹⁵ He added that the City must amortize 90% this amount by 2040; that the money must come from the property tax, general funds, or another type of tax; and that 2013 marks the first time in 15 years "where I've seen the deductions going out are higher than the income coming in." As a member of the Fire Pension Board, he said "that's very dangerous."

The Union challenges these numbers and claims that the City has failed to present any "actual facts demonstrating actual undue hardship" and that, "The flip side of that coin is that the Union members do not desire to be totally responsible for the entire cost of retiree health insurance."

The City's projections are just that, projections, which may not turn out to be accurate. But, Mr. Ervin's testimony was uncontradicted and it represents his best professional judgment about the City's future pension obligations and what he believes to be a "very dangerous" situation.

¹⁵ Transcript, pp. 153-156. The City also faces about a \$37,000,000 shortfall in its police pension fund obligations.

I have no basis for discounting his testimony and thus find that this pension shortfall must be met and that it goes to the crux of this dispute because it raises the key question of how the City is going to meet its pension obligations.

The Union argues no change is needed because the City could “meet the costs of the sick leave conversion benefit when it agreed to it.”

The City agreed to do so in about 1992, however, when there was no indication that the City 21 years later would be facing such an enormous deficit in its pension obligations. Given that new reality and the need to deal with it, little weight can be given to what the City did when it did not face this deficit.

The Union also contends that the City’s proposal would create a pool of “haves” and “have nots” which would be divisive.

Any such happiness is insufficient to outweigh the statutory factors that must be applied here. Furthermore, new hires perhaps can be told that the sick leave buyout for current firefighters was agreed to over 20 years ago in a different financial era when the City was not facing the enormous pension shortfall for its firefighters. Moreover, several of the external fire comparables have similar tiered buyback plans as do almost all of the City’s other unions, hence showing that they are not uncommon.

The Union also claims that the current system is “not a problem in need of fixing at arbitration,” and that the City has failed to establish that the Union has not negotiated over this issue.

The City earlier tried to change the sick leave buyout in the prior 2009 collective bargaining negotiations by reducing it to 50% for firefighters hired after May 1, 2006, but the Union rejected that proposal.¹⁶

In the more recent negotiations for the current agreement, the City made separate proposals on July 18, 2012, September 6, 2012, October 10, 2012, and January 7 and 9, 2013, to alter the buyback plan.¹⁷ The Union countered by asking the City to subsidize health insurance for retirees and by subsequently asking the City to pick up 75% of a new hire's health insurance premiums until he or she became Medicare eligible. The City estimates that latter proposal would cost three times more as it would save under the City's proposal.

Negotiations therefore have failed to resolve this issue, thereby leaving arbitration as the only means to resolve it.

The Union further states that "Odds are that the parties will determine for themselves, prior to 2033 who, what, when, how of if firefighters will continue to receive this benefit" and that, "Arbitrating now what may never come to pass, or what will not come to pass for at least two decades, is contrary to the conservative nature of interest arbitration."

Attempting to peer out 20 years into the future is of course impossible. But that is all the more reason to deal with the facts in this record which show that for every new hire the City makes this year - or the next year or in subsequent years - it probably will pay out about \$56,000 in today's dollars to each new hire who retires or leaves with 20 years service under the current sick leave buyout plan. If five or ten new firefighters are hired over the next few years, the City

¹⁶ City Tab 3A.

¹⁷ City Tab 19.

over 20 years therefore can incur a liability of between \$280,000 - \$560,000 in today's dollars if nothing is done.

Given this ever-increasing liability, it is appropriate to address this issue now rather than putting it off until some distant date in the hope that it can then be resolved.¹⁸

The Union claims that the City has failed to prove a need for the change because the City is in strong financial shape since it had a Fund Balance of \$16,205,899 at the end of 2012; because City finances have remained “healthy and stable”; and because the City has failed to demonstrate it cannot pay the current sick leave buyout benefits. It adds that the City has “stopped well short of claiming inability to pay and that its “doomsday prophesies” about its pensions costs are “not actual facts demonstrating any actual undue hardship.” It points out that the City is in good financial shape as shown by the approximately \$5,500,000 recent increase in its General Fund; its strong tax base and increasing revenues which have exceeded expenditures; and the economic stability provided by Illinois Wesleyan, Illinois State University, and the international headquarters of State Farm Insurance. The Union also cites the prior interest arbitration award issued by Arbitrator Stephan B. Goldberg who determined in 2011 that the City’s budgetary practices have “led to a solid General Fund balance of nearly 11M at a time when the savages of the Great Depression are still being felt by many other cities.”¹⁹

¹⁸ See City of DeKalb, No. S-MA-10-366, p. 35, (2012), where Arbitrator Peter Meyer awarded the employer’s proposal to phase out retiree health care coverage because “it may be better for everyone in the long run if steps are taken now to gradually phase out what may be an ‘unsustainable’ benefit rather than to do nothing and risk that the City might face financial difficulties that will suddenly and with little warning prevent it from providing any more retiree health coverage.”

¹⁹ City of Bloomington and IAFF Local 49, ILRB Case No. S-MA-08-241, p. 10, (Goldberg, 2011).

The record does indeed establish that the City today can afford the sick leave buyout for its current firefighters.

That, though, is a separate question of whether the City can afford to pay it 20 years from now for new hires given the projected pension shortfall.²⁰

One path is to maintain the status quo and to raise taxes and or decrease expenditures in order to raise the entire \$37,600,000. Another path is to recognize that some things change over time and that what was once possible in 1992 when the City agreed to a sick leave buyout is no longer possible given the City's need to add \$37,600,000 to the firefighters' pension fund.

The Union cites a number of prior arbitration awards in support of its claim that the current benefit level must be maintained because the City has failed to meet the various tests established in order to justify the City's breakthrough proposal and its attempt to alter the status quo without offering an adequate quid pro quo.

It thus points out that Arbitrator Goldstein addressed those tests in Illinois FOP Labor Council and City of Belleville, S-MA-08-157, p. 49, (2010), when he stated there the party seeking change must establish:

“1) there is a proven need for the change; 2) the proposal (to depart from status quo) meets the identified need, without imposing an undue hardship on the other party; and there has been a quid pro quo to the other party of sufficient value to buy out the change or that other comparable groups were able to achieve this provision.”

Here the City 's \$1,000 cash payment to current firefighters, which totals about \$103,000, does not constitute an adequate quid pro quo, as that amount does not begin to match what new hires will lose in 20 years under the City's proposal.

²⁰ Arbitrator Goldberg did not address this pension shortfall in 2011 when he commented on the City's fiscal health and its General Fund balance.

The City asserts no quid pro quo is needed because the Union initially obtained this benefit in 1992 and enhanced it over the years without a quid pro quo. The Union does not dispute that it did not offer a quid pro quo, thereby indicating that there is less of a need for the City to offer one here for its modification.

But even if the Union did offer a quid pro quo, that does not automatically mean that the City is prohibited from obtaining its modification since the quid pro quo doctrine represents a generalized test which, while usually applicable, is not universally applicable when parties are unable to offer a sufficient enough quid for the needed quo.

For example, employees who are far behind their comparables regarding wages or benefits usually cannot give up sufficient value to catch up and obtain the added wages and benefits they seek and may otherwise deserve under the Act's statutory criteria. Conversely, if there is a great need to help reduce an employer's rising health insurance or other costs, an employer may be unable to offset that with something of equal value.

Rigid application of the quid pro quo doctrine thus may prevent needed change and even though the statutory factors in the Act warrant change.

That is why a party may be able to successfully argue that no quid pro quo is necessary on the ground that something must be done and that it cannot afford to offer a sufficient enough quid for the quo sought. In other instances, when there is less of a need for change, a quid pro quo is required because such give and take is an essential part of the collective bargaining process.

Accordingly, it is necessary to determine in each case whether a party has met its burden proving that a quid pro quo is not needed because of extraordinary circumstances which make an adequate quid pro quo impossible.

Given the enormous estimated deficit in the firefighters' pension fund and the City's need to immediately deal with it, I find that such extraordinary circumstances exist here and that they City is not required to offer an equal quid pro quo for its proposed change.

The Union also contends that the City's proposal fails to meet the breakthrough test which generally requires the proponent of change to establish that the old system or procedure has not worked as anticipated when originally agreed to; that the existing system has created operational hardships for a party; and that the party seeking to maintain the status quo has resisted attempts at the bargaining table to address these problems.²¹

But this argument overlooks one key fact: things have changed since the City for the first time in 2013 has seen pension expenses rise higher than the income coming in and since the City faces a possible \$37,600,000 shortfall in its future pension obligations.

It thus is clear that the City's "old system" of financing has materially changed from when the City in 1992 agreed to this benefit and when it did not face its current pension shortfall. This drastic change, if not properly addressed, may cause hardships in the form of higher taxes or reduced services, as the City scrambles to meet this shortfall which has been imposed by the state legislature and which is not of its own doing. Furthermore, and without casting aspersions on either party, the City in the last two rounds of negotiations was unsuccessful in getting the Union to agree to the changes it seeks here. Having twice exhausted that avenue, it is appropriate to resolve this issue here since the Act recognizes that this is the forum where such unresolved issues are to be resolved.

²¹ See City of Danville and PB & PA, Unit 11, S-MA-09-238, p. 12, (Hill, 2011).

This case thus boils down to weighing the Union's desire to maintain the status quo which has worked well in the past versus the City's need to immediately address its unfunded \$37,600,000 pension liability.

While the Union's position is understandable and must be respected because current firefighters have decided against accepting the City's \$1,000 offer in order to protect the rights of new hires, I conclude that the City's proposal is more reasonable because it simply asks new hires to help contribute towards the deficit problem involving this bargaining unit. The interests and the welfare of the public are served by this change because it is better to now start reigning in some of the City's legacy costs as opposed to facing a day of reckoning when, if unaddressed, the City may be facing much more drastic steps.

In light of the above, I issue the following

AWARD

The City's Final Offer is selected and it is to be incorporated into the parties' current agreement.

Dated at Madison, Wisconsin, this 27th day of November, 2013.

Amedeo Greco /s/

Amedeo Greco, Arbitrator