

AWARD OF INTEREST ARBITRATOR

In the Matter of Interest
Arbitration

between the

City of East Peoria

and the

Policemen's Benevolent Labor
Committee

Opinion and Analysis,
Findings of Fact,
and Award
by
Arbitrator
Peter Feuille
in
ILRB No. S-MA-13-307

Date of Award: September 15, 2014

APPEARANCES

For the City:

Mr. Patrick A. Murphey, Miller, Hall & Triggs, LLC, Attorney
Mr. Josh Herman, Attorney
Mr. Dick Ganschow, Chief of Police
Ms. Teresa Durm, Human Resources Coordinator
Mr. Tom Brimberly, City Administrator

For the Union:

Mr. Shane M. Voyles, Attorney
Mr. Eric Poertner, Chief Labor Representative
Mr. Scot Craig, Local President
Mr. David Catton, Local Executive Board Member
Mr. Keith McElya, Local Vice President

INTRODUCTION AND BACKGROUND

The City of East Peoria, IL ("City," "Employer") and the
Policemen's Benevolent Labor Committee ("Union," "PBLC")
negotiated to generate a successor collective bargaining agreement

("CBA") to succeed the 2008-2013 CBA that expired on April 30, 2013 (City Exhibit 1 ("CX 1")). During their negotiations, which included mediation, the parties reached agreement on many issues but were not able to reach agreement on three issues - wages, longevity pay, and health insurance. At the instant hearing, neither party proposed to change longevity pay (Tr. 11-12), so this issue was removed from the arbitration agenda and longevity pay continues into the successor agreement as a "status quo" issue (i.e., it rolls over unchanged into the next contract). The parties went forward into the arbitration process with wages and health insurance as the two unresolved issues. Accordingly, the Union invoked the interest arbitration procedure specified in Section 14 of the Illinois Public Labor Relations Act ("Section 14," "Act"). The parties selected the undersigned as Arbitrator, waived the tripartite arbitration panel format, and agreed that I would serve as the sole Arbitrator, and the Illinois Labor Relations Board ("Board," "ILRB") appointed me as the interest arbitrator in this matter.

Additionally, the parties waived the Act's requirement in Section 14(d) of the Act that the hearing in this matter must commence within 15 days of the Arbitrator's appointment, and the parties also waived/extended Section 14(d)'s hearing and other timelines to accommodate the scheduling needs of the participants in this matter (Union Exhibit 1 ("UX 1")). I am most grateful for

the parties' willingness to modify the arbitration process timelines contained in Section 14, particularly their extension of the time allowed for this Award to be issued.

By mutual agreement, the parties held an arbitration hearing on May 13, 2014, in East Peoria, IL. This May 13 hearing was stenographically recorded and a transcript was produced. The parties waived oral closing arguments at the hearing and instead submitted written post-hearing briefs. With the Arbitrator's final receipt of these briefs and other post-hearing materials on July 14, 2014, the record in this matter was closed.

STATUTORY DECISION CRITERIA

Section 14(g) of the Act mandates that interest arbitrators "shall adopt the last offer of settlement [on each economic issue] which, in the opinion of the arbitration panel, more nearly complies with the applicable factors prescribed in subsection (h)." Section 14(h) of the Act requires that an interest arbitrator or arbitration panel base the decision upon the following Section 14(h) criteria or "factors," as applicable.

These factors are:

- (1) The lawful authority of the employer.
- (2) Stipulations of the parties.
- (3) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.

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

The Act does not require that all of these factors or criteria be applied to each unresolved item; instead, only those that are "applicable." In addition, the Act does not attach weights to these decision factors, and therefore it is the Arbitrator's responsibility to decide how each of the applicable criteria should be weighed. We will use the applicable criteria to make decisions on the issues presented in this proceeding.

ANALYSIS, OPINION, AND FINDINGS OF FACT

The Parties

Employer. The City of East Peoria is a general purpose municipality that provides governmental services to citizens within its city limits, including law enforcement and public safety services via its Police Department. The City is located directly across the Illinois River from the larger city of Peoria, and is home to approximately 23,000 residents.

Union. As of the date of the hearing in this matter, the instant bargaining unit included about 37 patrolmen (CX 3), all of whom are exclusively represented by the Union. Sergeants are not included in the bargaining unit.

Issues and Final Offers

The record contains competing final offer proposals on the two unresolved issues of wages and health insurance. The parties agree that both issues are "economic" employment terms within the meaning of Section 14(g) of the Act. This means that the final offer selection decision made here will be limited to a selection of the final offer of one party, without alteration, on each of the two unresolved issues.

As will be seen shortly, each party has submitted a three-year wage and insurance offer, which means that the successor contract emerging from this proceeding will cover the period May 1, 2013, through April 30, 2016.

1. Wages (Article XI)

Current. Unit members currently are being paid their Article XI wages in effect during the 2012-2013 contract year (CX 1). During the pendency of the parties' negotiations and subsequent impasse, unit members have not received any general wage increases. Each party has submitted a three-year wage offer that proposes wage increases to take effect on May 1, 2013, May 1, 2014, and May 1, 2015, so the parties agree that their next CBA will be for three years' duration, and will expire on April 30, 2016.

City's Final Offer. The City proposes a set of three annual wage increases as follows: (1) effective May 1, 2013, Article XI wages will be increased by 2.0 percent above their current (2011-2012) amount; (2) effective May 1, 2014, contract wages will be increased by 2.0 percent above their 2013-2014 amount; and (3) effective May 1, 2015, contract wages will be increased by 2.0 percent above their 2014-2015 amount (City Brief, page 15 ("C.Br. 15")). If we set aside the effect of compounding on these raises, the Employer has proposed a total wage increase of 6.0 percent

during the three-year life of the parties' next contract. As we will see below, the City supports its wage offer with a variety of data and argument.

Union's Final Offer. The Union also proposes a set of three annual wage increases as follows: (1) effective May 1, 2013, Article XI wage rates will be increased by 2.75 percent above their current (2012-2013) amounts; (2) effective May 1, 2014, contract wage rates will be increased by 2.75 percent above their 2013-2014 amounts; and (3) effective May 1, 2015, contract wage rates will be increased by 2.75 percent above their 2014-2015 amounts (UX 2). If we set aside the effect of compounding on these raises, the Union has proposed a total wage increase of 8.25 percent during the three-year life of the parties' next contract. All of the Union's increases are retroactive back to the May 1 starting date of the applicable fiscal year, as appropriate. As we will see below, the Union supports its offer with a variety of data and argument.

Analysis. When we examine the evidence that the parties have submitted in support of their proposals, we observe the following.

First, neither party submitted any evidence or arguments directed at the *lawful authority of the employer* under this Section 14(h)(1) decision factor. Accordingly, this factor will not be considered further.

Second, under the *stipulations of the parties'* decision factor specified in Section 14(h) (2), neither party submitted any evidence or arguments directed at any such stipulations. Accordingly, this factor will not be considered further.

Third, the *interests and welfare of the public and the financial ability of the unit of government to meet these costs*, also known as the *ability to pay* decision factor under Section 14(h) (3), has played a very modest role in this proceeding. The Union points out that the City is in a very strong fiscal posture. I agree that the City does not plead that it is poverty stricken, or that it needs relief from its financial obligations, so we need not pore through reams of financial data to determine the health of the City's fiscal condition. As the City discusses in its brief, it has invested heavily in its own economic development (CX 18). At the same time, I note that the fact that the City is in good financial health does not mean that the City automatically should pay whatever the Union asks for in this matter.

Fourth, the *cost of living* decision factor under Section 14(h) (5) likewise has played only a very modest role in this proceeding. I note that there is only a tenuous connection between increases in consumer prices and increases in employee compensation. Accordingly, I find that there is no persuasive reason to select either of these final wage offers in the instant

proceeding based on the recent history of changes in consumer prices.

Continuing, we arrive at the *overall compensation* factor presently received by bargaining unit members under Section 14(h)(6). The City says that its package of nonwage benefits, when added on top of East Peoria wages, produces a total compensation package that is superior to every other downstate municipal jurisdiction under 40,000 population (CX 17). The Union disagrees, however, and argues that that these data show that overtime, court time, vacation, holidays, personal days, and uniform allowances are very similar across the agreed comparables (CX 17). I find that the evidence supports both parties' perspectives on the nonwage components of the overall compensation package. More importantly, I also find that these nonwage benefits are not highly differentiated across the agreed comparables (CX 17). Accordingly, there is no persuasive reason to use the overall compensation factor as a decision criterion on the wage issue.

Unlike the lightly used decision factors examined above, the parties have relied heavily upon the next two decision factors: external comparability and internal comparability. We examine these factors closely in the following paragraphs.

External comparability. Both parties pointed to *external comparability* evidence under the Section 14(h)(4) decision factor,

though they use this evidence for different reasons. For its part, the City emphasizes that annual police wages in East Peoria are much higher than in all of the six municipalities the parties have agreed are "comparable communities" (or "agreed comparables") within the meaning of Section 14(h)(4) (CX 11). For instance, the City says that top step police wages during 2012-2013 in East Peoria were 27 percent higher than the average top step wage across these six communities (CXs 7, 8, 11). As a result, the City says that East Peoria's very high police wages provide strong support for the selection of its wage offer. In contrast, the Union calls attention to the fact that wages in these comparison communities recently have increased by the approximate same percentage increase as the 2.75 average annual percent wage increase the Union has presented in its final offer (Union Brief, page 22 ("Un.Br. 22")). Accordingly, the Union argues that its wage offer seeks only to keep police wages in East Peoria moving upward at the same pace as in the agreed comparables.

I find that both parties generally are correct. Among this seven-city group (East Peoria and the six agreed comparables), East Peoria pays - by far - the highest police wages. For instance, during the 2012-2013 fiscal year, top step police wages among these cities show the following:

TABLE 1
FY2012-2013 POLICE SALARIES

<i>Jurisdiction</i>	<i>Start</i>	<i>1 year</i>	<i>3 years</i>	<i>10 years</i>	<i>Top</i>
Collinsville	\$57,740	\$65,832	\$67,142	\$71,115	\$73,091
East Moline	42,951	47,179	53,166	59,321	62,808
Ottawa	48,914	50,298	52,725	59,087	64,337
Morton	44,531	46,758	59,004	62,544	64,904
Pekin	40,226	55,613	59,827	61,627	65,483
Galesburg	45,906	47,050	49,214	58,168	60,405
Average	46,711	52,121	56,846	61,790	65,171
East Peoria	40,226	49,238	72,304	75,196	79,534
<i>\$/% Difference</i>	<i>-\$6,485</i>	<i>-\$2,883</i>	<i>+\$14,458</i>	<i>+\$13,405</i>	<i>+\$14,362</i>
<i>E.P. and Average</i>	<i>-16.2%</i>	<i>-5.8%</i>	<i>+27.2%</i>	<i>+21.7%</i>	<i>+22.04%</i>

Source: CX 11.

Table 1 tells us two things. First, it indicates that East Peoria police wages trail the average wage in the agreed comparables during an officer's first two years on the force, and then skyrocket upward during the officer's third year on the force. Second, the officer's wages remain in this celestial orbit for the remainder of his/her career in this City (see UXs 14, 15, 16, and 17 for additional confirmation). From the perspective of maximizing a police officer's career earnings, we may conclude that East Peoria pays above-market wages through almost all of an officer's career with the City. This conclusion is fully consistent with the City's contention that East Peoria has almost

no voluntary police officer turnover (C.Br. 14). Third, when we examine salary levels across cities, we see that East Peoria regularly emerges in first place in these city-specific salary comparisons.

An additional conclusion also is apparent from another City exhibit, and that is that the premium police wages paid by the City are nothing new. In Table 2 below, which is based upon CX 8, the City presents 2002 wage rates across several experience levels from the agreed comparables. CX 8 is presented below in Table 2 and shows the following:

TABLE 2
2002 POLICE SALARIES

<i>Jurisdiction</i>	<i>Start</i>	<i>1 year</i>	<i>3 years</i>	<i>10 years</i>	<i>Top</i>
Collinsville	\$35,380	\$40,372	\$41,184	\$42,785	\$44,802
East Moline	29,204	32,949	36,887	41,552	43,952
Morton	26,500	28,000	33,575	41,500	43,066
Pekin	33,659	37,617	40,780	42,340	45,070
Ottawa	31,490	32,875	34,255	37,370	40,870
Galesburg	31,966	44,564	37,005	41,614	44,062
<i>Average</i>	<i>31,366</i>	<i>33,564</i>	<i>38,340</i>	<i>41,193</i>	<i>43,637</i>
East Peoria	28,854	34,976	44,594	54,972	57,047
<i>\$/% Difference</i>	<i>-\$2,513</i>	<i>+\$746</i>	<i>+\$6,253</i>	<i>+\$13,778</i>	<i>+\$13,409</i>
<i>E.P. and Average</i>	<i>-8.01%</i>	<i>+2.18%</i>	<i>+16.31%</i>	<i>+33.45%</i>	<i>+30.73%</i>

Source: CX 8.

The data in Table 2 indicate that East Peoria has been paying very high police wages since at least 2002. In fact, in percentage terms the City's police officers enjoyed a larger percentage pay advantage over their peers 10-12 years ago than they do today, and in terms of paycheck dollars East Peoria officers have received, and continue to receive, a substantial lifetime earnings differential over their peers in comparable jurisdictions.

The data in Tables 1 and 2 above indicate that East Peoria police officers are paid extremely well compared to their peers in similar size jurisdictions in downstate Illinois. This evidence indicates that the City's final offer of three annual 2.0 percent increases is more appropriate for this unit than the Union's 2.75%-2.75%-2.75% wage offer. The main reason for this conclusion is that there is no apparent need for any sort of catch-up pay increases to East Peoria officers. Today they enjoy a very handsome wage advantage over their downstate peers, and the record is completely devoid of evidence that there is any need to boost East Peoria police wages in the current bargaining round so that they can maintain their current wage advantage over their peers.

The Union argues that we need to look at wage increases in the agreed comparables during the past two years. When we do this, we see the following:

TABLE 3
RECENT PERCENT PAY INCREASES
AMONG AGREED COMPARABLES

Municipality	2013	2014	2015
Collinsville	2.0%		
East Moline	1.5%	1.0%	
Galesburg	2.0%	2.0%	
Morton	3.0%	3.25%	3.25%
Ottawa	2.25%	2.4%	2.5%
Pekin	3.0%	3.0%	
<i>Average Annual Increase</i>	2.46%	2.66%	2.875%

Source: Union Brief 22.

The Union agrees that the percent increases among the agreed comparables during 2013-2014-2015 may not be large in an absolute sense, but on average they are significantly larger than the annual 2.0% increases in the City's offer. The Union says the wage increase averages in Table 3 illustrate the inadequacies of the City's series of 2.0% annual increases wage offer.

The Union also urges that we examine the *internal comparability* evidence pursuant to the Section 14(h)(4) decision factor in the Act. This evidence indicates the following across the City's four other bargaining units:

TABLE 4
RECENT PERCENT WAGE INCREASES
IN OTHER CITY BARGAINING UNITS

Bargaining Unit/Union	(effective dates)		
	05/01/2013	05/01/2014	05/01/2015
Fire/IAFF	2.9%	2.5%	--
East Side Centre /Teamsters	2.8%	2.9%	2.9%
Public Works/Teamsters	2.5%	2.5%	2.5%
Telecommunicators/PBPA	2.5%	2.5%	--
<i>Average Annual Increase</i>	<i>2.675%</i>	<i>2.6%</i>	<i>2.7%</i>

Source: Union Brief 20.

The Union argues that this internal comparability evidence provides significantly more support for the Union's 2.75 percent-per-year wage offer than for the City's 2.0 percent-per-year offer. The Union says that this support for its offer is strengthened when we consider that none of the other City employee groups needed to use interest arbitration in order to achieve these pay increases. However, in the instant matter the Union says that the City insists that the Union must use the interest arbitration process to obtain any wage increase larger than two percent.

So, when we pull the wage evidence together, what conclusions does it support? The most visible conclusion is that East Peoria pays its police officers much, much higher wages than comparably

sized jurisdictions in downstate Illinois. Compared to their peers in comparably sized downstate cities, it is not surprising that this East Peoria wage advantage results in a substantial career earnings advantage for East Peoria officers. Moreover, this has been the case for many years, according to Table 2.

Pulling this analysis together, I find that the applicable evidence, when evaluated under the Section 14(h) decision factors, provides significantly more support for the selection of the City's wage offer than for the Union's wage offer. The City currently pays its police officers significantly higher wages than are paid in similarly sized downstate Illinois cities. As this suggests, there is no evidence that East Peoria wages need to be adjusted upward to allow bargaining unit members to catch up to their peers in other downstate cities. Expressed another way, the evidence indicates that the City's offer of 2.0 percent-per-year wage increases will enable the City to maintain its lofty pay status versus its downstate peers during the three-year life of the parties' next contract. Accordingly, I select the City's 2.0 percent-per-year wage increases offer to resolve the negotiating dispute over this issue.

2. Health Insurance (Article XII and Appendix A)

On the health insurance issue, the City and the Union are in the midst of a lengthy and complicated effort to revise their health insurance situation.

Current. The parties' current insurance situation is as follows. The parties maintain a City-wide Health Insurance and Benefits Committee ("Insurance Committee") to oversee the City's insurance offerings, and this committee includes representatives from all of the labor organizations representing City employees, plus representatives from the City's non-represented workforce plus a City retiree plus the City Clerk, City Administrator, and City Attorney (C.Br. 9). From time to time, the Insurance Committee formulates coverage and pricing recommendations on health insurance, which are submitted to the City Council for consideration and adoption. The City Council has a lengthy history of never rejecting an Insurance Committee recommendation (Tr. 84-85). The City currently offers Plan A coverage (and other coverages) to unit members; Plan A is a 90/10 plan for employees and their dependents, and Plan A is very expensive for the City and the employees. The City says that because the annual premium cost for Plan A coverage has become so expensive, the Insurance Committee has become more aggressive in its efforts to obtain more affordable coverage. After the Committee initially adopted an

alternative plan with a high deductible amount and employer-subsidized savings account (Plan C), the Committee subsequently adopted an intermediate level benefit plan (Plan B) with higher deductibles and co-pays and lower coverage, shifting the risk of some first-dollar costs to employees in exchange for a targeted 25 percent reduction in premiums, to be shared 50-50. The Committee also adopted a four-tier premium structure, replacing individual and dependent coverage options with individual, individual plus spouse, individual plus child, and dependent family coverage for each plan (UX 20; CXs 13, 14). The City says that, most recently, the Insurance Committee adopted Plan B to replace Plan A effective January 1, 2015, in exchange for which the City would increase its share of premium contributions for all plans to 75 percent for the period May 1, 2014, through December 31, 2014, and Plan A would no longer be offered (CX 14). The City notes that this arrangement was recommended by a super-majority vote of the Insurance Committee and has already been approved by the City Council.

City's Final Offer. The City's final offer on the insurance issue seeks to maintain the status quo by (1) implementing the changes in contribution rates for existing plans that were adopted by the Insurance Committee, which rates will be in effect during the period May 1, 2014, through December 31, 2014, (2) retaining the language that splits equally between the City and the employees the resulting increases in premium costs, (3) provides

employees the Committee's agreed reduction of their contributions to 25 percent of premium costs between May 1, 2014 and December 31, 2014 (CX 14), and (4) calls for a 50-50 sharing of premium increases after January 1, 2015.

Union's Final Offer. The Union proposes to adopt, in CBA Section XII.1, the following language: "The City shall furnish group health insurance for patrolmen and their dependents. There shall be a cap on the City's contribution toward the insurance premium paid for each patrolman. The monthly cap shall be as stated in Appendix A, the contribution rates established by the Health Insurance Committee for existing plans. . . .

"In addition, any increase in premium cost shall be shared equally by the City and the patrolmen" (UX 3).

The Union also proposes to adopt, in Section XII.1, an 80-20 split in paying for the employee's share of insurance contributions, as follows: "However, upon issuance of the [arbitration] Award in [ILRB No.] S-MA-13-307 and thereafter, the employee shall pay 20% of the insurance premium irrespective of their level of coverage (e.g., single, employee + children, employee + spouse, or family) and the remaining 80% shall be paid by the City."

Analysis. The parties agree that the current health insurance situation specified in their CBA does not accurately portray the health insurance situation that faces the City and the

City's employees today. Employees pay about 33 percent of the premiums for their health insurance coverage (Un.Br. 28). This percentage currently has been temporarily reduced by the City to 25 percent, which reduction will continue until January 1, 2015. Because the City's health insurance coverage is provided to City employees through the City-wide Insurance Committee, all City employees may select an insurance plan from the same bundle of insurance coverages and pay the same insurance premiums that are specified in each plan. There are no plan variations that are specific to any bargaining unit. The PBLC seeks to reduce this employee percentage that its unit members pay to 20 percent of premiums, which employee contribution level will take effect upon issuance of the instant Award. The City resists this Union offer and proposes, in its final insurance offer, that insurance premiums and benefit levels follow the amounts recommended by the Insurance Committee, which amounts the City says are the direct result of the collective bargaining process in which the Union was an active participant.

The Union vigorously objects to the City's insurance proposal on the grounds that it commingles a health insurance benefit provision (Plan A) with its health insurance premium proposal, in violation of the parties' agreement that at arbitration the insurance issue would be limited to "health insurance premium contributions for the various health insurance coverages" (UX 1).

The Union notes that the City did this at the literal last minute, in that the City's final offer that was submitted at the arbitration hearing contained this out-of-bounds insurance proposal that the City hoped to slip by the Union. The City responds by noting that the Union's characterization of the City's insurance offer is incorrect. The City notes that the Insurance Committee had recommended, and the City Council had approved, the temporary 2014 reduction in employee contributions to 25 percent of premiums. The City points out that the Insurance Committee's memo to City employees and retirees specifying these insurance changes is dated April 29, 2014 (CX 14), and the arbitration hearing in this matter was held on May 13, 2014.

The City notes that much of the Union's ire is directed at the part of the City's proposal that calls for the elimination of the former Plan A (which was included as "Appendix A Insurance" on p. 25 of the expiring contract (CX 1; UX 3)). The City responds that this Plan A was not eliminated by the City, but was eliminated by a super-majority vote of the Insurance Committee (CX 14), including all four of the PBLC representatives on that Committee. The City continues in its vigorous denunciation of the Union's final insurance offer by declaring that it is "a declaration of war not only on the City's taxpayers, but on the police officers' co-workers, . . . and . . . it represents an end run around collective bargaining, and the antithesis of good faith

collective bargaining. . . . Award of the Union's final offer would guarantee that there will never be another voluntary Agreement between the City and the PBLC during future negotiations, because PBLC will anticipate it can get more from a third party under Section 14 (no matter what the City offers) than it can get by agreement with the Employer" (C. Br. 24).

What contributions would the City's insurance proposal require from employees? According to the data in CX 14, which is a memo from Brad Lovell and Scott Brunton, co-chairs of the Insurance Committee, to City employees and retirees dated April 29, 2014, the premium amounts for the City's various insurance plans and coverage levels would be as follows during 2014 and 2015:

EMPLOYEE MONTHLY INSURANCE CONTRIBUTION RATES

PLAN A		PLAN B	PLAN C
eff.	5/1/2014	eff.	5/1/2014
Individual	\$224.38	\$138.86	\$158.86
Ee + Child	405.08	251.28	271.28
Ee + Spouse	472.70	293.12	323.12
Family	697.72	432.68	482.68

	PLAN B	PLAN C
	eff. 1/1/2015	eff. 1/1/2015
\$178.90	\$158.90	\$178.90
Individual --	287.12	307.12
Ee + Child --	334.90	364.90
Ee + Spouse --	494.22	544.22
Family --		

Plan A no longer offered after 2014.
Source: CX 14

I note that the Union did not submit any data on the actual dollar amount of the 2014-2015 insurance premiums that its 20/80 insurance proposal would generate. As a result, the dollar cost of those plans to employees cannot be reported here.

A careful examination of these two insurance offers indicates that both of them have flaws. I note that the Union's offer seeks to obtain a better health insurance outcome than what any other labor organization representing City employees was able to achieve on the health insurance issue. Expressed another way, the Union's insurance offer seeks to ignore the Insurance Committee's City-wide insurance recommendations and specify a bargaining unit-specific insurance arrangement, contrary to the City's lengthy and very well-established bargaining practice on health insurance. On

the bargaining history dimension that is included under Section 14(h)(8) of the Act ("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, or otherwise between the parties . . ."), this change means that the selection of the Union's insurance offer would be a highly visible departure from the City's longstanding practice of consensus bargaining on health insurance that was described above. In turn, each labor organization of City employees would have a notable incentive to engage in a destructive beggar-thy-neighbor approach to collective bargaining on the insurance issue, which is quite likely to make the bargaining process for the City and the labor organizations representing its employees much more contentious and cumbersome than in prior years. This is a particularly noteworthy shortcoming in the Union's insurance offer, and it significantly reduces the attractiveness of the Union's insurance offer.

For its part, the City's offer turns its back on the parties' agreement to confine this interest arbitration to health insurance premium proposals (in addition to wages). By including an insurance proposal that addresses health insurance premiums plus insurance benefit levels, the City has strayed from the parties' agreement to limit their insurance proposals to "health insurance premium contributions for the various health insurance coverages."

As a result, if I had the ability to do so, I would not select either offer as it now stands. Section 14 of the Act, however, denies me that luxury and requires that I make a selection of one or the other of the two final offers without alteration. Accordingly, I find that the applicable evidence, when evaluated under the Section 14(h) decision factors, provides significantly more support for the selection of the City's insurance offer than for the Union's insurance offer. The City's insurance offer, while it strays from focusing only on premium contributions, does not stray far in that it retains its primary focus on employee health insurance costs. For its part, the Union's final insurance offer presents both parties with a very risky departure from the City's longstanding practice of City-wide bargaining on health insurance. Using the discretion granted to me in Section 14(g) of the Act, I have determined that the City's insurance offer more nearly complies with the applicable decision factors contained in the Act. As a result, I select the City's insurance offer to resolve the negotiating dispute over this issue.

Tentative Agreement and Status Quo Provisions

No such provisions.

AWARD

Under the authority granted to me by Section 14(g) of the Illinois Public Labor Relations Act, I find that the following outcomes more nearly comply with the applicable decision factors prescribed in Section 14(h) of the Act. Accordingly, I select and award these outcomes on the issues on the arbitral agenda:

1. Wages (Article XI)

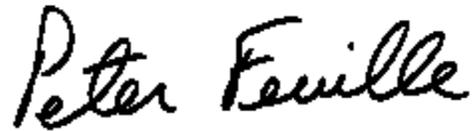
The City's offer is selected.

2. Health Insurance (Article XII and Appendix A)

The City's offer is selected.

It is so ordered.

Respectfully submitted,

A handwritten signature in black ink that reads "Peter Feuille". The signature is written in a cursive, slightly slanted style.

Peter Feuille
Arbitrator

Champaign, IL
September 15, 2014