



AWARD OF ARBITRATION PANEL

In the Matter of Interest Arbitration
between the
City of Carbondale
and the
Carbondale Fire Fighters,
IAFF Local 1961

Findings of Fact,
Opinion, and Award
of the
Arbitration Panel
of
Peter Feuille
Gary C. Heern
Lee Ellen Starkweather
in
ISLRB No. S-MA-92-107

Date of Award: January 28, 1993

APPEARANCES

For the City:

Mr. Michael L. Wepsiec, Attorney
Mr. Paul Sorgen, Finance Director
Ms. Jane Hughes, Human Resources Manager
Mr. Cliff Manis, Fire Chief

For the Union:

Mr. Michael A. Lass, Consultant
Mr. David Keim, President
Mr. Chad Morgenthaler, Vice President
Mr. Dave Lovell, Negotiating Team
Mr. Theodore Lomax, Negotiating Team

INTRODUCTION

During calendar 1992 the City of Carbondale ("City") and the Carbondale Fire Fighters, Local 1961 of the International Association of Fire Fighters, AFL-CIO ("Union") negotiated for a successor collective bargaining agreement to replace the 1991-92 contract that expired on April 30, 1992. During these negotiations and subsequent mediation, the parties were unable to

reach agreement on all items. Consequently, because the bargaining unit members are fire fighters, the parties processed their negotiating dispute according to the requirements of Section 14 of the Illinois Public Labor Relations Act ("Act"). Specifically, in April and May 1992 the parties selected and the Illinois State Labor Relations Board appointed the undersigned to serve as the chairman of the tripartite arbitration panel ("panel") selected to resolve this dispute. In addition, the Union selected Mr. Gary C. Heern to serve as its panel delegate and the City selected Ms. Lee Ellen Starkweather to serve as its panel delegate.

The panel met with the parties at a prehearing conference on July 10, 1992. At this conference the parties resolved some issues, and they agreed to proceed to arbitration on four issues: rates of pay, health insurance, hours of work (Kelly Days), and duration (Joint Exhibit 4 ("JX 4")).

Accordingly, by mutual agreement the panel conducted an arbitration hearing on October 7, 1992 in Carbondale. At this hearing the panel members and the parties' representatives were in attendance, all testimony was taken under oath, and a verbatim stenographic record kept and a transcript subsequently produced. At the hearing both parties had complete opportunity to present all the information they deemed appropriate on the impasse items.

At the hearing the panel ruled that all four impasse issues were economic issues within the meaning of Section 14(g) of the Act (Tr. 214-215). The panel also directed the parties to submit

to each other, through the panel chair, their last offer of settlement within the meaning of Section 14(g) on each impasse issue no later than October 21, 1992 (Tr. 215). On October 20 the parties agreed to extend their last offer submission deadline to October 30. The parties then timely submitted and exchanged last offers, as agreed, and these last offers contained very substantial amendments to the offers the parties had put forth at the arbitration hearing. In particular, the parties' amended offers resulted in agreement on the duration and hours of work issues (i.e., the parties agreed on a two-year contract to run from May 1, 1992 through April 30, 1994; and they agreed there will be no change in the hours of work section), and thus these two issues were removed from the arbitral agenda. As a result, only the rates of pay and health insurance issues remain on the arbitral agenda.

The parties' last offers made such progress in narrowing their disagreement that the panel chair, pursuant to the authority granted in Section 14(f) of the Act, remanded the dispute back to the parties for further collective bargaining. The parties engaged in such bargaining, but were not able to reach agreement by the November 17, 1992 expiration of the remand period.

The panel chair received the hearing transcript on November 30, 1992, which date marked the conclusion of the hearing. The panel held its executive session on January 21, 1993 to make its selection decisions. The Chairman notified the parties that the

panel would be unable to complete its work within the 30 day period specified in Section 14(g) of the Act, and the parties constructively accepted the extension of the panel's time required to reach a decision beyond this 30 day period.

Throughout this Award the parties will find references to such terminology as "the panel finds," "the panel selects," and so on. Such terminology does not necessarily indicate unanimity among the three-member panel. Rather, consistent with Section 14(d) of the Act, such terminology may mean only that a majority of the panel shares the conclusion being expressed.

STATEMENT OF IMPASSE ITEMS

As noted above, by mutual agreement there are two items on the arbitral agenda -- rates of pay, which are found in Sections 7.2 and 8.1 of the expiring 1991-92 contract (JX 1), and health insurance, which is found in Section 8.6 of the contract. As noted above, these are economic items within the meaning of Section 14 of the Act. Neither party made any claim that these impasse items are outside the scope of the panel's jurisdiction.

By mutual agreement (JX 4), the parties submitted their agreed-to items into the record as JX 2, which are incorporated into this Award by reference.

ANALYSIS, OPINION, AND FINDINGS OF FACT

Section 14 of the Act requires the panel to base its arbitration decision upon the following Section 14(h) criteria or 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 these 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 criteria be applied to each unresolved item; rather, only those that are "applicable." In addition, the Act does not attach weights to these factors, and thus it is the panel's responsibility to decide how the applicable factors should be weighted.

Section 14(g) of the Act requires the panel to adopt the last offer of settlement on each economic issue which, in the panel's opinion, more nearly complies with the applicable factors. In other words, this is final offer arbitration, and the panel is constrained to selecting either the Union or City final offer on each of the two remaining issues, without modification.

1. Health Insurance

The health insurance provision (in Section 8.6) of the expiring contract reads as follows:

The City shall provide the same group hospitalization and medical insurance plan for members of the bargaining unit as it does for all non-union, non-supervisory personnel during the term of this Agreement. (JX 1)

Position of the City. The City's final offer on health insurance calls for Section 8.6 to continue unchanged, and for a "side agreement" to be adopted which reads as follows:

Effective for insurance coverage beginning January 1, 1993, and continuing until April 30, 1994, the City will agree to pay 100% of the insurance premiums for a single employee and will share premiums at a minimum 50-50 level, i.e., City pays 50% for premiums and employee pays 50% of premiums, for family coverage. "Family Coverage" shall mean a) employee, spouse, and children; b) employee and spouse; and c) employee and children, as the case may be. Premiums for the insurance coverage described here shall commence in the month prior to the effective date of coverage, that is, December 1992, and shall continue until the month prior to the expiration of the coverage period, that is, March 1994. The terms of this side agreement shall be effective upon the payment of the January 1993 premiums and shall not be construed to affect the insurance coverage for the period of May 1, 1992 to November 30, 1992, or the premiums therefor.

The City supports its offer with evidence regarding its financial condition, bargaining history on this issue, and comparisons with other City employees. Specifically, the City points to the testimony of Finance Director Paul Sorgen, who testified that the City was heavily dependent on sales tax revenues and that these revenues were below projections. Mr. Sorgen also testified that the City's health insurance self-insurance fund had a much higher-than-projected deficit of \$96,500 at the April 30, 1992 end of the 1992 fiscal year (Tr. 184-194; JX 8), and that this fund was running a \$112,000 deficit as of August 31, 1992. The City says that its costs, particularly its health insurance costs, have increased but its revenues have not kept pace. As a result, it needs to hold down the increases in its health insurance costs.

The City also says that its offer is consistent with the historical distribution of health insurance premiums. During the past several years, the City has paid all or most of the employee premium (City Exhibits 11, 12 ("CXs 11, 12")). In addition, during fiscal 1991 and 1992 (until May 1992) the City paid the majority of the family premium (CXs 13, 14). In fact, these premiums increased substantially in January 1992, and from then until May 1992 the City absorbed the entire increase (which was \$31 per month in the premium for employee coverage (from \$123 to \$154) and \$72 per month in the premium for family coverage (from \$239 to \$311) (City Exhibits 11-14 ("CXs 11-14))). The City's absorption of this entire increase was very costly. As a result,

beginning in May 1992 the City required employees to contribute \$20.00 per month for employee coverage and \$177 per month for family coverage, and the City's contributions for such coverages were \$134 per month (CXs 11-14). This means that since May 1, 1992 employees have been paying \$20 per month more for employee ("single") coverage and \$61 per month more for family coverage than they paid in early 1992. In other words, during several months in 1992 the City required the employees to pay for a historically larger than usual share of their insurance premiums, especially for family coverage (CXs 17, 18). The City emphasizes that this happened only because of the very substantial increase in total health insurance costs in 1992 and because of the City's self-insurance deficit, and not because of any City desire to harm employees.

The City notes that its offer contains a much more employee-favorable premium payment arrangement than existed during May-December 1992. The City proposes to pay the entire employee premium and one-half of the family premium beginning in January 1993 (i.e., starting with the premiums paid in December 1992). This will reduce the employee's contribution for single coverage to zero and should reduce the employee's contribution for family coverage, though the City was not able to specify the exact dollar amount due to the fact that its revised final offer was tendered in late October 1992 and health insurance premiums are established each year in January.

The City emphasizes that it has maintained Citywide uniformity in its health insurance for various employee groups, union and nonunion (Tr. 139). The City has collective bargaining units represented by the Fire Fighters (JX 1), Teamsters (JX 5), the Plumbers (JX 6), and the Fraternal Order of Police (JX 7), and it has many nonunion employees. The City says that, although the health insurance language in its four union contracts is not identical, the City historically has provided the same health insurance benefits to all of its employees.

As a result, the City proposes the "side agreement" specified above to resolve the insurance issue. This offer represents a considerable premium saving for the employees compared to their May-December 1992 premiums, and the City also argues that under its proposal the City's contribution to family premiums could exceed 50 percent depending upon the type of insurance program selected by the employee with dependents. The City says that its insurance final offer contains a very equitable way to meet the insurance cost concerns expressed by the Union while at the same time being fiscally responsible.

For these reasons, the City argues that its offer on health insurance should be selected.

Position of the Union. The Union's final offer on health insurance calls for Section 8.6 to be amended to read as follows:

The City shall continue to provide substantially the same group hospitalization and medical insurance plan, as existed on May 1, 1991, for members of the bargaining unit as it does for all non-union, non-supervisory personnel during the term of this Agreement. The City further agrees,

effective May 1, 1992, that the employee's share of the premium cost for such insurance shall be equal to fifty percent (50%) of the City' total monthly premium for "Family" coverage, i.e., effective 5/1/92 an employee with family coverage will pay \$155.50 per month. The employee's share of the premium cost for "Single Employee" coverage shall be zero percent (-0%-). Effective January 1, 1993, "Single Employee" coverage shall continue to be provided by the City without cost to the employee; and any changes in the City's premium costs for "Family Coverage", shall be shared equally on a fifty-fifty percent (50%-50%) basis, as set forth in Appendix A - Hospitalization and Medical Insurance - Plans and Premium Costs. "Family" coverage shall mean (a) employee, spouse, and children; (b) employee and spouse; and (c) employee and children, as the case may be. The 1993 premiums [sic] costs for the insurance coverage described in this Section, shall commence in the month prior to the effective date of coverage, that is, December 1, 1992, and shall continue until April 30, 1994 or until a successor agreement is negotiated or arbitrated, whichever is later. The parties further agree, that in the event that more than one type of health insurance program becomes available and depending on the type of health insurance program selected by the employee with dependents ("Family" coverage), the City's share of the premium cost may exceed (50%), but at no time will the City's share be less than (50%), as further set forth in Appendix A, attached hereto and made a part of this Agreement.

The Union supports its offer with evidence about the insurance cost impact on employees and with arguments about the nature of the City's proposal. The Union emphasizes that the City dramatically increased the health insurance contributions required of employees beginning in May 1992. In particular, the \$177 per month required of employees with family coverage forced those employees to pay an additional \$61 per month (up from \$116 per month prior to May 1992), and the Union objects that the City passed on to employees almost the entire 1992 increase in premiums for family coverage. The Union also notes that this employee contribution amount constitutes significantly more than half of the total family premium, and that such a high employee

contribution level is almost unprecedented in the City's recent history (CXs 17, 18).

In contrast, the Union's proposal calls for the City to pay the entire employee premium and 50 percent of the family premium, effective May 1, 1992. This means that on that date an employee with family coverage would pay \$155.50 per month, which is 50 percent of the \$311 monthly cost of family coverage during calendar 1992 (CXs 13, 14). Effective January 1, 1993 and thereafter, the Union's proposal calls for the City and the employee with family coverage to share in any premium increases on a 50-50 basis (employees with single coverage shall continue to contribute nothing toward such coverage). The Union says that its proposal contains a fairer distribution of the premium costs than the City's proposal. The Union also points out that the employees' share of health insurance contributions has increased significantly during the past few years (Union Exhibits 9, 10 ("UXs 9, 10")); Tr. 66-72). The Union says that it is unfair for this substantial cost-shifting process to be implemented as proposed by the City.

The Union also vigorously objects to the "side agreement" format of the City's insurance proposal, which appears to be a way to keep this issue from being specified in the contract.

The Union further objects that the City's proposed retention of the existing Section 8.6 language on health insurance allows the City to avoid meaningful bargaining on this important issue. This Section 8.6 language allows the City to change the health

insurance benefits and/or premiums any time it wishes by simply changing the health insurance plan for nonunion employees and then implementing these same changes in this unit. The Union says that this approach denies the employees in this unit the opportunity to exercise any meaningful voice in this vital issue.

For these reasons the Union argues that its offer on health insurance should be selected.

Analysis. The analysis of the evidence on this issue is difficult. Both parties made very substantial changes in the "last offer of settlement" that they each submitted on this issue in late October, well after the hearing had concluded. As a result, much of the evidence and argument on this issue that the parties submitted at the hearing is no longer applicable, for the evidence submitted at the hearing was directed at very different offers (i.e., the Union proposed to revert back to the pre-May 1992 contribution levels required of employees, and the City proposed that Section 8.6 be continued unchanged and that the employee insurance contributions implemented in May 1992 be continued). Further, the submission of these post-hearing last offers was accompanied only by brief argument from each party, unaccompanied by any new evidence.

In addition, it should be noted that the parties agreed that they would not submit external comparability evidence in this proceeding. As a result, the external comparisons that often occupy the lion's share of the time and energies expended in the Section 14 interest arbitration process were avoided in this

instance. This evidentiary limitation was welcomed by the panel. At the same time, this limitation means that there is a smaller evidentiary foundation upon which to base this analysis and subsequent selection decision.

In fact, the panel finds that there is no useful evidence to consider under most of the decision criteria or factors specified in Section 14(h) of the Act. Specifically, the panel finds that factors (1), (2), (5), (6), and (7) provide no useful basis for a resolution of this issue. This issue does not involve questions of the City's lawful authority, it does not hinge on the stipulations of the parties, the parties have not claimed that the cost of living evidence should determine this issue, the overall compensation presently received by the employees similarly has not been urged as a basis for resolving this issue, and the changes in these dimensions during this arbitration proceeding have helped the parties revise their offers in a convergent direction but do not afford a basis for a selection decision to close the remaining gap between the parties' offers. Also, as noted above there is no external comparability evidence to consider under factor (4).

The application of factor (3) in Section 14(h) (ability to pay) also does not offer a persuasive basis for a resolution of this issue. There is no question that the Union's offer is more costly than the City's offer, for the Union's offer requires that the City must pay a larger share of the health insurance premiums during the May-December 1992 period than the City has proposed.

Specifically, the Union's proposal requires the City to pay \$20 per month more for single coverage for nine employees (UXs 4B, 5B) for these seven months (i.e., the difference between \$20 per month and zero), and it requires the City to pay \$21.50 per month more for family coverage for 12 employees (UXs 4B, 5B) for these seven months (i.e., the difference between \$177 and \$155.50 per month). (Of the 23 employees listed in UXs 4B and 5B, apparently G. Basler does not participate in insurance, J. Michalesko is no longer in the unit, and A. Hine was not on the payroll during that entire seven month period.) The panel calculates that these amounts result in an additional Union-proposed expenditure of approximately \$3,066 for the May-December 1992 period. Beginning in January 1993 and continuing for the duration of the contract until April 1994 the cost to the City of the two health insurance proposals appears to be the same (the City will pay 100 percent of the single premium and 50 percent of the family premium).

The information in the record about the total premiums in effect during calendar 1992 show that single coverage cost \$154 per month and family coverage cost \$311 per month (CXs 11-14). During the May-December 1992 period the evidence indicates that the City paid \$134 per month toward single coverage for nine employees and \$134 per month toward family coverage for 12 employees (CXs 11-14; UXs 4B, 5B). The panel calculates that the City spent approximately \$19,698 toward health insurance premiums for this unit during this seven-month period. The Union's offer proposes that the City be required to spend an additional \$3,066

toward health insurance during this May-December 1992 period, which is an increase of about 15.6 percent. In a City that has a health insurance funding deficit, this cost increase is not desirable.

However, under factors (8) and (4) of Section 14(h), there are additional dimensions that need to be considered. In particular, the City's offer is presented in a very questionable format. Instead of submitting its proposal as a revision of Section 8.6 (the health insurance portion of the contract), the City proposes to retain the existing "me-too" language in Section 8.6 that allows the City to offer this unit the same health insurance that the City offers to its nonunion employees. In addition, the City proposes that a "side agreement" would be adopted that provided for the City to increase its share of the single and family premiums compared to what the City paid in the second half of 1992. It is not clear, though, what sort of contractual status this side agreement would have. In addition, this proposed side agreement appears to be a temporary contract term, for it contains a sunset provision that causes it to expire in April 1994.

When these offers are compared with each other, we find that the Union's offer is less flawed than the City's. Both offers propose the same contribution levels for the City and the employees, though for different time periods. Similarly, both offers propose the same hospitalization and medical benefits. However, the Union's offer is a straightforward proposal to have

the City and employee premium contributions spelled out in the contract, and to ensure that the employees are not at risk of bearing the entire cost of increased premiums at the end of the contract.

In contrast, the City's offer is presented in a contractually questionable format by characterizing it as a side agreement. It is not clear if this side agreement is to be incorporated in Article VIII of the 1992-94 contract, as an appendix to the contract, or not incorporated into the contract at all and instead constitute a separate document of contractually uncertain status. Further, this side agreement contains a sunset provision that, when combined with the existing Section 8.6 language, would allow the City to unilaterally establish new premium contributions in April or May 1994. This sunset feature stands in marked contrast to the rest of the parties' contract (JX 1), where articles and sections on a wide range of subjects are expressed without side agreements and sunset provisions. Pursuant to factor (8) of Section 14(h), the panel takes judicial notice of the fact that it is customary in collective bargaining for contract terms not to contain "side agreements" and sunset provisions. Indeed, a reading of the four City contracts (JXs 1, 5-7) fails to uncover any side agreements or sunset provisions in any of them (excepting, of course, the contract expiration dates).

Moreover, the City has provided no justification for why this side agreement with its sunset provision on this particular

subject is necessary. For instance, the City has not proposed that the wage rates in its offer (to be considered next) will expire in April or May 1994, nor has the City proposed that the 1992-94 wage rates be expressed in some sort of side agreement apart from the contract. Further, the record indicates that there are no side agreements or sunset provisions in the health insurance sections of the union contracts in the City's other three bargaining units (JXs 5-7), and the City offered no explanation for why such insurance provisions are necessary in the fire contract. Indeed, as noted above, the panel did not find any side agreements or sunset provisions expressed in any City contracts on any issue. In other words, the internal comparability evidence under factor (4) in Section 14(h) provides more support for the Union's offer than the City's offer.

This panel would not adopt either of these proposals in exactly their present form if we had the discretion to formulate our own version of an appropriate health insurance provision. However, this is final offer arbitration, and we do not have such discretion. As a result, we must select one of these offers without alteration. As indicated in the previous paragraphs, the panel is unwilling to resolve the health insurance issue by adopting a side agreement with a sunset provision, for the contractual status of such a provision is unclear, it is not supported by any persuasive evidence or justification, and it is contrary to the customary practice in collective bargaining generally and elsewhere in this City government.

Finding. After examining the evidence on this issue, the panel finds that the totality of the evidence provides more support for the Union's offer than for the City's offer.

2. Rates of Pay

Union Position. The Union proposes that the base pay rates in Section 7.2 be increased by 3.0 percent on May 1, 1992 and by 3.5 percent on May 1, 1993. The Union supports this offer with internal comparability data designed to show that its offer provides for a similar or even smaller wage increase for 1992-93 than other City employees will receive (UX 7). In particular, during the current 1992-93 fiscal and contract year, the police unit will receive a six percent increase, the Teamsters unit will receive a four percent increase, and the Plumbers unit and the nonunion City employees will receive a three percent increase (UX 7). For the 1993-94 fiscal and contract year, the Union says that a 3.5 percent increase is similarly reasonable. The Union also points out that the City has not claimed an inability to pay, and that the Union's wage offer costs less than the City's wage offer.

City Position. The City proposes that the base pay rates in Section 7.2 be increased by 3.0 percent on May 1, 1992 and by 3.5 percent on May 1, 1993. In addition, the City proposes that the Section 8.1 provisions dealing with working on a holiday be amended to provide that such holiday work be compensated at the rate of double time and one-half rather than the present double

time for those employees who actually work on a holiday. The City supports this offer by comparisons with other City employees, particularly the Plumbers unit and the nonunion employees who received a three percent increase in the 1992-93 year. The City says that the police unit received a larger increase because the City bought back some items in the previous police contract. The City has offered a 3.5 percent increase for the second year in this proceeding as a quid pro quo for the second year. In addition, the City has offered an increase in the payment rate for employees who actually work on holidays in an effort to assist employees recoup the additional premium costs for their health insurance during the May-December 1992 period.

Analysis. This is a very unusual dispute over wage rates compared to the typical interest arbitration, in that the City's pay offer is more generous and costly than the Union's offer. Both offers call for the same increases in general wage rates, but the City's offer provides for a more generous holiday work payment arrangement than does the Union's offer.

Similar to the health insurance issue, this is another issue with a limited evidentiary base upon which to make a selection decision. There is no external comparability evidence, and the cost of living increase evidence in the record (CXs 19, 20; UXs 1, 2) provides approximately equal support for both offers. Similarly, both offers call for 1992-93 wage increases that are similar to what many other City employees received as wage increases during the 1992-93 contract year (UX 7), and this

internal comparability evidence provides no basis for resolving this issue.

The selection decision on this issue turns on the inclusion of the more generous holiday pay portion of the City's proposal. The City included this portion of its pay offer to balance the increase in health insurance costs that employees would be required to bear under the City's health insurance offer (Tr. 152-153). However, the parties submitted no calculations to show how much money this portion of the City's pay offer would put in the employee's pocket, nor were any calculations submitted to indicate how much this portion of the City's offer would cost the City on an annual basis.

However, it is possible for the panel to estimate the cost of this holiday pay portion of the City's offer. Using the 1992-93 hourly wage rate of \$9.68 and the 1993-94 hourly wage rate of \$10.02 that have been proposed by both sides, using the 24 hour day that these fire fighters normally work, using the fact that there are 10 non-birthday holidays specified in Section 8.1, using the fact that each employee who actually works an entire 24 hour holiday will receive an extra 12 hours pay for each such worked holiday under the City's proposal, assuming that each unit member in the City's three platoon firefighting system actually works on 3.3 holidays in the typical year, and assuming that there continues to be 22 bargaining unit members (UX 3A), we can calculate the approximate two year cost of this proposal. We calculate that this holiday pay portion of the City's pay offer

would cost the City an additional \$8,433.22 during the 1992-93 contract year (i.e., \$9.68 per hour times 12 extra hours for each worked holiday times 3.3 worked holidays times 22 employees), an additional \$8,729.42 during the 1993-94 contract year (i.e., \$10.02 per hour times 12 times 3.3 times 22), for a total two year cost of \$17,162.64 (all of these cost estimates are approximations in spite of their precisely expressed form).

As noted, the City included this portion of its pay offer to help offset the employees' increased health insurance costs during the May-December 1992 period that they were required to bear under the City's proposal (\$20 per month for the nine employees with single coverage, and \$61 per month for the 12 employees with family coverage). These amounts total about \$6,384 during the seven-month May-December 1992 period when the employees would have been required to pay the higher rates under the City's proposal. Beginning with the December 1992 premiums both parties' insurance offers call for the same levels of premium costs to be borne by the employees.

The panel finds inadequate justification for the adoption of the City's pay offer to provide an additional \$17,162.64 to employees in increased holiday pay over a two-year period to help them absorb \$6,384 in additional health insurance costs during 1992.

As noted above, the panel has found that the Union's insurance offer was more supported by the evidence than the City's offer, and that is the insurance offer that we will

select. Given that selection decision and the extra insurance costs attendant to it that the City must bear, there is no persuasive justification for requiring the City to also bear a substantial increase in holiday pay at the same time. Although the City has not claimed an inability to pay, the evidence indicates that the City's revenues are being squeezed by stagnant sales tax collections and rising costs, and that the City is running a substantial deficit in its self-insurance fund (Tr. 184-194; JX 8). In other words, the application of factor (3) from Section 14(h) provides more support to the adoption of the less costly Union pay offer than to the more costly City pay offer. It is also apparent that this portion of the City's pay offer has not elicited a responsive chord from the Union, for at no time during this proceeding has the Union expressed any official interest in increased holiday pay (holiday pay was not a part of the Union's pay offer at the hearing or of its revised and final pay offer submitted after the hearing, even though the Union was aware that the City's holiday pay offer was on the agenda at the hearing and thereafter).

Finding. After examining and weighing the pertinent evidence as described above, the panel finds that the totality of the evidence provides more support for the Union's pay offer than for the City's pay offer. For the record, it should be noted once again that the Union's pay offer is less costly than the City's offer.

A Final Word

The panel Chairman has long been skeptical of the provision in Section 14(g) of the Act that allows arbitrating parties to submit their last offers of settlement after the arbitration hearing is concluded, for he believes that such a provision allows some parties to unduly delay putting forth their best offers and also may render obsolete much of the evidence submitted at the hearing. However, in this instance the parties made superb use of this post-hearing last offer opportunity, for their post-hearing offers substantially narrowed the area of disagreement between their positions (by resolving two issues and moving the parties much closer together on the remaining two issues). After having done that, the parties made a valiant (but ultimately unsuccessful) attempt during the Chairman's bargaining remand period to reach agreement. The panel commends the parties for their very constructive post-hearing efforts, which have reduced the Chairman's skepticism.

AWARD OF PANEL

Using the authority vested in us by Section 14 of the Act, the arbitration panel selects, by a 2-1 majority vote on each issue with Chairman Feuille and Delegate Heern concurring and Delegate Starkweather dissenting, the Union's last offer on health insurance and the Union's last offer on rates of pay as more nearly complying with the applicable Section 14(h) factors.

Respectfully submitted,

Date: January 21, 1993

Peter Feuille
Peter Feuille
Chairman

Date: January 22, 1993

Gary C. Heern
Gary C. Heern
Union Delegate (who concurs in
the panel's rulings)

Date: January 25, 1993

Lee Ellen Starkweather
Lee Ellen Starkweather
City Delegate (who dissents
from the panel's rulings)