

**INTEREST ARBITRATION
ILLINOIS STATE LABOR RELATIONS BOARD**

before

John C. FLETCHER, Arbitrator

**Village of Alsip and Illinois Fraternal Order of Police Labor Council,
S-MA-93-110, John Fletcher, 05/12/95**

<u>in the matter of the arbitration</u>)	
)	
<i>between</i>)	
)	
ILLINOIS FRATERNAL ORDER OF POLICE)	Case No. S-MA-93-110
LABOR COUNCIL)	
)	
<i>and</i>)	
)	
<u>THE VILLAGE OF ALSIP, ILLINOIS</u>)	

OPINION AND AWARD

May 12, 1995

This matter came to be heard in the offices of the Village of Alsip, Illinois (“Village”) on November 21, 1994. The Village was represented by:

James Spizzo, Esq.,
Steven G. Rudolf, Esq.
Vedder, Price, Kaufman & Kammholz
222 North LaSalle Street
Chicago, Illinois 60601-1003

The Illinois Fraternal Order of Police Labor Council (“Union”) was represented by:

Thomas F. Sonneborn, Esq.
Legal Director
Illinois Fraternal Order of Police Labor Council
974 Clock Tower Drive
Springfield, Illinois 62704

A transcript of the proceedings was made and counsel for the parties filed post-hearing briefs, that were exchanged on March 23, 1995, causing the record to be closed on that date.

BACKGROUND

The Village and the Union were parties to a collective bargaining agreement that expired on April 30, 1993. Unable to reach accord on two issues in the next contract, the parties submitted their

dispute to interest arbitration pursuant to the provisions of the Illinois Public Labor Relations Act ("IPLRA"). John C. Fletcher was mutually selected as Arbitrator,¹ The parties, agreed to extend the Arbitrator's time to issue an Award to sixty days from the date briefs were exchanged.

ISSUES and STIPULATIONS

The parties stipulated that the issues before the Arbitrator are:

- (a) Wage increases to be effective during each year of the successor agreement (FY 1993, FY 1994 and FY 1995), and
- (b) Employer contributions to the costs of retiree health insurance premiums.

The parties further agreed that the issues of wages and retirees' health insurance premiums are economic in nature, and that the Arbitrator shall select and adopt either the final offer of the Union or that of the Employer as to each.

¹ The parties agreed to waive the provisions of 14(b) of the IPLRA regarding a tri-partite panel of arbitrators, and agreed to proceed with a single neutral arbitrator who shall have full authority and jurisdiction to resolve their impasse.

THE POSITION OF THE PARTIES

The Position of the Union: The Union has made the following final offers with respect to the issues:

Wages: The Union proposes to increase all bargaining unit salaries as set forth in the prior labor agreement as follows:

- Year 1: (May 1, 1993 through April 30, 1994): 3.75%
- Year 2: (May 1, 1994 through April 30, 1995): 3.75%
- Year 3: (May 1, 1995 through April 30, 1996): 3.75%

Such increases shall be retroactively effective to the first date of each fiscal year on all hours paid. Retroactive amounts due to be paid by separate check to each bargaining unit employee within (90) days of the issuance of the Arbitrator's award. Employees who have separated from the bargaining unit shall receive a pro rata share of the retroactive amounts due to the date of separation.

Insurance: The Union proposes a new article be added to the labor agreement which reads as follows:

Retirees' Insurance Premiums

Eligible police officers who leave employment voluntarily prior to age fifty (50) and for whom the State of Illinois requires continued coverage in the Village's health insurance program, will be required to pay 100% of the current Cobra rates until reaching age fifty (50) and entrance into a pension retirement program. Upon both above criteria being met (i.e. age fifty and entrance in pension retirement program), the police officer will be required to pay 50% of the current Cobra rates until age 65.

Police officers who retire with a minimum of twenty (20) years of continuous service and who have attained the age of fifty (50) shall be eligible to participate in the Employer's health insurance program at a reduced rate, based on the following schedule:

<u>Years of Completed Service</u>	<u>% Participation of Cobra Rates</u>
20	25%
21	24%
22	23%
23	22%
24	21%
25	20%

26	19%
27	18%
28	17%
29	16%
30 and above	15%

Although the Union has denied it is seeking parity with the Alsip firefighters on the issue of pay, it has said it looks to the settlement between the Village and the firefighters as "a road sign to the ballpark in which (the police) wanted to play." According to the Union, the firefighters had received new pay steps and then obtained a compression of those steps in their 1993-95 contract. The net result, says the Union, was a significant increase in the top rate of pay and an acceleration of the rate at which the firefighters reach top pay.

In searching for comparable jurisdictions, the Union examined 25 municipalities in the area bounded by Interstates 55, 80 and 94. It found nine of those municipalities to be comparable on at least 44% of the criteria it used for comparison. The comparable communities proffered by the Union are: Evergreen Park, Tinley Park, Burbank, Bridgeview, Dolton, Homewood, Oak Forest, South Holland and Chicago Ridge. The Union offers the following comparisons between Alsip police and those employed by these nine communities:

The median top salary paid to patrol officers in the comparable communities in 1993 was \$40,581, compared with \$38,915 in Alsip

The median top salary paid to patrol officers in the comparable communities in 1994 was \$42,735, while the Alsip figure remained at \$38,915.

The 1993 median top sergeant salary was \$45,604 in the comparable communities, compared with \$43,618 in Alsip.

In 1994, the median top sergeant salary in the comparable communities was \$47,837, while the Alsip figure remained at \$43,618.

Although the Union has submitted data comparing Alsip's pay scale with the comparable communities at the entry, one year, five year, ten year, fifteen year and twenty year levels, it submits the most reliable comparison is made at the top of the pay scale.

With respect to retiree insurance benefits, the Union notes that three of the police contracts in the communities it has identified as comparable are silent, but suggests such silence is not conclusive as to coverage. In the remaining communities, the Union makes the following comments:

Bridgeview: The employer pays 50% of the single premium costs for retired police officers and 65% of the health insurance premiums for officers with rank.

Evergreen Park: The employer pays 50% of family insurance premiums. One hundred percent of the single premiums are paid for three years after retirement of any employee with 20 or more years of service. If an employee is employed by another employer after retirement, and has access to health insurance benefits, the Village pays only the amount customarily required to be paid by employees at the new place of employment.

Homewood: The employer pays the same amount for retirees that it pays for other Village employees, so long as the retired employee is not eligible for health insurance at another place of employment. Employees who retire prior to age 50, but have 20 years of service, are required to pay 100% of the premium costs.

South Holland: The employer pays for its retired employees the same contribution it does for active employees.

Tinley Park: The employer pays 50% of the single premium costs for any employee who retires with at least 20 years of service.

Chicago Ridge: The employer pays all the costs for two years after retirement. Thereafter, the costs are borne by the employee.

The Union suggests the Arbitrator must go beyond the financial statements and the Village's ability to pay. It argues the statute requires the Arbitrator to consider "the interests and welfare of the public and the financial ability of the unit of government to meet those costs." It cites the interests and welfare of the community in having a competent and dedicated police force. The Union submits that the

efficient operation of the police department reduces the dangers to the public that accompany crime, such as injuries and death to the citizenry, loss and damage to personal and business property, loss of income and the loss of the feeling of safety and security. The Union cites arbitral awards granting pay increases to police officers² and firefighters³ in East St. Louis, notwithstanding the city's indebtedness in excess of fifty million dollars.

The Union raises questions concerning the financial data presented by the Village. By its own analysis of the General Fund, from which police salaries are paid, the Union found a \$792,178 surplus in 1989, a deficit of \$146,203 in 1993 and a surplus of \$142,599 at the end of 1994. The Union also notes the Village projects a revenue increase of 31.9% for FY 1995.

The Union, noting the statute requires the Arbitrator to consider the impact of inflation, converted the employees' May 1992 and current salaries to constant dollars based upon 1982-84 base years, as used by the Bureau of Labor Statistics. The Union then calculates the police officers have lost 3.57% to inflation between May 1992 and May 1993, an additional 1.29% from May 1993 to May 1994 and another 1.73% between May 1994 and September 1994, the last available figures at the time of the hearing. Aggregating these figures, the Union computes the employees have lost 6.46% to inflation. Comparing that with the 8.4% increase offered by the Village, the Union avers more than two-thirds of the proposed increase had been consumed by inflation by September 1994, with another nineteen months to run on the agreement.

² *Illinois FOP Labor Council and City of St. Louis* (Epstein, 1993).

³ *City of East St. Louis and East St. Louis Firefighters, Local 23*, S-MA-87-25 (Traynor, 1987)

The Union bases its inflation computations upon the CPI-U, arguing it is preferred as a broader and more reliable service than the CPI-W used by the Village. It submits the CPI-U falls within the "traditional" factors the Arbitrator is mandated to consider under Section 14(h)(8) of the IPLRA.

The Union avers its inability to reach agreement with the Village over these issues stems from the employees' initiative in calling for an advisory referendum on the issue of the closing times of bars in the Village. The Union states the Mayor had favored retention of 4:00 am closing times and expressed fear that the four taverns in the Village with 4:00 am licenses would move out if closing times were made two hours earlier. According to the Union, the Mayor took the police initiative personally and claimed they had used the issue as a means of gaining bargaining leverage.

With respect to the retiree health insurance dispute, the Union asserts the Village is attempting to reduce a benefit that had been agreed upon in 1990. At that time, according to the Union, the Village approached the police officers with a proposal to modify the health insurance plan as part of the negotiations for the 1990-93 contract. That modification, says the Union, would result in significant concessions for active officers, such as the payment of premiums, increased deductibles and increased co-pays. In return, says the Union, the police officers would receive reduced premium rates for coverage upon their retirement. According to the Union, the plan that was eventually ratified by the membership permitted police officers who retire between the ages of fifty and fifty-five and have at least twenty years of service to maintain insurance coverage by paying premiums according to the schedule proposed by the Union in this dispute. The Union refutes any suggestion by the Village that the approved plan contained a typographical error, and that the reduced premium schedule was applicable only to officers who retired between the ages of fifty-five and sixty-five. Therefore, the Union avers its proposal with respect to insurance is a maintenance of the status quo, and the Village proposal constitutes a reduction in benefits.

The Position of the Village: The Village has made the following final offers with respect to the issues:

Wages: The Village proposes to increase wages by 3.25% for the 1993-94 contract year, 2.5% for the 1994-95 contract year and 2.5% for the 1995-96 contract year.

Insurance: The Village proposes the following premium contribution schedule for retirees:

Retired Employees 50-55 Years of Age	50% Contribution After 20 years of continuous service
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Retired Employees 55-65 Years of Age	Percentage After 20 years of continuous service as follows:
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<u>Years of Completed Service</u>	<u>% Participation of Current COBRA Rates</u>
20	25%
21	24%
22	23%
23	22%
24	21%
25	20%
26	19%
27	18%
28	17%
29	16%
30 and above	15%

The Village claims its wage offer is based upon the gains made by the Union during negotiations, the need to maintain internal consistency between the police and the firefighters, an analysis of external comparables and the Village's current financial condition. With regard to the retiree health insurance proposal, the Village asserts it is merely seeking to maintain the status quo as previously accepted by the Union, as well as all other Village employees. It argues the Union's proposal reflects an obvious typographical error.

Like the Union, the Village has identified nine neighboring communities it considers to be comparable to Alsip. These are Tinley Park, Burbank, Bridgeview, Dolton, Homewood, Oak Forest, Chicago Ridge, Palos Heights and Worth. The Village notes that seven of its comparables⁴ have also been identified by the Union, and suggests that the Arbitrator simply use those seven that the parties have agreed upon. The Village avers both wage offers place the police officers near the center of this group, but argues that its proposal should be adopted because it results in salaries that are closer to the average and median wages paid in the comparable communities.

The Village argues the Arbitrator must consider the Union's wage demand in light of other gains it received at the bargaining table. In this regard, the Village claims the Union made progress on nine of its original non-wage issues and obtained a substantial wage increase for dispatchers, all without *quid pro quo* for the Village. The Village says it dropped its proposals from which it would have benefited. It suggests, therefore, that the Village's lower wage proposal would serve as appropriate *quid pro quo*.

The Village asserts that internal comparability is one of the most important factors in analyzing a party's final offer. Agreeing with the Union that a majority of the police officers and fire-fighters are at the highest pay level, the Village suggests this would be the most appropriate basis on which to compare their salaries. Among the four bargaining units,⁵ the Village says it settled on 1993 increases near 2%, except for the firefighters who received an increase of 2.45%. In 1995 and 1996, according to the Village, the average firefighter increases fluctuated around 3.0%, except for the Paramedic/Lieutenants who received a 3.25% increase for 1995. The Village computes the total increase over the life of the contract for each unit to be approximately 8.5%, which it says is comparable to what it has offered the police,

⁴ All except Palos Heights and Worth.

⁵ Firefighters, Paramedics, Firefighter/Lieutenants and Paramedic/Lieutenants.

compared to the almost 12% increase sought by the Union. The Village seeks to retain an historic parity between the police and the firefighters.

The Village asks the Arbitrator to consider the wage proposals in light of the Village's current financial condition. It says its revenue increased approximately 28% from 1989 to 1994, while its expenditures increased more than 32% during the same period. It asserts it has been operating at an average deficit of \$800,000 for the past five years, with its 1994 deficit nearly \$1 million. During the 1989 to 1994 period, according to the Village, its unsecured General Obligation Bond debt rose from just over \$1.2 million to over \$22 million, and from 12.5% of the Village's total debt to over 90%. As of January 31, 1995, says the Village, its net income was just over \$300,000, but that amount must be reduced by the Village's current outstanding liability to the police and fire pension funds in the amount of \$726,606.

In addition to the amount the police officers would receive under the Union's proposal, the Village says it would be required to increase the firefighters' salaries by an equivalent amount over the life of their agreement due to a "me too" agreement. Increasing both salaries would also have an effect upon the amounts paid for overtime, workers' compensation, pension contributions and other benefits tied to wages, notes the Village. The Village estimates that the direct payroll costs for the police alone would be \$100,000 greater under the Union's proposal as opposed to the Village proposal.

The Village argues the Act and the collective bargaining agreement require the Arbitrator to consider wage increases received by employees in both the public and private sectors. In this regard, the Village states the average wage increase for state and local government workers for the twelve month period ending June 1994 was 2.9%. In the private sector, according to the Village, the average negotiated wage agreements in the second quarter of 1994 granted a 2.4% increase over the life of the contract. Additionally, the Village states the rate of inflation has remained in check at 2.7%. Locally, the Village

avers that private sector labor agreements have provided for annually increases of 2.39% in 1992-93, 2.27% in 1993-94, 2.86% in 1994-95 and 2.98% in 1995-96. Over the life of these agreements, the Village computes the average total wage increase to be 8.33%.

The Village disputes the Union's use of the CPI-U as a measure of the cost of living, asserting that the agreement requires the use of the CPI-W. Using these figure, the Village computes a change in buying power of -0.55% during the first year of the contract, applying its proposed wage increase retroactively, and a +1.22% change in buying power during the second year. It says the Union offer would increase the employees' buying power by nearly 3% in excess of inflation. The Village further notes that these figures must be discounted for Village paid benefits such as apparel costs and medical care, which, over the past five years, have increased on average 3% and 7.74%, respectively.

Rather than presenting its wage proposals as a package, the Village submits the Arbitrator should consider each year's increase independently. It notes that the impact of each proposal varies for each year, and the parties were unable to agree as to whether they should be considered as packages or on a year-by-year basis. The Village maintains there is both statutory and arbitral authority for issuing an award that treats each year separately.

RELEVANT STATUTORY PROVISIONS

Section 14(h) of the Illinois Public Labor Relations Act provides as follows:

Where there is no agreement between the parties, or where there is an agreement but the parties have begun negotiations or discussions looking to a new agreement or amendment of the existing agreement, and the wage rates or other conditions of employment under the proposed new or amended agreement are in dispute, the arbitration panel shall base its findings, opinions and order upon the following factors, as applicable:

- (1) The lawful authority of the employer.

- (2) Stipulations of the parties.
- (3) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.
- (4) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
 - (A) In public employment in comparable communities.
 - (B) In private employment in comparable communities.
- (5) The average consumer prices for goods and services, commonly known as the cost of living.
- (6) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment and all other benefits received.
- (7) Changes in any of the 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.

RELEVANT CONTRACT PROVISIONS

Article XIX, Section 2 of the parties' 1990-93 collective bargaining agreement provides, in pertinent part, as follows:

. . . The arbitration panel shall base its findings, opinions and order upon the following factors as applicable:

- (1) The lawful authority of the employer.
- (2) Stipulations of the parties.

(3) The interests and welfare of the public and the financial ability of the Village of Alsip 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.

(5) The average consumer prices for goods and services, commonly known as the cost of living as set forth in the CPI-W: Chicago as reported by the U.S. Department of Labor discounted for Village paid benefits furnished to members of the bargaining unit such as, but not limited to, insurance and clothing.

(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. These are to be compared with general economic conditions and the trends of wage and benefit settlements in private sector bargaining.

(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 in the public service or in private employment.

DISCUSSION

Alsip is a community of approximately 18,800 in south central Cook County, Illinois, approximately 20 miles from downtown Chicago. During the day, there are approximately 40,000 people living and working in the community. The Village has approximately 120 full-time employees. The police department consists of 8 full-time sergeants, 27 patrol officers and 8 radio dispatchers, all of whom are represented by the Fraternal Order of Police, but in distinct bargaining units. The Union was first certified in 1986. The Village also employs a Chief of Police, 3 lieutenants and other managerial, clerical and civil employees who are not part of a bargaining unit.

The parties have had two prior collective bargaining agreements, the most recent of which expired on April 30, 1993. Unable to reach concurrence on a successor agreement, the Union filed a demand for interest arbitration in this matter on March 3, 1994.

Each party has identified nine neighboring communities which it considers to be comparable to Alsip. Seven of those communities (Tinley Park, Burbank, Bridgeview, Dolton, Homewood, Oak Forest and Chicago Ridge) were identified by both parties. Neither party has made advanced any argument as to the merits of either including or excluding any of the remaining four communities. In fact, as noted above, the Village has suggested that the Arbitrator consider only the seven communities on which the parties agree. In the absence of any compelling reason not to, the Arbitrator will accept this suggestion. The Arbitrator further notes that he has found the elimination of the four disputed communities to have little or no statistical significance. The Arbitrator also concludes, in the absence of any statutory or agreement provision to the contrary, that seven communities are adequate for a fair determination of comparable wages, hours and conditions of employment of other employees performing similar service.

The following table illustrates the patrol officer salaries during 1993-94 for the comparable communities, as well as the projected salaries for Alsip patrol officers adjusted by both the Village and the Union proposals.

1993-94 Patrol Officer Salaries

	Probation	After 1 year	After 5 years	After 10 years	After 15 years	After 20 years	Top Pay
Bridgeview	27,674	30,456	35,882	35,882	35,882	35,882	35,882
Burbank	25,200	29,400	35,700	35,700	35,700	35,700	35,700
Chicago Ridge	26,977	30,601	36,208	36,932	38,040	39,965	40,764
Dolton	31,634	34,015	35,015	36,015	37,015	38,015	39,015
Homewood	29,726	31,066	32,774	34,415	36,140	37,952	39,835
Oak Forest	22,000	32,700	40,450	40,700	40,950	41,200	41,200
Tinley Park	31,692	range	range	range	range	range	42,204
Mean Salary	27,844	31,373	36,005	36,607	37,288	38,119	39,229
Village	27,468	33,116	37,540	39,816	39,816	39,816	39,816
Union	27,601	33,277	37,721	40,009	40,009	40,009	40,009

The next table provides the same information for 1994-95. Because data for 1995-96 are available only for Tinley Park and Dolton, the Arbitrator does not consider the data to have any statistical significance.

1994-95 Patrol Officer Salaries

	Probation	After 1 year	After 5 years	After 10 years	After 15 years	After 20 years	Top Pay
Bridgeview	28,781	31,674	37,318	37,318	37,318	37,318	37,318
Burbank	expired						
Chicago Ridge	28,326	32,131	38,018	38,779	39,942	41,963	42,802
Dolton	32,899	35,375	36,376	37,375	38,375	39,375	40,375
Homewood	31,064	32,464	39,660	41,628	41,628	41,628	41,628
Oak Forest	22,000	34,200	42,450	42,700	42,950	43,200	43,200
Tinley Park	31,692	range	range	range	range	range	43,824
Mean Salary	29,127	33,169	38,764	39,560	40,043	40,947	41,744
Village	28,154	33,944	38,478	40,811	40,811	40,811	40,811
Union	28,636	34,525	39,135	41,509	41,509	41,509	41,888

There is no evidence in the record that the salaries of the police officers should be anywhere other than at the median level when compared with these other communities. In assessing the data about the comparables, it appears to the Arbitrator that Alsip falls squarely in the middle. According to the Union's data, Alsip is at the median level for the number of sworn police officers, number of "index crimes," number of "index crimes" per officer, as well as certain demographic data such as population, per capita

income and home value. In fact, the Union's representative stated at the hearing, "Put us in the center of the pack."⁶ While there are differences at several levels, it is evident that, overall, the Village's wage proposal comes closer to the median level for the comparable communities than does the Union's.

Although the above data reflects only the salaries paid to patrol officers, the Arbitrator is of the opinion that this comparison is more significant than a comparison at the sergeant level due to the relative numbers in each group. The Arbitrator also believes, and the parties do not argue otherwise, that the sergeants should receive the same increases as the patrol officers.

Although both the Union and the Village have submitted cost of living data, the parties' agreement does not permit the Arbitrator to consider the data provided by the Union. The agreement goes beyond the general statutory language and requires the Arbitrator to consider ". . . the cost of living as set forth in the CPI-W: Chicago . . ." When the parties agree to such specificity, it is beyond the Arbitrator's power to modify the definition of "cost of living." The index agreed to by the parties has been somewhat lower than the CPI-U throughout the period covered by the data provided by the parties. Furthermore, between May 1993 and November 1994, the CPI-W: Chicago has risen from 141.4 to 145.7, a 3.04% increase, while the CPI-U has risen from 144.2 to 149.7, a 3.81% increase. The Village's offer more than compensates for that increase. Furthermore, the parties' agreement requires discounting the cost of living by other benefits, particularly insurance and clothing allowances, which have increased at a rate greater than the cost of living index. An evaluation of private sector collective bargaining settlements in the community also supports the Arbitrator's conclusion that the Village's offer is at least commensurate with the increases received by the general working population.

⁶ Tr. P. 66.

Internal consistency is another factor to be considered. Our review of the record does not show that the firefighters were rewarded in any way, as suggested by the Union. Rather, the increases afforded them in their most recent agreement are similar to those in the Village's offer to the police. Both will result in an 8.5% increase over the life of the contract. In evaluating internal consistency, it is more relevant to examine the rates of increase rather than the actual pay rates. For many reasons, there may be a difference in the rates of pay for patrol officers and firefighters. Internal consistency is satisfied if all groups of employees are progressing at the same rate. In this case, the Village's offer accomplishes this objective. The Arbitrator also has considered the settlements already reached in this contract that afford additional economic benefits to the bargaining unit.

The Village has asserted it is unable to afford the Union's proposal, and has offered its financial records to support this argument. The Arbitrator views this as a defense where the Village has the burden of proof. The fact that the Village has engaged in borrowing is not conclusive evidence that the Village cannot afford the increases sought by the Union. If that were true, it would not be able to afford the increases it has offered. The fact is, however, the Village has offered increases despite its debt. There is no evidence that the additional amount sought by the Union will have a serious effect upon the Village's financial position. While a finding that the Village would not be able to afford to pay an increase would have great significance, the fact that it could afford an increase is not as significant. As noted above, the Arbitrator views this more as a defense that may close the door on the subject. If the Village can afford an increase, that fact merely opens the door to further inquiry. All things considered, the Union has not made its case that its offer, in light of the factors required to be considered, is the more reasonable.

Although the Village had suggested that each year of the contract be considered as a separate and distinct issue to be decided, the Union did not concur. In the absence of a clear concurrence by the parties, the Arbitrator is not satisfied that the parties' stipulation or the statute grant him the authority to structure

a pay settlement by selecting from the parties' offers for each year of the agreement. The offers were made as a package, and they must either stand or fall that way.

Turning to the insurance issue, the Arbitrator finds that the Village's document proposing the most recent change in retiree health insurance coverage contained a typographical error which the Union interpreted as allowing retirees aged 50-55 to pay reduced premiums based upon their length of service. It is evident that this was a typographical error because it listed two premium plans for retirees aged 50-55, but no plan for retirees aged 55-65. Reviewing the earlier documents, it should have been evident that the second reference to the 50-55 age group should have been for the 55-65 age group. In light of this, the Village's proposal maintains the status quo and the Union's seeks a greater benefit. In evaluating this proposal, the only relevant information given to the Arbitrator relates to retiree insurance benefits in the comparable communities. The Arbitrator is unable to detect any trend from that data that would support either parties' position. The most significant factor, therefore, is the fact that the Village's proposal is consistent with the insurance plan enjoyed by all other employees of the Village. When it comes to health insurance coverage, internal consistency is an important consideration. Here, the evidence overwhelmingly supports the Village's proposal.

A W A R D

In consideration of all of the evidence, as noted above, the Arbitrator awards as follows:

Wages: All bargaining unit salaries as set forth in the prior labor agreement shall be increased as follows:

Year 1: (May 1, 1993 through April 30, 1994): 3.75%
Year 2: (May 1, 1994 through April 30, 1995): 3.75%
Year 3: (May 1, 1995 through April 30, 1996): 3.75%

Such increases shall be retroactively effective to the first date of each fiscal year on all hours paid. Retroactive amounts due to be paid by separate check to each bargaining unit employee within (90) days of the issuance of the Arbitrator's award. Employees who have separated from the bargaining unit shall receive a pro rata share of the retroactive amounts due to the date of separation.

Insurance: The following premium contribution schedule shall apply to retirees:

Retired Employees 50% Contribution After 20 years
50-55 Years of Age of continuous service

Retired Employees Percentage After 20 years of
55-65 Years of Age continuous service as follows:

<u>Years of Completed Service</u>	<u>% Participation of Current COBRA Rates</u>
20	25%
21	24%
22	23%
23	22%
24	21%
25	20%
26	19%
27	18%
28	17%
29	16%
30 and above	15%

John C. Flethcer, Arbitrator

Mt. Prospect, Illinois
May 12, 1995