

IN THE MATTER OF THE INTEREST ARBITRATION BETWEEN

ILLINOIS FRATERNAL ORDER)	
OF POLICE LABOR COUNCIL)	
)	ISLRB NO. S-MA-95-82
and)	Howard Eglit, Arbitrator
)	
CITY OF ROCK ISLAND)	

OPINION AND AWARD

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I. BACKGROUND

Pursuant to the Illinois Public Labor Relations Act, 5 ILCS §315/1 et seq. (hereinafter "IPLRA"), the City of Rock Island (hereinafter the "City") and the Illinois Fraternal Order of Police Labor Council (hereinafter the "Union") have submitted their final offers regarding six issues to the arbitrator, Howard Eglit.¹ They did so at the opening of the hearing that was held in this matter on December 13, 1995, at the Rock Island City Hall. (At the commencement of the hearing the parties informed the arbitrator that they had reached agreement as to a seventh issue, involving compensatory time; in accordance with the parties' pre-hearing

¹ The arbitrator was notified of his appointment in this matter by the Illinois State Labor Relations Board by a letter dated September 27, 1995. By letters dated October 4, 1995 (in the case of the Union) and October 17, 1995 (in the case of the City), the parties waived the statutory requirement that the hearing be commenced within 15 days of the arbitrator's appointment. By agreement of the parties, December 13, 1995, was set as the date for the hearing. The parties stipulated to the conducting of this hearing by one arbitrator, as opposed to a three-member arbitration panel that would be required absent that stipulation. Joint Exh. 3.

stipulation, the changes to which the parties agreed in resolving this issue are incorporated into the Award, which is set forth below.)

At the hearing the Union was represented by Ms. Becky S. Dragoo, Legal Assistant. Also present for the Union were Mr. Michael Sponsler, President of the local, and Mr. Mark Nenninger, Treasurer of the local. The City was represented by Mr. Arthur W. Eggers, Esq. and Ms. Mary Garrells, Esq. Also present was Mr. Daniel Allen, Personnel Director and Assistant to the City Manager.

Both representatives were afforded full opportunity to present and cross-examine witnesses,² to present and examine evidentiary materials, and to present opening and closing statements.³ A court reporter was present and a transcript of the proceedings was made.

The parties, who waived closing statements, prepared post-hearing briefs, which were to be submitted 30 days after the receipt by the arbitrator of the transcript. Both briefs were timely placed in the mail and/or Federal Express; the City's brief was received by the arbitrator on February 16, 1996, and the Union's brief was received on February 20, 1996.⁴

² In fact, only one witness was called and cross-examined, i.e., Mr. Allen, who was a witness for the City. In very large measure the evidence was presented by means of the narrative testimony of the parties' representatives -- a format to which the parties stipulated.

³ The parties stipulated that there was no issue as to arbitrability.

⁴ Due to the press of business, the arbitrator has been unable to complete this opinion and award within 30 days following receipt of both briefs (with the date of receipt not being counted). The

II. THE STATUTORY BACKDROP

Effective January 1, 1986, the Illinois Public Labor Relations Act was made applicable to police and firefighters. The Act requires interest arbitration if negotiation and mediation fail to resolve impasses. Section 14(g), 5 ILCS §315/14(g), of the statute provides as to economic issues that "the arbitration panel shall adopt the last offer of settlement which, in the opinion of the arbitration panel, more nearly complies with the applicable factors prescribed in subsection (h) of the Act." Subsection (h), 5 ILCS §315/14(h), 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 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:

arbitrator apologizes for his inability to meet that schedule.

(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 statute does not require that all of the foregoing factors be addressed; rather, it is only those that are "applicable" which are to be considered. Moreover, the statute makes no effort to rank these factors in terms of significance, and so it is for the arbitrator to make the determination as to which factors bear most heavily in a particular dispute.

III. THE FACTUAL BACKGROUND AND THE ISSUES BEFORE THE ARBITRATOR

The Fraternal Order of Police Labor Council is the bargaining agent for the patrol officers and investigators employed by the

City of Rock Island.⁵ The last finalized contract between the parties terminated on March 31, 1995.

In early 1995 it was suggested to the City by the firefighters' bargaining unit that its contract, which was soon to end, be rolled over for one year, provided the City agreed to a 3.5% wage increase. The City agreed; it also approached its other bargaining units whose contracts were imminently to end and proposed the same arrangement. The command officer bargaining unit agreed. The patrol officers bargaining unit did not, even though the officers had been told that if the City's offer was rejected, with the result being that the City would thereby be forced to enter into negotiations (and possibly arbitration), the City would only offer a 3% wage increase.

There are several matters at issue here. All of them, the parties agree, are economic issues:

- (1) wages;
- (2) health insurance premiums;
- (3) shift differentials;
- (4) investigator on-call compensation;
- (5) City payment for health club, or fitness and activity center, memberships; and

⁵ The Union also represents sworn personnel holding the ranks of sergeant, lieutenant, and captain. These individuals are members of a different bargaining unit; their contract with the City is not directly at issue here, although it **is** a matter of possible consideration in terms of internal comparability, as discussed below.

(6) duration of the contract.

The parties' final offers as to these issues are as follows:

<u>Issue</u>	<u>Union's Final Offer</u>	<u>City's Final Offer</u>
Wages	Effective 4/1/95: 4% increase Effective 4/1/96: 4% increase	Effective 4/1/95: 3% increase
Health insurance premiums	Bar on any increase in amount of contribution required of employees towards cost of single or family health insurance coverage during term of successor contract	Deletion of side letter from last contract, which side letter barred imposition of increases in employee contributions for health insurance coverage
Shift differentials	Increase second shift differential from \$.20/hour to \$.25/hour; increase third shift differential from \$.25/hour to \$.30/hour	No change
Investigator on-call pay	Increase weekly on-call pay from 4 hours of straight time to 4 hours of overtime pay	No change
Fitness & activity center membership payment maximum of annually)	No change	Eliminate City (up to \$235.00)
Duration	Two years (4/1/95 - 3/31/97)	One year (4/1/95 - 3/31/96)

IV. DISCUSSION OF ISSUES OF GENERAL IMPORT

A. Facets of the Statute That Are Not Apposite Here

There is no dispute between the parties as to the conclusion that several of the factors set forth in §14(h) of IPLRA, quoted above, are not apposite here. More specifically, subsection (1), concerning the authority of the employer, and subsection (2), concerning stipulations of the parties, afford no elucidation as to the matters as to which the parties are at impasse. Moreover, subsection (7), dealing with changes in circumstances, is not relevant. In sum, from the perspective of the parties, these particular subsections (or parts thereof) do not require any particular attention in the ensuing discussion. The arbitrator is in accord.

B. The Public Interest and Ability to Pay Factors

Section 14(h)(3) of the IPLRA instructs the arbitrator to take into account the public interest and welfare, and the ability to pay. The City does not claim that it lacks the ability to pay the costs ensuing should the arbitrator adopt any or even all of the Union's final offers. But even though ability to pay is not contested by the City, it does not follow that because the City can pay, it should pay. The question is whether the various final offers, insofar as they entail the continuing or increased expenditures of public funds, are reasonable. The resolution of this issue requires looking to the other factors identified by §14(h).

Insofar as the public interest and welfare is concerned, it is obvious by its terms that this particular statutory criterion

constitutes a vague admonition, at best. Still, the arbitrator deems it important to express a couple of premises with which he approaches the issues here. First, it is his assessment of workplace dynamics that unhappy employees are unlikely to perform as well as satisfied employees. The public interest is better served, therefore, when public employees do not feel themselves to be exploited or unfairly treated. That much being said, it does not follow that every employee demand is to be agreed to. For the public interest also is served by prudent administrators who use public funds with care and caution. Thus, while the City does not claim that it is unable to pay the costs associated with any of the Union's offers, this is not to say that anything goes, so to speak.

The fact that Rock Island is financially stressed cannot be ignored. Indeed, its efforts to provide municipal services are to be credited: Rock Island, it would seem, actually expends sums on public safety over and above what one might expect on the basis of comparing it to the other comparable cities.

In sum, the vague public interest and welfare factor offers little direction as to any particular answers vis-a-vis the Union's and City's final offers. Even so, the arbitrator wants to make clear that this factor has not been ignored in his evaluation of the offers.

**C. Internal Comparability -- The Claimed Precedential
Significance of the Union's Rejection of the City's
Original Offer**

The City maintains that there are bigger stakes here than just the questions of resolving the economic issues as to which the

particular parties in this proceeding are at impasse. In the City's view, acceptance of the Union's final offers -- most particularly its final offer regarding annual 4% wage increases -- would have negative precedential consequences:

The Union's proposal requires a four percent (4%) increase which is well above the wage increase realized by the other bargaining units. If the arbitrator were to adopt the Union's proposal, he would be encouraging bargaining units not to negotiate but rather to reject any offer, however reasonable, in favor of proceeding on through negotiations and interest arbitration in an effort to obtain an even higher and unreasonable wage increase. To accept the City's proposal would send the message to bargaining units that they cannot reject offers simply to proceed to arbitration and get higher wage increases when the wage increase offers already on the table are reasonable. No bargaining unit was ever offered a four percent (4%) increase. For the arbitrator to adopt the Union's proposal would be unsupported [,] based on internal comparability....

City Post-Hearing Brief, p. 15.

The arbitrator is sympathetic to the City's position, but he is unpersuaded by it. At bottom, there are really two facets to the City's concerns, both of them following from the matter of internal comparability --a concern which flows from §14(h)(4) of IPLRA. The first aspect of this focus on internal comparability goes more or less as follows: since two other bargaining units received wage increases of only 3.5%, and since, moreover, their contracts were rolled over for just one year, it would be harmful, as a general proposition, to the principle of internal comparability to award the patrol officers and investigators a

larger increase for the one year, and it would be even more harmful to award them another 4% increase for a second year. The City's second argument goes more as or less as follows: if the arbitrator adopts the Union's final offers regarding two 4% increases, over a two-year period, this will send a negative signal to the other bargaining units. In effect, they will be told: 'You were chumps to agree to a City proposal; you could have done better -- just like the patrol officers and investigators did -- by rejecting good faith offers by the City and instead going to arbitration, where the arbitrator may well give you what the City would not.'

The arbitrator has some degree of empathy for the City's arguments. But not enough to buy them. He is unwilling, in other words, to conclude that because two other bargaining units settled for a 3.5% wage increase for one year, it follows that the bargaining unit in this arbitration had to do so as well. For there could be a variety of legitimate, reasonable reasons why one bargaining unit would find an offer acceptable and another would not. Perhaps, for example, the members of the units that were willing to take the offer felt themselves to be more fairly compensated (and perhaps rightly so) than do the members of the patrol officers' and investigators' bargaining unit. Perhaps the bargaining units that accepted the 3.5%, one-year offer were for their own particular reasons especially reluctant to expend union resources. Perhaps the members of the bargaining units that accepted the offers had reason to believe that accommodation would lead to future advantage.

The bottom line is that the rights of the patrol officers and investigators cannot be held hostage to the determinations made by other unions, any more than those unions can be held hostage to the choices of the members of the patrol officers' and investigators' bargaining unit.

This assertion is not meant to wish away, in effect, the fact that the statute directs the arbitrator to look to the matter of internal comparability. But internal comparability is only a factor. True, it cannot be ignored. But it cannot be given controlling force, to the exclusion of other considerations. In brief, the patrol officers and investigators cannot be consigned to losing on their claims even before they have a chance to make their case, just because other bargaining units made different choices.

D. Identifying the Correct Comparables

Subsection 14(h)(4) of IPLRA is at the core of interest arbitrations. This provision instructs the interest arbitrator to compare "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 ... [i]n public employment in comparable communities ... [and] [i]n private employment in comparable communities."

No evidence has been adduced as to the private marketplace. Nor has evidence been adduced regarding the salaries of other employees of the City (although there was evidence, of course, as to the percentage increases the other protective service bargaining

units received, i.e., 3.5%)

The parties have, however, devoted extensive attention to the matter of comparable cities. They agree on seven cities -- Alton, Belleville, Danville, Galesburg, Normal, Quincy and Urbana. They disagree as to the inclusion of two others -- Granite City and Moline. The Union points to a number of facts in support of its position that both these cities are sufficiently like Rock Island to justify (compel?) looking to them as guides in assessing the merits of the final offers here. The City points to factors that in its view lead to a contrary conclusion. A discussion of the parties' positions, and the arbitrator's reactions to them, follows.

1. Population

Both the Union and the City have identified only cities that are outside the Chicago standard metropolitan area. Both have used as a standard a population range of plus-or-minus 25% (i.e., 30,414 to 50,690) of the population of Rock Island, whose population is 40,552.⁶ In terms of actual numbers, the seven agreed-upon comparables range in size from 32,905 (Alton) to 42,785 (Belleville). Accordingly, the Union argues that Granite City, with a population of 32,862, and Moline, with a population of

⁶ A graph is set forth on page 1 of City Exhibit 1; this graph, entitled "Comparable Cities," sets forth what the City believes to be the appropriate comparables. In a footnote to the title of this graph the City writes: "Illinois cities within 25% of Rock Island's population excluding Chicago Metro area...." The Union noted that it used the same standard in its post-hearing brief. Union Post-Hearing Brief, p. 14.

43,202, fit with the group of comparables.

The City does not dispute the population figures, but it does point out that Rock Island had a population decline of 13.6% between 1980 and 1994, while Moline only declined by 4.9%. This difference, the City argues, constitutes a basis for excluding Moline as a comparable. The evidence, shows, however, that Danville -- which the City agrees **is** an appropriate comparable -- had an even larger decline than did Rock Island. Moreover, Galesburg, which also is an agreed-upon comparable, had a decline in excess of that of Moline, i.e., 6.2%, and Quincy's decline of 4.6% was very close to that of Moline's. Thus, the population decline argument works in favor of including Moline, rather than excluding it.

As for population totals, it is true that Moline is the largest of the cities. But it is only 415 persons larger than Belleville, which the City accepts as a comparable. Moreover, while Moline is 2,650 persons larger than Rock Island, Rock Island is 7,647 persons larger than Alton. Thus, the inclusion of Moline does not do violence to the already broad spread among the agreed-upon comparables. Nor does the inclusion of Granite City, whose population is very close to that of another agreed-upon comparable, Alton.

In sum, the population factor -- standing alone -- supports the inclusion of Moline and Granite City as comparables.

2. Income Issues

a. Median Household Income

The median household income (MHI) for the seven agreed-upon comparables ranges from \$21,325 for Quincy to \$31,376 for Normal. The MHI for Rock Island is \$24,131. Granite City's MHI is \$25,598, and that of Moline is \$27,512. Here, too, the figures support including the two cities as comparables. While both of them are at the high end of the range (Moline is second; Granite City is fourth) for the nine comparable cities, they nonetheless **are** within the range of the agreed-upon comparables.

b. Per Capita Income

The per capita income (PCI) of the seven agreed-upon comparables ranges from a low of \$10,904 for Alton to a high of \$13,117 for Belleville. The PCI for Rock Island is \$12,381. As for Granite City, the figure is \$12,326; for Moline it is \$14,939.

The argument for inclusion of Granite City is persuasive: if it were to be included it would rank third out of eight cities, and in fact it would be very close to the fourth city (just \$225 higher than Normal) and the fifth (just \$244 above Galesburg). The argument for Moline is more problematic: if included it would rank first and it would be \$1,822 above the second-ranking city, Belleville -- a gap considerably larger than that separating the second and third cities, the third and fourth cities, and so on. Moreover, the PCI for Moline is \$2,551 higher than that of Rock Island, whereas the spread between Rock Island and the highest and lowest cities other than Moline is only \$736 at the high end (that

is, Belleville's PCI is \$736 higher than Rock Island's) and \$1,477 at the other end (that is, Alton's PCI is \$1,477 lower than that of Rock Island.)

Thus, if PCI were the only factor at issue, it would be difficult to conclude that Moline is comparable to Rock Island; the case would be different insofar as Granite City is concerned.

3. Property Values and Property Tax Rates

a. Median Home Values

The median home values for the agreed-upon comparables range from Galesburg's \$37,100 to \$74,000 for Normal. The median home value for Rock Island is \$44,100. Granite City has a median home value of \$42,700 and Moline has a median home value of \$49,600. The figures for the latter two cities clearly fit within the range of home values for the agreed-upon comparables, and thus on the basis of this factor Moline and Granite City should be deemed to be comparable to Rock Island for the purpose of this interest arbitration.

b. Equalized Assessed Valuation

There are no data regarding the equalized assessed valuation (EAV) of the property within the boundaries of Granite City. This absence of data cuts against including Granite City as a comparable.

As for Moline, the EAV is \$343,308,764, which is both more than 50% in excess of the EAV for Rock Island (\$225,261,226), as well as higher than that of any of the agreed-upon comparables. Of the seven agreed-upon comparables, while the highest EAV -- that of

Normal (\$316,227,443) -- is not far off from Moline's, the next highest is only \$256,986,295 (Belleville), and the average for the seven comparables, plus Rock Island and Moline, is \$240,083,621 -- more than \$100,000,000 less than the figure for Moline. The gap between Rock Island and Alton, which has the lowest EAV, is \$56 million. Thus, among the agreed-upon comparables there already is a range extending from \$101 million over Rock Island's EAV to \$56 million below. But Moline's addition stretches the range (with Rock Island as the mid-point for purposes of this discussion) even further.

Were Normal not included, the conclusion would be clear: on the score of EAV Moline is not a comparable. But since Normal **is** included, that conclusion cannot be so firmly asserted. Still and all, on balance the EAV factor, standing alone, undercuts the argument for the inclusion of Moline as a comparable.

c. Property Values Per Capita

The property value per capita for Rock Island is \$5,541. For the seven agreed-upon comparables, the per capita values range from \$7,397 for Normal to \$5,130 for Alton. There are no data for Granite City. Insofar as Moline is concerned, the per capita property tax value is \$7,897. Thus, Moline's per capita property tax value is more than 40% higher than that of Rock Island. If Moline were to be included as a comparable, it would rank first in terms of per capita property tax values.

Standing alone, the property value per capita factor argues

against inclusion of Moline as a comparable. And the absence of data for Granite City also supports a conclusion against comparability.

d. Changes in Property Values

Rock Island experienced a 13% decline in property values between 1984 and 1994.⁷ During the same period all of the agreed-upon comparables experienced gains, ranging from a low of 9% in Danville to a high of 79% in Normal. Like Rock Island, Moline experienced a decline, although not as drastic a one, since the decline for Moline was only 7%. While the City contends that Rock Island's decline is verification of the City's stressed financial situation (making it unlike Moline), the fact is that, standing alone, Moline's decline argues in favor of including it, i.e., Moline as a comparable, since on this score Moline is far more like Rock Island than is Normal, or Urbana (which experienced a 37% increase), or Alton (which enjoyed a 31% increase.)

The absence of data regarding Granite City constitutes further basis for excluding that municipality as a comparable.

e. Property Tax Rates

Rock Island's property tax rate is 3.598. This places it far above the agreed-upon comparables, for which the highest tax rate of the seven agreed-upon cities is Belleville, at 2.085. The property tax rate for Moline is 1.722, which would rank it third

⁷ The Union points out that for the six-year period running from fiscal year 1989 through fiscal year 1995, the City of Rock Island's EAV in fact increased every year, from \$182,707,017 in FY 1989 to \$260,792,981 in FY 1995.

among the comparables. As a consequence of the high tax rate, the owner of a home in Rock Island valued at \$100,000 pays \$1,199 in property taxes. In contrast, the owner of a home located in Moline and valued at \$100,000 only pays \$574.00 in property taxes. Insofar as the seven agreed-upon comparable cities are concerned, the high in terms of taxes paid on a \$100,000 home is \$695 in Belleville and the low is \$336.00 in Danville.

Inasmuch as Moline's tax rate, while much lower than Rock Island's, nonetheless falls within the range of tax rates for agreed-upon comparables, it would seem appropriate to include Moline as a comparable if this were the sole factor to be considered. Because there are no data for Granite City, a contrary conclusion follows as to it.

4. Revenues

a. Sales Tax Revenues

Revenues are generated for municipalities in a number of ways. A significant source of revenue for many jurisdictions is the sales tax. Of the seven agreed-upon comparable cities, Quincy ranked first in terms of sales tax revenues in 1994, at \$7.6 million. Normal was at the bottom, with \$1.2 million. Rock Island generated \$2,627,174 in sales tax revenues in 1994, which placed it just below the sixth of the seven comparables (or, to put it another way, above the City of Normal).

There are no data for Granite City.

As for Moline, \$9,062,277 in sales tax revenues were generated in 1994 -- a figure far in excess of that for Rock Island, and a

figure considerably above that of the highest ranked agreed-upon comparable, i.e., Quincy. The very significant disparity in tax revenues between Moline and Rock Island is reflective of the fact that total retail sales for Moline in 1994 were a little more than \$649 million, while retail sales in Rock Island were less than one-third of that total, i.e., \$203,113,728. These disparate figures in turn reflected the fact that much of the downtown business that at one time fueled Rock Island's retail economy has disappeared, while Moline (1) has a very successful and very large mall located within its boundaries which is not paralleled by a like facility in Rock Island, and (2) has a number of car dealerships within its boundaries -- an advantage not shared by Rock Island.

On the basis of sales tax revenues, the argument for including Granite City as a comparable fails for lack of information, and the argument for including Moline fails because of the very large disparity between Moline and Rock Island, as well as the significant disparity between Moline and the other comparables.

b. Property Taxes

Of the seven agreed-upon comparable cities, revenues generated by property taxes in 1994 ranged from \$2,007,150 for Danville, at the low end, to \$5,358,649 for Belleville, at the high end. There are no data for Granite City. As for Rock Island, \$8,105,090 was generated in 1994 by property taxes; for Moline the figure was \$5,912,199. Clearly, then, Rock Island generated property tax revenues far in excess of any other jurisdiction -- a consequence, so the City argues, of its very high tax rate, which is

necessitated by its inability to generate sales tax revenues.

With regard to the question of including Moline as a comparable city, the thrust of the City's position is that Rock Island -- unlike Moline -- is taxing itself to the hilt to support its present services and that, while it **can** afford to pay the amounts involved in the final offers made by the Union, to make it do so would be unfair given the heavy tax burden already borne by the populace of Rock Island. From the City's perspective, the figures regarding Moline support the City's claim that Moline citizens are not as heavily taxed, and so are better able to afford higher wages and other more expensive benefits to their patrol officers.

The problem for the City's argument is that the City **is** willing to include as comparable jurisdictions seven cities in which the property tax revenues are far less than those generated in Rock Island. Thus, it seems difficult to accord the City's argument too much credit, since the logic of the argument would seem to dictate that any city in which relatively low amounts of property taxes are generated ought not to be included as a comparable -- and yet this is a conclusion at odds with the City's acceptance of the seven comparables. In sum, the property tax revenue factor does not argue for exclusion of Moline as a comparable. The absence of data regarding Granite City does.

c. Total Local Taxes

In terms of total local taxes, Moline is ranked first, with

revenues of \$9,062,277. Quincy is second, with \$7,608,384. Rock Island ranks eighth, with \$2,627,174. This factor, standing alone, undercuts the argument for the inclusion of Moline. Again, the lack of data regarding Granite City argues for its exclusion as a comparable.

d. Total Revenues

The total amount of revenues collected by Rock Island in 1994 for what the Union terms "governmental type funds" was \$32,839,493.

Of the seven comparable cities, the total "governmental type" revenues ranged from a low of \$16,222,291 in Galesburg to a high of \$20,467,700 in Alton. There are no data for Granite City. And insofar as Moline is concerned, the total was \$26,429,692. Thus, over all, Rock Island ranked first of all cities (including Moline) in terms of total "governmental type" revenues. Moline, if included as a comparable, would rank second, although it would be considerably ahead of the next-ranked city, Alton.

The City has argued that it is only general fund revenues that should be looked to, and that the more general, and larger, pot of governmental type revenues -- of which general fund revenues are a subpart -- should not be considered.⁸ The Union argues to the

⁸ The Union explained the distinction as follows:

Governmental Fund Types are typically used to account for revenues, expenditures and changes in fund balance except for those accounted for in proprietary or trust type funds. (See City of Rock Island 1995 Annual Financial Report).... In the City of Rock Island, as in most jurisdictions, Governmental Fund Types include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

contrary: in considering what funds are available for public safety purposes, it is erroneous -- so the Union contends -- to just focus on general fund revenues. This is because some cities use funds from other sources to support public safety activities. For example, in Quincy general fund revenues that were allocated to public safety amounted to \$6,945,497 in 1994, but the **total** amount allocated to public safety in Quincy was considerably higher -- \$7,591,000. In Urbana the comparable disparity was \$338,000; in other words, the total amount spent on public safety exceeded the amount coming out of the general fund. Accordingly, the Union maintains that in order to fairly assess the Union's final offers, one must look to the total governmental type funds received by Rock Island, rather than the smaller amount in the general fund.

There is a problem for the arbitrator in crediting the Union's argument. It has not been established that in Rock Island there **is** any flexibility to spend any moneys other than those in the general fund for public safety purposes, and so the fact that other cities take moneys from funds other than the general fund does not offer any elucidation here. In any event, even if one does focus just on general fund receipts, Rock Island still has been more successful in generating revenues than have been any of the seven agreed-upon

The General Fund is typically used to account for all revenues and expenditures except those required to be accounted for in another fund (i.e., a Special Revenue Fund, Debt Service Fund, etc.)....

Union Post-Hearing Brief, p. 12 n. 9.

comparable cities, or Moline. The total for Rock Island in 1994 of general fund revenues was \$18,464,061, while the general fund revenues for the seven agreed-upon comparable cities in that year ranged from a low of \$11,331,379 for Urbana to a high of \$16,693,840 for Alton. Moline took in \$16,456,593, and if included as a comparable would rank second.

These figures support the conclusion that Moline should be included as a comparable, since the total of Moline's general fund revenues fits within the range of cities that the City deems to be comparables. (In other words, Moline ranks below an agreed-upon comparable, Alton.) The lack of data for Granite City argue against including that city as a comparable.

5. Expenditures

The total amount of general fund expenditures by the City in 1994 was \$15,697,496. Among the seven agreed-upon comparable cities, general fund expenditures ranged from a high of \$13,022,854 in Alton to a low of \$10,027,770 in Urbana. The total for Moline was \$16,162,408. (On a per capita basis these totals translated into \$386 per person by the City and \$372 for Moline; among the agreed-upon comparables the per capita general fund expenditures ranged from a high of \$395 in Alton to a low of \$258 in Normal.) These figures reveal that the range of expenditures among the agreed-upon comparables extends down to a city, Urbana, expending \$5.69 million less than Rock Island. To include Moline, which is expending only \$465,000 more than Rock Island, does not seem to all

disrupt the comparability spectrum.⁹ (As for Granite City, there are no data.)

Looking just to public safety expenditure, the figures show that the City expended \$8,562,241 from its general fund on public safety in 1994. Of this amount, \$5,205,173 (31.25% of the total of general fund expenditures) was used for police services. The seven agreed-upon comparable cities expended amounts on public safety ranging from a low of \$4,829,449 in Normal to a high of \$6,968,160 in Danville. Moline expended \$8,261,709. As a result of its efforts Rock Island -- in 1994, as well as in December, 1995 -- employed 86 sworn personnel.¹⁰ By comparison, the totals for the seven comparables ranged (in December, 1995) from a high of 78 in Belleville to a low of 47 in Urbana. The total for Moline in 1994 was 70. Transposed into per capita terms, the ratio of sworn personnel to city residents was 1:473 in Rock Island as of December, 1995. For the seven agreed-upon comparables, the ratio ranged from a low of 1:490 in Danville to a high of 1:799 in Urbana. And for Moline the ratio in 1994, as well as in late 1995,

⁹ There is a page in the book of graphs submitted by the Union, Union Exh. 1, showing that Moline pays a total of \$14,544,135 in salaries. (Union Exhibit 1, p. 10). The next highest jurisdiction is Rock Island, which pays out \$11,281,741. And the next highest after that is Quincy's \$9,496,944. These figures, however, are for all full- and part-time employees and so the arbitrator does not deem these numbers very meaningful, since we are concerned here just with one subgroup of public employees, i.e., patrol officers and investigators.

¹⁰ This total includes all sworn personnel; in other words, the total is not limited just to members of the bargaining unit whose contract is at issue here.

was 1:623.

Given the lack of data regarding Granite City, the argument for inclusion of this jurisdiction as a comparable fails insofar as the factor of expenditures is concerned. With regard to Moline, its levels of expenditures are so close to those of Rock Island as to support Moline's inclusion as a comparable -- at least insofar as this factor, standing alone, is concerned.

6. Conclusion as to the Comparables

a. Granite City

The Union argues that the City has an ulterior motive for wanting Granite City excluded from the list of comparable jurisdictions; to wit, a comparison with the wages paid in that jurisdiction would work to the City's disadvantage. Ulterior motive or not, the fact is that the factual record is just too sparse insofar as Granite City is concerned. Thus, Granite City cannot be included as a comparable city for the purposes of this interest arbitration.

b. Moline -- Summary of the Union's Arguments

The question of Moline's status is a complicated one. Clearly, there is room for debate as to how Moline should be treated; if there were not, the issue would not be before this arbitrator for resolution.

The Union insists that Moline is very much a comparable city. Indeed, "if the only points of similarity to be considered where [sic] financial, Moline" -- according to the Union -- "is more comparable to Rock Island than any of the other jurisdictions

submitted by the parties." Union Post-Hearing Brief, p. 18. The Union stresses the "glaring likenesses," id., between the two jurisdictions in terms of:

- population (only a 3,000-person difference);
- number of sworn personnel (70 for Moline versus 86 for Rock Island);
- the fact that Moline and Rock Island are the only two jurisdictions that have suffered diminutions in assessed property valuation for the 10-year period 1984-1994;
- the similarity of general fund expenditures per capita (\$372 for Moline; \$386 for Rock Island);
- the (supposed) similarity in terms of number of residents per sworn officer: 1:473 for Rock Island; 1:623 for Moline;
- the similarity in terms of totals of public safety expenditures (\$8,261,709 for Moline; \$8,562,241 for Rock Island);
- the similarity in terms of totals of general fund expenditures in 1994 (\$16,162,408 for Moline; \$15,697,496 for Rock Island); and
- the relative closeness of the two cities' median household income figures and median family income figures (MHI: Rock Island, \$24,131; Moline, \$27,512; MFI: Rock Island, \$30,673, Moline, \$34,847).

While the Union acknowledges a wide gap between the sales tax revenues received by Moline and the revenues received by Rock

Island, it points out that Rock Island "reaped \$9,167,191 in Other Local Sources compared to Moline's \$3,803,383 in Other Local revenue." Union Post-Hearing Brief, p. 21. Thus, the bottom line, according to the Union, is that in terms of total revenues the two cities are very close.

The Union further argues that Moline and Rock Island are comparable given their geographical contiguity, which in turn means that the two cities' labor markets are interrelated and mutually affect each other.

c. Moline -- Summary of the City's Arguments

In the City's view Moline is a much wealthier city than is Rock Island, and thus the two cannot be compared. In support of this argument the City points to several facts:

-- there is a major difference (in Moline's favor) between the property taxes collected by Rock Island and those collected by Moline;

-- there is a major difference (in Moline's favor) between Rock Island's sales tax revenues (\$9 million-plus in 1994) and those of Moline (\$2.6 million);

-- there is a major difference between the property tax rate in Moline (1.722) and that in Rock Island (3.598), with the result being that the Rock Island homeowner pays much higher property taxes than does a Moline homeowner owning a comparable home;

-- the total EAV for property in Moline is more than 50%

higher (\$343,308,754) than is the total EAV for property in Rock Island (\$225,261,226); and

-- the decline in property values in Rock Island in the ten-year period 1984-1994 (13%) was almost double the decline for Moline (7%).

In sum, Moline is not comparable, according to the City:

[I]t is clear that Moline, although located directly adjacent to Rock Island and having essentially the same population, cannot be considered a comparable city with Rock Island. The differences in property taxes, property value, and sales tax are staggering between the two cities. Any comparison between Rock Island and Moline would be faulty and would skew the results.

City Post-Hearing Brief, p. 18.

d. The Arbitrator's Resolution of Moline's Status

The arbitrator recognizes that the thrust of the City's position is that Moline is a more affluent community than is Rock Island. And indeed, there is clearly much to what the City says. For example, the EAV for Rock Island is much less than that for Moline, and retail sales for Rock Island are much less than those for Moline. Still, Moline and Rock Island are very comparable in terms of total revenues, and in terms of dollars spent on public safety. Granted, this may mean that the residents of Rock Island are struggling much more to pay for services comparable to those more easily afforded by the residents of Moline. But insofar as determining the matter of comparability, the arbitrator cannot undertake to measure such unquantifiable matters as civic concern, civic pride, or general willingness to spend whatever has to be

spent even if that hurts. He can only look to the objective data.

Conceding that there are data in support of the City's position that Moline is not a comparable community, the greater weight of the data -- in the arbitrator's view -- suggests that in very significant, objective, observable ways Moline and Rock Island are very similar. What is more, the data further suggest that in important ways Moline is like other cities that the City agrees **are** appropriate comparables.

Certainty is unattainable. But the bottom line is that a decision must be made and on balance, taking into account all the data and further taking into lesser account the past history of the parties treating Moline as a comparable city,¹¹ the arbitrator concludes that Moline should be included among the comparables.

VI. THE PARTIES' POSITIONS AS TO THE ECONOMIC

¹¹ In two prior interest arbitrations involving Rock Island and Local 26 of the International Association of Firefighters -- one decided by Arbitrator Nathan on January 10, 1991, and the other decided by Arbitrator Berman on March 13, 1992 -- as well as in an interest arbitration involving the command unit of the Illinois Fraternal Order of Police Labor Council, decided by this arbitrator on March 6, 1995, the City took the position that Moline was a comparable city. In light of this past history, it is interesting to find the City now arguing that Moline is not comparable to Rock Island. Of course, the issues in those disputes were different than the issues here, but still, the factors one looks to to establish comparability -- factors such as population, tax revenues, etc. -- are the same, no matter the issues. True, also, there is a famous saying, "consistency is the hobgoblin of little minds." Nonetheless, different economic issues and aphorisms notwithstanding, the City's assertion of a position at odds with that it has embraced in the past at least gives one pause. (Of course, prior rulings do not have precedential force and so what an arbitrator did in an earlier ruling is not binding here. But the significance of prior arbitrators' ruling is not what is of note; the focus here, rather, is on the changed position of the City.)

ISSUES BEFORE THE ARBITRATOR

A. Duration of the Contract

The City's final offer proposes a one-year contract, running from April 1, 1995 through March 31, 1996. The Union proposes a two-year contract, running through March 31, 1997.

Insofar as the first three criteria set forth in §14(h) of IPLRA are concerned, i.e., the lawful authority of the employer, stipulations of the parties, and the interest and welfare of the public and the financial ability of Rock Island to pay, the City reasons that these factors are not significant as to the duration-of-contract issue. The City also is of the view that the fifth factor, i.e., the cost of living; the sixth, which concerns overall compensation; and the seventh, involving changes in circumstances, likewise are not applicable here.

As for the matter of comparability, to which §14(h)(4) is directed, the City points out that the other protective service collective bargaining units, i.e., the firefighters and police command officers, both received the same offer as was made to the bargaining unit involved in this arbitration -- a one-year rollover, with a 3.5% wage increase. All the bargaining units were told, so the City claims, that the City really only wanted to raise wages by 3%, but that it was willing to go to 3.5% to avoid the expenditures of time and money necessitated by collective bargaining negotiations and by possible arbitration down the line.

Both the firefighters and the police command officers accepted the offer. Thus, they have operated under one-year contracts which

terminate on March 31, 1996. Internal comparability calls for placing the patrol officers' and investigators' bargaining unit in the same position, i.e., a one-year contract, ending on March 31, 1996.

With regard to the eighth factor set forth in §14(h) of the Act, i.e., "other factors," the City contends that it wants to enter into a new relationship with its unions, and a two-year contract, running through March 31, 1997, would unnecessarily postpone the development of that relationship. To be more specific, the City claims that it is very interested in writing on a clean slate. As recounted by Personnel Director/Assistant to the City Manager Dan Allen, who was called as a witness by the City, there is a recognition on the City's part that labor relations with the various unions representing City employees are much in need of improvement. To this end City personnel, along with invited Union representatives, were scheduled to undergo FMCS-conducted training in early 1996 to develop better bargaining relationships and improved negotiating practices, with the aim of achieving so-called 'win-win' bargaining, whereby all parties engaged in a given bargaining process would benefit. The City claims that a one-year contract serves this goal, because it allows the parties to commence bargaining in April, 1996, free of any on-going contractual obligations and free, therefore, to engage in win-win bargaining for the future, with the future being defined as that period from April 1, 1996 on. A contract of longer duration disserves this goal. These views were expressed by Mr. Allen as

follows:

We viewed this 1995-96 year as being a transitional period. One that would allow us to just get to a point where we could start over again and try to rebuild some of the -- damage that's been done over the course of years.

And so we really view the opportunity and the interest -- appreciate the interest that the FOP has expressed to us and the willingness that they have expressed to us in participating in the training in January. And it seems logical to us that rather than go through this process and have a third party decide another year's worth of wages and benefits, that we can work things out between the two of us starting in January over our new approach that will be hopefully much more beneficial to the parties.

(Transcript, pp. 226-27).

The Union takes a jaundiced view of the City's intentions in expressing its rationale for a two-year contract. Insofar as the matter of the City's claimed commitment to a new relationship is concerned, the Union reasons that the City's desire to take back or restrict benefits and wages, as evidenced by its final offers in this arbitration, reveals the City's disinterest in really developing a win-win bargaining relationship:

The only winner in this scenario is the City. They want to play a new game in January, but only when they are in a position of holding all of the cards. The Union [thus] believes that the Employer's position on the age/duration issues is not only one-sided, it does little to accomplish the concept of labor peace that was envisioned by the Act.

Union Post-Hearing Brief, pp. 37-38.

In an affirmative vein, the Union views a two-year contractual commitment as both providing stability and demonstrating the City's

genuine commitment to working out an improved collective bargaining relationship:

If the Employer is truly interested in new concepts of bargaining, training in "win-win" bargaining and opening lines of communication, having wage rates in place through March 31, 1997 should not hinder that process. In fact, from the view of the Union, labor peace and stability in Rock Island stands a better chance of becoming a reality if the parties can step back from the process of bargaining for a longer period of time than one year.

Union Post-Hearing Brief, p. 38.

B. The Wage Increase Issue

The primary economic issue involved in this interest arbitration concerns the parties' conflicting proposals regarding a wage increase. The Union's final offer calls for two annual 4% increases -- one for contract year April 1, 1995 - March 31, 1996, the second for contract year April 1, 1996 - March 31, 1997. The City's final offer is for a one-time 3% increase, taking effect on April 1, 1995, and running through March 31, 1996; what happens after that is a matter for negotiation. Both parties of course rely heavily upon comparing the salaries of Rock Island patrol officers and investigators to those of their counterparts in comparable jurisdictions.

1. Patrol Officers

Clearly, Rock Island patrol officers are not at the head of the line, so to speak, in terms of compensation. For example, looking first to FY 1994-95,¹² the Union's exhibit shows that the

¹² Concededly, there is some inexactitude in fixing numbers at

starting pay for patrol officers of \$24,307 only exceeded the starting pay for patrol officers in Normal, and was considerably behind the starting pay in Urbana (\$30,932), Alton (\$30,439), and other comparables. (On the other hand, Rock Island's starting salary was only barely behind that of Quincy's (\$24,706).)

Without parsing all the numbers, step by step, 5-year increment by 5-year increment,¹³ it is safe to conclude that the disparity between the salaries of Rock Island patrol officers and those of officers in comparable jurisdictions is most notable in the first five years. Thus, in terms of rankings (which admittedly are less exact than actual dollar figures), at the point of initial hiring in FY 1994-95 the Rock Island patrol officers' salary ranked eighth among the nine relevant jurisdictions.¹⁴ After the first year, the ranking for patrol officers remained the same; after the second year, and through the fourth year, Rock Island's ranking

a given point in time -- inexactitude flowing from the lack of clarity as between fiscal years (which may vary from city to city), contract years, and calendar years. For the purposes of discussion here, the assumption is being made (with legitimate empirical basis for doing so) that at a given point in 1994, let us say August, every city had in place its final salary terms for that calendar year. That point of time is used for comparison purposes here.

¹³ For the first five years, patrol officers in Rock Island rise one step annually in terms of salary, so by the end of five years the Rock Island patrol officer who started at \$24,307 will be earning \$29,545. After that there are five-year longevity increments, so that after 20 years, for example, a Rock Island officer will be earning \$34,973.

¹⁴ While in its exhibits the Union includes Granite City, the arbitrator has ruled that the data are insufficient to justify including Granite City as a comparable, and so it is excluded from the arbitrator's re-working of the Union's evidence.

fell to the bottom -- ninth. After five years, it rose again to eighth. After six and 10 years Rock Island patrol officers' salaries compared more favorably -- they ranked fourth. After 15 years, however, Rock Island slipped down to sixth, and it remained there at the 20-year juncture. Ultimately, after 25 years, the salary of a Rock Island patrol officer placed the City fifth out of the nine cities. For FY 1995-96 the standings improved a little: the starting salary and the salary after the first, second, and third years put Rock Island patrol officers in eighth place; after four years they ranked seventh; after five years they were in sixth place; after six years, fourth place; after 10 years, third place; after 15 and after 20 years, fifth place; and after 25 years they were in fourth place.

It should be pointed out that the rankings do give a somewhat skewed picture, for in terms of actual dollars the differences between the cities are at some points quite large, while at other points they are of lesser dimension. For example, in FY 1994-95 Rock Island patrol officers ranked, as noted above, eighth in terms of starting pay. But the seventh ranked city, Quincy, had a starting salary only \$401 higher than Rock Island's -- a relatively small gap. The sixth-ranked city was Galesburg, at \$25,658 -- \$1,261 higher than Rock Island; a larger gap, obviously. By the end of the sixth year, Rock Island's ranking rose to fourth. At this point, the gap between it and the next highest city, Alton, was only \$33, and the gap between Rock Island and the second-ranked city, Moline, was only \$451. By the end of the fifteenth year,

when Rock Island ranked sixth, the gap between it and the fifth-ranked city, Belleville, was only \$148 (although the gap between Rock Island and the first-ranked city, Moline, was quite large -- \$4,951.)

2. Investigators

Rock Island investigators have fared considerably better. In FY 1994-95 the rankings were as follows: at the start and after the first and second years -- seventh; after three years -- fifth; after four years -- fourth; after five years and after six years -- first; after 10 years and 15 years -- second; after 20 years and after 25 years -- third. For FY 1995-96, the data (which do not include information regarding Normal, the result being that there are a total of eight jurisdictions, including Rock Island but excluding Granite City) are as follows: at the start, and after the first and second years -- seventh; after the third year -- sixth; after four years -- fifth; after five years -- third; after six years -- first; after 10 and 15 years -- third; after 20 years -- fourth; after 25 years -- third.

3. The Union's Position

The Union draws two conclusions from the foregoing figures: (1) a pay increase is due and (2) an increase greater than that correlating with the low rise in the cost of living during the periods involved is needed to help Rock Island patrol officers and investigators start to catch up with their counterparts in other cities. Ergo, a 4% increase is appropriate for contract year 1995-96, i.e., the year starting on April 1, 1995. This pay increase

actually is quite modest, so the Union argues, since it would only in modest measure reduce the still-remaining disparities in pay. The Union provides a chart to support this point. (This chart is somewhat inaccurate for our purposes since it includes in the dollar differential average the data for Granite City, which at every juncture [save for the salary level for those who have 25 or more years of service] pays more than Rock Island, and which has been rejected by the arbitrator as a comparable. The rankings, at least, have been adjusted to reflect Granite City's exclusion.)

Step In Plan	1994 Ranking (out of 10)	1994 \$ Diff. with average of 10 cities	1995 Ranking (out of 10)	1995 \$ Diff. with average of 10 cities
Start	9th	(\$3,114)	9th	(\$3,723)
After 1 year	9th	(\$3,556)	9th	(\$4,101)
After 2 years	10th	(\$3,622)	9th	(\$4,044)
After 3 years	10th	(\$2,888)	9th	(\$3,056)
After 4 years	10th	(\$2,240)	8th	(\$2,003)
After 5 years	9th	(\$1,281)	7th	(\$856)
After 6 years	5th	\$24	5th	\$291
After 10 years	5th	(\$746)	4th	(\$451)
After 15 years	7th	(\$1,206)	6th	(\$1,006)
After 20 years	7th	(\$1,300)	6th	(\$968)

After 25
years 6th (\$999) 5th (\$550).

The Union points out that its final offer regarding contract year 1995-96 also makes very little change in terms of ranking or dollar disparities insofar as investigators are concerned, although the Union does concede that were its final offer to be adopted Rock Island investigators would rank first at the end of the fourth, 10th, 20th, and 25th years of service. In each instance this would represent a rise over what the investigator salary rankings would be absent the 4% increase.

[In sum,] the Union's proposed 4% wage increase ... to be effective April 1, 1995 achieves that which the Employer's final offer fails to do. The Employer's proposed 3% [increase] takes no steps towards catching up the patrol officer's [sic] with the comparable jurisdictions. As for the investigator's [sic], they will fall further behind the comparables at the early steps of their careers and stay at best status quo in the rankings at later years of service.

Union Post-Hearing Brief, p. 35.

Insofar as its final offer proposing a 4% increase for contract year 1996-97 is concerned, the Union acknowledges that only one of the comparable jurisdictions, Danville, has its wage rates for patrol officers in place for 1996. Despite the paucity of data regarding comparables' salaries for patrol officers (and, indeed, the total absence of data for investigators), the Union insists that a 4% increase is due because the wage rates in Rock Island absent such an increase would place Rock Island patrol officers far behind Danville.

The Union further points to the fact that 28 Rock Island patrol officers left their positions in the years 1987 through the end of 1995. Seven of them -- 25% -- left to join the Moline police department; two joined other police departments; six resigned; eight died or went on disability; three took non-police employment; one retired; and one was terminated.¹⁵ The Union contends that the turnover in the Rock Island force -- or at least that part of the turnover which is the result of officers taking jobs with the Moline police department -- is a consequence of the low salaries paid Rock Island patrol officers. It follows, according to the Union, that increased salaries would result in a higher retention rate for these officers.

Finally, the Union argues that the rise in the cost of living -- the factor to which §14(h)(5) of IPLRA directs the arbitrator's attention -- justifies both the contract year 1995-96 4% increase and the contract year 1996-97 4% increase. To this end, the Union reasons that the base date for computing the cost of living increase is April, 1994, the date of the last increase received by the bargaining unit members. It figures that during contract year 1994-95 the bargaining unit members suffered a 2.96% decline in their salaries due to the impact of inflation, i.e., the rise in the cost of living. Then, the Union further figures that between

¹⁵ It is not clear to the arbitrator just what "resigned" means; from the data provided "resigned" does **not** mean retired, going on disability, engaging in non-police jobs, or engaging in other police jobs. It is not clear what else is left.

April 1, 1995 and October, 1995 (the last date for which the Union had data as of the time of the hearing), there was a further cost of living increase of 1.17%, meaning that this is what the bargaining unit members further lost in terms of compensation by reason of inflation. Combining these two figures, the Union comes up with a total decline in salary of 4.1% between April, 1994 and October, 1995 -- i.e., the 2.96% decline they had already experienced prior to April 1, 1995, plus the additional 1.17% decline. Thus, so the Union argues, the 3% increase offered by the City is inadequate because it only makes up for what the members lost during contract year 1994-95, and fails to take account of the further anticipated declines in their earning power in contract years 1995-96 and 1996-97. On the other hand, the Union's proposals are much fairer (albeit still only modest in scope.)

4. The City's Position

The City's arguments regarding its final offer of a one-time 3% wage increase, and correlatively, the rejection of the Union's final offers, focus particularly on the negative economic circumstances confronting Rock Island (although the City does not claim that it is unable to pay the costs associated with the Union's various final offers.) The City points to the low amount of sales tax revenues received by the City, and to the correlative high property tax rate and property taxes:

Property tax rates are so high in Rock Island to compensate for low property values and to make up for Rock Island's very low sales tax revenue. Rock Island residents have to pay higher property taxes to fund the general fund

out of which City employees' wages and benefits are paid, because their city cannot generate sales tax revenues in the same manner as the other comparable cities.

City Post-Hearing Brief, p. 26. Given the low sales tax revenues, it turns out that property taxes accounted for 28.68% of Rock Island's general fund revenues for FY 1993-94, while sales tax revenues only produced 14.13% of the general fund revenues. (The funds for police protection come from the general fund [indeed, 31.25% of the general fund was spent for this purpose in FY 1993-94].)

Notwithstanding Rock Island's serious financial problems, it has offered a 3% wage increase, and this actually is very compatible -- so the City argues -- with the increases in the comparable cities,¹⁶ which are, so the City perhaps implies, in better financial shape. Thus, the City points out that for FY 1995-96 comparable 3% wage increases were effectuated or offered in Alton, Galesburg, Quincy, and Normal. (The increase in Urbana was 3.25%; in Belleville and Danville the increase was 4%.)

Like the Union, the City also uses charts to compare the amounts and rankings of Rock Island patrol officers' and investigators' salaries to those in the agreed-upon comparable cities.¹⁷ From the City's perspective, "it is clear that the

¹⁶ Since the City's position is that Moline is not a comparable city, its figures do not include data regarding Moline.

¹⁷ Its charts, however, only look at the figures in five-year increments, and so they do not disclose the heightened disparities that exist, as the Union's charts show, in the early years of employment with the City.

City's proposal is more reasonable than the Union's proposal concerning the wage increase issue." City Post-Hearing Brief, p. 35. Its final offer places patrol officers and investigators "clearly within the range established by comparable cities." Id. On the other hand, the Union's final offers apparently are seen as passing the bounds of reasonableness.¹⁸ In support of its position, the City set forth the following data in chart form regarding its final offer and the Union's final offer:

The wages and comparative ranks for patrol officers are as follows for starting pay and after 5 years:

City	Start	Rank	5 years	Rank	
Alton	\$29,871	2	\$31,066	8	
Belleville	27,828	4	32,930	4	
Danville	28,785	3	33,943	3	
Galesburg	27,652	5	32,850	6	
Quincy	25,447		6	34,553	1
Rock Island (City Offer)	25,036	8	32,571	7	
Rock Island (Union Offer)	25,279	7	32,887	5	
Urbana	33,176		1	34,503	2
Normal	(Not available because in interest arbitration).				

The wages and comparative ranks for patrol officers are as follows after 10 years and after 15 years:

City	10 years	Rank	15 years	Rank	
Alton	\$31,813	8	\$32,559	8	
Belleville	34,484	7	36,262	3	
Danville	34,941	4	36,605	2	
Galesburg	34,955	3	35,628	5	
Quincy	34,553		6	34,553	7
Rock Island (City Offer)	34,786	7	35,404	6	
Rock Island					

¹⁸ In fact, however, the dollar differences between the Union's final offer for contract year 1995-96 and the City's are really quite small.

(Union Offer)	35,123	2	35,748	4
Urbana	36,494		37,821	1
Normal	(Not available because in interest arbitration).			

The wages and comparative ranks for patrol officers are as follows after 20 and 25 years:

City	20 years	Rank	25 years	Rank
Alton	\$33,306	8	\$34,053	8
Belleville	38,258	1	38,258	1
Danville	38,937	3	38,937	5
Galesburg	38,300	5	38,972	4
Quincy	34,553		34,553	7
Rock Island (City Offer)	36,022	6	36,640	6
Rock Island (Union Offer)	36,372	4	36,996	3
Urbana	37,821		37,821	2
Normal	(Not available because in interest arbitration).			

Insofar as investigators are concerned, the City summarized the differences between its final offer and the City's as follows:

In ... looking at investigators, the City's proposal would take the base wage from the seventh position among comparable cities to the second highest position after five years. The only figure higher than the City's proposal for investigators after five years, is the Union's proposal. So, among comparable cities, Rock Island, under either proposal will have the highest wages for investigators after five years. So while the City's proposal puts the investigators on the high end of the pay scale, the Union's proposal wants to boost them even higher.

City Post-Hearing Brief, p. 35.

The City further argues that its final offer actually produces an average increase for patrol officers and investigators of 5.6%,¹⁹ and this is clearly in excess of the rises in the cost of

¹⁹ The City arrives at this figure by looking at what employees actually would take home, which would be an amount reflecting pay increases enjoyed by employees as a result not just

living shown by both the CIP-U and CIP-W tables, the former of which shows a 2.8% increase as of October, 1995, and the latter of which shows a 2.7% increase as of that month. Thus, the City concludes as follows:

Since the Union's proposed wage increase is even greater than the City's wage increase, which already greatly exceeds the cost of living, a cost of living comparison offers absolutely no support for the Union's proposal, but by the same token, does offer great support for the City's proposal.

City Post-Hearing Brief, p. 37.

Finally, the City points out that in terms of overall compensation Rock Island employees are generously paid. They receive 22 days of paid leave, an amount (a) second only to the 23 days provided by Galesburg, (b) equal to the days provided by Quincy and Danville, and (c) in excess of the paid days off provided in Normal, Belleville, Alton, and Urbana. In addition, patrol officers receive on-call compensation and shift differentials.

C. The Health Club Membership Issue

Since the parties negotiated their first contract, for 1986 - 1988, investigators employed by the City of Rock Island have been entitled to City-paid annual memberships at health club facilities of their choice, with a cap of \$235 on the amount the City will pay for each membership. This benefit was retained through the 1988 -

of the 3% wage increase offered by the City, but also any increased compensation due to step increases, longevity increments, on-call compensation, specialty pay, and/or shift differential pay.

1990, 1990 - 1993, and 1993 - 1995 contracts. By virtue of a change made in the last contract, this benefit was extended to all bargaining unit employees. By the terms of the Union's final offer, this benefit remains unaltered. The City's final offer calls for the elimination of this benefit.

The Union argues that it is the City's burden to establish "a sound and persuasive reason as to why that which was agreed to during arms-length bargaining should be set aside by the Arbitrator." Union Post-Hearing Brief, p. 53. Beyond that, the Union offers no particular justification for its own position, i.e., no change, other than the justification implicit in the foregoing quoted statement, which is the notion that the Union and the City bargained for the benefit, it was agreed to, and therefore it should be retained.

The City, which asserts that the benefit at issue is "truly extraordinary," City Post-Hearing Brief, p. 57, reasons that the first three criteria set forth in §14(h) of IPLRA -- i.e., the lawful authority of the employer, stipulations of the parties, and the interest and welfare of the public and the financial ability of Rock Island to pay --are "insignificant." City Post-Hearing Brief, p. 56. The City also is of the view that the fifth factor, i.e., the cost of living, and the seventh, i.e., changes in circumstances, likewise are not applicable here. Id., p. 57.

As for §14(h)'s fourth factor, i.e., comparability, the City points out that none of the comparable cities provide such a benefit; at the most, Alton provides an in-house health and fitness

facility for its police officers, but even it does not pay for memberships at other, private facilities. The City further points out that no other city employees receive such a benefit. Accordingly, in light of the unique nature of the benefit afforded Rock Island investigators and patrol officers, the City concludes that the benefit should be eliminated.

The City also deems relevant §14(h)'s sixth factor, involving overall compensation. The City points out that the patrol officers receive 22 days paid leave time, on-call compensation, and shift differentials. Thus, the City-paid health club membership benefit is "extraordinary and unnecessary." City Post-Hearing Brief, p. 58.

Finally, the City looks to the eighth factor set forth in §14(h), i.e., "other factors ... which are normally or traditionally taken into consideration...." The City points out that patrol officers only obtained the health club membership benefit in the last contract; prior to that time, only investigators received this benefit. And, picking up on testimony at the hearing by the personnel director, Dan Allen, the City argues that this benefit has created an administrative headache, since the City is required "to administer membership plans in over a dozen different facilities." City Post-Hearing Brief, p. 59. Expanding on this point, the City argues that it "is an administrative problem for the City to keep track of who belongs to what center, determining when people sign up, when their memberships expire, how much their memberships cost and exactly

what the membership covers." Id. In addition, the expansion of this benefit has produced annual expenses in excess of \$13,000.00.²⁰

D. The Shift Differential Issue

Under the last negotiated contract, bargaining unit members who work the second shift receive an additional payment, or shift differential, of \$.20 per hour, and those who work the third shift receive an hourly add-on, or differential, of \$.25 for doing so. The Union's final offer calls for an increase of \$.05 per hour for each shift, i.e., from \$.20 to \$.25 an hour for the second shift and from \$.25 to \$.30 an hour for the third shift. The City's final offer proposes no change from the last contract.

The Union justifies its final offer as a device to help the bargaining unit members increase their compensation and thereby catch up, to a minor extent, with the higher wages paid in comparable jurisdictions. In particular, the Union justifies the increased shift differentials as a means to increase the unduly low compensation of less senior patrol officers, who are typically the individuals working the second and third shifts. Specifically, the Union points out that 53% of the individuals working these shifts have between 0 and 3 years of service, 22% have between four and

²⁰ It is a little unclear to the arbitrator whether the City means that the expansion has produced annual expenses of \$13,000+ over and above what it would be spending just on investigators' club memberships (which benefit is of long standing), or whether the total cost of the benefit -- including the investigators' memberships -- amounts to \$13,000+. The latter interpretation seems the more likely.

six years, and 14% have between seven and 11 years. Only 11% have more than 11 years of service. Given that Rock Island patrol officers with between 0 and six years of experience are particularly poorly paid in comparison to their counterparts in comparable cities, the shift differential serves as a somewhat focused means to alleviate to some extent this disparity, given that it is the less senior officers who are the ones primarily working the second and third shifts.

In looking to the comparable cities, the Union notes that two of them -- Belleville and Moline -- pay some sort of shift differential.²¹ Belleville pays \$130 for any calendar quarter in which two-thirds of an officer's time is spent on any shift between 6:00 p.m. and 6:00 a.m. Moline pays its officers \$.25 for working the second shift and \$.35 for working the third shift. The Union argues that its final offer regarding the second shift pay "brings Rock Island's [shift differential] up to the exact annual amount that is being paid in the jurisdictions which pay a shift differential." Union Post-Hearing Brief, p. 44.²² As for the

²¹ A third, Granite City, has been rejected by the arbitrator as a comparable.

²² That is clear with regard to Moline. It is less clearly so, in the arbitrator's view, regarding Belleville. The Union reasons that \$130/quarter comes out to \$520/year, and a 2080-hour work year X \$.25 also equals \$520/year. But it is unclear to the arbitrator as to whether an officer will work all four quarters in Belleville on a shift between 6:00 a.m. and 6:00 p.m.; if he or she does not, it follows that he or she will make less than \$520 for the year. To put the matter another way, the arbitrator is unable to determine whether \$130.00/quarter translates into an hourly rate of \$.25. But, in any event, the differences in dollars, if there are differences, necessarily are going to be -- in the final

third shift differential, the increase would result in a total annual payment of \$624 (2080 hours X \$.30), which is more than the \$520/year differential in Belleville and less than the \$728 annual total (2080 hours X \$.35) in Moline.

In response to the anticipated argument that the paucity of comparable jurisdictions militates against an increase in the shift differential, the Union makes a number of points:

The Union believes that in the instant case, more than a mere "counting" of the number of jurisdictions who provide a shift differential is warranted. The statute empowers the Arbitrator to consider "other factors" when considering each parties' final offer. There are many to consider in Rock Island. The number of junior officers working the second and third shifts, the pay disparity in the early steps of the pay plan, and the loss of a large number of officers to higher paying police departments surely warrant consideration with regard to this issue....

Union Post-Hearing Brief, p. 44.

As for the City's position vis-a-vis shift differentials, it reasons that the first three criteria set forth in §14(h) of IPLRA -- i.e., the authority of the employer to effectuate the arbitrator's ruling, stipulations by the parties, and ability to pay -- are not involved here. Nor are the seventh factor, i.e., changes in circumstances, and the eighth factor, i.e., other factors, significant.

With regard to the fourth statutory criterion, comparability, the City (which maintains that Moline is not a comparable

analysis -- slight.

jurisdiction) points out that of the agreed-upon jurisdictions, only Belleville pays a shift differential. Obviously, then, the increase in the shift differential that is proposed by the Union's final offer "is not needed to bring the contract between the City and the patrol officers into line with that being offered in other cities." City Post-Hearing Brief, p. 52.

Section 14(h)(5) of IPLRA directs attention to the cost of living factor. The City argues, as noted earlier, that the City's wage increase is itself in excess of the cost of living. Accordingly, to further provide an increase in the shift differentials would result in "an extraordinary benefit which ... [is not needed] ... to boost employees' salaries to keep pace with the cost of living." City Post-Hearing Brief, p. 52. As for §14(h)'s sixth factor, i.e., overall compensation, the City points to the facts that the patrol officers receive 22 days of paid days of leave time, as well as on-call compensation. Thus, no increase in shift differentials is in order.

E. The Investigator On-Call Compensation Issue

An investigator who is on call begins his or her on-call week at 4:00 p.m. on Friday and is available until 4:00 p.m. the following Friday. Being on call means that the investigator is available to be called in at any time during off-duty hours. Of the 11 current investigators, 10 are eligible to be on call. Under the last negotiated contract, an investigator receives four hours of straight pay for each week he or she is on call. The Union's final offer calls for increasing on-call compensation to four hours

at the overtime rate. The City proposes no change in the current contract.

The Union argues that the present pay scheme -- which has been in place since 1987 -- grossly underpays on-call investigators. The Union reasons that the average salary for the 11 investigators is \$36,849; that this amounts to an hourly rate of \$17.17 (based on a 2,080-hour work year); that four hours at this rate equals \$70.86; and that given that there are 128 on-call hours in a week, this salary of \$70.86 works out to \$.55 an hour. Under the Union's final offer, the increase to overtime pay would, using the same computations, only result in total compensation for the four hours of \$106.26 -- an increase of \$35.40.²³ The Union further argues that this increase is deserved, given the work performed.

In its post-hearing brief the Union does not really address the matter of comparables. In its documentary submissions it did. Those submissions show that of the eight comparables, four-- Galesburg, Urbana, Belleville, and Moline -- pay something by way of on-call compensation. Of those four, two -- Urbana and Moline -- pay more than Rock Island investigators receive under the current contract.²⁴ Urbana pays \$130 per week. In Moline, an officer is

²³ There are some minor disparities in the math. As the arbitrator computes the figures, $\$17.17/\text{hour} \times 6 = \103.02 . On the other hand, according to the City the present on-call compensation amounts to approximately \$70.48 for each officer, not \$70.86, and so the resultant weekly payment were the officers to receive overtime pay would be \$105.72, not the \$106.26 the Union comes up with. In any event, the disparities are very minor and do not have any consequence for resolution of the issue.

²⁴ In Belleville the officer is paid \$50/month for primary

paid one hour of straight pay per week day and 2 hours of straight pay for working Sunday.²⁵

The City reasons that of the criteria set forth in §14(h) of IPLRA, the first three -- i.e., the authority of the employer to effectuate the arbitrator's ruling, stipulations by the parties, and ability to pay -- are not relevant here. Nor are the seventh factor, i.e., changes in circumstances, or the eighth, i.e., other factors not addressed by the first seven, significant.

On the question of comparability as to paying for what the City describes as "carrying a pager," City Post-Hearing Brief, p. 54, the City points out that four of the agreed-upon comparable jurisdictions -- Alton, Danville, Normal, and Quincy -- do not provide any compensation. Of the other three agreed-upon comparables, i.e., Belleville, Galesburg, and Urbana, only Urbana pays more -- \$130.00 per week -- than is provided in the current contract. Accordingly, the proposed increased on-call compensation -- amounting to a total of about \$2,000 annually -- is unwarranted.

The City, as noted earlier, argues that the Union's proposed wage increases are themselves excessive in light of the modest increase in the cost of living in recent years. The City here

call status; \$25/month for secondary call status. If there is no secondary call officer, the primary call officer is paid \$100/month. Special assignments are paid at the rate of \$25 per assignment. In Galesburg the pay is \$70/week for investigators.

²⁵ There was no explication of this formula. As the arbitrator reads it, it is possible that if an officer had to come in during his or her off hours on every day of a given week, he or she would be entitled to eight hours of straight pay (one hour for each week day plus Saturday, and two hours for Sunday).

argues that taking into account the cost of living -- the factor set forth in §14(h)(5) of the statute -- vis-a-vis the proposed increase in on-call compensation only further buttresses the City's position that the increased on-call pay is unwarranted. The sixth statutory factor, i.e., overall compensation, also leads to rejection of the Union's final offer, inasmuch as Rock Island patrol officers already receive 22 days of paid leave, as well as shift differential compensation.

F. The Health Insurance Issue

There is a side letter accompanying the contract that ended on March 31, 1995, which prevents any increases in health insurance premiums being imposed on bargaining unit members during the term of that contract. By its terms, that side letter died when the contract to which it was appended expired. By its terms, also, that letter cannot be introduced into evidence in any interest arbitration for the purpose of establishing that this cap should continue in any successor agreement. The City's final offer is to not renew the side letter; the practical consequence of that offer is to allow the City to increase the amount bargaining unit members may be required to contribute for their health insurance. In fact, however, no increase has been imposed since the contract expired, nor was there -- at least as of the date of the hearing in this matter -- any intention to increase such contributions in the remaining months of the 1995-96 contract year, or for the rest of 1996, for that matter.

The Union's final offer calls for adding contractual language

prohibiting any increase in the amount of contribution paid by employees towards the cost of single or dependent health insurance coverage.

1. The City's Arguments

The City once again asserts that the first three factors set forth in §14(h) of IPLRA --i.e., the authority of the employer to effectuate the arbitrator's ruling, stipulations by the parties, and the ability to pay -- are not on point here. Nor are the fifth factor, concerning cost of living, or the seventh factor, involving changes in circumstances.

In addressing the matter of comparability, which is the focus of §14(h)(4) of the Act, the City points out that of the comparable cities, only Galesburg is operating under a labor agreement that bars the raising of insurance premiums. Thus, the City's final offer is consistent with the situation in the large majority of the comparable cities, whereas the Union's final offer is inconsistent with all but the contract in Galesburg.²⁶ The City further points out, as to the matter of internal comparability, that while the command officer bargaining unit's contract also contains a side letter barring increases in health insurance contributions, that contract expired as of March 31, 1996, and the side letter that accompanied that contract likewise expired as of that date.

Insofar as the sixth criterion set forth in §14(h), i.e., overall compensation, is concerned, the City points out that

²⁶ Since the City maintains that Moline is not a comparable city, it does not address the contractual situation in that city.

bargaining unit members are entitled to 22 paid leave days, as well as shift differentials and on-call compensation. Thus, their compensation is consistent with that of patrol officers and investigators in other cities, and removal of the ban on increasing insurance premiums would not constitute a diminution in income disrupting that consistency.

Finally, insofar as §14(h)'s eighth criterion, i.e. "other factors," is concerned, the City makes the following arguments:

First, this is a self-insured plan for which the expected premiums are not anticipated to go up anyway. Additionally, the side letter which prevented any increase in health insurance premiums during the course of the contract only exists during the course of the contract [,] which ended March 31, 1995. The side letter specifically states that it terminates upon the expiration of the contract and cannot be introduced into evidence in interest arbitration for the purpose of establishing that the procedure should continue in any successor agreement. Therefore, it is the City, rather than the Union, which is proposing "status quo" on this issue.

City Post-Hearing Brief, p. 49.

2. The Union's Arguments

The Union agrees that the record shows that premiums in fact were not increased for fiscal years 1994 or 1995, nor were they expected to increase for fiscal year 1996. This history shows that there is no need for the City to now be given authority to raise required employee health insurance contributions. Moreover, there is a healthy balance in the City's self-insurance fund, and this fact also cuts against the City's claimed need for the authority to

raise insurance contributions. In the Union's view, what is really going on is an attempt by the City to strengthen its hand for negotiating purposes (presumably by having the ability to threaten to raise contribution requirements unless the Union, when negotiations take place either in 1996 or 1997 on a new contract, concedes on some point or other.)

Insofar as comparables are concerned, the City errs -- so the Union points out -- in asserting that only one comparable city is limited as to its ability to increase required health insurance contributions. Instead, according to the Union, quotations from the Alton, Belleville, Galesburg, and Normal contracts show that they all contain guarantees as to what employee premium contributions will be, and none of these contracts -- according to the Union -- contains "language giving the Employer the right to raise insurance premiums." Union Post-Hearing Brief, p. 50.

Moreover, the Union further contends that "the external comparables also favor adoption of the Union's final offer based upon the actual dollar premiums that are being paid by employees in the other jurisdictions." Id. This is because in every jurisdiction except Moline, the City pays the full costs of single insurance premiums; in Rock Island, employees pay \$71.00/month for such coverage. This means that "Rock Island employees lead the pack among those [comparables] where a dollar amount is" discernible. Union Post-Hearing Brief, p. 50.

As for the matter of internal comparability, the Union argues that since there was no change in contributions in 1995, and the

City took the position at the hearing that it did not expect any increase for 1996, as a practical matter no employee group has experienced, or is going to experience, a change until, at the earliest, some time in 1997, and so retaining restrictive language in the contract here would simply leave this bargaining unit in the same position as all the others, i.e., with unchanged premiums. (The City also had noted that a side letter comparable to that in the last finalized patrol officers' and investigators' contract was contained in the police command unit agreement, which ended on March 31, 1996.)

VII. DISCUSSION AND CONCLUSIONS

A. The Duration of Contract Issue

Several of the criteria set forth in §14(h) of IPLRA are inapplicable to the duration of contract issue. More specifically, subsections (1), (2), and (3) do not apply, save for that portion of subsection (3) that addresses the matter of the public interest and welfare. Subsection 14(h)(5), dealing with the cost of living; §14(h)(6), dealing with overall compensation; and §14(h)(7), dealing with changes of circumstances, also are not on point.

Insofar as the public interest is concerned, there is no definitive answer here. As noted earlier, the public interest is served by satisfied employees, and from the perspective of the employees involved in this dispute what will satisfy them is a two-year contract. On the other hand, the public interest also is served by contracts that are negotiated, rather than imposed. Here, the City claims that it wants to begin a new bargaining

relationship with all the City unions. At the time of the hearing, FMCS-sponsored training was scheduled for the near future; presumably that training has by now occurred. Assuming the parties can achieve a better bargaining relationship, the public interest is served by letting them work on developing that relationship in the context of negotiating a new contract, rather than by postponing bargaining until April, 1997.

Insofar as the matter of comparability is concerned, the other Rock Island protective service bargaining units -- or at least the police command officers' unit and the firefighters unit -- both agreed to one-year contracts, running from April 1, 1995 through March 31, 1996. Thus, internal comparability argues for the same one-year contract for the patrol officers' and investigators' bargaining unit. Insofar as the length of contracts in other comparable cities is concerned, the parties did not provide any useful data.

Insofar as "other factors" -- the focus of §14(h)(8) -- are concerned, I return to the matter of the new relationship which the City claims it wants to develop, and to which the FMCS-training was to be directed. This factor again argues, in the context of §14(h)(8), for a one-year, rather than a two-year, contract. There is another 'other' factor, as well, that leads in the same direction. The primary economic issue is the matter of a wage increase. While the Union's final offer entails a 4% increase for the second year of the two-year contract that it proposes, the fact is that it has offered virtually no data regarding comparables or

the cost of living for the period April 1, 1996 - March 31, 1997. (Of course, it hardly could offer cost of living data for a time period that has not even yet begun.) Yet if the arbitrator were to adopt the Union's duration of contract proposal, it would follow that he would have to also adopt the Union's 4% wage increase proposal, since the City has made no offer whatsoever for the second year. However, given the lack of data regarding that second year, the arbitrator is very reluctant to lock himself into adopting the Union's wage increase proposal, by virtue of adopting the Union's duration of contract offer.

Accordingly, the arbitrator feels that his consideration of the relevant criteria set forth in §14(h), which criteria (unfortunately or unfortunately) do not direct any particular answer -- support his conclusion that a one-year contract is appropriate. Thus, the arbitrator adopts the City's final offer and rejects the Union's final offer as to the duration of contract issue.

B. The Wage Increase Issue

Clearly, the wage increase issue is the most important of the issues posed by the parties' final offers. Unfortunately, its resolution is not readily apparent.

The first and second criteria set forth in §14(h) of IPLRA are not relevant in arriving at a solution. Nor is §14(h)(7), concerning changes in circumstances. One aspect of the third criterion, ability to pay, is not directly on point here, since the City does not claim an inability to pay. On the other hand,

... the ability to pay does not automatically lead to the conclusion that the City must pay. If it did, it would follow (unacceptably so) that any City unable to establish inability to pay would lose in interest arbitration. Ability to pay does matter. But it is not dispositive.

Illinois Fraternal Order of Police Labor Council and City of Rock Island, ISLRB No. S-MA-93-119 (March 6, 1995), at pp. 69 - 70 (H. Eglit, arbitrator). The other prong of §14(h)(3) brings into focus the public interest and welfare, and it is here where the matter of finances comes directly to the fore. For even though the City is able to pay the increased costs that would be associated with a 4% wage increase, the fact is that those costs are not to be lightly dismissed. The data adduced by the City show that Rock Island is financially stressed. Its tax rate is very high; its sales tax revenues are quite low. In brief, one can legitimately ask whether the public interest and welfare would be impaired by an increase over and above the 3% offered by the City.

Certainly, in dollar terms alone, the answer must be an affirmative one. On the other hand, the bargaining unit members involved in this arbitration perform enormously important public services; few communities, and certainly none the size of Rock Island, could long survive without an effective law enforcement arm. Thus, the public interest and welfare are served by a police force made up of officers who believe themselves to be fairly treated, for that belief should make them more willing, more aggressive, in sum -- better -- employees. Still, the arbitrator concedes that after one gets through with the hortatory rhetoric,

it seems that the best one can say is that the downsides of increased costs are offset by improved morale.

Another key factor to look at is the matter of comparables. Here, no data have been provided as to the private sector. As for other city employees, the firefighters and the policed command officers received 3.5% increases. But the arbitrator has no ability to award a like increase here: he is confronted with the City's offer of 3% and the Union's offer 4%. Now, it could be argued that since the other units received 3.5% increases, it necessarily follows that the patrol officers and investigators cannot receive less. And so, the argument would go, there is no choice but to reject the City's offer. The problem with this argument is that, if accepted, it would follow that if the Union had made a final offer of a 5% increase or a 5.5% increase or even a 10% increase, that offer would have to be adopted because the City's offer of 3% was less than what the firefighters and the command unit officers received.²⁷ The arbitrator cannot accept this argument (whose extremes he confessedly has concocted, rather than the 5% or 5.5% or 10% increases being actually suggested by the Union.) When all is said and done, internal comparables just do not provide any helpful guidance here because the arbitrator does not have the ability to adopt the internal comparable that counts, i.e., the 3.5% increase received by the other protective

²⁷ Obviously, the arbitrator is exaggerating here. A standard of reasonableness applies, in the arbitrator's view, and it is hard to believe that a 10% proposed increase would pass that test. Still, the general point is a valid one.

service bargaining units.

It is external comparables that have dominated the parties' attention. Insofar as Rock Island patrol officers are concerned, it seems safe to conclude that they are not ranked high in comparison with their counterparts in other jurisdictions. This is particularly so in the early years of a patrol officer's career: Rock Island patrol officers are at, or close to, the bottom in terms of starting pay and salary up through the fourth or fifth year. And even in later years they never get to number one. Still, this state of affairs is not enough to settle the matter as to choosing between the City's final offer and the Union's.²⁸ For the fact is, harsh as it may sound, that not everyone can be first, or even second, or even third. Given a total of nine cities, i.e., the eight comparables and Rock Island, there are going to be disparities. Every patrol officer in each city is not going to receive the same pay. And so not every city is going to rank number one. In brief, the arbitrator resists the simplistic response of simply concluding, 'well, since these police officers are paid less than officers in other jurisdictions, they have to be paid more, and they have to be paid the most possible.'²⁹

²⁸ Actually, one choice has been made. By virtue of the arbitrator's having adopted the City's final offer as to the duration of the contract, he has foreclosed the Union's being able to secure a 4% increase for the second year of its proposed two-year contract. So, what is at issue here is the question of a 4% versus a 3% increase for contract year 1995-96.

²⁹ Of course, any effort to raise one city's officers above another city's could be a short-lived success, since the officers in the other city presumably would bargain for increases to

Actually, however, there is more here than just resisting simplistic responses. For one, the arbitrator is concerned about the fact that investigators' salaries, as increased by the City's offer, do measure up decently in comparison with the comparable cities. Thus, the claim of the Union that a 4% increase is necessary to play 'catch-up' seems less urgent in the case of the investigators. (Of course, neither offer allows the arbitrator to award a pay increase just to some, i.e., patrol officers, and not to others, i.e., the investigators).

There is another matter, as well: the cost of living issue. The arbitrator does not agree with the City's approach, which is to count all dollars collected as a result of step increases, shift differentials, promotions, or whatever, lump them together, and then conclude that the **final** salary total of a given officer is what counts in terms of whether he or she is behind, even with, or ahead of the cost of living. The salary increase an officer receives because he or she is entitled to it by virtue of a provision of the contract keyed to length of service has nothing to do, in the arbitrator's view, with whether the salary **terms** are consistent with inflation. Or to put the matter another way, I may receive additional pay in my salaried position for doing some work that is not a part of my basic contractual duties. But that additional pay is just that: pay for **additional** work. If my base

catapult them over the city that had earlier been elevated over them.

salary remains the same, then I have not experienced an increase in that base salary, and so I have slipped backwards in terms of cost of living analysis insofar as compensation for my base level of work is concerned. But even rejecting the City's cost of living analysis, the fact is that the data show that the cost of living increase for the 1995-96 contract year was 2.7% or 2.8%. Thus, the City's offer of a 3% increase is not out of line in terms of the cost of living criterion.

In sum, in terms of comparables, investigators do not have an overly strong case for a 4% increase. Patrol officers in their early years do make an impressive claim; in their later years the case is a legitimate one, but somewhat weaker than the case made by new and fairly new recruits. In terms of the cost of living issue, the case for a 4% increase is weak across the board.

The overall compensation factor, which is highlighted by §14(h)(6), is difficult to parse. Rock Island officers receive shift differential pay, which officers in a number of cities do not receive. Rock Island patrol officers and investigators receive a benefits, health club memberships worth up to \$235 annually, which no other officers in the comparable cities receive. Some Rock Island officers receive specialty pay. Bargaining unit members receive a number of paid leave days that is less than those provided by only one city, and is more than are received in four of the comparable cities.³⁰ It may be taht in terms of overall

³⁰ Actually, these numbers do not take account of the situation in Moline. The arbitrator is not aware of the paid leave

compensation Rock Island bargaining unit members come out very well, or poorly, or some place in between. The bottom line is that the arbitrator does not have enough information as to overall compensation in dollar terms received either by the bargaining unit members or by officers in the comparables, to confidently make any judgments yea or nay in terms of this criterion.

Section 14(h)(8) concerns "other factors." The arbitrator already has discussed, in Section IV, the fact that he is not receptive to the City's argument that the bargaining unit members should be denied a 4% wage increase because such an increase, if awarded, would send a negative message to the other bargaining units that were willing to agree, without going through collective bargaining negotiations and arbitration, to a 3.5%, one-year rollover of their contracts. On the other hand, the arbitrator also does not find the Union's 'other factor' argument, i.e., that Rock Island's inadequate pay is causing Rock Island patrol officers to quit, to be very convincing. One can assume that the Rock Island patrol officers who have gone to work for Moline did so because of better pay. But the evidence does not establish that explanation as a fact. Nor does the evidence show anything about turnover in the Moline department, or in other comparable cities. For all one knows, moves from one city to another occur even where higher salary does not explain the move. In sum, the cause-and-effect relationship that the Union argues for is too speculative

days provided by that city (although he confesses that that data may have been provided by the Union.)

for the arbitrator to rest his ruling on it.

Where does this all lead? The arbitrator thinks the matter an extremely close one. But ultimately -- because a decision must be made and because the arbitrator perceives a way, as discussed below, to mildly alleviate the harshest disparities, which are those suffered by less senior patrol officers -- to wit, by adopting the Union's final offer regarding shift differentials -- he concludes that the City's final offer should be adopted and the Union's rejected.

(Had he the ability to so do, the arbitrator would award a 3.5% increase. That would serve the ends both of (1) respecting internal comparability and (2) slightly increasing, at least, the patrol officers' salaries -- which are low in the first years. But he does not have that option. And so, when he puts together (1) the fact that the City's offer of a 3% increase is, in terms of comparability, an appropriate (albeit certainly not optimal) increase for the investigators; plus (2) the fact that there was only a 2.96% cost of living increase for contract year 1995-96 and that increase is matched by the City's offer; plus (3) the fact that by adopting the Union's shift differential offer the problem for newer patrol officers can be somewhat alleviated, the arbitrator reluctantly concludes -- despite the very persuasively made and documented arguments of the Union -- that these facts, also persuasively argued and documented by the City, lead him to adopting the City's offer.)

C. The Health Club Membership Issue

The City's past demonstrated concern for the physical fitness of its sworn public safety personnel certainly is both laudable and sensible. Physically fit policemen and women presumably are going to be able to do their jobs better (or at least this should be so for those employees who are called upon to do work that involves strenuous physical activity). Still, it is obvious that City-paid health club memberships for bargaining unit members is a very unusual benefit -- at least insofar as cities with characteristics such as that of Rock Island are concerned. And apart from its distinctiveness, this benefit no doubt indeed does create administrative problems for the City.

Still and all, the benefit at issue here is one that the investigators bargained for, and obtained, in their first collective bargaining agreement, and that they have retained ever since. Indeed, there is nothing in the record of **this** proceeding to suggest that this long-standing health club membership benefit is something that the City even tried to negotiate about during the course of preceding collective bargaining efforts. Thus, apparently the City was content to live with the hassles of administering this benefit in the past so far as the investigators were concerned. Concededly, up until the last contract there were many fewer people entitled to this benefit: it was only by virtue of the last collective bargaining go-round that patrol officers became entitled to City-paid health club memberships. Still and all, this was a benefit for which the parties in fact bargained.

Moreover, the City had to have been aware, at the time it extended the health club membership benefit to patrol officers by the terms of the 1993-1995 contract, that this benefit was not then provided by the comparable cities. Thus, it seems both disingenuous and belated for the City to now argue that because these other cities do not provide what Rock Island was willing in 1993 to provide as a benefit, that benefit now should be taken away in the name of bringing Rock Island into concordance with those other cities.

Finally, in terms of the "other factors" aspect of the Act, the arbitrator is troubled by the notion that the City is seeking through this arbitration to take back from the Union what the City and the Union so recently bargained for. It seems to the arbitrator that were he to adopt the City's offer, his doing so could in some sense be read as undermining the collective bargaining process: the message could be that anything negotiated in good faith in one bargaining cycle may well be up for grabs at the very next bargaining cycle, with interest arbitration to be invoked -- if impasse occurs as to giving up that which was just obtained -- as the vehicle for taking back what was so recently agreed to.

Finally, the arbitrator is of the view that the overall compensation of the bargaining unit members -- particularly patrol officers -- is not so high compared to other cities (indeed, in the early years it is low so far as patrol officers are concerned) as to warrant the diminution of overall compensation that adoption of

the City's offer would constitute.

For the foregoing reasons, and taking into account the various factors set forth in §14(h) of IPLRA, the arbitrator adopts the Union's final offer and rejects the City's final offer regarding health club membership payments.

D. The Shift Differential Issue

As with the other economic issues involved in this arbitration, §14(h)(1), (2), and (7) of IPLRA provide no guidance here.

Since the wage increase adopted here, i.e., 3%, comports with the cost of living increase during the 1995-96 contract year period, the Union's offer for an increase in the shift differential cannot be justified as an additional necessary device for keeping up with a high cost of living increase. And since, as discussed in the context of addressing the wage increase issue, there is insufficient data on overall compensation, that factor cannot support the Union's offer here. Nor do the practices in the comparable cities aid the Union, to say the least: only two other cities pay some sort of added compensation for less desirable shifts, and the amount that is paid in Rock Island is commensurate with the amounts paid in those cities.

Despite all of the foregoing, there is a persuasive other factor that involves the public interest -- to use the criteria set forth in §14(h)(3) and (8) of IPLRA -- for adopting the Union's final offer. The large majority of officers working the second and third shifts, i.e., the shifts for which a differential is paid,

are the less senior officers. It is these same individuals for whom the disparities in pay are the greatest, when comparisons are made with the comparable cities. Thus, an increase in the shift differential provides a focused means of ameliorating these disparities, albeit to a very minor degree. That amelioration in turn enhances the public's interest, the interest which is the focus of §14(h)(3), for Rock Island is not well-served by its junior public safety officers being ill-paid in their early years in comparison to their counterparts in other cities. (Of course, the amount of the increase in salary resulting from a \$.05 per hour increase is very small; the problem is that the alternative means for increasing the pay of less senior patrol officers, i.e., the 4% increase for all bargaining unit members, is difficult to justify, as discussed above.)

Accordingly, the arbitrator adopts the Union's offer regarding shift differentials.

E. The Investigator On-Call Compensation Issue

On-call compensation is paid only to investigators. The evidence adduced shows that in comparison to their counterparts in the comparable cities, Rock Island investigators fare well in terms of basic compensation. Moreover, in terms of the specific matter of on-call compensation, Rock Island investigators receive an amount that is in line with the few other cities that provide some sort of extra pay for off-hours availability. Thus, insofar as the matter of comparability is concerned, the argument for an increase in on-call compensation is unpersuasive. Moreover, because the

investigators fare well generally in terms of comparing them to their counterparts in the comparable cities, and because they will be receiving a wage increase in any event, any argument the Union might make based on §14(h)(6) of IPLRA, which concerns overall compensation, turns out to be unpersuasive.

Subsections 14(h)(1), (2), and (3) of IPLRA are not relevant, save for the public interest and welfare criterion set forth in §14(h)(3). As for that factor, it is no doubt true that an increase in on-call compensation would please the investigators. And presumably the public would benefit by having happier employees. On the other hand, there is an increased cost (albeit a relatively minor one) associated with the Union's final offer, and on that score the public would not benefit. In sum, the public interest factor neither supports nor debunks either the Union's final offer or the City's final offer.

Finally, there is the matter of "other factors," the criterion set forth in §14(h)(8) of the Act. In the arbitrator's view, there **are** no other factors supporting the Union's proposal.

For the foregoing reasons, the arbitrator adopts the City's final offer regarding on-call compensation.

F. The Health Insurance Issue

As a general matter, any effort to penetrate a mix of contractual collective bargaining language and insurance coverage often entails considerable difficulty. That difficulty often is exacerbated when one tries to make comparisons. For example, here

the Union argues that in all but one comparable jurisdiction the cities pick up the full cost of health insurance coverage for single coverage plans. The fact is, however, that as the Union's own Exhibit 1, p. 44 et seq. shows, 36 out of 64 members of the bargaining unit have **family** coverage. And the evidence submitted by the Union shows that as to this kind of coverage the employees in every comparable city except Danville **are** required to contribute. Moreover, while in some of the comparables the contribution amount is less than the \$139.00 per month paid by Rock Island employees, in three cities -- Normal, Quincy, and Urbana -- the required contribution is expressed in percentage terms (Normal -- 61% of premium per month; Quincy -- 50%; Urbana -- 100%), meaning that in those cities the amount required could exceed the amount in Rock Island.

The matter of comparison becomes even murkier when one starts looking at the details. For example, in Belleville the city pays 100% of the premium costs for individual officers. But as to family coverage, the city pays a base of \$27.49 and then the employee must pay 50% of any premium cost in excess of that base. Thus, in Belleville the total amount paid by an employee for family coverage could conceivably exceed that paid by Rock Island bargaining unit members.

Complexity also flows from the extent of coverage provided. In Belleville, for example, the city pays in the manner just noted. But there is a cap on the coverage that is purchased: major

medical, surgical and hospital maximum benefits are \$100,000. This coverage actually is quite low, given the enormous expenses that may be generated by a serious illness requiring just a few days of hospitalization. Thus, while Belleville pays something, what it pays does not purchase very much. It may well be, then, that the prudent employee in Belleville must go out and purchase additional insurance on the private market (although, with a \$100,000 deductible, that insurance should be inexpensive). In contrast, in Rock Island, under the most recent, now-expired contract a memorandum of agreement provides for a maximum lifetime benefit for all medical expense of \$1 million. This would appear to be much more generous than the insurance coverage provided in Belleville.

If the arbitrator had his druthers, he would work his way out of this potential morass of comparing contractual provisions and insurance policy provisions by relying on the fact that he already has adopted the City's final offer as to duration, i.e., the interest arbitration-imposed contract only applies for one year. Thus, since as a matter of fact there were no increases during that year, i.e., April 1, 1995 through March 31, 1996, it is really a moot point whether the Union's or the City's offer is adopted as to the health insurance issue. Under either formulation, the result - - as history, i.e., the passage of time during the period April 1, 1995 - March 31, 1996, has established -- is the same as a practical matter: no increase. And since the arbitrator has concluded that he is not willing to adopt the Union's final offer as to the contract's duration, which offer entailed imposing a

contract for the period April 1, 1996 through March 31, 1997, the matter of health insurance premiums for that period also is moot so far as this interest arbitration is concerned. In other words, there simply is no contract for 1996-97 in which health insurance premium issues would, or could, be a component. Rather, the issues of (1) the costs for which employees will be responsible and (2) the authority of the City to increase premiums will be matters to be resolved at the collective bargaining table. The consequence of all this? The arbitrator would, if he could, rule that he rejects both final offers because both are, in a practical sense, moot. However, the arbitrator does not believe that he has the authority to take this approach, even though by his adopting one of the offers he is really doing no more than affording the party in whose favor he rules a negotiating point for the 1996-97 contract.³¹

Being forced to adopt one or the other of the offers, the arbitrator adopts the Union's, even though he does not find the Union's arguments based on comparability all that helpful. There are two primary reasons for the arbitrator's adopting the Union's offer. First, adoption of that offer achieves internal comparability, since a side letter comparable to that contained in

³¹ If the arbitrator adopts the City's offer, it then can argue -- should the Union seek to have that ceiling written into the next contract -- that the Union, by asking for something new, must give up something in return. If the arbitrator adopts the Union's offer, then **it** can argue -- if the City seeks to negotiate removal of the ceiling on employee contributions during the course of negotiating the 1996-97 contract -- that the City is asking for something new for which **it** must give something back in return.

the bargaining unit's last finalized contract is also contained in the command officer unit's 1995-96 contract.³² Second, adoption of the Union's offer does not, in practical effect, cost the City anything, since contract year 1995-96 has ended with no increases imposed. Granted, the City makes a persuasive case that it needs flexibility for the future. But that flexibility is available to it, since the health insurance language at issue here is being added to a contract that, by reason of the arbitrator's adoption of the City's one-ear contractual duration offer, expired as of March 31, 1996.

AWARD

The arbitrator adopts the following final offers.

(1) Pursuant to the agreement of the parties, §14 is to read, in relevant part, as follows:

Section 14.7 Specialty Pay

Employees shall receive specialty pay in addition to other pay in which they are entitled. Police Specialist \$1200, K-9 \$600, Traffic Specialist \$300, E.R.T. Team Leaders \$400, Narcotics Specialist \$1200. The specialty pay shall be added to the base pay and the specialty pay shall be paid to employees in 26 equal payments during each fiscal year and added to regular pay for so long as they are performing specialty work.

³² The side letter that imposed the ceiling in the 1993-95 contract made very clear that the bar on premium increases expired with the expiration of that contract. Moreover, the side letter expressly provided that it could "not be introduced into evidence in interest arbitration for the purpose of establishing that this procedure [i.e., the ban on increases] should continue in any successor agreement." But here, the arbitrator is relying upon the existence of a side letter in another bargaining unit's contract.

* * * * *

(2) Pursuant to the agreement of the parties, §15 is to read, in relevant part, as follows:

Section 15.4 Overtime

Employees shall be paid one and one-half (1-1/2) times their regular hourly rate of pay for all hours worked beyond forty-one (41) for personnel assigned to a ten and one-quarter (10.25) hour shift; or forty-one and one-quarter (41.25) for personnel assigned to an eight and one-quarter (8.25) hour shift, which may occur in their seven (7) day work departmental work schedule. Hours determined at the conclusion of the seven (7) day work schedule to be eligible for overtime compensation will be compensated for on the pay period immediately following the end of the seven (7) day work schedule.

Employees may elect to accrue compensatory time in lieu of cash payments for overtime at the employee's discretion. Compensatory time shall be accrued at the rate of one and one-half (1-1/2) for each compensatory hour earned and shall be subject to the limitations outlined in Section 15.6 below.

* * *

Section 15.6 Compensatory Time

Employees may elect to accrue compensatory time in lieu of a cash overtime payment for call back hours worked with the following limitations:

- a) Compensatory time shall be accrued at a time and one-half rate.
- b) If compensatory time is elected in lieu of a minimum payout for call back, court appearance, or stand-by, the minimum number of hours eligible for cash payment at the time and one-half rate shall be allowed as compensatory time.
- c) Commencing April 1, 1996, compensatory time shall not be allowed to accrue beyond eighty (80) hours; provided, however:
 - (i) Employees who as of April 1, 1996, have in excess of eighty (80) hours of compensatory time accrued shall be allowed to retain such hours for future use, but shall not be permitted to further

accrue compensatory time until such hours in excess of eighty (80) have been used or bought back by the Employer pursuant to the provisions of subsection (c)(ii) below;

(ii) On April 1 and October 1 of each successive year the Employer shall have the right, should it so choose, to buy back employees' accrued compensatory time hours in excess of forty (40). Payments of compensatory time hours bought back shall be made by separate check to each employee within thirty (30) calendar days of April 1 and October 1 respectively.

d) Compensatory time shall only be used with advance approval of the employee's appropriate supervisor. No employee shall be allowed to use more than one week of accrued compensatory time in conjunction with their vacation and/or personal time.

e) The employee shall make his choice (overtime or compensatory time) known to his appropriate supervisor not later than the end of the pay period in which the overtime hours were worked.

* * *

Section 15.9 K-9

Employees assigned to perform the duties of K-9 officer shall receive an additional one (1) hours pay at the overtime rate for each week of such assignment. The Officer may elect to accrue compensatory time in lieu of a cash payment at the employee's discretion.

* * * * *

(3) The City's final offer regarding the duration of the contract is adopted, and accordingly Section 24 is to read, in relevant part, as follows:

Section 24.1 Term of Agreement

This Agreement shall be effective from April 1, 1995 and shall remain in full force and effect until March 31, 1996. The provisions of this agreement shall be automatically renewed from year-to-year after March 31, 1996, unless either party shall notify the other in writing no earlier than one hundred twenty (120) days

and no later than ninety (90) days prior to the expiration date of its desire to modify this Agreement. If such notice is given negotiations shall begin no later than thirty (30) days after the date of receipt of such notice.

* * * * *

(4) The City's final offer of a 3% wage increase is adopted, and the Union's offer of a 4% wage increase is rejected.

* * * * *

(5) The Union's final offer as to employer payment for bargaining unit members' memberships at health clubs, or fitness and activity centers, is adopted. Accordingly, there is no change to be made as to this benefit.

* * * * *

(6) The Union's final offer as to shift differentials is adopted. Accordingly, §14 of the contract is to read, in relevant part, as follows:

Section 14.6 Shift Differential

Employees working second and third shift shall receive shift differential in the amount of \$.25 for second shift and \$.30 for third shift per hour.

* * * * *

(7) The City's final offer as to on-call compensation is adopted. Accordingly, there is to be no change made as to this compensation.

* * * * *

(8) The Union's final offer regarding increases in the amount of contribution paid by employees towards the

costs of single or dependent health insurance coverage is adopted. Accordingly, language is to be added at the end of §20 of the contract to read, in relevant part, as follows:

Notwithstanding the foregoing, the parties agree that during the period this successor labor agreement remains in effect there shall be no increase in the amount of contribution paid by employees towards the costs of single or dependent health insurance coverage.

* * * * *

Dated: _____

Howard Eglit, Arbitrator