

ILRB

# 227

In the Matter of the Interest Arbitration Between

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FEB 14 2001

ILLINOIS LABOR  
RELATIONS BOARD

\_\_\_\_\_  
City of Effingham :

-- and -- :

Illinois Fraternal Order of Police  
Labor Council :

Illinois Labor Relations Board  
No. S-MA-99-133  
\_\_\_\_\_ :

AWARD AND  
OPINION

Before Matthew W. Finkin, Arbitrator.

The instant matter was heard in the City of Effingham, Illinois, on October 2, 2000. The City was represented by R. Michael Lowenbaum, Esq. The Union by Thomas Sonneborn, Esq., as assisted by Becky Dragoo. Written briefs of the parties were exchanged on December 29, 2000. The City submitted what is, in effect, a Reply Brief on January 16, 2001. Requests by the Arbitrator for clarification of the data were responded to by the Union on February 2 and by the City on February 6 and 8. The parties have waived the provision for a tripartite tribunal and have submitted resolution of the issues presented to the undersigned impartial Arbitrator subject to agreed-upon stipulations. It is stipulated *inter alia* that the instant award incorporates all other tentative agreements arrived at between the parties.

***I. The Issues Submitted***

Six issues are subject to the instant interest arbitration, five economic and one, residency, non-economic, but expressly made subject to the interest arbitration procedure by law. They are:

\_\_\_\_\_

**A. Duration**

**City Offer**

Two year term commencing May 1, 1999,  
ending April 30, 2001

**Union Offer**

Three year term commencing May 1, 1999,  
ending April 30, 2002

**B. Wages**

**City Offer**

May 1, 1999 -- 3.5% increase  
May 1, 2000 -- 3.5 % increase

**Union Offer**

May 1, 1999 -- 3.5% increase  
May 1, 2000 -- 3.5% increase  
May 1, 2001 -- 3.5% increase

**C. Health Insurance**

Both the current contract and that contemplated by both parties would require the City to “provide employee and dependent health insurance coverage.” Accordingly, what the parties respective positions are as to what that obligation entails is best understood on an item-by-item basis in the context of the current provisions which they would change.

<b>Benefit</b>	<b>Current</b>	<b>City Proposal (after two years)</b>	<b>Union Proposal</b>
Employee premium – individual	0	0	0
Employee premium – family	\$25/mo	\$50/mo	\$50/mo
Deductible -- Single	\$200	\$300	\$250
Deductible -- Family	\$600	\$900	\$750
Co-Insurance Ratio	80/20	80/20	80/20
Co-Insurance Breakpoint Single Coverage	\$4,000	\$8,000	\$5,000

Co-Insurance Breakpoint Family Coverage	\$12,000	\$24,000	\$15,000
Maximum Out-of-Pocket Single Coverage	\$1,000	\$1,900	\$1,250
Maximum Out-of-Pocket	\$3,000	\$5,700	\$3,750

Brief of the City at 9-10; *id.* Attachment 2. Brief of the Union at 36.

***D. Sick Leave Accrual***

<b><i>Current</i></b>	<b><i>City Proposal</i></b>	<b><i>Union Proposal</i></b>
For minor and major injuries separately -- ½ day accumulation per month ( <i>i.e.</i> 6 days per year for each or 12 days total per year) to max 90 days each for total possible max accumulation of 180 days	Consolidate all sick leave -- 9 days per year with max of 180 days	Consolidate all sick leave -- one (1) day per month (12 per year) with max of 120 days

Brief of the City at 20; Brief of the Union at 10.

***E. Sick Leave At Separation***

<b><i>Current</i></b>	<b><i>City Proposal</i></b>	<b><i>Union Proposal</i></b>
Not to exceed 30 days	Retain current provision	50% of accumulated leave, <i>i.e.</i> max of 60 days under Union's proposed accrual.

Brief of the City at 20; Brief of the Union at 10.

***F. Residency***

<b><i>Current Policy</i></b>	<b><i>City Proposal</i></b>	<b><i>Union Proposal</i></b>
a) New employees must reside within the City limits unless a waiver is granted by the City Council;	Incorporates current policy	All officers must live within 15 miles of the City limits.

b) No current employee living outside the City will be required to move into the City, but such a person may not relocate to a location greater than 15 miles from a set intersection of the City

Brief of the City at 22 and its Exhibit 23; Brief of the Union at 13 and its Exhibit Book 1, tab c.

## *II. The Statutory Criteria*

Illinois law directs the parties to submit to the Arbitrator "its last offer of settlement on each economic issue." 5 ILCS 315, § 14(f). It then directs the Arbitrator to "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). The findings, opinions and order as to all other issues shall be based upon the applicable factors prescribed in subsection (h)."

Subsection (h) directs the Arbitrator to base his findings, opinions and order upon the following factors, as applicable:

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

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

### *III. Comparable Communities*

The Union proposes seven communities as relevant for comparison with Effingham: (1) Lincoln; (2) Marion; (3) Mt. Vernon; (4) Olney; (5) Rantoul; (6) Salem; (7) Taylorville; and, (8) Vandalia. The City proposes ten such comparisons: (1) Centralia; (2) Charleston; (3) Greenville; (4) Mattoon; (5) Mount Vernon; (6) Olney; (7) Robinson; (8) Salem; (9) Taylorville; and, (10) Vandalia. Thus, the parties are agreed that five jurisdictions -- Mt. Vernon, Olney, Salem, Taylorville, and Vandalia -- are comparable communities for the purposes of this proceeding and they will be treated as such. The further question posed is whether any of the other communities proffered as comparable should be added.

Set out below as Table I is the aggregate feature of the five agreed-upon comparable communities and how they stand vis-à-vis Effingham.

**TABLE I**

	<i>Population</i>	<i># of Officers w/o Chief &amp; Ass't</i>	<i>EAV (millions)*</i>	<i>Budget 99--00 (millions)</i>
Mt. Vernon	17,000	40	123	2.9
Olney	9,000	9	60	.870
Salem	7,500	13	47	.9
Taylorville	11,400	19	75	1.256
Vandalia	6,582	12	33	.953
<b>Average</b>	10,296	18.5	67.6	1.38

Effingham	12,000	25	144	1.93
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\* The figures supplied by the City and the Union vary. The figure given here is the average of the two. It is necessarily a rough approximation; but determining comparability is not an exercise in exactitude.

The City argues that its proposed additional communities -- Centralia, Charleston, Greenville, Robinson and Mattoon should be added because they: (1) are in close geographic proximity to Effingham; and, (2) are similar in community size, annual budget, equalized property valuation, and number of police calls dispatched. Brief of the City at 8. The Union argues for its comparables by setting out a range within which the other contested communities should be compared. Brief of the Union at 20-21. It would disregard geographic proximity to Effingham and would utilize the number of police officers employed instead of the number of police calls dispatched. *Id.*

The undersigned Arbitrator does not read these arguments as differing in substance. Geographic proximity is a factor because, to the extent the labor market for the protective services is more localized than not, these communities would be more likely to compete for or draw from the same labor pool. But no evidence has been offered that Effingham does not compete in a wider labor market with communities of similar characteristics. Similarly, police calls dispatched is an indicator of departmental workload, but it would not alone reflect the workload of the individual officers which would presumably require some adjustment for shift. Again, the size of the force is a fair factor for comparison.

Accordingly, how the contested jurisdictions compare is best determined by how they stack up against Effingham and the features of the average of stipulated comparable communities set out in Table I above. This is set out in Table II.

**TABLE II**

	<i>Population</i>	<i># of Patrolmen</i>	<i>EAV (millions)*</i>	<i>Budget 99--00 (millions)</i>
Centralia	14,500	19	71.35	1.85
Charleston	20,398	23	131.28	2.19
Greenville	6,438	7	36.33	.632
Lincoln	15,418	29	100.08	--
Marion	14,545	21	152.41	--
Mattoon	18,441	38	143.18	2.33
Rantoul	17,212	32	79.35	--
Robinson	7,000	9	48.74	.70
<hr/>				
<b>Average of Agreed Comparables</b>	10,296	18.5	67.6	1.38
<hr/>				
Effingham	12,000	25	144	1.93

\* The figures supplied by the City and the Union vary. The figure given here is the average of the two. It is necessarily a rough approximation; but determining comparability is not an exercise in exactitude.

Using a range of 25% plus or minus that of Effingham, a comparable community would have a population of from 9,000 to 15,000, a police force of between 19 to 31, and an annual budget of between \$1.46 million and \$2.41 million. The average EAV of the agreed upon comparables is almost half that of Effingham. It is singularly more discordant than the other factors; but, because budget figures have not been supplied for three communities, the EAV may be taken as an admittedly crude approximation for available revenues. Because it is a second approximation, the comparison here is best made between Effingham and these cities directly. *I.e.* an EAV of \$108 million to \$180 million would be a "ballpark" figure. Set out below, as Table III, are how the contested communities fit under each of these heads.

**TABLE III**

Comparable by Population:	Centralia, Lincoln, Marion
Comparable by Force Size:	Centralia, Charleston, Lincoln, Marion
Comparable by Either Budget or EAV:	Centralia, Charleston, Lincoln, Marion, Mattoon, Rantoul

It follows that Centralia, Lincoln and Marion ought also be considered for the purposes of determining comparable conditions under the Illinois Public Labor Relations Act.

***IV. Background***

Effingham, a city of about 12,000 inhabitants, sits at the junction of Interstates 70 and 57. The City's assessed valuation has increased steadily from \$94.2 million in 1990 to \$148.9 million in 1998, an increase of over 58%. Taxes collected in that period rose 127%, from \$1.5 million to \$3.4 million. The ending balances of the General Fund have, with one exception, declined from \$2.7 million in 1995 to \$1.6 million in 1999 (the exception being a substantial increase in 1997). However, the City's real estate tax rate declined from 1.44980 in 1994 to 1.29240 in 1998 -- nearly an 11% decrease. So, too, has the City's indebtedness declined, from \$11.45 million in 1993 to \$8.17 million in 2000. The City embarked upon the creation of an Enterprise Zone in 1988 which has, as the City reports, been a "vital tool in economic development."

The Police Department bargaining unit consists of 25 officers. For the year ending April 30, 1999, the City had budgeted \$1.773 million for salaries in the police department and spent \$1.559 million. The City's total general fund expenditure in that year was \$8.389 million. The City has not asserted inability to pay in response to the Union's last offers. The City's *State of the City* report for 2000 reiterates the auditor's finding that the City was "in sound financial condition."

## *V. Analysis of the Issues Presented*

Because the issue of health insurance is the most hotly contested and will bear also upon the question of duration, it will be taken up first.

### *A. Health Insurance*

There are three key components to each of the parties proposals: (1) the premium the employee must pay for individual and family coverage; (2) the deductible above which the City will cover the cost; and, (3) the co-insurance breakpoint above which the employee's co-insurance does not extend. The interplay of (2) and (3) yields a potential "maximum out-of-pocket" that the employee faces vis-à-vis medical costs.

In assessing the two offers, the Arbitrator has to consider the benefits in comparable communities, the treatment accorded other of the City's employees, the overall compensation of the officers in question, the financial impact on the City and on the welfare of the public.

#### *1. Treatment in Comparable Communities*

The evidence reveals very sharp disparities on the degree of economic risk officers are expected to bear for medical coverage. Though Lincoln requires the officer to bear the full cost of the premium for family coverage, its deductibles are half those of Effingham and its maximum out-of-pocket exposure is only 10% of Effingham's. On the other hand, Olney, which passes \$141.34 per month premium cost for family coverage on to the officer, has deductibles two and half times greater than Effingham and maximum out-of-pocket exposure three times greater than Effingham's. Obviously, Effingham fits somewhere in between. Accordingly, it is analytically useful to compare the two proposals with an average of the comparable communities. Table IV displays the respective treatment of premium payment.

**TABLE IV**  
**EMPLOYEE MONTHLY PREMIUM**

	<i>Individual</i>	<i>Family</i>
Centralia*	0	\$50
Lincoln	0	\$100% [actual dollar amount not provided]
Marion	25%	N/A
Mt. Vernon	0	100% [\$484.74]
Olney	0	\$141.34
Salem	0	\$97.57
Taylorville	0	\$131.50 PPO
Vandalia	0	\$55 or 10% of premium [\$74]
<hr/>		
<b>Average (for those where figures are provided)</b>	0	\$163 (\$1,956 per annum)
<hr/>		
Effingham	0	\$25 (\$300 per annum)

Sources: Employer Exh. 17; Union Book 1.

\* This is the provision of the current collective bargaining agreement later submitted by the Union.

Table V displays the respective treatment of the level of deductible.

**TABLE V**  
**MEDICAL DEDUCTIBLE**

	<i>Individual</i>	<i>Family</i>
Centralia	500	1,500
Lincoln	100	300
Marion	150	150 + 100 each dep. [450 family of four]
Mt. Vernon	250	750

Olney	PPO	500	1,500
	non-PPO	1,000	3,000
Salem		250	750
Taylorville		150	100 each dependent [450 family of four]
Vandalia		250	750
<hr/>			
<b>Average for Family of 4</b>		\$268 PPO 331 non-PPO	\$ 807 PPO 994 non-PPO
<hr/>			

Source: *Id.*

The most difficult factor to compare is the maximum out-of-pocket exposure the officers face in these communities. This is computed by applying the co-insurance rate to the co-insurance breakpoint once the deductible is exceeded or, as the Union displays it for Effingham:

$$\text{Individual Deductible } (\$200) + 20\% \text{ of } \$4,000 \text{ breakpoint } (\$800) = \\ \$1,000 \text{ maximum out-of-pocket}$$

The difficulty is that, according to the City's figures, these maxima vary according to whether or not the medical service provider is PPO or non-PPO, and the differences are considerable. Moreover, unlike the monthly premium, which is a fixed cost, or even the deductible, which must be exhausted before the co-insurance is triggered, whether or not the breakpoint will be reached by any individual in any given year cannot be estimated. As the City points out, since 1998, when the City contracted with Blue Cross Blue Shield of Illinois, "only one or two employees city-wide per year have reached the maximum out-of-pocket limits." City letter of February 2, 2001.

In terms of the degree of risk, of potential financial exposure, the lower the co-insurance rate, the less likely the cap will be reached. Though the City's co-insurance rates for PPO

providers is 90/10, which is retained in both of the instant offers, the Union's demand to which the City has posed its counter-offer is predicated on the 80/20 rates that obtain for non-PPO providers. Accordingly, a workable comparison would be to those communities that apply an 80/20 co-insurance rate, especially (though not necessarily) to non-PPO providers. Table VI sets out the pattern of co-insurance rates.

**TABLE VI**  
**CO-INSURANCE RATES**

	<i>PPO</i>	<i>non-PPO</i>
Centralia	90/10	70/30
Lincoln	employer pays 100%	
Marion*	90/10	
Mt. Vernon	90/10	80/20
Olney	80/20	70/30 or 60/40
Salem	80/20	60/40
Taylorville*	80/20	
Vandalia	80/20	60/40

Because the question for analysis here is not only the amount of potential maximum out-of-pocket, but how quickly it is reached -- how likely it is that the officer may actually have to pay out that cost -- comparison is best made with those plans for whom the employee's rate of co-insurance is 20%. This is set out below in Table VII.

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\* There is no evidence on whether these rates apply to only one or both.

\* *Id.*

**TABLE VII**

**MAXIMUM OUT-OF-POCKET FOR COMPARABLES WHO  
REQUIRE OFFICERS TO BEAR A 20% CO-INSURANCE RATE  
[including deductible]**

	<i>Individual</i>	<i>Family</i>
Mt. Vernon (non-PPO)	1,250	3,750
Olney (PPO)	3,500	10,500
Salem (PPO)	1,250	5,000 [family of 4]
Taylorville* (PPO)	950	2,450
non-PPO	3,150	7,450
Vandalia (PPO)	1,250	3,750
<hr/>		
<b>HIGH AVERAGE:</b>	<b>2,080</b>	<b>6,090</b>
<b>LOW AVERAGE:</b>	<b>1,640</b>	<b>5,090</b>

\* The Union gives 80/20 for Taylorville. The City gives no breakdown under this head. Both PPO and non-PPO will be computed.

Table VII puts the preceding comparisons together and sets them against the current agreement and the parties' proposals.

**TABLE VIII**

	<i>Current</i>	<i>Average of Comparables (Tables IV-VII)</i>	<i>City Offer</i>	<i>Union Offer</i>
Premium (pa.)				
individual	0	0	0	0
family	\$ 300	\$1,956	\$ 600	\$ 600
Deductible				
individual	\$ 200	\$268 or \$331	\$ 300	\$ 250
family	\$ 600	\$807 or \$994	\$ 900	\$ 750
Max expense				
individual	\$1,000	\$1,640 to \$2,080	\$1,900	\$1,250
family	\$3,000	\$5,090 to \$6,090	\$5,700	\$3,750

This much seems clear: Under either proposal, Effingham officers will continue to enjoy a substantial advantage in the sunk cost of medical premiums for family coverage vis-à-vis the average of comparable communities of over \$1,300 per annum. The difference between the parties on individual deductible is \$50. The Union's position is below the low average for comparable communities; the City's is mid-range for them. On the family deductible, the union's offer is closer to the average of comparables at the low end and the city closer to the average at the high end. But, far and away, the City's maximum out-of-pocket is in the ballpark of comparables at the 20% co-insurance rate and the Union's is out of it. The latter is no doubt the "spongier" of the comparisons; but, even if these figures were adjusted by adding Lincoln, which has no co-insurance, to balance the high end comparison which Taylorville might distort, the result would be an average for maximum out-of-pocket for individuals of \$1,733 and for families of \$5,070. *I.e.* the above conclusions would remain the same. Nor is the wage structure for Effingham significantly lower than that in comparable communities such that more advantageous benefit treatment might be viewed as a compensatory offset.

## ***2. Cost to the Employer***

The Union terms the City's offer "outrageous," Brief of the Union at 37, as compared to what the officers had to pay and the potential medical cost they faced under the prior collective agreement. It argues that the City has consistently budgeted more for employee health than it has spent, *id.* at 38; and, there has been no drastic increase in medical claims. *Id.* at 39.

The Union is quite correct that the City's offer would work a considerable change, significantly to increase the potential out-of-pocket medical expense the officers might be required to bear. But the focus is not on this increase alone, but on the total wage and benefit

structure. See In the Matter of St. Clair County and St. Clair County Sheriff, Case No. S-MA-99-60 (M. Finkin, Arb.) (Sept. 20, 2000), at p. 19. As the foregoing concludes, the City's position is well within the range of treatment accorded by comparable communities.

Moreover, the fact that the City has budgeted conservatively does not speak to the issue for it has not claimed an inability to pay. The City argues it has experienced an increase in claims, and that its premiums have risen substantially, Brief of the City at 10.

The claim history is idiosyncratic -- less in 1994 than in 1993, less in 1996 than in 1995 -- dependent as it necessarily is on adventitious events. But the City's assertion as to its increased premium costs and higher contribution rate is not contested; and, it has projected an 18.7% increase in premiums for 2001. The issue is how much of these costs should the City expect its employees to bear; and on that issue, the City's treatment of its other employees is also relevant.

### *3. Treatment of Other Employees*

The City argues:

that the City's proposal is consistent with the insurance plan accepted by the telecommunicators (FOP) and the Teamsters. Here, the only other unit left to accept the new levels would be the Firefighters whose contract will expire in May 2001. Admittedly, the City is awaiting the outcome of this interest-arbitration to implement the same plan for its unrepresented employees. . . . By granting the Employer's insurance proposal, there will be parity with the newly negotiated contracts. It is well-settled that internal consistency is an important consideration with respect to health insurance coverage. (*Village of Alsip and Illinois Fraternal Order of Police Labor Council*, S-MA-93-110, Fletcher, 5/12/95).

Brief of the City at 17.

The Union argues that there was a wage *quid pro quo* with both the telecommunicators and the Teamsters for their acceptance of this insurance package that is not present here. The City argues persuasively that the substantial wage increase given the telecommunicators served only

to bring them into line with wages at comparable communities, and that the wage increase in both cases was actually 3.5% -- which both parties offer one another here -- after that one-time adjustment is taken into account. As for the firefighters, whose contract expires in May, the City states candidly that it "caved in" to a 3.75% increase. *Id.* It points out that its insurance proposal is not retroactive, but would be implemented only commencing in 2001, so that part of the Union's objective will actually have been realized.

#### ***4. Conclusion***

Considering the justifiable concerns of the City, its bargaining agreements with two other units (and the importance of consistent treatment) and, most important, the comparison with comparable communities and the overall wage structure of this department vis-à-vis the others, I find the City's offer better complies with the factors set out at 5 ILCS 315/§ 14(h) than does the Union's.

#### ***B. Duration and Wage Increase***

The City seeks a two year term, ending April, 2001, so that all its contracts will terminate at the same time. *I.e.* so that it can coordinate its bargaining and avoid whipsawing.

The Union seeks a respite from negotiations and the stability a three-year agreement, ending in April, 2002, affords. It points to the historical pattern of three-year agreements and to arbitral authority in reliance upon such past practice and on the need for stability.

The City's position has considerable weight, but its major concern in achieving a common termination date, at least as expressed in the record here, is to achieve parity in medical insurance treatment. Given the instant disposition of that issue, only the firefighters need to be persuaded, and their agreement will expire in 2001. For the reasons given by Arbitrator Perkovich and

Arbitrator Briggs in the awards set out on pages 32-33 of the Union's Brief, that is the historical bargaining practice of the parties, stability, and the Union's deeply sensed need for a respite in bargaining, I find the Union's offer more reasonable, especially taking into account subsection h(8) of the Act.

The City did not offer a wage increase in the third year; but it makes no argument that the Union's offer is unreasonable or not in keeping with the statutory factors governing wages. I have considered the record the Union developed on the wage increase issue and find no ground to disagree with the reasonableness of a 3.5% increase in the third year.

### *C. Sick Leave Accrual*

The City argues that police employees "have had a more than ample number of sick days to meet their needs" pointing to the number of days accumulated under the current policy. Brief of the City at 20. It argues, in light of this, that the purpose served by the Union's proposed increase in the number of days to be accumulated is only to increase the sick leave paid at separation which, the City further argues, is unreasonable. *Id.* at 22. The latter is relevant inasmuch as the two issues -- accrual and payment at separation -- are closely linked, even if they have been presented to the Arbitrator as separate economic issues.

The Union points out that the current policy of accrual under two separate heads produces a combined total annual accrual of 12 days. It would not appear to dispute that this accrual yields an adequate number of days of sick leave inasmuch as it proposes merely to collapse the two categories and provide for 12 days' accrued per year. It argues, however, that no justification has been offered to reduce the accrual to nine days per year.

The comparison of comparable communities is set out below in Table IX.

**TABLE IX**  
**SICK LEAVE ACCRUAL**

<i>City</i>	<i>Days per Year</i>	<i>Max Accum.</i>
Centralia	12	100
Lincoln	-- as per 5 ILCS 345/1 --	
Marion	12	75
Mt. Vernon	12	125
Olney	12	90
Salem	12	130
Taylorville	7 days regular + additional for major injury	75
Vandalia	12	250
<hr/>		
<b>Average</b>		116.43
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Source: City Survey Exh. 22A; Union Book 2 of compiled collective agreements. City Exh. 22A sets out 120 days as the maximum accrued for the City of Salem, but the actual collective agreement contained in Union Book 2, tab 6, p. 32, provides for a maximum accumulation of 130 days.

The City proposes 9 days per year accrual with a maximum of 180 days. The Union proposes 12 days per year with a maximum of 120. It is at once obvious that of the former element, the Union is consistent with six of the eight jurisdictions. The City is widely discorded with them and with the City's own current policy which does allow 12 days albeit under two separate heads. Of the latter, the City is seemingly more generous -- "seemingly" because a significant impact of this accumulation is more likely to be felt at separation -- but the Union's proposal, of 120 days, comes very close to the average of the seven comparable communities for which data are available. In sum, the Union's offer brings the City into line with the mainstream

of comparable communities; the City would not. The Union's offer is better in keeping with the statutory standards than is the City's.

***D. Sick Leave Pay-Out at Separation***

The City argues that comparison here is difficult: "Most of the buy-back provisions mentioned in this Agreement [*sic*] [presumably referring to the Union's argument on page 29 of its Brief] are at death or retirement only. Effingham's buy-back is allowed at termination without cause, resignation or retirement." Letter of the City of January 16, 2001, at p. 2. Moreover, the Union's proposal would cost the City over \$78,000. Brief of the City at 21.

The Union would increase the "buy-back" from 30 to 60 days (one half of the maximum 120 day accrual). It argues, however, that this would place Effingham in line with the average of the comparable communities it submitted, *i.e.* of 60 days. Brief of the Union at 30.

The breakdown of comparability as found by the Arbitrator is supplied below as Table X:

**TABLE X**

**SICK LEAVE AT SEPARATION**

	<i>Provision</i>	<i>Maximum</i>
Centralia	100% of accrued sick leave on "voluntary termination"	100 days
Lincoln	No provision (governed by 5 ILCS 345/1)	N/A
Marion	No provision	N/A
Mt. Vernon	on "normal retirement or death" 50% of unused leave	62.5

Olney	“unused sick leave earned” may be compensated following the year of its accrual by application at the rate of ½ over nine such days	45
Salem	persons dismissed for cause forfeit all accumulated sick leave	45.5*
Taylorville	“upon retirement or resignation in good standing”	37.5 plus 37.5 for early retirement, <i>i.e.</i> 75
Vandalia	“upon retirement”	120
<hr/>		
<b>Average</b>		74.67
<hr/>		

\* The Salem collective agreement tracks a city Personnel Policy Manual that is not in evidence. The City’s Exhibit 22A merely states that Salem provides for such leave at separation. The Union claims that use is capped at 35%. Brief of the Union at 29.

Contrary to the City, of the six comparable communities whose policies are presented, only two, Mt. Vernon and Vandalia, limit the payout of accrued sick leave to death or retirement. Omitting these, and limiting Taylorville to 37.5 days for a non-retirement resignation, the average payouts for those with closer conformity to Effingham’s payout provision becomes 57 days. The purpose served by the accrual and payout of accumulated sick leave is to reduce the use of sick days during employment and to encourage people to remain on the job eventually to capture that benefit as deferred income. Thus, the disparity average payouts of those systems geared to retirement (or death), of 86 days, vis-à-vis those policies without such a restriction, of 57 days, is not surprising.

In sum, the City seeks to cap sick leave at separation to 30 days. The Union would do so at 60 days. The Union's proposal is almost exactly what comparable communities with similar eligibility standards provide; and the additional cost to the City, of \$78,000, represents an inconsequential nine-tenths of one percent of the City's budget in 1999. I find the Union's position better to comport with the statutory criteria than does the City's.

#### *E. Residence*

The City argues in favor of the reasonableness of the status quo that: (1) public sentiment, as a political matter, favors city residence for the police; (2) it bolsters the tax base; (3) it adds to public safety by having officers available even if technically off-duty; and, (4) no current employee would be adversely affected.

The Union argues that there is no evidence that the community is rendered safer by requiring officers to reside in the city: It points out that, contrary to other interest arbitrations, no evidence was adduced at all on response time or the like bearing upon officer residence; all that is presented, according to the Union, is a matter of public perception, not fact. It notes that although current ordinances not bargained for with the police officers do provide for city residence, where the matter has been bargained about the result has been a relaxation of the rules. The Union argues to a series of arbitration awards, in not all of which the Union position prevailed, whose reasoning the Union asserts to support it here. Finally, it notes the uneven history of the City's ordinances as evincing no clear and consistent policy.

The undersigned is persuaded by Arbitrator Perkovich's reasoning in *City of Lincoln*, set out in the Union's Brief at 61:

The Employer argues that its proposal, requiring employees hired after 1991 to live within the city while those hired before that date can live within certain telephone prefixes, should be selected because the residents of the City of Lincoln demand such a result in order to be, or at least to feel, safer. Indeed, such a view by the citizens and the elected officials is understandable, but is it demonstrable and reasonable? In my opinion such an inquiry must be undertaken because I must, as the interests arbitrator, select only a result which is reasonable.

In that case, the City argued for the status quo allowing employees hired before 1991 to live in certain telephone code prefixes surrounding the City, but requiring post-1991 hires to live in the City. The Union sought a 10 mile radius limit for all employees. Arbitrator Perkovich awarded in the Union's favor.

The applicable rules in the comparable communities are set out below as Table XI.

**TABLE XI**

**RESIDENCY**

Centralia	Within 12 miles of a set intersection
Lincoln	Within 10 miles of the City Limit
Marion	City ordinance requires city residence
Mt. Vernon	City ordinance permits residence anywhere in county
Olney	City ordinance permits residence anywhere in county
Salem	Employee pays 1% of wages for residing out of the City
Taylorville	Ordinance requires city residence
Vandalia	Post-1999 hires must reside in city; previous hires may live 1½ miles out of city

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Source: Brief of the Union at 42-43 (not contested by the City).

Of the eight comparable communities, two have city ordinances requiring city residence, two have city ordinances permitting residence anywhere in the surrounding county, and four deal with the matter by collective agreement. Of these, one, Salem, applies a rule similar to that which Effingham has abandoned; one, Vandalia, applies a rule strongly analogous to Effingham's

current policy, and two, Centralia and Lincoln, permit residence within 12 and 10 miles of the city respectively, the latter as per Arbitrator Perkovich's award. In sum, apart from the *Lincoln* award, there is no compelling pattern for or against either position.

The instant case seems indistinguishable from the *Lincoln* award discussed above. First, a fifteen mile radius is already recognized as reasonable by the City for its "grandfathers" those so residing. Second, the City currently permits exceptions to the rule for new hires, albeit on a standardless basis that is theoretically open to arbitrary application. Finally, no evidence has been adduced by the City in support of its demand for city residence by new hires other than its political desire that such be so. On the record and arguments before me, I believe that I cannot but conclude that the Union's position more nearly conform to § 14(h) than does the City's.

#### *VI. Award*

1. On the respective last offers on wages and the duration of the collective agreement, the Union's offer is awarded.
2. On the respective last offers on health insurance, the City's last offer is awarded.
3. On the respective last offers on sick leave accrual, the Union's last offer is awarded.
4. On the respective last offers on sick leave at separation, the Union's last offer is awarded.
5. On the respective last offers on residency, the Union's last offer is awarded.
6. The tentative agreements reached by the parties on all other issues and entered upon the record in this proceeding are adopted and incorporated by reference in this Award.



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Matthew W. Finkin  
Arbitrator

12 Feb 2001

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Date