BEFORE
EDWIN H. BENN
ARBITRATOR

In the Matter of the Arbitration **between** **THE CITY OF CHICAGO, ILLINOIS** **and** **FRATERNAL ORDER OF POLICE, CHICAGO LODGE NO. 7**	Arb. Ref. 04.328 (Interest Arbitration — 2003 - 2007 Agreement)

OPINION AND AWARD

APPEARANCES:

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Dated: February 28, 2005

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I. BACKGROUND

Fraternal Order of Police, Chicago Lodge No. 7 ("Lodge") is the collective bargaining representative for approximately 11,600 sworn police officers below the rank of sergeant employed by the City of Chicago ("City").[1] The parties' most recent collective bargaining agreement ("Agreement") expired June 30, 2003.[2] The parties have engaged in extensive collective bargaining for a new Agreement. With my assistance, the parties were able to reach a resolution of certain issues during the mediation phase. The parties have been unable to reach agreement on all items and are at impasse over many issues.[3]

This is an interest arbitration. The purpose of this proceeding is to resolve the remaining disputed issues between the parties and establish the terms for the new Agreement pursuant to the requirements of the parties' impasse resolution procedure established in the prior Agreement and the statutory factors provided in the Illinois Public Labor Relations Act ("IPLRA").[4]

Upon my involvement in this matter, a procedure was established for identifying disputed issues; submitting final offers; submitting briefs, evidence

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[1] Agreement at Article 2. As of the filing of the parties' pre-hearing submissions in this matter, the City placed the number of officers in this bargaining unit at 11,574. City Exhibit 11 at 3.

[2] Agreement at Section 28.1.

[3] Uncontested items are incorporated into this award at IV, Appendix D.

[4] *See* Agreement at Section 28.3; IPLRA, 5 ILCS 315/14.

Section 28.3(B) of the Agreement provides for the establishment of a three member Dispute Resolution Board — one member appointed by the City, one member appointed by the Lodge and one impartial member. I was selected as the impartial member. The parties have waived the three member Board and have agreed that I act as the sole arbitrator. As I interpret Section 28.3(B) of the Agreement and the corresponding provisions of Section 14 of the IPLRA — and as is so often done in these kinds of proceedings — the parties have the authority to waive the three member Board and have done so.

and reply briefs in support of the parties' respective final offers; mediation; and hearing.[5] The parties have fulfilled those requirements and voluminous briefs and evidence have been submitted and considered. Hearings were held on January 18 and 19, 2005 on limited issues where further evidence and arguments were presented. The pre-hearing submissions of evidence and briefs have allowed for an expedited resolution of this case.[6]

My task now is to resolve the impasse over the issues in dispute when the parties submitted their final offers and to set the terms for the new Agreement.

II. ISSUES IN DISPUTE AND THE STATUTORY FACTORS

A. Issues In Dispute

The parties identified the issues in dispute as follows[7]:

1. Duration
2. Wages
3. Salary schedule compression
4. Duty availability allowance
5. Uniform allowance
6. Health care (plan design, employee premium contributions, co-pays, deductibles, out-of-pocket expenditures, etc., dental and vision plans)
7. Wellness plan and health care screenings
8. Exchange of compensatory time for cash or health care payments
9. Competitive bidding for health care
10. Health care for retirees
11. Interest on retroactive payments
12. Injury on duty procedures and benefits

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[5] Order of October 6, 2004.

[6] That pre-hearing submission procedure allowed me to resolve many of the issues prior to hearing and thus expedite final issuance of this award.

[7] *See* the parties' submissions of October 8, 2004.

13. Vocational retraining for duty or occupational disability
14. Management of the medical roll
15. Financial incentives for not using the medical roll
16. Processing of medical grievances
17. Special employment disqualification due to medical roll usage
18. I.O.D. recurrence physician referrals
19. Arbitrator remedies for violations of Appendix N
20. Holiday pay eligibility requirements
21. Special detail plan for overtime for paid details
22. $75 fee for promotional exams
23. Bargaining over BIS D-2A exam
24. Random alcohol testing

Throughout this award, these issues will be referenced by their corresponding numbers.

B. The Statutory Factors

Section 14(h) of the IPLRA lists the following factors for consideration in interest arbitrations:

> (h) Where there is no agreement between the parties, ... the arbitration panel shall base its findings, opinions and order upon the following factors, as applicable:
>
> (1) The lawful authority of the employer.
>
> (2) Stipulations of the parties.
>
> (3) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.
>
> (4) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
>
> (A) In public employment in comparable communities.
>
> (B) In private employment in comparable communities.
>
> (5) The average consumer prices for goods and services, commonly known as the cost of living.
>
> (6) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment and all other benefits received.
>
> (7) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
>
> (8) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in determination of wages, hours and conditions of employment through voluntary col-

lective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

III. RESOLUTION OF THE DISPUTED ISSUES

Although there are 24 identified issues in dispute, a number of the individual issues are related. Where appropriate, those issues will be addressed together.[8]

A. Duration

Issue 1 addresses duration of the Agreement.

While their positions differed prior to submission of their final offers, the parties now agree that the new Agreement shall be for four years commencing July 1, 2003 and expiring June 30, 2007.[9]

B. Wages, Salary Schedule Compression And Health Care

1. The Parties' Offers

a. Wages

Issue 2 addresses wages.

The City made the following final offer on wage increases[10]:

Effective July 1, 2003	2.0%
Effective January 1, 2004	2.5%
Effective January 1, 2005	3.0%
Effective January 1, 2006	3.0%
Effective January 1, 2007	2.0%

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8 A summary of the resolutions made by this award is found at V. Details of the new salary schedule and health care changes are also attached as appendices at IV of this award.

The City filed a Motion To Bar Admission Of Evidence Not Tendered In Response To Information Requests, which was opposed by the Lodge. By order dated December 23, 2004, that motion was taken under advisement with the case. In light of the discussion in this award and the ultimate resolution of the issues, the City's motion is moot because the evidence relied upon does not fall within the scope of the City's motion.

9 Lodge Final Offer at 11, ¶ 20; City Final Offer at Tabs 1, ¶ I; 4(A).

10 City Final Offer at Tabs 1, ¶ II; IV(A).

The Lodge made the following final offer on wage increases[11]:

Effective July 1, 2003	3.5% (for any officer who does not receive the benefit of salary schedule compression)
Effective January 1, 2004	4.0%
Effective January 1, 2005	3.5%
Effective January 1, 2006	4.0%
Effective January 1, 2007	4.0%

b. Salary Schedule Compression

Issue 3 addresses salary schedule compression.

Under the prior Agreement, there are 11 steps in the salary schedule before an officer in a class grade reaches top pay after 30 years of service.[12] The parties made proposals to compress those steps.

The City made the following final offer on salary schedule compression[13]:

> Effective January 1, 2005, Step 11 (30 years) becomes Step 10 (25 years).

The Lodge made the following final offer on salary schedule compression[14]:

> Effective July 1, 2003, the maximum rate of pay on the salary schedule for officers covered by this Agreement will be available to officers with 25 years of service. The salary schedule shall be amended by deleting the 30 years of service pay step, step 11 and designating the 25 year step, step 10 as the maximum rate of pay on the salary schedule. The pay level for step 10 shall be the former pay level for step 11, and the pay level for step 9 shall be the former (effective January 1, 2003) pay level for step 10, and the pay level for step 8 shall be the former pay level for step 9, and the pay level for step 7 shall be the former pay level for step 8. Employees with more than 25 years of service and whose pay levels are not listed in the salary schedule will receive across the board wage increase as indicated in [the Lodge's wage increase offer].

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11 Lodge Final Offer at 9-10, ¶ 17.

12 Agreement at Appendix A.

13 City Final Offer at Tabs 1, ¶ III; 4(A).

14 Lodge Final Offer at 10, ¶ 18.

c. Health Care

Issues 6, 7, 9 and 10 address health care.[15]

The parties' final offers concerning health care are extensive — and quite different.

A general comparison of the parties' final offers on health care shows the following[16]:

	CITY		LODGE	
Issue	**Offer**	**Eff. Date**	**Offer**	**Eff. Date**
Health Insurance Contributions	• Increase contribution levels as follows (based on pensionable compensation): Employee: 2.2% Employee+1: 2.5% Family: 2.8%	7/1/04	• Maintain status quo for contributions (based on salary): Employee: 1.0281% Employee+1: 1.5797% Family: 1.9705%	7/1/03
Coverage for 60-65	• Eliminate 60-65 coverage	1/1/05	• Retain 60-65 coverage • Add coverage for officers who retire at 57 with 30 yrs (and dependents)	7/1/03
Dental Plan	• Single plan for preventative coverage • Discounted amounts for basic and major in-network services per fee schedule	1/1/05	• Maintain current PPO and HMO plans • No change to co-pays & deductibles • add orthodontia for HMO and PPO plans with co-pay	7/1/03
Vision Plan	• Individual exam each year for $20 co-pay • 20% discounts on in-network materials	1/1/05	• Included in Wellness Plan	7/1/03
Prescription Drugs Retail	• Increase co-pay ($10-$55) depending on type	varying	• Status quo for co-pay	
Prescription Drugs Mail Order	• Increase co-pay ($20-$80) depending on type	varying	• Co-pay ($5-$20) depending on type	
Use of Over-	• Status quo		• Create VEBA/HSA with	7/1/03

15 Competitive bidding — issue 9 — is also discussed at III(B)(7)(b)(3).

16 City Final Offer at Tabs 1, ¶¶ VI-IX; 4(A); Lodge Final Offer at 7-9, ¶¶ 14-18, Appendices S, D, G and H. Given the detail of the parties' offers on health care, this chart is a basic summary. Specifics concerning coverages, deductibles, co-pays, maximums, etc. are set forth in the parties' offers.

time Compensation			comp time (voluntary) 50 hrs. 1/1/05 100 hrs. 1/1/06 200 hrs. 1/1/07	
Competitive Bidding[17]	• Not required		• Requirement to select lowest responsible bidder • Factors to be considered in evaluating bidders determined through a joint labor management committee	7/1/03
Health Insurance Plan	PPO, PPO with HRA and HMO with combinations of 80%/50% co-insurance with subscriber share; increased deductibles, maximums; increased ER co-pay; 80%/50% office visits for PPO and increased co-pay for HMO; routine pediatric immunization, gyne, mammograms, outpatient surgery and inpatient hospital 80%/50% PPO with increased deductibles for HMO; outpatient laboratory and radiology 80%/50% PPO; phys. speech & occ. therapy 80%/50% for PPO with 60 max. visits/yr. for HMO restoration only; cardiac rehab, pulmonary rehab, respiratory therapy, restorative service , chemo, radiation, dialysis, chiropractic care 80%/50% PPO; outpatient nursing, skilled nursing, hospice, DME & prosthetics 80% for PPO; outpatient diabetic education 80%/50%; routine foot care not covered; fertility treatment 80%/50% PPO; mental illness care and substance abuse inpatient 80%/50%, with 7 sessions if not treatment not certified, max $5,000 per year; mental health and individual yearly and lifetime	1/1/05	Basic status quo with 90%/70% co-insurance PPO; in-network deductibles $200 for individual and $400 for family; out-of-network deductibles $500 for individual and $1000 for family; limits on out of pocket expenses; $25 ER co-pay; office visits $10 co-pay in-network, 50% after deductible out-of-network; pediatric and gyne $10 co-pay in-network 50%, no deductible out-of-network; mammograms $10 co-pay in- network 50% out of network; outpatient surgery, in-patient hospital, outpatient laboratory and radiology 90%/70%; phys. speech & occ. therapy $10 co-pay; cardiac rehab, pulmonary rehab, respiratory therapy, restorative services, chiropractic care, $10-$15 co-pay; chemo, radiation, dialysis; outpatient nursing, skilled nursing, hospice, DME & prosthetics outpatient diabetic education routine foot care fertility treatment 90%/70%; mental illness care outpatient $10-$15 depending on number of visits, inpatient 90%/70%; substance abuse hearing exams and aids 90%/70%	

17 Competitive bidding for health insurance is further discussed at III(B(7)(b)(3).

	maximums; hearing exams covered in wellness benefit; hearing aids not covered.			
Flexible Spending Account	Add flexible spending account.	1/1/06	Status quo	

2. The Differences In The Parties' Final Offers

The parties are miles apart in their final positions on wages and health care.

The total simple percentage increases in the wage offers are as follows[18]:

	Total % increase
Lodge	19.0%
City	12.5%
Diff.	6.5%

The compounding effect is higher.[19] Using the example of the Class Grade 1, Step 5 salary lane as of June 30, 2003 (when the prior Agreement expired) of $55,764, the Lodge's offer would increase that salary to $67,195 at the end of the Agreement, while the City's offer would increase that salary to $63,089.[20] For that class grade and step, the Lodge's offer compounds to

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18 The total percentage increase is the simple sum of the respective yearly percentage increases.

19 The compounding effect is calculated by applying the parties' proposed percentage increases and then computing the percentage increase based upon the salaries at the end of the prior Agreement and the salaries at the end of the new Agreement after application of the percentage increases.

20 While there might not be many officers in that particular class grade and step, the salary attached to that officer is closest to the mid-point of the range of salaries found in the salary schedule of the prior Agreement when it expired on June 30, 2003. *See* Agreement at Appendix A. *See also*, IV, Appendix A which also shows the June 30, 2003 rates.

20.5% and the City's offer compounds to 13.1% — a 7.4% difference.[21]

On health care, the Lodge's offer, for the most part, seeks to maintain the *status quo* allowing for some increased costs, but extends coverage to younger retirees, while the City's offer increases premium contribution levels, eliminates coverage for officers 60-65; reduces coverages; increases co-pays and deductibles and establishes maximum benefits.

When the Agreement expired on June, 30, 2003, the Department's total base payroll was $709,997,574.[22] When other economic aspects of the parties' proposals are factored (such as, overtime, compensatory time, duty availability and uniform allowances, etc., discussed below) — exclusive of health care costs — over the life of the Agreement the parties' offers differ as follows[23]:

Lodge Offer Less Current	**City Offer Less Current**
$447,326,000	$296,313,000

Thus, from the cost analysis presented, at the end of the Agreement, the Lodge's offer will cost the City $447 million more in payroll for the Department than it cost in June 30, 2003, while the City's offer will increase that cost by $296 million. Stated differently, over the life of the Agreement the parties' offers in this area are *$151 million* apart — *i.e.*, miles apart.

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21 The compounding effect of the Lodge's offer for this class and grade would be ($67,195 - $55,764) ÷ $55,764 = 20.5%. The compounding effect of the City's offer would be ($63,089 - $55,764) ÷ $55,764 = 13.1%.

22 City Exhibit 108.

23 *Id.*

3. Collective Bargaining In The Current Economic Climate In Chicago

Why are the parties so far apart on their final offers? The answer is the status of collective bargaining in the present economic climate — particularly in Chicago.

First, the City faces a slow revenue stream and has not fully rebounded from the effects of the recent national economic slowdown.[24] According to the City, as a result of the current economic state of affairs, it has been forced to curb spending, streamline operations, renegotiate contracts, privatize services, sell unneeded land, institute a hiring freeze and reduce full-time positions from 38,869 in 1989 to approximately 35,000 in 2005.[25] Yet, according to the City, even with those belt tightening efforts, "the City continues to face a budget gap of $220 million."[26]

As a result of less than favorable economic conditions, the City had to propose a painful budget for 2005 calling for increasing the sales tax to 9% (placing it amongst the highest in the nation), along with increases in fees and taxes on cigarettes, alcohol, hotel rooms, sporting events and natural gas,

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24 According to the City, the City's tax revenues have declined 1.8% between 2000 and 2004; hotel and amusement tax revenues are flat and far below pre-2001 levels; the City's share of state income tax fell from $211 million in 2000 to approximately $179 million in 2004; the City's share of the state's personal property replacement tax fell from $78 million to $41 million during the same period; and the City faces expenses from unfunded federal and state mandates. City Brief at 17 citing the City's 2005 Budget. City Exhibit 20.

See also, O'Keefe, J. FitchRating, "Public Finance: Chicago, Illinois," (June 29, 2004) referring to "... Chicago's continued economic diversification toward service industries ... in a weaker economic climate ... weaker tax growth ... [with] affordable settlements [in contract negotiations] necessary to limit budgetary pressures and avoid additional staff reductions." City Exhibit 8 at 1.

25 City Brief at 18; City Exhibit 20.

26 *Id.*

among others and also reducing positions — *i.e.*, laying off employees or not filling vacant positions.[27] Notwithstanding those less than favorable economic conditions and increasing fees and taxes, Mayor Daley has promised the taxpayers of Chicago in the 2005 Budget that "[t]o help keep Chicago affordable for our homeowners and businesses, *I will not increase property taxes next year*" [emphasis added].[28]

Second, as I have unfortunately had to observe before, in the current economic climate collective bargaining between employers and unions on health care issues is most difficult. "Insurance costs are skyrocketing which makes bargaining on this issue border on the impossible."[29]

The national trend underscores the reality that employer health care costs are soaring at alarming rates and are being shifted to employees.[30] Al-

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27 City Brief at 19-20, City Exhibit 20.

28 City Exhibit 20 at ii.

29 *City of Countryside and Illinois Fraternal Order of Police Labor Council* (2003) at 12. *See also*, *County of Effingham and AFSCME Council 31*, S-MA-03-264 (December 8, 2004) at 18:

> Presently, because of spiraling costs, insurance is simply a nightmare and at a crisis level for employers, employees and unions. To meet this national problem, sharing by employees in premium costs has become quite common.

30 *See* Freudenheim, "Workers Feel Pinch of Rising Health Costs", New York Times (October 22, 2003):

> As health care costs head into a fourth consecutive year of double-digit increases, employers are shifting a growing share of the burden onto people who make the heaviest use of medical services.
>
> The trend — evident as companies begin informing workers of their benefit choices for the coming year — takes the form of fast-rising co-payments and deductibles, higher payroll deductions to cover spouses and children and new kinds of health plans that give workers a fixed sum to spend for employees of large companies have more than doubled since 1998, to $2,126 this year ... [and] expecting a 22 percent jump next year, to $2,595.

See also, Abelson, "Growth Rate in Health Cost to Employers Slowed in '04", New York Times (November 22, 2004 [emphasis added]):

[footnote continued]

though the Lodge argues to the contrary, the City asserts that "[f]rom 2003 to 2004, the City's health care costs increased by $50 million, a 16% increase in one year alone."[31]

Therefore, with the City trying to hold the line on costs and facing a less than favorable economic climate and with the Lodge trying to gain wage increases and prevent more shifting of health care costs to its members and at

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[continuation of footnote]

> After years of double-digit cost increases, the rate of growth in what employers pay for employee health insurance slowed significantly this year ....
>
> The average employer cost for health benefits for an employee rose 7.5 percent in 2004, to $6,679, the lowest increase since 1999 .... Employers faced average increases of 10.1 percent in 2003.
>
> *But this slowing rate was largely the result of employers shifting more of the cost onto their employees and changing the kinds of plans they offer ....*

Further, *see* Ritter, "Health Care Hikes Land on Workers", Chicago Sun-Times (January 5, 2004):

> Big employers expect health care costs to increase by as much as 14 percent this year — and are devising new ways to pass costs on to workers, company surveys have found.
>
> In addition to making workers and retirees pay higher premiums and co-pays, companies are beginning to impose higher fees on employees who want to cover their spouses or use expensive hospitals.
>
> This year will mark the fifth straight year of double digit increase in health care costs. Companies are paying twice as much today as they were six years ago ....

Finally, *see* "Employer Health Benefits 2004 Summary of Findings", Kaiser Family Foundation ("The rate of growth of health care premiums moderated somewhat in the last year, but continues to grow at double digit rates"); Porter, Freudenheim and Andrews, "Cost of Benefits Cited as Factor in Slump in Jobs", New York Times (August 19, 2004) ("A relentless rise in the cost of employee health insurance has become a significant factor in the employment slump, as the labor market adds only a trickle of new jobs each month despite nearly three years of uninterrupted economic growth"); Hewitt Associates, "Survey Findings Health Care Expectations: Future Strategy and Direction 2004" ("Health care in the U.S. is at a turning point because the cost of care is becoming unacceptable to both employers and employees ... creating an environment of change in the U.S. health care system"); Towers Perrin HR Services, "2004 Health Care Cost Survey" ("Large employers are experiencing yet another year of double-digit health care cost increases ...."). City Exhibits 53-58.

At the hearing in this matter, the Lodge's witness Thomas Lamb, who administers the Law Enforcement Health Benefits plan for police officers in Philadelphia, acknowledged in his testimony that, consistent with the above articles and studies, there has been a "tremendous increase" in medical premiums and costs. Tr. 17. Further, Mr. Lamb did not dispute that employers are experiencing double digit premium increases. Tr. 113-114.

[31] City Brief at 18. The Lodge argues that when compared to surrounding suburban communities, the City's health care costs are less. Lodge Brief at 55-56. For the Lodge's arguments concerning the City's health care costs, *see* discussion at III(B)(7)(b).

the same time seeking to preserve the health care benefit levels enjoyed by its members, it is understandable that the final offers tendered by the parties on wages and health care are miles apart.

4. Current And Future Certain Sources Of Revenue — The Skyway

Although the present economic climate in Chicago is not the most conducive for collective bargaining, there are certain future increased revenue sources on the horizon.

As the Lodge points out, the City will begin to realize proceeds from the $1.83 billion, 99 year lease of the Chicago Skyway.[32] According to the evidence before me, proceeds from that transaction will be used to retire Skyway debt, pay down the City's long-term debt and eliminate short-term City debt obligations.[33] According to City[34]:

> By using a portion of Skyway proceeds to meet current needs, [Mayor] Daley said, "we will not only be able to avoid a property tax increase and help balance our budget next year, we also will be able to maintain City services and make some of the investments in our neighborhoods and people that are needed. ...."

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[32] Lodge Brief at 5-6; Lodge Exhibit 48. The Lodge describes the leasing of the Skyway as "the most significant and innovative financing-leasing transaction in [the City's] history and possibly the history of municipal finance in the United States." Lodge Brief at 5-6. According to the Lodge at the hearing (tongue in cheek), in the end, the City effectively sold someone a bridge. Tr. 136. This financial transaction was completed on January 5, 2005, after the close of hearing in this case. The City has already received the proceeds of the lease.

[33] Press Release (November 9, 2004); Lodge Exhibit 48. Specifically, the stated intent of the proceeds is $463 million to retire Skyway debt; $134 million to pay down long-term debt; and $258 million to eliminate short term debt. *Id.* Proceeds from the transaction will be used to create a long-term $500 million reserve fund functioning as a savings account which will generate annual income to meet operating expenses; an eight year "annuity" of $375 million to smooth the effects of economic cycles and limit the need for additional taxes; and a $100 million Neighborhood and Human Investment Fund to provide for neighborhood and human infrastructure. Lodge Exhibit 48.

[34] *Id.*

However, the benefits from the lease of the Skyway will not completely change the current economic outlook facing the City. The transaction is a 99 year lease and the proceeds are going to be mostly used to retire and pay down debt and fund other projects.[35] While the lease of the Skyway will bring in significant revenues, that lease also results in the loss of approximately $20 to $30 million per year in tolls.[36] A professional investment judgment has been made that the proceeds from this transaction will not be used in a manner to place an emphasis on paying for continued operating expenses such as those which will come from the Agreement imposed by this award. The impact of the proceeds from the Skyway transaction may best be realized in efforts to hold down increases in property taxes as these proceeds are used to pay for the reduction of debt obligations or for programs which will benefit the citizens of the City. It is not my place — nor do I have any expertise — to find fault with that judgment.

5. Presently Uncertain Future Sources Of Revenue — The Casino

(a). My Obligations Under The Statute And The Agreement

My job in this case is to formulate the wages and benefits of an approximate 11,600 member bargaining unit that will be in place from July 1, 2003 until June 30, 2007. Not much further thought is needed to realize that because this bargaining unit is the largest of the 42 bargaining units in the City and the first having its terms of a new contract set, the result of what is done

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35 *Id*. *See also,* City Reply Brief at 5.

36 *Id*.

here will have a significant impact on the wages and benefits for all of the approximate 35,000 City employees. Personnel costs comprise 80% of the City's corporate fund costs.[37] In reality, then, because this process sets the wages, benefit structure and costs, the City's budget does not drive this process. Rather, because 80% of the City's corporate fund costs are personnel costs, this process — which ultimately sets those costs — drives the City's future budgets.

I am required by the Agreement and by law to consider the statutory factors in Section 14(h) of the IPLRA.[38] In order to formulate the terms of a multi-year agreement and because Section 14(h)(3) of the IPLRA provides that I consider "[t]he interests and welfare of the public and the financial ability of the unit of government to meet those costs", I therefore have to consider future potential sources of revenue.

(b). Future Sources Of Revenue

The Lodge argues that the possibility of a casino in Chicago supports its position on wages and health insurance. In particular, the Lodge asserts that a Chicago based casino would serve as a "monumental source of revenue"[39]:

> Under this proposal, additional gambling revenues selected by the State of Illinois would exceed $500 million dollars, and net annual increase in revenues collected from income tax, sales, hotel and other taxes attributable from casino and related infrastructure programs would exceed $530 million dollars. Approximately 20,000 new jobs would be created in Chi-

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37 City Brief at 18; City Exhibit 20.

38 *See* Agreement at Section 28.3(B)(11) ("... the following portions of said 315/14 [the IPLRA] shall nevertheless apply; Subsections (h) ...."). *See also*, Section 14(h) of the IPLRA quoted at II(B).

39 Lodge Reply Brief at 40.

> cago alone and 21,000 jobs would be created for the State of Illinois. This is not simply an insignificant project, but is in fact a massive injection of economic opportunities for the City of Chicago and surrounding region. It is more than probable that the best efforts of the City, local legislators and representatives of the State of Illinois will seek to authorize this project in the near future. Thus, it would have a significant impact on the wages, hours and working conditions of police officers during the term of the proposed collective bargaining agreement.

The Lodge's position merits discussion.

(1). Mayor Daley's Position

Although initially reluctant to turn to gaming as a source of revenue, Mayor Daley has now gone on record strongly favoring a casino in Chicago as a source of badly needed new revenue. According to the Mayor[40]:

> I wish I didn't have to do gaming … I wish we never had to talk about it. But we have to come up with some other revenue source.

Further, according to the Mayor[41]:

> … If you look at cities, they're cutting back fire and police. They're cutting back libraries. They're cutting back everything to get to the core. And if you keep doing that, then your quality of life changes. *You don't put money into infrastructure*. That's why cities are declining. People are moving to the suburban areas faster. So the last resort is real estate taxes. But you need new revenue. And that's why — I'm not a fan of casinos — the City of Chicago has to own a casino. I'll be very frank. That's new revenue.
>
> * * *
>
> … We know with all the conventioneers … that come to the City … they take a 25 minute ride out to Indiana …. We know with all our conventions, it's maybe less then two hours per conventioneer. It could be an hour and a half. … [T]he only way you're looking for new revenue, unless the State comes up with new revenue dealing with the whole idea of cutting taxes, increasing income tax for education, [the casino] is one of the only answers you have now.
>
> * * *
>
> The State needs money, the City needs money … [y]ou need new revenue. … Every one percent — we got fire, police and the trades coming in — one percent is between $20 and $25 million of new revenue.

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40 Mihalopoulos and Long, "City Needs Casino", Chicago Tribune, (November 10, 2004).

41 Fox Chicago Perspective (December 19, 2004) [emphasis added].

* * *

> … We think [it will generate] close to $300 million and $600 million for the State. ….

Media reports of new revenue generated by a casino in Chicago vary — from $400 to $850 million annually.[42] A study of the City's proposal for a land-based casino in Chicago, as extensively detailed in the Lodge's briefs, reveals [emphasis added; original emphasis removed][43]:

* * *

> Gaming and tax revenues generated from the Casino and its related economic development would provide substantial fiscal support to the State of Illinois and would permit the City to *undertake a $1.7 billion program to build and improve schools, libraries, public safety facilities, shorelines and riverways, parks and museums.* This infrastructure program would further multiply the positive economic development impact attributable to the Casino. A stable long-term revenue stream from the Casino also would mitigate the need for increased property taxes to support the operating needs of the *City*, the *Chicago Park District* and the *Chicago Public Schools.*

* * *

> … [i]t is reasonable to conclude that:
>
> - Approximately 2,500 new jobs would be created at the Casino.
> - Approximately 1,500 construction jobs would be created to build the Casino and more than 4,000 additional new construction jobs would result from the $1.7 billion infrastructure program.
> - Over [7,000] new permanent jobs would be created as a combined effect of the Casino and the infrastructure program.

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42 *See* "Vegas By The Lake", Chicago Tribune (May 11, 2004) ("up to $850 million annually"); Pincus, "Chicago Casino Starting To Look Like A Good Bet", Chicago Sun Times (November 2, 2004) ("… everybody's going to win: an estimated $400 million to $600 million in annual net revenues (after all casino expenses) split one-third for Chicago's needy city treasury and two-thirds for the even more needy state coffers").

43 William Blair & Company, "Land-Based Casino Proposal Economic and Fiscal Impact Analysis", City Exhibit 113 at 1-2.

- The annual increase in gaming tax revenues collected by the State of Illinois from the Casino would exceed $500 million.

- The net annual increase in total revenues collected by the State of Illinois from gaming, income, sales, hotel and other taxes attributable to the Casino infrastructure program will exceed $530 million.

The plan for the casino appears to be one that will benefit the hotels, restaurants and businesses surrounding the facility as it attracts tourists and conventioneers — the casino will not be a self-contained entertainment facility[44]:

> The casino would have to be in the downtown area to attract convention tourists, Daley said, but he said he could not say exactly where it would be built. Daley said his prohibition on restaurants at a Chicago casino would better help existing downtown businesses benefit from gaming.
>
> "I don't want to put restaurants there," he said "That will dilute my restaurants around there. That will hurt them. I can't have that."

Therefore, a casino in Chicago presents a potentially staggering source of *continued* new revenue — projections of up to $850 million annually and approximately 7,000 new jobs from the building and operation of the casino and the resultant infrastructure programs. The ripple effect of a casino on the overall economy of the City is obvious. As attractive as the City already is, with a casino Chicago will be even more of a draw to tourists and conventioneers. This remarkable benefit exists not only for the City, but for the cash-strapped State as well.

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44 "City Needs Casino", *supra*.

(2). Governor Blagojevich's Position On The Casino

The 2005 Budget was painful with its fee and tax hikes, cutbacks and resulting layoffs. Without sorely needed new sources of revenue, 2006 and 2007 will inflict more pain. Yet, with all of the potential benefit to the City and the State, the legislation approving the casino has not yet been passed.

Therefore, with all of the remarkable benefits that the casino will bring to the City *and* the State, I have to ask why the necessary legislation was not passed yesterday? What could possibly be the hold-up?

The answer is in Springfield. Governor Blagojevich has not given his support for this much needed legislation[45]:

> Illinois Senate President Emil Jones on Monday said Chicago's push for approval of a city-owned casino has won the key backing of Gov. Rod Blagojevich.
>
> But aides to the governor cautioned that he had yet to make up his mind about the controversial issue.
>
> * * *
>
> Bradley Tusk, Blagojevich's deputy governor, disagreed with Jones' characterization of the governor's stance.
>
> * * *
>
> "We haven't made any decision on any gaming bill whatsoever," Tusk said. "We're still weighing our options.
>
> * * *
>
> Gov. Blagojevich didn't help Jones' cause Tuesday by insisting he has not made up his mind yet on whether to support a city-owned casino for Mayor Daley -- despite public assurances to the contrary from Jones on Monday.

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45 Long and Parsons, "Jones: I have key casino vote; Governor's aides say he's undecided", Chicago Tribune (November 9, 2004); McKinney and Fusco, "Push for Chicago casino snags on plan to divert funds to racing", Chicago Sun Times (November 10, 2004); Shaw, Chicago casino deal called 'dead' for this year", ABC7Chicago.com (November 17, 2004).

> "I'd say that's premature," the governor said when asked about Jones' comments to reporters suggesting Blagojevich, in fact, was supportive of Daley's casino bid.
>
> * * *
>
> Jones sees gambling expansion as the most viable way to pay for a new wave of school construction, a bailout of the Chicago Transit Authority and an assortment of road and building projects.
>
> Blagojevich has been cagy about the plan, prompting House Speaker Michael Madigan (D-Chicago) to all but put the kibosh on a House vote absent a public vote of confidence in a deal from the governor.
>
> * * *
>
> "... [The Chicago casino] certainly can address some of our revenue needs but we need all of the players at the table including the governor," said [Illinois Senator Donnie] Trotter.
>
> * * *
>
> The governor hasn't signed on to the gaming bill publicly ....
>
> * * *
>
> Now the state is broke, so without a gaming deal, there is no money for the CTA to build new roads or schools, or to help balance the state budget. ....

(3). The Effect Of Delay

Although casino tax revenue and related economic activity may in fact prove to be very beneficial to Chicago's economic future and have a multiplier effect of generating revenue, it is far too speculative as a political and economic matter for me to rely upon it to support this award. Unlike the Skyway agreement, which has, in fact, been finalized, the casino is still very much a hope and not a reality. The Mayor has made it abundantly clear that if a casino passes, the revenues generated will be used to maintain police and fire staffing levels, implement much-needed infrastructure improvements for parks, public schools, and for other municipal operations. It would be irresponsible and an unprecedented intrusion into the political and policymaking process for me to

be so presumptive as to earmark those funds for this award. Further, it is clear from the evidence that even if a casino passes this spring, the time necessary for the construction of a casino and the process for the flow of money to the City makes it uncertain, at *best*, that revenue would be generated for 2006 or even 2007. Thus, given the Mayor's expressed position with respect to the use of the casino revenue; the Governor's position on the issue; the uncertainties of the political process; and the far from certain reality of when, and how much revenue would be generated, I simply cannot rely on the casino's passage to justify this award. Thus, I must rely on the factors outlined in Section 14(h) of the IPLRA.

6. The Structure Of The Wage And Health Care Benefits For This Agreement

The procedure I established setting the course of these proceedings required the parties to submit final offers.[46] However, unlike Section 14 proceedings under the IPLRA for resolving similar contract impasses in police and fire fighter bargaining units, ultimate resolution of the economic issues under this Agreement is not accomplished by a final offer or "baseball" arbitration — *i.e.*, where the arbitrator *only* has the authority to select one of the parties' economic offers and cannot craft something different from that of a specifically proposed final offer. In Section 28.3(B)(11) of the Agreement which establishes this impasse resolution procedure, the parties did not incorporate the final of-

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[46] *See* Order of October 6, 2004 at 2, ¶ II(3). Under the Agreement, I have the authority to require the parties to submit final offers. *See id.* at 6-7 explaining that under Section 28.3(B)(6) of the Agreement I have the authority to "... direct ... the order of procedure ...."

fer aspect of the IPLRA.[47] Because the parties in this case have not structured their contractual impasse resolution procedure as a final offer one, and because neither party acquiesced in the other's final offer, I now have the authority to form the terms of the Agreement using the statutory factors found in Section 14(h) of the IPLRA, but with a result different from the parties' final economic offers. Because the parties' final offers are *so* far apart on the disputed economic issues, against my preference for deciding these kinds of economic issues based on final offers — and reluctantly — the economic terms established for this Agreement are in some circumstances different from the parties' final offers. The vast disparity between the good faith economic final offers made by the parties leaves me no choice but to formulate economic terms of the Agreement which differ from the parties' submitted final offers — which was a possibility contemplated by the order establishing the procedure for this dispute.[48]

The elements of a City facing a less than favorable economy which passed a budget that increased fees and taxes and will cause cutbacks and

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[47] *See* Section 14(g) of the IPLRA ("As to each economic issue, 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 presented in subsection (h)" [emphasis added]). Section 14(g) of the IPLRA is not incorporated into the impasse resolution process in this Agreement. *See* Section 28.3(B)(11) of the Agreement ("... the impasse resolution procedure set forth herein shall govern *in lieu of* the statutory impasse resolution procedure provided under 5 ILCS 315/14, except that the following provisions of said 315/14 shall nevertheless apply; Subsections (h), (i), (k) and (m)" [emphasis added].

The final offer format often works well in impasse disputes because it forces parties to get reasonable with their offers knowing that unreasonable offers will be rejected by an arbitrator. With the knowledge that an unreasonable offer will be rejected, and the other party's offer chosen, the final offer process forces resolutions because the parties often get so close in their final offers that settlements result when one party acquiesces to the other's final offer.

[48] *See* Order of October 6, 2004 at 6, ¶ III (providing that I have "... the authority to consider, ignore, or modify offers ....").

layoffs; the need of the employees for wage increases; the spiraling health care costs and the need of the City to control those costs; the Lodge's furious opposition to passing those increased health care costs and cutbacks in benefits onto the employees and finally, the Mayor's pledge that "[t]o help keep Chicago affordable for our homeowners and businesses, I will not increase property taxes next year", become forces that are on a collision course.[49]

A delicate balance is accomplished in this case by structuring the wage and health care provisions of the Agreement in a way that initially imposes wage increases that minimize the impact upon the City's present financial condition, but imposes greater increases as the Agreement progresses and, at the same time, delays the imposition of changes to health care costs and benefits for the employees.

In simple terms then, this is going to be a very costly Agreement. As shown by the discussion concerning resolution of the individual issues, where increased benefits and costs are imposed, it is because those increases are required. However, although costly, the wage and health care structure of the Agreement and the rippling effect it will have on other bargaining units in the City must serve as a serious and certain prediction of the fast approaching even harsher economic outlook for the City. Given the present economic conditions and what will happen as a result of the gradual costly implementation

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[49] In the end, a new Agreement which has the result of increasing fees and taxes and perhaps property taxes down the road to pay for the Agreement will have an adverse impact on those officers who, as City residents, have to pay those increased fees and taxes. The increases they get in this Agreement will be diluted by the increased fees and taxes they may have to pay which, in turn, will be used to pay for this Agreement — a circular and ultimately self-defeating result.

of the economic provisions of this award, this structure is consistent with the statutory requirement in Section 14(h)(3) of the IPLRA that I take into account "[t]he interests and welfare of the public and the financial ability of the unit of government to meet those costs."

7. Resolution Of The Wage And Health Care Issues

a. Wages And Salary Schedule Compression

Issues 2 and 3 address wages and salary schedule compression.

(1). Wages

The Lodge seeks a 19% wage increase over the life of the Agreement, while the City offers 12.5%.

The parties' arguments and evidence have been considered. I find the Lodge's offer too high and the City's offer too low. Instead, consistent with the above discussion concerning the structure of the economic provisions of this award and further in consideration of the statutory factors in Section 14(h) of the IPLRA, the wage increases for the new Agreement shall be as follows[50]:

Effective Date	Amount Of Increase
7/1/03	2%
1/1/04 7/1/04	2% 2%
1/1/05 7/1/05	2% 2%
1/1/06	3.5% (for all steps not compressed)
1/1/07	2%
Total	15.5%

The wage increases are retroactive to their effective dates.

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50 The statutory factors are discussed at III(B)(7)(a)(4).

The 2% mid-year increases effective July 1, 2004 and July 1, 2005 are particularly significant. With the 2% wage increases effective January 1st of each of those years, those mid-year increases amount to a 4% increase at the end of those years. Because the mid-year lifts begin to take effect after the Agreement has been in place for one year and because of their incremental increases, these increases serve the overall purpose discussed above for minimizing the increases at the beginning of the Agreement to accommodate the City's present financial condition and then escalating the increases later in the Agreement.

(2). Salary Schedule Compression

With respect to salary schedule compression, the Lodge has shown that it takes longer to reach top pay (30 years) than it does in most other comparable jurisdictions.[51] The compression formula proposed by the Lodge reduces that time and keeps a reasonable and equitable differential between the individual steps on the salary schedule.

The City's offer on salary schedule compression impacts only one step at the top of the wage schedule when Step 11 becomes Step 10. The result of that kind of compression is that the more senior officers who are at the higher steps on the salary schedule where step increases are based upon five year increments (beginning at Step 7) receive no benefit of compression. Under the City's offer, there will be an unusual spiking effect at the new top Step 10. The

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51 *See* Lodge Brief at 14.

Lodge's offer, on the other hand, spreads the compression to all of the higher steps where officers have to wait five year increments to move to a higher step.

I find that the Lodge's offer on salary schedule compression is a more reasonable approach. The Lodge's offer on salary schedule compression is therefore accepted, with one modification.[52]

As requested by the Lodge, Step 11 of the prior Agreement is compressed; Step 10 (25 years) becomes the maximum rate of pay; and Steps 7-10 move up a step on the existing scale. Those officers on Step 11 and on Steps 2 through 6, who are not affected by that compression schedule in 2006, will receive the 3.5% wage increases for that year.[53]

With respect to the one modification to the Lodge's offer on compression the salary schedule compression will not take effect until January 1, 2006. This wage compression will benefit officers. Under a recent change in the pension law, officers may retire with 29 years plus 1 day of service and receive the maximum percentage of salary as a pension. Officers at 25 years of service upon the implementation of the compression will be able to use the Step 10 pay level for 4 years to achieve the highest salary base for their pension calculation.

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[52] Salary schedule compression was an issue in the interest arbitration which resulted in the prior Agreement, but was not granted by the arbitrator in that case because the parties had "not sufficiently addressed" the topic during negotiations prior to reaching impasse. *City of Chicago and Fraternal Order of Police, Chicago Lodge # 7,* (Briggs, 2002) at 31; Lodge Brief at 14; Lodge Exhibit 16(c) at 31. This time, salary compression has been made an important part of the parties' negotiations and they agree that some form of compression should be implemented.

[53] Officers on Step 11 prior to January 1, 2006 will be "red-circled" as described at IV, Appendix E of this award.

Using the above conclusions, the complete salary schedule is found at IV as Appendix A to this award.[54]

(3). Examples

What is the impact of the wage increases and salary schedule compression on the officers? A few examples should explain how it will work.

Before getting into specific examples, a comment about the examples is in order. These examples are purely hypothetical. Because of the number of officers, number of class grades and steps, and different anniversary dates of the officers — all of which dictate specific placements on the salary schedule — the examples now discussed may actually fit few, if any, officers. These examples are chosen only to show how the calculations of wage increases and step movements imposed by this award work. An officer's individual experience will be determined by that officer's actual placement on the salary schedule.

Now to the examples.

First, take the example of the hypothetical officer earning closest to the mid-point on the salary schedule upon the expiration of the prior Agreement on June 30, 2003 at $55,764 (and who will not be a beneficiary of the salary schedule compression effective January 1, 2006) — *i.e.*, officers at the Class Grade 2, Step 4 and Class Grade 1, Step 5 levels.[55] The new wage rates for officers in those grades and steps will be as follows:

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[54] Base wage increases and salary schedule compression are subject to retained jurisdiction discussed at III(M).

[55] The mid-point of the salary schedule as of June 30, 2003 is $55,965. [($74,946 (Class Grade 2A, Step 11) - $36,984 (Class Grade 1, Step 1)) ÷ 2] + $36,984 = $55,965. *See* IV, Ap-

[footnote continued]

6/30/03 Rate	**7/1/03 (2%)**	**1/1/04 (2%)**	**7/1/04 (2%)**	**1/1/05 (2%)**	**7/1/05 (2%)**	**1/1/06 (3.5%)**	**1/1/07 (2%)**
$55,764	$56,879	$58,017	$59,177	$60,361	$61,568	$63,723	$64,997
Increase	$1,115	$1,138	$1,160	$1,184	$1,207	$2,155	$1,274

Again, these wage increases total a 15.5% increase over the life of the Agreement. The compounding effect in this example is 16.6%.[56]

Given the retroactive feature of the wage increases, these hypothetical officers will receive $1,760.50 for the period July 1, 2003 to December 31, 2004 plus additional amounts called for by the future wage increases and upward movement through the salary schedule through step advancement until the date of final implementation in addition to any overtime or other time keyed to the base wage rate.[57] The retroactive implications will vary from officer to officer depending upon their particular wage rates and time worked.

Second, in reality, because of the step structure built into the salary schedule which provides for step increases for the less senior officers every 12 months (up to 54 months — with the exception of the increase from Step 2 to Step 3 which has a six month interval), depending upon their years of service, many officers will actually receive much larger increases — in terms of both

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[continuation of footnote]
pendix A. The closest salary on the schedule to that calculated mid-point is $55,764 — the salary paid to officers at Class Grade 2, Step 4 and Class Grade 1, Step 5. *Id.*

56 ($64,997 - $55,764) ÷ $55,764 = 16.6%. The officers who will benefit from the wage compression effective January 1, 2006 will, depending on their particular circumstances, experience a different compounding effect.

57 Because of the six month incremental wage increases between the period July 1, 2003 - December 31, 2004, for retroactivity purposes, the officers will receive one-half of the yearly differentials caused by the percentage increases. Therefore, and utilizing the differences found in the table, for the period July 1, 2003 - December 31, 2004, these officers will receive ($1,115 + $1,138 + $1,160) ÷ 2 = $1,760.50 for retroactivity. Overtime or other time keyed to the base wage rate during that period will be added to that amount. *See also* discussion at III(L) concerning timing of payment of the retroactive benefits.

dollars and compounded percentages. For example, let's assume that our hypothetical officer earning $55,764 on June 30, 2003 was at Class Grade 2, Step 4 due to move up to Step 5 effective July 1, 2003 as a result of completing 42 months of service. As the salary schedule moves that officer into the higher steps on the schedule, that officer will have step increases on July 1, 2003 (to Step 5 — 42 months) and July 1, 2004 (to Step 6 — 54 months). As the percentage wage increases take effect this officer will earn the following:

6/30/03 Rate (Step 4)	**7/1/03 (2%) (at Step 5)**	**1/1/04 (2%)**	**7/1/04 (2%) (at Step 6)**	**1/1/05 (2%)**	**7/1/05 (2%)**	**1/1/06 (3.5%)**	**1/1/07 (2%)**
$55,764	$59,743	$60,938	$65,283	$66,589	$67,921	$70,298	$71,704
Increase	$3,979	$1,195	$4,345	$1,306	$1,332	$2,377	$1,406

Under this example (which impacts the less senior officers), the actual base wage increase which factors in the wage increases and movement through the steps, will cause this officer to receive $15,940 in salary increases over the life of the Agreement[58] That amounts to a 28.6% compounded increase.[59] The actual result will vary from officer to officer depending on their length of service and position on the salary schedule, but, from the officers' perspective, the wage increases will have a significant positive impact.

This hypothetical officer will receive $4,759.50 in base wages for the period July 1, 2003 to December 31, 2004, plus additional amounts called for by

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58 $71,704 - $55,764 = $15,940.

59 ($71,704 - $55,764) ÷ $55,764 = 28.6%.

the future wage increases until the date of final implementation in addition to any overtime or other time keyed to the base wage rate.[60]

Third, another example is in order, this time for an officer at Class Grade 1 who also experiences upward movement through the steps.

Take an officer at Class Grade 1, Step 4 also due for a step increase effective July 1, 2003. That officer will experience the following increases[61]:

6/30/03 Rate (Step 4)	**7/1/03 (2%) (at Step 5)**	**1/1/04 (2%)**	**7/1/04 (2%) (at Step 6)**	**1/1/05 (2%)**	**7/1/05 (2%)**	**1/1/06 (3.5%)**	**1/1/07 (2%)**
$53,136	$56,879	$58,017	$62,157	$63,400	$64,668	$66,931	$68,270
Increase	$3,743	$1,138	$4,140	$1,243	$1,268	$2,263	$1,339

This officer will receive $15,134 in increases over the life of the Agreement.[62] That amounts to a 28.5% compounded increase.[63]

As calculated in the other example, this officer will receive $4,319.50 in base wages for the period July 1, 2003 to December 31, 2004, plus additional amounts called for by the future wage increases until the date of final implementation in addition to any overtime or other time keyed to the base wage rate.[64]

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60 Again because of the six month increments in the wage increases, for retroactive payments on the base wage rate increases, this officer receives one-half of the yearly differentials for the period July 1, 2003 - December 31, 2004. ($3,979 + $1,195 + $4,345) ÷ 2 = $4,759.50.

61 *See* IV, Appendix A.

62 $68,270 - $53,136 = $15,134.

63 ($68,270 - $53,136) ÷ $53,136 = 28.5%.

64 Again because of the six month increments in the wage increases, for retroactive payments on the base wage rate increases, this officer receives one-half of the yearly differentials for the period July 1, 2003 - December 31, 2004. ($3,743 + $1,138 + $4,140) ÷ 2 = $4,510.50.

For the less senior officers, the more step increases achieved during the life of the Agreement will translate into higher compounded percentage increases. That is simply the

[footnote continued]

Fourth, at this point, the impact of the wage increases on an officer who will benefit from compression (*i.e.*, the more senior officers) should also be examined.

Effective January 1, 2006, Step 11 of the present salary schedule will be deleted; Step 10 (25 years) becomes the maximum rate of pay; and Steps 7-10 move up a step on the existing scale. Because of the step move-up aspect of the compression, the 3.5% wage increase scheduled for January 1, 2006 will not take effect for those steps which are compressed. The January 1, 2006 rate for a step being compressed will be the July 1, 2005 rate of the higher step.[65]

The example that will be used is an officer who is at Class Grade 2, Step 7 who had a salary of $63,672 as of June 30, 2003. That officer's increases

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[continuation of footnote]
function of a multi-year agreement that provides for step increases for less senior officers on a mostly annual basis.

65 With respect to compression, the Lodge sought to maintain what its views as the historical differential between steps — specifically, 3.46% between Steps 6 and 7; 3.53% between Steps 7 and 8; 3.48% between Steps 8 and 9; and 3.7% between Steps 9 and 10. Lodge Brief at 16-17. The compression accomplished in this case will essentially do that.

For example, prior to the January 1, 2006 compression, those basic differences existed between the relevant steps in Class Grade 2 (*see* IV, Appendix A):

	Step 6	**Step 7**	**Step 8**	**Step 9**	**Step 10**	**Step 11**
Salary	$67,921	$70,298	$72,724	$75,261	$78,076	$80,387
Diff.		$2,377	$2,426	$2,537	$2,815	$2,311
% Diff.		3.49%	3.45%	3.49%	3.74%	2.96%

After compression on January 1, 2006, those basic differences are essentially maintained (*id.*):

	Step 6	**Step 7**	**Step 8**	**Step 9**	**Step 10**
Salary	$70,298	$72,724	$75,261	$78,076	$80,387
Diff.		$2,426	$2,537	$2,815	$2,311
% Diff.		3.45%	3.49%	3.74%	2.96%

With the downshifted cascading caused by compression, those basic percentage differences sought to be maintained by the Lodge are essentially maintained.

will translate as follows (with the compression movement from Step 7 to Step 8 effective January 1, 2006):

6/30/03 Rate	**7/1/03 (2%)**	**1/1/04 (2%)**	**7/1/04 (2%)**	**1/1/05 (2%)**	**7/1/05 (2%)**	**1/1/06 (com-press)**[66]	**1/1/07 (2%)**
$63,672	$64,945	$66,244	$67,569	$68,920	$70,298	$72,724	$74,178
Increase	$1,273	$1,299	$1,325	$1,351	$1,378	$2,425	$1,454

This hypothetical officer who benefits from the compression therefore receives an increase of $10,506 in salary increases over the life of the Agreement, or 16.5% compounded.[67]

As in the earlier examples, given the retroactive feature of the wage increases, this hypothetical officer will receive $1,948.50 for the period July 1, 2003 to December 31, 2004 plus additional amounts called for by the future wage increases and upward movement through the salary schedule through step advancement until the date of final implementation in addition to any overtime or other time keyed to the base wage rate.[68]

And, as before, turning to the officer who experiences an upward movement on the wage schedule due to years of service, for discussion purposes,

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66 Because of the movement from Step 7 to Step 8 as of January 1, 2006, the effect of the wage increases on the Step 8 grid for Class Grade 2 must be examined up to the time of the compression to determine what the compression rate will be as the effective date of the compression. For the cascading effect of the compression, the Step 8 rate of July 1, 2005 becomes the Step 7 rate as of January 1, 2006:

6/30/03 Step 8 Rate	**7/1/03 (2%)**	**1/1/04 (2%)**	**7/1/04 (2%)**	**1/1/05 (2%)**	**7/1/05 (2%)**
$65,868	$67,185	$68,529	$69,900	$71,298	$72,724

This cascading effect can be seen for all steps affected by compression. *See* IV, Appendix A.

67 ($74,178 - $63,672) ÷ $63.672 = 16.5%.

68 Again taking into account the six month incremental wage increases, the retroactive entitlement here would be ($1,273 + $1,299 + $1,325) ÷ 2 = $1,948.50.

assume that effective on December 31, 2005 an officer is at Class Grade 2, Step 7 on the salary schedule and that on January 1, 2006 that officer will have 15 years of service allowing the officer to move to the next step on the salary schedule. In this example, on January 1, 2006, the officer will get the benefit of compression in that the former Step 8 rate of July 1, 2005 becomes the Step 7 rate on January 1, 2006 and then because of the officer's movement to the next step dictated by years of service, the officer moves to Step 8, which, as a result of compression, is now the former Step 9 rate.[69] That action will translate as follows:

6/30/03 Rate	**7/1/03 (2%)**	**1/1/04 (2%)**	**7/1/04 (2%)**	**1/1/05 (2%)**	**7/1/05 (2%)**	**1/1/06 (compress and step)**[70]	**1/1/07 (2%)**
$63,672	$64,945	$66,244	$67,569	$68,920	$70,298	$75,261	$76,766
Increase	$1,273	$1,299	$1,325	$1,351	$1,378	$4,963	$1,505

This hypothetical officer who gets the benefit of compression and who also moves to a higher step (which is also compressed), therefore realizes a

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69 I recognize that the likelihood of such a movement precisely on the effective date the salary schedule is compressed will not affect many officers (if any). However, there will be more senior officers getting the benefit of compression and at some time before the expiration of the Agreement moving to a higher step on the salary schedule as a result years of service and therefore also getting the benefit of that newly compressed step. The example I am using is only for ease of discussion.

70 In this example, because there is a movement to a higher step in the salary schedule which is also being compressed, the effect of the rate of the movement from Step 8 to Step 9 as of January 1, 2006, must now be taken into account. For the cascading effect of the compression, the Step 9 rate of July 1, 2005 becomes the Step 8 rate as of January 1, 2006:

6/30/03 Step 9 Rate	**7/1/03 (2%)**	**1/1/04 (2%)**	**7/1/04 (2%)**	**1/1/05 (2%)**	**7/1/05 (2%)**
$68,166	$69,529	$70,920	$72,338	$73,785	$75,261

See IV, Appendix A.

$13,094 increase in salary increases over the life of the Agreement, or 20.6%.[71]

Again, these are only examples depicting hypothetical situations. Obviously, the impact of these wage increases will vary from officer to officer depending upon where they are on the salary schedule and will be further impacted by overtime or other benefits tied to the base salary rate. However, these examples demonstrate that the impact of the percentage wage increases, timing of the increases (particularly the mid-year increases in 2004 and 2005) and movement on the salary schedule to higher steps (whether compressed or not), can be quite significant from the officers' standpoint — and, in the end after the later years of the Agreement, costly from the City's standpoint.

The Lodge did not get the increases it sought — and neither did the City. But in the end, the structure of the wage increases serves the function of giving needed increases to the officers and allowing the City time for the political process to pass the legislation for the needed sources of new revenue to pay for the wage increases and bring the other much needed infrastructure improvements and benefits to the citizens of the City and the State.

(4). Application Of The Statutory Criteria

These wage increases satisfy the relevant statutory criteria found in Section 14(h) of the IPLRA.

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[71] $76,766 - $63,672 = $13,094. $13,094 ÷ $63,672 = 20.6%. Because compression does not take effect until January 1, 2006, retroactivity for this officer will be the same as in the example just given that considered compression but not movement to a higher step because retroactive payments due the officers will be made prior to the date compression takes place.

(a). Cost-Of-Living

One of the important statutory factors for examining wage offers is "[t]he average consumer prices for goods and services, commonly known as the cost of living"[72] The Lodge argues that the cost of living for 2004 rose at a 3.3% rate.[73] The City views the cost-of-living differently, using 2.1% for that same period.[74] While there is much debate over which cost-of-living figure should be used (which is reflected in the different figures relied upon by the parties), for the sake of discussion and to give the Lodge the benefit of the doubt, I will accept the Lodge's view of the cost-of-living — 3.3% for 2004.

For the hypothetical officer who was earning $55,764 as of June 30, 2003, for the period December 31, 2003 and through December 31, 2004, that officer's class grade and step wages went from $56,879 to $59,177 — an increase of 4.04%.[75] That increase therefore *exceeds* even the Lodge's view of increases in the cost-of-living. Given the across-the-board structure of the wage increase for this period (and noting that compression does not take effect until January 1, 2006), that same comparison will be reflected throughout the salary

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72 Section 14(h)(5) of the IPLRA.

73 Lodge Exhibit 19(d).

74 City Brief at 26; City Exhibit 49.

75 *See* IV, Appendix A.

schedule for all officers.[76]

Obviously, no one can predict what 2005-2007 will bring in terms of actual increases in the cost-of-living — no one has that kind of crystal ball. However, it is not stretching to reasonably conclude that increases taking a hypothetical officer at Class Grade 2, Step 4 (and assuming there are no step increases as a result of years of service) from $59,177 at the end of 2004 to $61,568 at the end of 2005 (again, 4.04%) and from $61,568 at the end of 2005 to $64,997 at the beginning of 2007 (5.57%) will at least keep pace with even the most liberal view of how the cost-of-living data should be utilized. And because of the reality that as the years of the Agreement go by, officers will be moving up in salary because of the percentage increases and upward movement through the steps of the salary schedule, it is fair to conclude that the individual impact of the wage rates for the new Agreement will not be outpaced by any cost-of-living increases. The wage increases comply with the statutory cost-of-living factor.

(b). Comparability

Another statutory factor is "[c]omparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding

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76 For example, taking two hypothetical officers at the bottom and top of the prior salary schedule, their increases under the new wage rates show the following (*see* IV, Appendix A):

6/30/03 Rate	7/1/03 (2%)	1/1/04 (2%)	7/1/04 (2%)	1/1/05 (2%)	7/1/05 (2%)	1/1/06 (3.5%)	1/1/07 (2%)
$36,984	$37,724	$38,478	$39,248	$40,033	$40,834	$42,263	$43,108
$74,946	$76,445	$77,974	$79,533	$81,124	$82,746	$85,642	$87,355

For the period December 31, 2003 to December 31, 2004, the less senior officer's wages go from $37,724 to $39,248 — an increase of 4.04%. The same is true for the most senior officer going from $76,445 to $79,533 — again, an increase of 4.04% for that same period.

with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally" — *i.e.*, comparability.[77]

With respect to wages, internal comparability — comparisons to other City employees — is, for all practical purposes, irrelevant. This is the first contract setting wages for the period July 1, 2003 - June 20, 2007. There is nothing which would serve as a basis for a valid internal comparison.

External comparisons — *i.e.,* to similarly situated cities — are relevant. The Lodge seeks to make comparisons to Dallas, Detroit, Houston, Los Angeles, New York Philadelphia, Phoenix, San Antonio, and San Diego.[78] The City argues that "... even though these cites share the most in common with Chicago, a true comparison is not entirely realistic" and, citing prior interest arbitrations between the parties, argues that "'[i]t is frequently impossible to determine whether apples are being compared to pears, or to other apples ....'" and "comparisons to the comparable major metropolitan cites, while certainly quite instructive, are not determinative.[79]

Using the comparable cities, the Lodge seeks to make comparisons using the percentage increases for police officers in those cities[80]:

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77 Section 14(h)(4) of the IPLRA.

78 Lodge Brief at 11-12; Lodge Exhibit 17.

79 City Brief at 21.

80 Lodge Brief at 12. The City disputes the accuracy of these numbers.

City	2003	2004	2005	2006
Dallas	5.0%	5.0%		
Detroit	5.0%	3.0%	3.0%	3.0%
Houston	3.0%	3.0%	3.0%	3.0%
Los Angeles	2.0%	3.0%	4.0%	
New York	3.0%			
Philadelphia	3.5%	3.0%	3.0%	3.5%
Phoenix	1.5%	2.5%		
San Antonio	3% (3/1/03) 3% (10/1/03)	3.0%	4.0%	
San Diego	4.0%	7.0%		

The City's analysis is different. The City utilizes an approach of looking at the nine city average at various steps in the salary schedule and then comparing that average with its offer for the City's average.[81]

As I have had to observe before, in terms of making comparisons to comparable communities, the IPLRA gives no real guidance — it just says interest arbitrators should look at "comparable communities"[82]:

> From a practical standpoint, the determination of whether two communities are "comparable" is important and most difficult. ... [T]he Act does not define "comparable communities." There is no legislative history concerning what the drafters intended when they used the phrase. Nor is there any judicial guidance. Arbitrators are therefore left to their own devices to discern how to determine comparability.

And the same observation is true for how to analyze the information once the comparable communities are determined. Do I look at percentages, averages, rankings, or some other method of comparison? The IPLRA is silent and provides no help.

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81 City Brief at 22.

82 Benn, "A Practical Approach to Selecting Comparable Communities in Interest Arbitrations under Illinois Public Labor Relations Act", The Illinois Public Labor Relations Report, Vol. 15, No. 4, Chicago-Kent College of Law (Autumn, 1998).

To give both parties the benefit of the doubt, I will examine the wage rates imposed by this award under their respective approaches.

From a percentage standpoint (the Lodge's approach), the comparisons are as follows:

City	2003	2004	2005	2006	2007
Dallas	5.0%	5.0%			
Detroit	5.0%	3.0%	3.0%	3.0%	
Houston	3.0%	3.0%	3.0%	3.0%	
Los Angeles	2.0%	3.0%	4.0%		
New York	3.0%				
Philadelphia	3.5%	3.0%	3.0%	3.5%	
Phoenix	1.5%	2.5%			
San Antonio	3% (3/1/03) 3% (10/1/03)	3.0%	4.0%		
San Diego	4%	7.0%			
Chicago	3% average 2.0% (1/1/03)[83] 2.0% (7/1/03)	3% average 2.0% (1/1/04) 2.0% (7/1/04)	3% average 2.0% (1/1/05) 2.0% (7/1/05)	3.5% (not compressed, approx. the same for compressed)	2.0%

From the above chart — and using the Lodge's percentage increase figures for the comparable cites — on the whole, the percentage wage increases for the new Agreement are consistent or favorable when compared to the comparable cities:

Year	Equal % Increase For Chicago	Greater % Increase For Chicago	Lesser % Increase For Chicago
2003	2	2	4
2004	5	1	2
2005	3	0	2
2006	1	2	0
2007	n/a	n/a	n/a

The City's method of analysis compared its proposal to the nine city average and demonstrated that the Chicago officers were higher at the starting, 5,

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83 Under the prior Agreement, the officers received a 2% increase effective January 1, 2003. Agreement at Appendix A.

10, 15, 20, 25 and 30 year levels.[84] Without any further discussion, because the selected wage rates are higher than the those proposed by the City, under the City's approach, the wage rates paid the officers as a result of this award obviously compare favorably with the other comparable cities.

Thus, I need not decide in this case how comparability should be examined for these parties. Under the approaches used by both parties for analyzing external comparability, the wage increases comply with the comparability factor.

(c). The Other Statutory Criteria

Earlier, I discussed how, in this particular unique circumstance, the structure of the wage increases is consistent with the statutory requirement in Section 14(h)(3) that I take into account "[t]he interests and welfare of the public and the financial ability of the unit of government to meet those costs." I have also considered comparability and cost-of-living under sections 14(h)(4) and (5). The other statutory criteria listed in Section 14(h) and not specifically discussed have been considered and do not change the result concerning the established wage rates.

b. Health Care

Issue 6 addresses health care.

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84 City Brief at 22.

(1). Premium Contributions

(a). Is A Change Required?

Under Appendix G of the prior Agreement, officers paid the following percentages of their salary towards the cost of their health care:

Single Coverage:	1.0281%
Employee:	1.5797%
Family Coverage:	1.9705%

The City seeks to change the Appendix G premium contributions as follows[85]:

APPENDIX G
HEALTH CARE CONTRIBUTIONS FOR ACTIVE MEMBERS

Effective ~~January 1, 2001~~ **July 1, 2004**, active officers covered by this Agreement will contribute the following percentages of their ~~salary~~ **pensionable compensation** towards the cost of their health care:

Single Coverage:	~~1.0281%~~ **2.2% of payroll per pay period**
Employee+1:	~~1.5797%~~ **2.5% of payroll per pay period**
Family Coverage:	~~1.9705%~~ **2.8% of payroll per pay period**

* * *

The Lodge seeks to maintain the premium contribution levels from the prior Agreement.[86]

The difference in the offers is obvious. Effective July 1, 2004, the City seeks to increase the percentage for premium contributions by officers and also seeks to change the basis for the percentage from salary to pensionable compensation — a proposal strenuously opposed by the Lodge.

The City has sufficiently shown that it has experienced a significant growth in health care costs without a corresponding growth in revenue to pay

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85 City Final Offer at Tabs 1 ¶ VI(A); IV(A).

86 Lodge Final Offer at 7-8 ¶ 14, Appendix G.

for those costs. The City has shown that between 1995 and 2003, the yearly net costs of active health insurance plans grew from $192,488,916 (on average, $4,770 per employee) in 1995 to $281,501,920 in 2003 (on average, $6,955 per employee).[87] Between the beginning of 2000 and the end of 2003 alone, the net costs of these health insurance plans grew by 30%.[88] The City projects that in the next three years, costs will increase by 54.4% and average per employee costs will rise from $7,562 in 2004 to $8,457 in 2005, and from $9,861 in 2006 to $11,507 in 2007.[89] While the employee contributions have risen over the years because of increased salaries and contributions have been tied to percentage of salaries, the percentage share of the City's actual premium expense paid by the employee contributions will significantly decrease. Maintenance of the prior Agreement's contribution formula as sought by the Lodge will cause that gap to widen.[90] According to the evidence submitted by the City, during the period 2004 to 2007, the percentage of employee contributions to total costs of insurance will likely decrease from 11.6% to 7.54%.[91] The evidence demonstrated by the City concerning rising health care costs is consistent with the national health care crisis experience.[92]

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87 City Exhibits 62-64.

88 City Exhibit 65.

89 City Exhibits 66, 67.

90 City Exhibit 68.

91 *Id.*

92 *See* discussion at III(B)(3).

In its pre-hearing submissions and at the hearing in this matter, the Lodge presented its arguments that the City has done a good job and, in part, through cost containment efforts, has held costs down. However, those arguments do not sufficiently refute the convincing evidence demonstrated by the City that it has incurred and will continue to incur substantial increases in health care costs.

The Lodge argues that its study of the City's health care costs shows that when reimbursements are factored into employee contributions, the net cost of health care for active officers has not increased as dramatically as asserted by the City.[93] The Lodge also argues that competitive bidding (discussed at III(B)(7)(b)(3)) will serve to help hold the line on health care costs.[94]

The burden for changing an existing benefit rests with the party seeking the change. Contrary to the Lodge's skillful analysis of the City's health care expenditures, I find that, as the City argues, the City *has* experienced substantial increases in health care costs and has met its burden justifying a change to the existing cost structure for health care benefits. The Lodge relies heavily upon the analysis of C.P.A. Scott Burns who analyzed City's cost data. Notwithstanding Mr. Burns' detailed analysis — one which, in the end, through the making of certain assumptions, concludes that the City is really only experiencing a net increase of four to five percent in health care costs — the evidence submitted by the City concerning its actual costs is convincing and, in

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93 Lodge Brief at 57; Lodge Reply Brief at 22-26; Lodge Exhibits 41, 46, 74.

94 Lodge Brief at 60.

my opinion, sufficiently refutes Mr. Burns' conclusions. The evidence submitted by the City shows that like so many other employers, it is a victim of the national health care crisis — a crisis which has resulted in out of control premium increases translating into double digit increases for employers like the City.

The testimony of Thomas Lamb (who administers the Law Enforcement Health Benefits plan ("LEHB") for the Philadelphia police officers) also does not change the result. At the hearing in this matter, Mr. Lamb described an impressive, aggressive, pro-active approach to health care for police officers in Philadelphia.[95] Among many functions performed by LEHB, Mr. Lamb's organization aggressively tracks medical billings to ferret out mistakes and fraud and further pro-actively makes efforts to bring officers into the health care system for early check ups to avoid potential and more expensive health care costs in the future.[96] Mr. Lamb testified that notwithstanding the national crisis in health care with its sky-rocketing double digit premium increases, in Philadelphia, "the officer does not pay one nickel in deductibles or payroll deduction."[97] Mr. Lamb describes cost shifting for health care to employees as "the lazy man's way out".[98]

But the City argues — and I agree — that for comparison purposes on health care, Philadelphia and Chicago are quite different.

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95 Tr. 9-116.

96 Lodge Exhibit 45.

97 Tr. 17, 20, 113-114.

98 Tr. 24.

First, Philadelphia has five health care funds for its different bargaining units which are represented by various unions, while Chicago has one fund for all of its employees. Second, Philadelphia — through the interest arbitration process — has been compelled to place a high priority on health care expenditures so that a police officer "does not pay one nickel", to the extent that Philadelphia pays $898 per month per employee for health care, which is approximately 55% more than what is paid per employee in Chicago, where, over the years through bargaining and interest arbitrations, the parties have established the practice of cost sharing for health care.[99] Third, while Chicago's economic climate is not the most favorable, according to Mr. Lamb, Philadelphia is experiencing a fiscal crisis, which has even affected the protective services. In his testimony during cross-examination by the City, Mr. Lamb described Philadelphia's reduction of the ranks of police and fire; elimination of the police officer mounted unit; cuts in the training academy; postponement in recruit classes, (not to mention cutbacks in library hours and trash collection).[100] There have been no similar reductions in the protective services in Chicago or similar cutbacks in essential services. While there have been layoffs in the non-protective services, police officers and fire fighters are not being laid off in Chicago. Fourth, and perhaps most significantly, the Lodge did an extensive comparison of wages and benefits for the nine comparable cities the

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[99] Tr. 88-94.

[100] Tr. 94-98.

parties have discussed throughout these proceedings.[101] From the Lodge's exhibits, a comparison of wages, duty availability and uniform allowances for the officers in Philadelphia in 2004 and for the levels of those benefits received by the Chicago officers in 2004 as a result of this award is as follows[102]:

	Years	Wages	Duty Avail/Shift	Uniform
	10			
Phil.		$50,138	$2,005	$775
Chi. (D-1)		$64.309	$2,720	$1,600
Chi. (D-2)		$67,569	$2,720	$1,600
Chi. (D-2A)		$69,664	$2,720	$1,600
	15			
Phil.		$50,488	$2,019	$775
Chi. (D-1)		$66,583	$2,720	$1,600
Chi. (D-2)		$69,900	$2,720	$1,600
Chi. (D-2A)		$72,040	$2,720	$1,600
	20			
Phil.		$50,738	$2,030	$775
Chi. (D-1)		$68,901	$2,720	$1,600
Chi. (D-2)		$72,338	$2,720	$1,600
Chi. (D-2A)		$74,560	$2,720	$1,600
	25			
Phil.		$50,988	$2,040	$775
Chi. (D-1)		$71,447	$2,720	$1,600
Chi. (D-2)		$75,044	$2,720	$1,600
Chi. (D-2A)		$77,266	$2,720	$1,600
	30			
Phil.		$51,238	$2,050	$775
Chi. (D-1)		$73,503	$2,720	$1,600
Chi. (D-2)		$77,266	$2,720	$1,600
Chi. (D-2A)		$79,533	$2,720	$1,600

Thus, Philadelphia has clearly placed its money into health care. But, when Philadelphia and Chicago are compared in terms of money in the officers' pockets, maintenance of level of protective services to the public and the fact that Chicago does not have separate health care plans for the different bar-

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101 Lodge Exhibit 17.

102 *Compare* Lodge Exhibit 17 at 1153, 1159, 1160, 1161, 1162 *with* the salary schedule for 2004 under this award at IV, Appendix A and the awarding of duty availability and uniform allowances at III(C). Philadelphia provides extra compensation for its officers for "shift pay".

gaining units, the City argues, "we ain't Philadelphia".[103] I agree. From looking at the differences in those economic benefits charted above, to say the least, Philadelphia's police officers lag far behind Chicago's officers.

Mr. Lamb's description of the aggressive tracking of charges by LEHB to make certain that overpayments are not made (either through error or fraud) also does not change the result. As the City pointed out in argument at the hearing, one of the foundations of the Lodge's arguments that no increases in cost shifting should occur is the Lodge's complementary description of how the City has done a good job in controlling costs. Chicago does what LEHB does in terms of watching the money.

In these kinds of cases, where it can be demonstrated that significant cost increases exist, an employer seeking to increase health care responsibility by its employees has met its burden justifying a greater shifting of costs. This is such a case.[104] Again, health care is a national crisis and the City and its employees are victims of that crisis. Double digit premium increases are the national experience. Those premium increases are also the City's experience. A change to the existing premium contribution levels paid by employees is therefore required.

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[103] Tr. 273.

[104] *Compare* my award in *Village of Oak Brook and Teamsters Local #714*, S-MA-96-73 (1996) at 11-12 rejecting a proposal to increase employee contributions:

> There is no evidence that the Village has experienced increased premium costs over the life of this Agreement. Without more, the Village's offer cannot be found to be reasonable. There is simply no factual underpinning for me to find that there is a rational basis to justify the change the Village seeks. The Union's *status quo* offer is therefore adopted.

That is not the case in this matter. The City has made an ample demonstration that it has experienced significant increases.

(b). The Timing And Level Of The Change

The question now is when and at what level should the premium contributions be changed?

(1). Timing

First, the when. The overall structure of this award has been to incrementally increase the wage rates so as not to harm the City's present financial situation, allow for future revenue flows and to ultimately permit any increased costs paid by officers for health care to occur after the wage rates have sufficiently built up, thereby making those increased costs into reasonable offsets against wages. To be consistent with that approach, the increased premium contributions made by officers shall not take effect until July 1, 2006. As of that time, the wage rates will have built up by 13.5% (more when compounding and movement through the steps are factored in) and the officers will have received the largest wage rate increases called for by this award (the 3.5% increase resulting from the January 1, 2006 increase and similar approximate percentage increase as a result of the implementation of compression). Therefore, *status quo* on the officers' premium contributions will be maintained until July 1, 2006.

(2). Level Of Change

Second, the question now is what should the rate of the increased contribution be? The City seeks to increase the aggregate contribution level from 1.5% to 2.5%. This would more than double the existing contribution for single coverage to 2.2%, and would increase that contribution by .3 of a percentage

point for employee+1 coverage and by another .3 of a percentage point for family coverage. Putting the City's request to change from a percentage of salary to a percentage of pensionable compensation as part of the contribution aside, the City's offer increases the single percentage contribution rate by 114%; the employee+1 rate by 58%; and the family contribution rate by 42%.

It is clear that the City has incurred increased health care costs. But the future is uncertain and the City's proposed changes are excessive — more than doubling the single employee contribution rate. The City has the burden to justify the change it seeks. For the kind of change the City seeks, that burden has not been met. Given that these changes will not come into effect until July, 2006 and given the uncertainty of what the next few years will bring nationally on health care and locally with respect to the economy, the changes should be less than those sought by the City. Further, there is no justifiable reason for increasing the basis for the employee contributions from salary to pensionable compensation.

In order to strike the proper balance, the premium contributions effective July 1, 2006 shall remain computed on the basis of salary and shall be 2% of that salary in the aggregate — this splits the difference between the *status quo* contribution level of 1.5% in the aggregate and the City's proposed contribution level of 2.5% in the aggregate. The City's Benefits Management Office, at my request, reviewed the distribution of employees enrolled in single, employee +1, and family coverage levels and provided contribution rates for those coverage levels that equal the 2% aggregate contribution rate. The new contribution levels will be:

Single Coverage:	~~1.0281%~~ **1.2921%**
Employee+1:	~~1.5797%~~ **1.9854%**
Family Coverage:	~~1.9705%~~ **2.4765%**

Officers will now have to pay an additional fraction of a percentage point of their salary — .264% for single coverage; .406% for employee+1 coverage; and .506% for family coverage. Those are modest increases in terms of an overall percentage of their salaries. Given the current state of the health care situation and the City's demonstrated costs, those increases are fair to all involved.

Should they choose, the parties will be free to visit this issue again upon expiration of the Agreement when they can take a more accurate look at the then-existing economic condition of the City and health care costs.

(c). Examples

(1). Impact Of The Premium Change On The Officers

An example will show the impact of the change on an officer's pay. As of June 30, 2003, an officer at Class Grade 1, Step 5 earned $55,764.[105] As of January 1, 2006 an officer in that grade and step will earn $63,723 which will increase to $64,997 effective January 1, 2007.[106] Using those salary rates and applying the changes in premium contributions which take effect July 1, 2006 the following shows the impact of the changes:

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105 *See* IV, Appendix A.

106 *Id.*

Plan	Annual Premium Cost Prior To 7/1/06 Change (Prior Agreement Rate)	Premium Cost Per Pay Period Prior To 7/1/06 Change (24 Pay Periods)	Annual Premium Cost After 7/1/06 Change	Premium Cost Per Pay Period 7/1/06 - 12/31/06	Annual Premium Cost After 2% Wage Increase Effective 1/1/07	Premium Cost Per Pay Period 1/1/07 - 6/30/07
Employee	$655.14	$27.30	$823.36	$34.31	$839.83	$34.99
Employee+1	$1,006.63	$41.94	$1,265.16	$52.71	$1,290.45	$53.77
Family	$1,255.66	$52.32	$1,578.10	$65.75	$1,609.65	$67.07

For this hypothetical officer (as for all officers), the premium increases do not take effect until *three years* into the Agreement. By that time, the class grade and step this officer is in will experience 13.5% in salary increases, taking that salary from $55,764 on June 30, 2003 to $63,723 on January 1, 2006 — a $7,959 increase, or 14.3% compounded.[107] That wage rate will increase to $64,997 on January 1, 2007 — a 15.5% overall increase, or 16.6% compounded.[108] The increased premium contributions will impact this hypothetical officer per pay period as follows:

Plan	Premium Cost Per Pay Period Prior To 7/1/06 Change (24 Pay Periods)	Premium Cost Per Pay Period 7/1/06 - 12/31/06 (After 7/1/06 Change)	Increase Premium Per Pay Period 7/1/06 - 12/31/06	Premium Cost Per Pay Period 1/1/07 - 6/30/07 (Due To 2% Wage Increase 1/1/07)	Increase Per Pay Period 1/1/07 - 6/30/07
Employee	$27.30	$34.31	$7.01	$34.99	$0.68
Employee+1	$41.94	$52.71	$10.77	$53.77	$1.06
Family	$52.32	$65.75	$13.43	$67.07	$1.32

[107] 2% (7/1/03) + 2% (1/1/04) + 2% (7/1/04) + 2% (1/1/05) + 2% (7/1/05) + 3.5% (1/1/06) = 13.5%. The compounded percentage increase is ($63,723 - $55,764 = $7,959) ÷ $55,764 = 14.3%.

[108] 13.5% (given prior to 1/1/07) + 2% (1/1/07). The actual increase will then become ($64,997 - $55,764 = $$9,233) ÷ $55,764 = 16.6%.

Compared to the salary increases, the additional premium contributions will cost this officer as follows:

Plan	Total Increase Premiums 7/1/06 - 12/31/06 (12 Pay Periods)	Total Increase Premiums 1/1/07 - 6/30/07 (12 Pay Periods)	Total Premium Increase After 7/1/06 Change	Total Salary Increase Over Life Of The Agreement
Employee	$84.12	$8.16	$92.28	$9,233
Employee+1	$129.24	$12.72	$141.96	$9,233
Family	$161.16	$15.84	$177.00	$9,233

Given the wage increases throughout the Agreement (in this example totaling $9,233), at the time the insurance premium increases take effect on July 1, 2006, the total premium increase for this hypothetical officer will be $92.28, $141,96 or $177.00, depending on the plan. In reality, as before, because of the design of salary schedule where many officers will be experiencing several moves during the life of the Agreement to higher steps in the salary schedule due to years of service, their increased salaries will be substantially greater than this example which only tracks the increases for a specific class grade and step. To say the least, from the officers' perspective for this Agreement and given the wage increases, the increases in premium contributions imposed by this award are minimal.

(2). Impact Of The Premium Change On The City

However, from the City's perspective, the minimal impact of the increased premium contributions placed on the individual officers by this award will give the City significant relief in terms of offsetting the out of control premium increases it faces.

Evidence provided by the City shows the following percentage breakdown of Department members' use of the various plans (participating retirees included) as of July, 2004[109]:

Single	Employee+1	Family
33.5%	21%	45.5%

The City also provided a census of officers in the various class grades and steps.[110] To approximate the effect the increased premium contributions imposed by this award will have on the City's ability to offset its rising health care premium costs, an examination of what the City was paying as of June 30, 2003 and the consequences of the increased wage rates and premium contributions is in order.

Using the census of officers in the bargaining unit as of June 30, 2003, the percentage of the bargaining unit in the class grade and the step with the distribution of largest number of officers in a step showed the following[111]:

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109 City Exhibit 77.

110 City Exhibit 108.

111 *Id*. *See also*, Agreement at Appendix A and IV, Appendix A. As of June 30, 2003, the highest concentration of officers in the class grades were as follows: D-1 — Step 6 (3391); D-2 — Step 8 (140); and D-3 — Step 8 (263). Given the distribution of officers in the class grades, those steps were chosen for this example.

As of June 30, 2003, there were 98 members of the bargaining unit who were paid above the D-2A rate as a result of special assignments. City Exhibit 108. For ease of discussion, those 98 individuals were included in the 2A rate.

Class Grade	Percent of Unit in Class Grade	Salary of Pay Grade And Step As Of 6/30/03 For Step With Largest Number Of Officers	Salary of Pay Grade And Step As Of 1/1/06-7/1/06 For Step With Largest Number Of Officers	Salary of Pay Grade And Step As Of 1/1/07-6/30/07 For Step With Largest No. Of Officers
1	88.8%	$58,572	$66,931	$68,270
2	4.8%	$65,868	$75,261	$76,766
2A	10.2%	$67,884	$77,572	$79,123

Application of the percentage of usage of the plans, the employee contribution rates as of June 30, 2003 and then before and after the July 1, 2006 effective date of the premium increases to wages in the three class grades shows the following[112]:

Class and Grade	Plan And % Usage	Officer Contributions (1/1/03-6/30/03)	Officer Contributions (1/1/06-6/30/06)	Officer Contributions 7/1/06-12/31/06 (Effective Change Date)	Officer Contributions 1/1/07-6/30/07 (With 2% Wage Increase)
1	Employee (33.5%)	$1,291,667	$1,184,606	$1,488,794	$1,518,570
	Employee+1 (21%)	$998,505	$1,141,005	$1,434,039	$1,462,720
	Family (45.5%)	$2,698,636	$3,083,767	$3,875,641	$3,953,154
2	Employee (33.5%)	$63,016	$72,002	$90,491	$92,301
	Employee+1 (21%)	$60,696	$69,352	$87,163	$88,906
	Family (45.5%)	$164,043	$187,436	$235,567	$240,278
2-A	Employee (33.5%)	$138,007	$196,495	$198,198	$202,162
	Employee+1 (21%)	$132,928	$151,898	$190,909	$194,727
	Family (45.5%)	$359,260	$410,531	$515,951	$526,270
TOTAL		**$5,906,758**	**$6,497,092**	**$8,116,753**	**$8,279,088**

Based on the above example, under the prior Agreement, as of June 30, 2003, the officers paid approximately $6 million in premium contributions for the six month period January 1, 2003 - June 30, 2003. The increased per-

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112 To compute six months of premium contributions under this example, the formula is: (annual salary ÷ 2) x percentage contribution rate in effect x 11,574 officers x percent of bargaining unit in grade x percent of unit in a particular plan.

centage wage rates imposed by this award (with no premium increases) will raise those premium contributions to $6.5 million for the six month period January 1, 2006 - June 30, 2006. When the premium increases take effect on July 1, 2006, the officers' total contributions will rise to $8.1 million for the six month period July 1, 2006 - December 31, 2006, which will then again increase to $8.3 million for the period January 1, 2007 - June 30, 2007 as a result of the 2% wage increase which takes effect January 1, 2007.

From the City's perspective, in this example comparing the two six month periods just prior to expiration of the prior Agreement and expiration the new Agreement, the City will receive increased contributions from the officers of $2.4 million.

Again, this is just an example and certain assumptions have been made. Obviously, the actual cost impact on the individual officers and the City will depend upon an officer's wage rate, plan selection and number of officers in each plan. However, the end result is that a delay in the imposition of the increased premium contributions allows the wage increases to build to soften the impact of those premium contribution increases on the officers and amounts to a minimal impact on the officers, but, at the same time — particularly after the increased contribution date of July 1, 2006 — allows for significantly more contributions by the officers as a whole to allow more funds for the City to use to offset its rising health care costs. And as a result of plan design changes now discussed, more health care cost savings have been established for the City, but at the same time the health care plan changes are delayed consistent

with the structure of this award and the plan continues to provide comprehensive high quality health care with numerous options for the officers.[113]

(2). Plan Design Changes

Issues 6 and 7 address health care plan design changes.

As summarized at III(B)(1)(c), the parties have made vastly different offers on health care plan design changes.

According to the Lodge, it has offered changes in deductibles, requirements for competitive bidding, sharing discounts, increasing out-of-network deductible to $1,000 for an individual and $2,000 for a family representing a more than three fold increase for an individual deductible and family deductible, adding a wellness plan with employee co-payments that would have long term beneficial consequences for reduced health care costs by obtaining necessary medical treatment long in advance of the need for a catastrophic claim, removed the limit for life time coverage and has requested hearing aides and hearing examinations be added to the PPO benefit list.[114]

According to the City, coupled with the increase in premium contributions it sought, the plan design changes it proposes address the skyrocketing health insurance costs it has experienced and the City sees its proposal as an equitable approach to apportioning those burgeoning costs through increased employee co-payments, co-insurance, deductibles and out-of-pocket expense limits and will only amount to slight increases in costs for employees who most

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113 *See* III(B)(7)(b)(2).

114 *See* Lodge Brief at 66.

often take advantage of the benefits.[115] Further, according to the City, those employees less likely to utilize as many benefits may capitalize upon the new PPO and HRA plan, which permit tax free contributions and the carry over of unused contributions toward future health care costs.[116] According to the City[117]:

> ... Put simply, employees who most often use the plans' benefits pay the most for those benefits. The net result of each of these modifications is an increased consumer awareness through the creation of an incentive for employees to use the plan only when treatment is necessary and to seek out lower-cost benefits.

The parties therefore agree that changes in plan design are required. However, they vastly differ on the degree and type of changes.

I have considered the parties' proposals. First, I return to the general structure which has been formulated for the Agreement.[118] The changes in plan design must be delayed to allow the increased economic benefits to take effect in order to cushion or offset the plan design changes.

Second, in this time of out of control health care cost increases requiring greater cost sharing by employees, in this case, I am satisfied that the City's approach of rewarding those who use the health care benefits only when they are really required to do so is a sound one.

Further, the Flexible Spending Account ("FSA") option will permit officers to pay for the increased medical expenses resulting from the plan design

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115 *See* City Brief at 34.

116 *Id.*

117 *Id.*

118 *See* III(B)(6).

changes on a pre-tax basis. An officer electing to participate may have up to $5,000 deducted from his or her salary annually on a pre-tax basis. The amounts deducted are placed in an account that the officer may draw upon to pay for medical expenses not covered by the insurance plan (including co-pays, co-insurance, and deductibles). The savings permitted by the FSA are significant. In effect, the officer saves an amount equal to his or her marginal tax rate. Using a simple example, assume an officer is at a 25% tax rate and spends $1,000 on non-covered medical expenses. Without the FSA, the officer spends $250 on taxes (25% x $1,000) plus $1,000 on medical expenses — or $1,250. With the FSA, the entire $1,000 is pre-tax. Put another way, the officer could spend $1,250 on non-covered medical expenses with the FSA — or $250 more than without the FSA.

Given my approach to the economic structure and the imposition of the plan design changes, if officers and their dependents use those benefits when they are really needed — *i.e.*, approaching use of health care benefits more as consumers who make prudent decisions on when to exercise their ability to make purchases — they stand to benefit as a result of the increased wage structure. If officers and their dependents need to use the benefits, the plan design must remain a powerful one providing for numerous options and comprehensive high quality coverages for those who need to use those benefits.

To accomplish those goals, the plan design changes and delayed effective dates for those changes are found in detail at IV, Appendices B and C. These changes will give the City much needed relief from the increased costs it is experiencing as a result of the national health care crisis, but at the same time

still provide the officers with numerous options and comprehensive high quality coverages.

The Lodge strongly argues for a comprehensive wellness and health care screening benefit.[119] The City agrees that a wellness benefit should be added.[120] Wellness is a benefit that is preventative in design. That benefit has been specifically provided for in IV, Appendix B. [121]

One of the most impressive aspects of Mr. Lamb's presentation at the hearing concerning LEHB's activities on behalf of Philadelphia's police officers is LEHB's very pro-active approach to providing preventative health checks and follow-ups for the Philadelphia officers.[122] Specifically, Mr. Lamb testified at length regarding the health fairs that Philadelphia Lodge No. 5 runs for its officers.[123] These health fairs offer an extensive array of early detection screenings that benefit both individual officers (by diagnosing potential problems before they occur) and the City (by directly and indirectly reducing health insurance costs through education and early intervention). Mr. Lamb testified that a large number of officers participate in the health fairs, in part because the fairs are administered under the auspices of the police union. Although anecdotal, I found the Lodge's presentation regarding these preventative measures, includ-

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119 Lodge Final Offer at 8-9, ¶ 16.

120 City Final Offer at Tab 4(A).

121 During the course of these proceedings, the Lodge made a socialization benefit argument with respect to improvements in the dental plan. While unique in nature, that argument does not appear to fit into any of the statutory factors.

122 *See* Lodge Exhibit 45.

123 Tr. 56-65.

ing actual lives saved and projected health insurance savings, to be compelling. Accordingly, I direct the parties to develop and pilot a health fair for the benefit of the Lodge's membership. The health fair(s) shall be subsidized in part by the City, but managed by the Lodge; the Lodge shall regularly inform the City as to the planning, implementation and results of the health fair(s).[124] This pilot project will provide the parties with an opportunity to assess whether these types of preventative measures benefit (and/or will continue to benefit) both the Lodge and the City.

(3). Competitive Bidding For Health Care

Issue 9 addresses competitive bidding for health care.

When the parties' final offers were submitted, the Lodge made the following proposal[125]:

> The employer agrees to award contracts to the lowest responsible bidder for the healthcare plan, related network and the selection of service providers, third party administrators or other vendors for the HMO, PPO, Mental Health and Substance Abuse Service for the PPO, Utilization Review Services for PPOs, medical reimbursement account and the dependant healthcare account pharmacy services, dental and vision care benefits, pursuant to competitive bidding. Factors to be considered in evaluating responsible bidders shall be determined through a joint labor management committee. All relevant factors to be considered shall be set forth in the request for proposal for the services to be provided.

The City took the position that competitive bidding for health care is not a mandatory subject of bargaining.[126]

The question of whether competitive bidding for health care is a mandatory subject of bargaining was submitted by the parties to the Illinois Labor

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124 This health fair pilot project is solely for the remainder of this Agreement.

125 Lodge Final Offer at 8, ¶ 15.

126 City Brief at 4, note 6.

Relations Board ("Labor Board") for a declaratory ruling.[127] By Declaratory Ruling dated December 22, 2004, the General Counsel of the Labor Board agreed with the Lodge and found that the Lodge's "... proposal regarding competitive bidding is a mandatory subject of bargaining."[128]

For my purposes, at this time, the Labor Board General Counsel's determination that competitive bidding for health care is a mandatory subject of bargaining does not automatically translate into a requirement that the Lodge's proposal be placed into the Agreement as a contract term. The premiums and plan design have been set. I rely upon the City's repeated assurances during these proceedings that upon completion of contract negotiations with other unions over health care, it will bid its health care plan.

But, at *this* time, the City has done nothing to cause me to insert a provision into the Agreement which requires competitive bidding. The point here is that even if competitive bidding is a mandatory subject of bargaining, the Lodge still has a burden to show why its proposed language on competitive bidding should make its way into the Agreement. For now, just because the Labor Board's General Counsel is of the opinion that the IPLRA requires bargaining over the issue in and of itself does not equate with a showing or a requirement that I adopt the Lodge's proposed language as a term of the Agreement. The Lodge's proposal is therefore rejected.

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[127] The procedure for such rulings is found at Section 1200.40 of the Rules and Regulations of the Labor Board, 80 Ill. Admin. Code Sections 1200 through 1230.

[128] *City of Chicago and Fraternal Order of Police, Lodge #7*, Case Nos. L-DR-05-001, 002 (December 22, 2004); Lodge Exhibit 71.

(4). Health Care For Retirees

Issue 10 addresses changes to health care for retirees.

Section 25.2 of the prior Agreement provided coverage for "officers covered by this Agreement who retire on or after age 60 ... [and] coverage under a plan for officers covered by this Agreement shall terminate when an officer covered by this Agreement either reaches the age for full Medicare eligibility under federal law ...." (age 65). The City seeks to eliminate coverage for officers in that 60-65 age range.[129] The Lodge seeks to expand coverage for officers who retire on or after age 57 and who have at least 30 years of service at the age of retirement.[130]

Neither party has sufficiently justified changing the *status quo*. Both proposed changes are rejected.[131]

(5). Exchange Of Compensatory Time

Issue 8 addresses exchange of compensatory time.

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129 City Final Offer at Tabs 1 ¶ IX; 4(A).

130 Lodge Final Offer at 7, ¶ 13.

131 Section 25.2 of the prior Agreement provides the following, in part:

> An officer covered by this Agreement who retired or will retire, pursuant to the pension statute, between the period January 1, 1997 and the date of the ratification of this Agreement inclusive, and who was 60 or over at the time of ratification, will be entitled to the benefits of this paragraph, provided the officer covered by this Agreement notifies the City's Benefits Office, in writing, within forty five (45) days after ratification of this Agreement. If such notice is given, benefits to the officer covered by this Agreement and the officer's eligible dependents will be effective on the first day of the following month.

The City seeks to remove that language from the Agreement. City Final Offer at Tab 4(C). Because the above quoted portion of Section 25.2 governed officers retiring during the period January 1, 1997 until ratification of the prior Agreement, there does not appear to be any need to maintain that language in the current Agreement and the language should be removed as moot. Obviously, no officer whose benefits were established by that language should be prejudiced by removal of that language.

The Lodge proposes to add a benefit to allow officers the ability to exchange increasing levels of compensatory time at their hourly rate of pay to be placed into a health savings account, VEBA or some other related non-taxable account and to be used for health care payments at the time of the officer's retirement.[132] The City seeks to maintain the *status quo*.

There is no demonstrated need by the Lodge to change the *status quo* on this issue to require the imposition of such a benefit.

C. Other Income-Type Issues

1. Duty Availability Allowance

Issue 4 addresses duty availability allowance.

Upon the expiration of the prior Agreement, officers received $630 per quarter ($2,520 per year) for duty availability.[133]

The Lodge seeks to increase the benefit with four $200 per year increases as follows[134]:

Effective Date	Amount Per Quarter	Amount Per Year
1/1/04	$680	$2,720
1/1/05	$730	$2,920
1/1/06	$780	$3,120
1/1/07	$830	$3,320

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[132] Lodge Final Offer at 3-4, ¶ 9. The offer also includes the ability by the officer (or the officer's estate, where appropriate) to cash out those amounts in the event of death, dismissal or resignation prior to retirement.

[133] Agreement at Section 20.13(A). Duty availability allowance is treated as pensionable. *Id*. at 20.13(B).

[134] Lodge Final Offer at 4, ¶ 10.

The City seeks to increase the benefit with $200 per year increases, but only in two years of the Agreement (as opposed to the Lodge's four) as follows[135]:

Effective Date	Amount Per Quarter	Amount Per Year
1/1/04	$680	$2,720
1/1/06	$730	$2,920

Taking the starting point of the duty availability allowance as of June 30, 2003, beginning in January, 2004 and running through the length of the Agreement, the percentage increases for this benefit show the following:

Effective Date	Lodge (Per Year)	Lodge Yearly Percentage Increase	City (Per Year)	City Yearly Percentage Increase
6/30/03	$2,520	--	$2,520	--
1/1/04	$2,720	7.9%	$2,720	7.9%
1/1/05	$2,920	7.4%	--	--
1/1/06	$3,120	6.8%	$2,920	7.4%
1/1/07	$3,320	6.4%	--	--

At the end of the Agreement, the Lodge's proposal will take an officer from $2,520 per year to $3,320 per year — an increase of 31.8% for this benefit. At the end of the Agreement, the City's proposal will take an officer from $2,520 to $2,920 — an increase of 15.9% for this benefit.

I really need go no further than the cost-of-living factor in the IPLRA to resolve this issue.[136] As noted in the discussion concerning wages and the cost-of-living, I gave the Lodge the benefit of the doubt and accepted its numbers on the cost-of-living — 3.3% for 2004 — and found that the wage in-

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135 City Final Offer at Tabs I ¶ IV; IV(A).

136 Section 14(h)(5) of the IPLRA.

creases imposed by this award nevertheless exceeded that figure.[137] Not much discussion is now needed to conclude that the City's offer on the increase in duty availability allowance (7.9% in 2004 and 7.4% in 2006, or a compounded 15.9% over the life of the Agreement) *far* exceeds the cost-of-living numbers utilized by the Lodge and similarly exceeds any reasonable speculation about what may be ahead in terms of increases in the cost-of-living through June 30, 2007 when the Agreement expires.

However, although I am satisfied that the cost-of-living factor resolves this question, another statutory factor should be considered. The "overall compensation" factor also favors the City's position on this issue.[138] The additional increases from this benefit as proposed by the City which serves to further increase the total wage package by $400 per year for each officer by the end of the Agreement satisfies this statutory factor.

Finally, internal comparability supports the City's offer. The Fire Fighters Agreement provides for increases in duty availability pay (non-EMS) to $680 per quarter effective January, 2004 and $730 per quarter, effective January, 2006 — the same benefit offered by the City to the officers.[139]

The City's offer is clearly the more reasonable and shall be selected.[140]

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137 *See* discussion at III(B(7)(a)(4)(a).

138 Section 14(h)(6) of the IPLRA.

139 Section 5.7(A) of the Fire Fighters Agreement.

140 In III(M) of this award, I retain jurisdiction to consider whether certain economic benefits should be added to the Agreement in the event another bargaining unit achieves better benefits. Because the Fire Fighters Agreement locks in duty availability allowance until June 30, 2007 and is not a topic for reopened negotiations under that Agreement (*see* Fire Fighters

[footnote continued]

2. Uniform Allowance

Issue 5 addresses uniform allowance.

Upon the expiration of the prior Agreement, officers received $1,500 per year payable in three $500 installments for uniform allowance.[141]

The Lodge seeks to increase that benefit to $1,700 per year effective January 1, 2004 and $1,900 per year effective January 1, 2005.[142] The City seeks to increase that benefit to $1,600 per year effective January 1, 2004 and to $1,800 per year effective January 1, 2006.[143]

As with the duty availability allowance benefit, those proposed changes are summarized as follows:

The Lodge's offer translates as follows:

Effective Date	Amount Per Payment	Amount Per Year
1/1/04	$566.67	$1,700
1/1/05	$633.33	$1,900

The City's offer translates as follows:

Effective Date	Amount Per Payment	Amount Per Year
1/1/04	$533.34	$1,600
1/1/06	$600.00	$1,800

The effect of those increases shows the following:

[continuation of footnote]
Agreement at Section 20.1(B)(2)), duty availability allowance under this Agreement will not be subject to the retained jurisdiction discussed at III(M).

141 Agreement at Section 21.3.

142 Lodge Final Offer at 7, ¶ 12.

143 City Final Offer at Tabs I ¶ V; IV(A).

Effective Date	Lodge (Per Year)	Lodge Yearly Percentage Increase	City (Per Year)	City Yearly Percentage Increase
6/30/03	$1,500	--	--	--
1/1/04	$1,700	13.3%	$1,600	6.6%
1/1/05	$1,900	11.8%	--	--
1/1/06	--	--	$1,800	12.5%

Again, as with duty availability allowance, the starting point is June 30, 2003. Just by January 1, 2005, the Lodge's proposal will take an officer from $1,500 to $1,900 — an increase of 27%. While City's offer is slower and smaller than the Lodge's offer, nevertheless, by January 1, 2006, the City's offer takes an officer from $1,500 to $1,800 — an increase of 20%. From a cost-of-living standpoint, the City's offer far exceeds the cost-of-living — even under the Lodge's view of how that figure should be computed. Similarly, when the increases in wages and duty availability allowance are rolled in, the City's offer compares favorably with the cost-of-living and total compensation factors.

A uniform allowance is designed to offset costs an officer might incur to maintain the uniform after first issue, change or modification (which costs are incurred by the Department).[144] For the sake of discussion and recognizing that actual expenditures on uniforms vary from officer to officer depending on assignment and usage and to give the Lodge the benefit of the doubt, I will assume that each officer spends the uniform allowance strictly on costs for maintaining the uniform. The distribution dates for the uniform allowance in-

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144 *See* Agreement at Section 21.4 ("The Employer shall pay for the first issue of any change in, or modification of, the prescribed uniform announced and effective after November 15, 1981").

stallments are February 1, August 1 and December 1 of each year.[145] Given those distribution dates, and the July 1, 2003 - June 30, 2007 period covered by the Agreement, the proposed increases in the uniform allowances can also be viewed as follows:

Year	Actual Benefit Per Lodge Offer	Actual Increase Per Lodge Offer Over Prior Agreement ($1,500)	Actual Benefit Per City Officer	Actual Increase Per City Offer Over Prior Agreement ($1,500)
2003	$1,000.00[146]	$0.00	$1,000.00[147]	$0.00
2004	$1,700.00	$200.00	$1,600.00	$100.00
2005	$1,900.00	$400.00	$1,600.00	$100.00
2006	$1,900.00	$400.00	$1,800.00	$300.00
2007	$633.33[148]	$133.33[149]	$600.00	$100.00[150]
Total	**$7,133.33**	**$1,133.33**	**$6,600.00**	**$600.00**

Over the life of the Agreement, the City's offer gives each officer $6,600.00 for uniform allowance while the Lodge's offer gives each officer $7,133.33. When compared to the benefit under the prior Agreement ($1,500 per year), the City's offer amounts to an increase of $600.00 over the life of the Agreement, while the Lodge's offer comes to $1,133.33 — a difference of $533.33 per officer.

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145 Agreement at Section 21.3. The parties' final offers do not change those dates. *See* Lodge Final Offer at 7, ¶ 12; City Final Offer at Tab 4(A).

146 This Agreement becomes effective July 1, 2003. Therefore, there are two distributions in 2003 — August 1 and December 1, 2003 — of $500 each. Neither offer sought a change of the two $500 distributions for 2003. The actual benefit under the parties' offers for 2003 for this Agreement is therefore $1,000.

147 *Id.*

148 The one distribution on February 1, 2007.

149 The one distribution on February 1, 2007 under the Lodge's offer ($633.67) - the one distribution under the prior Agreement ($500.00) = $133.39.

150 The one distribution on February 1, 2007 under the City's offer ($600.00) - the one distribution under the prior Agreement ($500.00) = $100.00.

The underlying assumption of both offers is acceptance of the proposition that the cost of maintaining the uniform will increase over the life of the Agreement — and both parties have provided for those anticipated increases. But the Lodge has not shown a reasonable basis for me to conclude that expenses for maintaining the uniform will increase beyond the City's offer to pay $6,600 over the life of the Agreement for those expenses. And again, this assumes that each officer will actually use that money to pay for uniform maintenance — which may not always occur. When this issue is looked at as an offset against costs the officers may incur for maintaining their uniforms, the determinative factor here is really the totality of the City's offer.

On balance, the City's offer is the more reasonable and shall be selected.[151]

D. Medical Roll Issues

Issues 14, 15, 17 and 20 address medical roll issues.

There are a number of issues tied to officers' usage of the medical roll — *i.e.*, being absent from work.

Three of the City's proposals are tied to its assertion that certain officers are abusing the medical roll. The City first seeks to impose a system "… to monitor usage of medical roll benefits in order to prevent misuse of the benefit and to ensure that officers are available for duty" which would utilize a phase

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[151] As with duty availability allowance, because the Fire Fighters Agreement also locks in uniform allowance until June 30, 2007 and is not a topic for reopened negotiations under that Agreement (*see* Fire Fighters Agreement at Section 20.1(B)(5)), uniform allowance under this Agreement will not be subject to the retained jurisdiction discussed at III(M).

system based on incidents of absence and having implications on eligibility for special assignments and units, limiting eligibility to bid for vacancies in certain assignments and units, disqualifying eligibility for promotions, duty availability allowance, tuition reimbursement and, ultimately, leading to separation.[152] The City also seeks to change eligibility for compensation for holidays in that an officer must either work or be excused with elective time on working days prior to and immediately after a scheduled holiday.[153] The City further makes a specific proposal to disqualify an officer from special employment while in a specified level in its proposed phase system.[154]

The Lodge seeks to have financial incentives of $1,000 per year paid to officers who do not use the medical roll (non-I.O.D.) for a 12 month period.[155]

As will be followed for analyzing these kinds of proposed systemic or operational changes, in order for me to impose a change, the burden is on the party seeking the change to demonstrate that the existing system is broken. Where the parties have not been able to work out these kinds of changes at the bargaining table — particularly after spending so much time bargaining as these parties have — it is not my function as an interest arbitrator through some kind of self-imposed inspired epiphany to formulate where the parties would have gotten by further bargaining and thus force a solution on the parties after the parties have not been able to do so by themselves through good

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152 City Final Offer at Tabs 2, 4(B).

153 *Id*. at Tab 4(B).

154 *Id*.

155 Lodge Final Offer at 3, ¶ 9.

faith bargaining. The parties are at impasse over these kinds of changes. They have given it their best shot. Who am I to say that they should have done more? Thus, the stringent requirement is that the party seeking these kinds of systemic or operational changes must demonstrate that the change is needed because the system is broken.

The parties have not met their respective burdens for the kinds of changes they seek on the medical roll issues.

First, with respect to the City's proposed changes concerning how to handle officers who abuse the medical roll, I will assume for the sake of discussion that there are officers who engage in that kind of activity.[156] However, Article 4(M) of Agreement (Management Rights) contains a "just cause" provision which allows the Department "to suspend, demote, discharge, or take other disciplinary action against officers for just cause". That standard is reiterated in Section 8.1 of the Agreement where the parties agreed that "[n]o officer covered by this Agreement shall be suspended, relieved from duty or otherwise disciplined in any manner without just cause."

Officers — as are all employees — are expected to come to work on a regular basis and avoid absences which are not scheduled and approved in advance. Should an officer fail to meet those obligations through use of the medical roll (non-I.O.D.), the Department can — and should — impose discipline for abuse of the medical roll, subject to the contractual standard of "just

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156 *See* City Brief at 38-40 (where the City argues that officers use excessive amounts of medical time for non-I.O.D. illnesses and injuries and excessive use of the medical roll hinders the Department's operations).

cause". Simply put, if officers are abusing the medical roll, then the Department should discipline them. Each case will have to be examined on an individual basis. However, there is no reason sufficiently demonstrated in this record that requires me to impose a phase-type system and also disqualify officers from contractual benefits as a result of where they are in that system. The answer to the Department's stated problem is for it to take disciplinary action against those officers who abuse the medical roll.[157]

Second, with respect to the Lodge's proposal that officers be paid $1,000 for not using the medical roll during a 12 month period, in reality, the Lodge is arguing that officers should be paid additional compensation for coming to work. But officers are already paid to come to work — indeed, they are *obligated* to come to work. Further, there is no reason to believe that the incentive the Lodge seeks will act as a deterrent for those officers who abuse the medical roll. Again, the answer to medical roll abuse problems is discipline.

The parties' offers concerning the medical roll issues are therefore rejected.

E. Injury On Duty Procedures, Benefits And Remedies

Issues 12, 18 and 19 address I.O.D. procedures, benefits and remedies.

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[157] Abuse of the medical roll not only harms the Department in its efforts to adequately staff its operations, but harms the officers as well as the Department is forced to shift assignments and work hours (within the confines of the Agreement) so as to cover for officers who fail to meet their obligations to simply come to work on a regular basis. Abuse of the medical roll by some officers causes changes in other officers' time off plans when they may be forced to cover vacant positions.

The Lodge does not appear to disagree with the concept that officers who abuse the medical roll should be disciplined. *See* Lodge Brief at 29 (where the Lodge refers to "... the very effective remedies for which the employer has a right to implement, such as discipline ....").

The Lodge has proposed a series of changes concerning I.O.D. procedures, benefits and remedies.[158] The City has made proposals for modification of requirements concerning officers obtaining medical care through a physician of their own choosing and for claiming recurrence of I.O.D.[159]

These offers have been considered and, with the exception now discussed, are rejected as the parties have not met their burdens to demonstrate the existing system is sufficiently broken to require intervention by an arbitrator to impose the changes sought.[160]

Section 18.1 of the Agreement provides, in pertinent part:

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158 Lodge Final Offer at 2, ¶ 6; 11-12, ¶ 23.

159 City Final Offer at Tabs 2 ¶¶ III and IV; 4(B).

160 The Lodge seeks to impose specific and extensive remedial authority for disputes arising under Appendix N. Lodge Final Offer at 11, ¶ 22. The Lodge proposes the following language be added (*id.*):

> When an arbitrator concludes that the Department has violated the provisions of Appendix N, the arbitrator will award the grievant IOD status, the payment of any co-pay or deductible incurred by the grievant and any absence from duty shall be coded as an absence as a result of an injury on duty. In addition, the grievant shall be awarded four (4) hours of compensatory time for each day on the medical roll, and the employer shall be required to pay any fees or transcript costs of the court reporter and witness fees.

Such language is not necessary. Arbitrators already have broad remedial authority. *See American Federation of State, County and Municipal employees, AFL-CIO v. Department of Central Management Services, et al.*, 671 N.E. 2d 668, 680 (1996) ("... The arbitrator remains free to determine appropriate remedies within the confines of the collective-bargaining agreement"). *See also*, *See United Steelworkers of America v. Enterprise Wheel and Car Corp.,* 363 U.S. 593, 597 (1960):

> When an arbitrator is commissioned to interpret and apply the collective bargaining agreement, he is to bring his informed judgment to bear in order to reach a fair solution of a problem. This is especially true when it comes to formulating remedies. There the need is for flexibility in meeting a wide variety of situations. The draftsmen may never have thought of what specific remedy should be awarded to meet a particular contingency.

Further, see Local 369 Bakery and Confectionery Workers International Union of America v. Cotton Baking Company, Inc., 514 F.2d 1235, 1237, *reh. denied*, 520 F.2d 943 (5th Cir. 1975), *cert. denied*, 423 U.S. 1055 and cases cited therein ("In view of the variety and novelty of many labor-management disputes, reviewing courts must not unduly restrain an arbitrator's flexibility"); Hill and Sinicropi, *Remedies in Arbitration* (BNA, 2nd ed.), 62 ("... [M]ost arbitrators take the view that broad remedy power is implied ....").

> Any officer absent from work on account of injury on duty (I.O.D.) for any period of time not exceeding twelve (12) months shall receive for each such I.O.D. full pay and benefits for the period of absence, provided such injury or illness is certified by the Department's physician. Such certification shall not be unreasonably withheld.

The Lodge has shown that there have been problems with officers being able to obtain I.O.D. certification and treatment in a reasonably timely manner.[161] During the negotiations process, the Department's Medical Services Section compiled an expanded list of referral physicians for potential future use. To remedy the problems discussed by the parties, I direct that the Department adopt the expanded list and that officers seeking IOD treatment be permitted to select physicians from that list. The City shall also give the Lodge quarterly notification of any changes to that list.[162]

F. Vocational Retraining For Duty Or Occupational Disability

Issue 13 addresses vocational retraining for duty or occupational disability.

The parties both propose vocational retraining for officers on duty or occupational disability.[163] The problems are the development and funding such a program.

Given that both parties agree that this kind of vocational retraining is appropriate and without more specific evidence concerning how to structure the program and whether it will work, it would not be appropriate at this time

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161 *See* Lodge Brief at 21-26; Lodge Exhibit 34.

162 This pool of doctors does not consist of all doctors in the PPO, but constitutes a pool of approximately 800 doctors who perform I.O.D. referrals.

163 City Final Offer at Tabs 3, ¶ II; 4(C); Lodge Offer at 3, ¶ 7.

for me to place this new program into the Agreement as an open-ended entitlement. The parties should first see if they can structure a program to fit the qualifying officers' needs. Therefore, rather than formulating a specific provision of the Agreement, the parties are directed to meet and prepare a side letter for attachment to the Agreement describing the program and its implementation. Further, to make certain that the program gets started, the City is directed allocate at least $120,000 for 2006 and the same amount for 2007 to fund the program.[164] After the parties' experience under the side letter, they will be free to revisit this issue for possible placement into the next Agreement as a fixed contract term.[165]

G. Processing Medical Grievances

Issue 16 addresses processing medical grievances.

While the parties were not in agreement at the time they identified the issues in dispute, the parties have now resolved this issue.[166]

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164 Naturally, the City Council can allocate more.

165 While I have retained jurisdiction over certain issues in this award, I will not do so on this issue. However, should the parties desire, I will make myself available for mediation purposes on this issue. Suggested language for the side letter shall be:

> Effective no later than January 1, 2006, the Employer shall implement an appropriate vocational retraining program for officers on duty disability or occupational disability who desire to avail themselves of the program, and subject to the monies appropriated for the program (which shall be at least $120,000 for 2006 and the same amount for 2007). The Lodge and the Employer will begin to negotiate during the first quarter of 2005 for an appropriate retraining program. If the parties fail to reach agreement, either may request the services of Arbitrator Edwin Benn to mediate their dispute.

166 Lodge Final Offer at 1, ¶ 1.

H. Special Details

Issue 21 addresses special details.

The Lodge proposes a procedure for creating overtime for certain paid details.[167] The City seeks to maintain the *status quo*.[168]

The Lodge views its proposal as "… a paid detail to be performed off duty paid for by a private corporation requesting or requiring assistance of the Chicago Police Department to provide police services for such duties as security, crowd and/or traffic control."[169] The Lodge sees an advantage to the City in that it proposes a rate of one and one-quarter the normal hourly rate (in four hour segments) and thus the City will benefit from a reduction in overtime costs for sporting events, concerts and other activities otherwise requiring police services with the private employer paying the City a fee for hiring police officers.[170]

The City raises questions about how to implement such a plan and potential liability issues for conduct of off-duty officers while working these events.[171]

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167 Lodge Final Offer at 5-6, ¶ 11.

168 City Reply Brief at 42-43. The City is of the opinion that this subject is a non-mandatory subject of bargaining. *Id.* at 42. However, no petition was filed with the Labor Board for a declaratory ruling on that question.

169 Lodge Brief at 50.

170 Lodge Brief at 50-51.

171 City Reply Brief at 43.

Perhaps this is a good idea.[172] There are benefits to the officers (additional work and pay) and to the City (including a reduction in overtime expenses and a mechanism to discourage excessive medical roll use). But again, a good idea is not enough to meet a party's burden in an interest arbitration for me to impose an offer as a contract term.

However, although not sufficient to become an imposed term of the Agreement, there are mutual benefits which should be explored. Although this will not be a term of the Agreement, the parties are directed to form a committee to further explore the Lodge's proposal. The committee should be formed and commence meetings within 45 days of ratification of this Agreement by the City Council.

I. Fees For Promotional Examinations

Issue 22 addresses fees for promotional examinations.

Officers are not required to pay a fee to take promotional examinations. The City seeks to require officers to pay up to $75 for promotional examinations.[173] The Lodge opposes that requirement.[174]

In support of its position that a fee should be imposed for promotional examinations, the City points out that it costs up to $1.7 million for developing and administering a promotional examination.[175] The City also points out that

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172 According to the Lodge, San Antonio, Boston, New York and Phoenix have such plans. Lodge Brief at 51-52.

173 City Final Offer at Tabs 3, ¶ I; 4(C).

174 Lodge Final Offer at 2, ¶ 3.

175 City Brief at 50-51.

the fire fighters have a similar provision in their contract with the City, therefore arguing internal comparability.[176] The Lodge counters that argument asserting that no problems have been demonstrated by the City's administering examinations without a fee and that imposition of a fee might act as a deterrent for some employees from taking the examination.[177]

The City has not met its burden to change the *status quo*. On balance, given that there will be increased costs passed on to the officers as a result of the ultimate implementation of higher insurance premium contributions and greater costs associated with the health care plan design changes, the Lodge's argument that the additional cost for taking a promotional examination may, in the end, have a deterrent effect on officers taking promotional examinations is persuasive. While there is a cost to the City associated with developing and administering promotional examinations, given the increased cost sharing in the health care area, there is insufficient justification for this Agreement for that similar kind of cost sharing to be extended into the promotional examination area.

J. Bargaining Over BIS D-2A Examinations

Issue 23 addresses bargaining over BIS D-2A examinations.

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[176] City Brief at 51 citing Section 9.3B(5) of the Fire Fighters Agreement (City Exhibit 100 — "The City may charge an appropriate fee for all promotional examinations not to exceed the charge established by City Council Ordinance, which fee shall not exceed $75.00").

[177] Lodge Brief at 54.

While the parties were not in agreement at the time they identified the issues in dispute, the parties have now resolved this issue.[178]

K. Random Alcohol Testing

Issue 24 addresses random alcohol testing.

The City seeks to add a provision to the Agreement which subjects officers to random alcohol testing.[179] The Lodge opposes that requirement.[180]

The City argues that a similar requirement exists for the fire fighters and should also be required for police officers.[181] According to the City, "[g]iven the long history of parity between the City's police and firefighter units on other fronts, it is only common sense that they be held to similar basic standards of conduct".[182] Further, according to the City, "alcohol abuse on the job is … pernicious … [and] life-threatening … [and] studies suggest that on-the-job alcohol abuse may be more prevalent in American workplaces than on-the-job illicit drug use."[183]

But there is no evidence that on-the-job alcohol abuse exists in the ranks of the officers — a fact conceded by the City ("… the City does not contend that

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178 Lodge Final Offer at 2, ¶ 4.

179 City Final Offer at Tabs 3, III; 4(C).

180 Lodge Final Offer at 11-12, ¶ 23.

181 City Brief at 52-53.

182 *Id*. at 52. *See also*, City Exhibit 101 (Chicago Fire Department General Order (04-00X): Random Drug/Alcohol Testing Program (July 15, 2004)).

183 City Brief at 52.

alcohol abuse is prevalent among its police officers ....").[184] The City views random alcohol testing as a good idea ("... implementing a random alcohol testing program will help promote the health and safety of Chicago's officers and the community they serve").[185]

Where there is no evidence that a problem exists, again, a "good idea", in and of itself, is not enough to meet a party's burden for me to impose a new contract requirement such as random alcohol testing. With respect to the City's internal comparability argument — *i.e.*, that a similar requirement exists for the fire fighters — there is an obvious difference between the two protective services. Most fire fighters work 24 hour shifts living together in a firehouse (often with downtime when not on calls, performing maintenance or training) while police officers work eight hour shifts and then go off duty.[186] Given the length of time that fire fighters are required to be on duty and live in the fire houses and the prohibition against having alcohol in the fire houses, it makes more sense to have a random alcohol testing program for fire fighters than for police officers who, after their shorter shifts end, are not prohibited from consuming alcoholic beverages.

The City's offer to impose a random alcohol testing program is rejected.

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184 *Id.* at 52-53.

185 *Id.* at 53.

186 *Compare* Section 4.1(A) of the Fire Fighters Agreement ("[t]he normal on duty tours of duty shall be twenty four (24) consecutive hours on duty") with Section 20.1 of this Agreement (which defines "... the normal work day (8 hours) ....").

L. Interest On Retroactive Payments

Issue 11 addresses interest on retroactive payments.

The Lodge seeks the following provision be added to the Agreement:[187]

> Interest on wage increases including salary, duty availability pay, uniform allowances or any other economic payments shall accrue at the rate of three percent (3%) from 120 days after execution of this agreement or one hundred and twenty (120) days after the effective date of the increases, whichever is later, to the actual day of payment. Interest incurred pursuant to this paragraph shall be paid to the officers covered by this Agreement only if the amount of interest due to an individual officer exceeds five dollars ($5).

Because the prior Agreement expired June 30, 2003, a number of the provisions have been made retroactive and effective on varying dates prior to issuance this award (*e.g.*, wages, duty availability allowance and uniform allowance). Given the complexity of the calculations caused by the varying dates for implementation, changed circumstances (*e.g.*, different monetary entitlements due to movement of individual officers through the salary schedule to higher steps since expiration of the prior Agreement), individual circumstances (*e.g.*, due to factoring in overtime worked during that same period) and the number of officers who will be entitled to retroactive payments (again, approximately 11,600 individuals), calculation of the retroactive payments to the individual officers will no doubt be quite complex and time consuming. I further recognize that the terms of the Agreement resulting from this award must go through City Council approval, thereby delaying the effective date of implementation of the terms of this award.

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187 Lodge Final Offer at 10, ¶ 19.

Given the complexity of the calculations, the Lodge has not demonstrated why an automatic interest requirement should be imposed and also why such a requirement should be made part of the Agreement. However, in order to prevent undue delay in getting the retroactive payments to the officers, upon issuance of this award the City and the responsible departments are directed to immediately begin working on the calculations for the required retroactive payments. Within 120 days after the date of this award, the City shall make the retroactive payments. Each officer will receive his or her retroactive payment and a payout sheet showing how his payment was calculated. In the event that the payments or the payout sheets are not received within this period, the Lodge may request that I consider imposing interest.

M. Retained Jurisdiction On More Favorable Benefits Granted

This is the first contract of the many the City has with its various unions. With the economic benefits imposed and the structure used, along with the imposition of health care costs and plan design changes, it is a contract of immense cost to the City and change for the officers. From the officers' viewpoint, because this Agreement should set the stage for the other contracts, there is a possibility that some other bargaining unit will be able to negotiate more favorable economic terms with the City. Therefore, a "me too" clause — *i.e.*, a provision that requires those more favorable economic benefits to also be passed on to this bargaining unit — is in the officers' interests. On the other hand, the City should be wary of being "whipsawed" or "leapfrogged" by a "me too" provision in this Agreement and the result of negotiations with the

various other unions — *i.e.*, being put in a position where it could not or was not required to grant a benefit in this bargaining unit but had to do so in another unit (either by agreement to get a concession in another area or by order of an interest arbitrator) and thereby have this bargaining unit end up with the benefit it originally did not get.

The terms of this Agreement — with all of the dramatic changes on both sides — are being imposed in a time of economic uncertainty facing the City and its employees. To prevent a potential whipsawing or leapfrogging effect on the City, I will not impose a "me too" provision as part of the Agreement. However, given the uncertain economic conditions and to avoid having this bargaining unit pay a price for being the first out of the gate, I will retain jurisdiction over certain provisions in this award for reconsideration in the event that the City negotiates a more favorable settlement with another bargaining unit. Specifically, items that are marked with an asterisk (*) in Appendix A, Appendix B, Appendix C, and Appendix E of this award are subject to my retained jurisdiction. Items that are not marked with an asterisk are not subject to this retained jurisdiction.[188]

The parties must understand that this is not an automatic "me too" provision. Indeed, it is not a contractual provision at all. Because of the unusual circumstances in this case, this retention of jurisdiction for more favorable benefits is only a requirement of this award and is being used only for the pur-

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[188] Further, *see* III(C) (where duty availability and uniform allowances are specifically excluded from this retained jurisdiction) and III(B)(7)(a)(2) at note 54 (retaining jurisdiction over base wage increases and salary schedule compression).

poses of this award. The factors that will be utilized in making the determination of whether to impose a more favorable term in this Agreement will be those set forth in Section 14(h) of the IPLRA.

IV. APPENDICES

The appendices to this award are as follows:

A. Salary schedule
B. Health care
C. Dental
D. Uncontested Items
E. Salary schedule for officers on Step 11 prior to January 1, 2006

A. Appendix A — Salary Schedule

Salary Schedule for Sworn Police Personnel

Fraternal Order of Police--Chicago Lodge No. 7

CLASS GRADE		ENTRANCE RATE STEP 1 FIRST 12 MOS	STEP 2 AFTER 12 MOS	STEP 3 AFTER 18 MOS	STEP 4 AFTER 30 MOS	STEP 5 AFTER 42 MOS	STEP 6 AFTER 54 MOS	STEP 7 AFTER 10 YRS	STEP 8 AFTER 15 YRS	STEP 9 AFTER 20 YRS	STEP 10 AFTER 25 YRS	MAX RATE STEP 11 AFTER 30 YRS
	Effective June 30, 2003											
1	ANNUAL	36,984	47,808	50,538	53,136	55,764	58,572	60,600	62,742	64,926	67,326	69,264
	MONTHLY	3,082.00	3,984.00	4,211.50	4,428.00	4,647.00	4,881.00	5,050.00	5,228.50	5,410.50	5,610.50	5,772.00
2	ANNUAL	47,808	50,538	53,136	55,764	58,572	61,518	63,672	65,868	68,166	70,716	72,810
	MONTHLY	3,984.00	4,211.50	4,428.00	4,647.00	4,881.00	5,126.50	5,306.00	5,489.00	5,680.50	5,893.00	6,067.50
2A	ANNUAL	49,452	52,248	54,894	57,552	60,444	63,456	65,646	67,884	70,260	72,810	74,946
	MONTHLY	4,121.00	4,354.00	4,574.50	4,796.00	5,037.00	5,288.00	5,470.50	5,657.00	5,855.00	6,067.50	6,245.50
	2% Effective July 1, 2003*											
1	ANNUAL	37,724	48,764	51,549	54,199	56,879	59,743	61,812	63,997	66,225	68,673	70,649
	MONTHLY	3,143.67	4,063.67	4,295.75	4,516.58	4,739.92	4,978.58	5,151.00	5,333.08	5,518.75	5,722.75	5,887.42
2	ANNUAL	48,764	51,549	54,199	56,879	59,743	62,748	64,945	67,185	69,529	72,130	74,266
	MONTHLY	4,063.67	4,295.75	4,516.58	4,739.92	4,978.58	5,229.00	5,412.08	5,598.75	5,794.08	6,010.83	6,188.83
2A	ANNUAL	50,441	53,293	55,992	58,703	61,653	64,725	66,959	69,242	71,665	74,266	76,445
	MONTHLY	4,203.42	4,441.08	4,666.00	4,891.92	5,137.75	5,393.75	5,579.92	5,770.17	5,972.08	6,188.83	6,370.42
	2% Effective January 1, 2004*											
1	ANNUAL	38,478	49,739	52,580	55,283	58,017	60,938	63,048	65,277	67,550	70,046	72,062
	MONTHLY	3,206.50	4,144.92	4,381.67	4,606.92	4,834.75	5,078.17	5,254.00	5,439.75	5,629.17	5,837.17	6,005.17
2	ANNUAL	49,739	52,580	55,283	58,017	60,938	64,003	66,244	68,529	70,920	73,573	75,751
	MONTHLY	4,144.92	4,381.67	4,606.92	4,834.75	5,078.17	5,333.58	5,520.33	5,710.75	5,910.00	6,131.08	6,312.58
2A	ANNUAL	51,450	54,359	57,112	59,877	62,886	66,020	68,298	70,627	73,098	75,751	77,974
	MONTHLY	4,287.50	4,529.92	4,759.33	4,989.75	5,240.50	5,501.67	5,691.50	5,885.58	6,091.50	6,312.58	6,497.83
	2% Effective July 1, 2004*											
1	ANNUAL	39,248	50,734	53,632	56,389	59,177	62,157	64,309	66,583	68,901	71,447	73,503
	MONTHLY	3,270.67	4,227.83	4,469.33	4,699.08	4,931.42	5,179.75	5,359.08	5,548.58	5,741.75	5,953.92	6,125.25
2	ANNUAL	50,734	53,632	56,389	59,177	62,157	65,283	67,569	69,900	72,338	75,044	77,266
	MONTHLY	4,227.83	4,469.33	4,699.08	4,931.42	5,179.75	5,440.25	5,630.75	5,825.00	6,028.17	6,253.67	6,438.83
2A	ANNUAL	52,479	55,446	58,254	61,075	64,144	67,340	69,664	72,040	74,560	77,266	79,533
	MONTHLY	4,373.25	4,620.50	4,854.50	5,089.58	5,345.33	5,611.67	5,805.33	6,003.33	6,213.33	6,438.83	6,627.75

Salary Schedule for Sworn Police Personnel

Fraternal Order of Police--Chicago Lodge No. 7

CLASS GRADE		ENTRANCE RATE STEP 1 FIRST 12 MOS	STEP 2 AFTER 12 MOS	STEP 3 AFTER 18 MOS	STEP 4 AFTER 30 MOS	STEP 5 AFTER 42 MOS	STEP 6 AFTER 54 MOS	STEP 7 AFTER 10 YRS	STEP 8 AFTER 15 YRS	STEP 9 AFTER 20 YRS	STEP 10 AFTER 25 YRS	MAX RATE STEP 11 AFTER 30 YRS
2% Effective January 1, 2005*												
1	ANNUAL	40,033	51,749	54,705	57,517	60,361	63,400	65,595	67,915	70,279	72,876	74,973
	MONTHLY	3,336.08	4,312.42	4,558.75	4,793.08	5,030.08	5,283.33	5,466.25	5,659.58	5,856.58	6,073.00	6,247.75
2	ANNUAL	51,749	54,705	57,517	60,361	63,400	66,589	68,920	71,298	73,785	76,545	78,811
	MONTHLY	4,312.42	4,558.75	4,793.08	5,030.08	5,283.33	5,549.08	5,743.33	5,941.50	6,148.75	6,378.75	6,567.58
2A	ANNUAL	53,529	56,555	59,419	62,297	65,427	68,687	71,057	73,481	76,051	78,811	81,124
	MONTHLY	4,460.75	4,712.92	4,951.58	5,191.42	5,452.25	5,723.92	5,921.42	6,123.42	6,337.58	6,567.58	6,760.33
2% Effective July 1, 2005*												
1	ANNUAL	40,834	52,784	55,799	58,667	61,568	64,668	66,907	69,273	71,685	74,334	76,472
	MONTHLY	3,402.83	4,398.67	4,649.92	4,888.92	5,130.67	5,389.00	5,575.58	5,772.75	5,973.75	6,194.50	6,372.67
2	ANNUAL	52,784	55,799	58,667	61,568	64,668	67,921	70,298	72,724	75,261	78,076	80,387
	MONTHLY	4,398.67	4,649.92	4,888.92	5,130.67	5,389.00	5,660.08	5,858.17	6,060.33	6,271.75	6,506.33	6,698.92
2A	ANNUAL	54,600	57,686	60,607	63,543	66,736	70,061	72,478	74,951	77,572	80,387	82,746
	MONTHLY	4,550.00	4,807.17	5,050.58	5,295.25	5,561.33	5,838.42	6,039.83	6,245.92	6,464.33	6,698.92	6,895.50

Salary Schedule for Sworn Police Personnel Post Salary Compression on January 1, 2006

Fraternal Order of Police--Chicago Lodge No. 7

CLASS GRADE		ENTRANCE RATE STEP 1 FIRST 12 MOS	STEP 2 AFTER 12 MOS	STEP 3 AFTER 18 MOS	STEP 4 AFTER 30 MOS	STEP 5 AFTER 42 MOS	STEP 6 AFTER 54 MOS	STEP 7 AFTER 10 YRS	STEP 8 AFTER 15 YRS	STEP 9 AFTER 20 YRS	MAX RATE STEP 10 AFTER 25 YRS
3.5% Effective January 1, 2006* Compression, Steps 7-10											
1	ANNUAL	42,263	54,631	57,752	60,720	63,723	66,931	69,273	71,685	74,334	76,472
	MONTHLY	3,521.92	4,552.58	4,812.67	5,060.00	5,310.25	5,577.58	5,772.75	5,973.75	6,194.50	6,372.67
2	ANNUAL	54,631	57,752	60,720	63,723	66,931	70,298	72,724	75,261	78,076	80,387
	MONTHLY	4,552.58	4,812.67	5,060.00	5,310.25	5,577.58	5,858.17	6,060.33	6,271.75	6,506.33	6,698.92
2A	ANNUAL	56,511	59,705	62,728	65,767	69,072	72,513	74,951	77,572	80,387	82,746
	MONTHLY	4,709.25	4,975.42	5,227.33	5,480.58	5,756.00	6,042.75	6,245.92	6,464.33	6,698.92	6,895.50
2.0% Effective January 1, 2007*											
1	ANNUAL	43,108	55,724	58,907	61,934	64,997	68,270	70,658	73,119	75,821	78,001
	MONTHLY	3,592.33	4,643.67	4,908.92	5,161.17	5,416.42	5,689.17	5,888.17	6,093.25	6,318.42	6,500.08
2	ANNUAL	55,724	58,907	61,934	64,997	68,270	71,704	74,178	76,766	79,638	81,995
	MONTHLY	4,643.67	4,908.92	5,161.17	5,416.42	5,689.17	5,975.33	6,181.50	6,397.17	6,636.50	6,832.92
2A	ANNUAL	57,641	60,899	63,983	67,082	70,453	73,963	76,450	79,123	81,995	84,401
	MONTHLY	4,803.42	5,074.92	5,331.92	5,590.17	5,871.08	6,163.58	6,370.83	6,593.58	6,832.92	7,033.42

B. Appendix B — Health Care

During the course of the contract, the Arbitrator shall retain jurisdiction to reconsider the health insurance issues specified below (*) in the event that the City negotiates a more favorable settlement with another union.

ISSUE	AWARD	EFF. DATE
Health Insurance Contributions* (Appendix G)	• Increase Contribution Levels As Follows: Employee: 1.2921% Employee +1: 1.9854% Family: 2.4765% • Eliminate $90,000 Cap • Reject Proposal to Base Contributions on Duty Availability	7/1/06
FSA*	• Add Flexible Spending Account	1/1/06
Prescription Drugs: Retail* (Appendix H)	• Increase Retail Prescription Drug Co-Payment (All Plans – 30 Day supply) Generic Tier 1: $10.00 Brand Formulary Tier 2: $30.00 Brand Non-Formulary Tier 3: $45.00 Brand w/Generic: Generic Co-Payment + Cost Difference Between Brand & Generic	7/1/06

ISSUE	AWARD	EFF. DATE
Prescription Drugs: Mail Order* (Appendix H)	• Increase Mail Order Prescription Drug Co-Payment (All Plans – 90-day supply) Generic Tier 1: $20.00 Brand Formulary Tier 2: $60.00 Brand Non-Formulary Tier 3: Not Available Brand w/Generic: Generic Co-Payment + Cost Difference Between Brand & Generic	7/1/06
Dental Plan* (Appendix D)	• Maintain Current PPO and HMO Plans with Changes to Co-Pays & Deductibles According to the Attached Schedule.	
Vision Plan* (Section 25.3)	• Vision Benefits Included in PPO Wellness Benefit and HMOs • Current Plan Deleted	
Disease Management Program*	• Add Disease Management Program	
Health Insurance Plan (Section 25.2)[189]	Highlights of Proposed Plan Are Set Forth Below Unless Otherwise Indicated, Plan Changes Are Effective January 1, 2006	

[189] All newly hired employees shall be required to participate in the PPO plan for the first eighteen (18) months of their employment. These employees shall be eligible to participate in the first open enrollment period following the eighteen month anniversary of their dates of hire.

BENEFIT	PPO*[190]	PPO w/HRA*	HMO*[191]
HRA (single/family) *	N/A	$500/$1000	N/A
Co-Insurance (in/out of network)	90%/60%	90%/60%	N/A

HEALTH INSURANCE (SECTION 25.2)	Highlights of Health Insurance Plan, Continued		
BENEFIT	PPO*	PPO w/HRA*	HMO*
In-Network Deductible*	$300/person (eff. 1/1/06) $350/person (eff. 1/1/07) max of 3 per family	$1,000 person $2,000 family	N/A
Out-of-Network Deductible*	$1500/person (eff. 1/1/06) $3000/family	$3500 per person max of 3 per family	Status Quo
In-Network OPX*	$1500 per person $3000 per family (includes deductible)	$3000 per person max of three per family (deductible not included)	N/A
Out-of-Network OPX*	$3500 per person $7000 per family	$11,500 per person $34,000 per family	Status Quo
ER Co-Payment*	$100, waived if admitted; not applied toward deductible or OPX (eff. 1/1/06)	$100, waived if admitted; not applied toward deductible or OPX (eff. 1/1/06)	$100, waived if admitted (eff. 1/1/06)

190 For City's PPO and PPO/HRA Plans, all covered services are subject to annual deductibles unless indicated otherwise.

191 HMO benefits are not subject to co-pay unless the co-pay is specified.

HEALTH INSURANCE (SECTION 25.2) BENEFIT	Highlights of Health Insurance Plan, Continued		
	PPO*	PPO w/HRA*	HMO*
Office Visits*	90%/60%	90%/60%	$15.00 Co-Pay (eff. 1/1/06) $20.00 Co-Pay (eff. 1/1/07)
Pediatric Immunization*	Please Refer to Wellness Benefit	Please Refer to Wellness Benefit	Covered[192]
Pap Smear/Routine Gynecology*	Please Refer to Wellness Benefit	Please Refer to Wellness Benefit	$15.00 Co-Pay (eff. 1/1/06) $20.00 Co-Pay (eff. 1/1/07)
Mammograms*	Please Refer to Wellness Benefit	Please Refer to Wellness Benefit	$15.00 Co-Pay (eff. 1/1/06) $20.00 Co-Pay (eff. 1/1/07)
Outpatient Surgery*	90%/60%	90%/60%	$15.00 Co-Pay (eff. 1/1/06) $20.00 Co-Pay (eff. 1/1/07)
In-Patient Hospital Services*	90%/60%	90%/60%	$15.00 Co-Pay (eff. 1/1/06) $20.00 Co-Pay (eff. 1/1/07)
Outpatient Laboratory*	90%/60%	90%/60%	Covered
Outpatient Radiology*	90%/60%	90%/60%	Covered

192 Benefits listed as "covered" under the HMO are not subject to a co-payment, unless otherwise indicated.

HEALTH INSURANCE (SECTION 25.2) BENEFIT	Highlights of Health Insurance Plan, Continued		
	PPO*	PPO w/HRA*	HMO*
Physical, Speech, & Occupational Therapy*	90%/60% Restoration Only	90%/60% Restoration Only	60 Combined Visits per Calendar Year, Restoration Only
Cardiac Rehabilitation*	90%/60% Cardiac Rehabilitation Services Only in Programs Approved by Claim Administrator (12 weeks or 36 sessions/year)	90%/60% Cardiac Rehabilitation Services Only in Programs Approved by Claim Administrator (12 weeks or 36 sessions/year)	Covered
Pulmonary Rehabilitation*	90%/60%	90%/60%	Covered
Respiratory Therapy*	90%/60%	90%/60%	Covered
Restorative Services & Chiropractic Care*	90%/60% Chiropractic Care Only 20 Per Year, Max 3 Modalities Per Visit	90%/60% Chiropractic Care Only 20 Per Year, Max 3 Modalities Per Visit	Covered, Requires Referral from Primary Care Physician
Chemotherapy, Radiation and Dialysis*	90%/60%	90%/60%	Covered
Outpatient Private Duty Nursing*	90%/60%	90%/60%	Covered, Requires HMO Approval
Skilled Nursing Care*	90%/60%	90%/60%	Covered, Up to 120 Days per Calendar Year
Hospice and Home Healthcare*	90%/60%	90%/60%	Covered
DME & Prosthetics*	90%/60%	90%/60%	Covered

HEALTH INSURANCE (SECTION 25.2)	Highlights of Health Insurance Plan, Continued		
BENEFIT	PPO*	PPO w/HRA*	HMO*
Outpatient Diabetic Education*	90%/60% Two Visits Per Lifetime	90%/60% Two Visits Per Lifetime	Covered
Routine Foot Care*	Not Covered	Not Covered	Not Covered
Fertility Treatment*	90%/60%	90%/60%	Available According to HMO Guidelines

HEALTH INSURANCE (SECTION 25.2) BENEFIT	Highlights of Health Insurance Plan, Continued		
	PPO*	PPO w/HRA*	HMO*
Mental Illness Care*	Inpatient: 90%/60% Outpatient: 80% of $100 Max Covered Expenses per Session; Only 7 Sessions Covered if Treatment Is Not Certified; Max Covered Expenses: $5000/year Mental Health & Substance Abuse Max Expenses: Individual: $37,500/year Individual: $250,000/lifetime Family: $500,000/lifetime		Co-Pays for Inpatient and Outpatient Services: $15.00 Co-Pay (eff. 1/1/06) $20.00 Co-Pay (eff. 1/1/07) Service Limitations: Inpatient: 30 Days/Year Outpatient: 30 Visits/Year
Substance Abuse*	Inpatient: 90%/60% Outpatient: 80% of $100 Max Covered Expenses per Session; Only 7 Sessions Covered if Treatment Is Not Certified; Max Covered Expenses: $5000/year Mental Health & Substance Abuse Max Expenses: Individual: $37,500/year Individual: $250,000/lifetime Family: $500,000/lifetime		Co-Pays for Inpatient and Outpatient Services: $15.00 Co-Pay (eff. 1/1/06) $20.00 Co-Pay (eff. 1/1/07) Service Limitations: Inpatient: 30 Days/Year Outpatient: 30 Visits/Year
Hearing Exams and Aids*	Hearing Screening: Covered in Wellness Benefit Hearing Aids: Not Covered	Hearing Screening: Covered in Wellness Benefit Hearing Aids: Not Covered	Screening: Covered in Full Hearing Aids: Not Covered
Lifetime Limits*	Maximum Lifetime Limit is $1.5 Million		No Limit

HEALTH INSURANCE (SECTION 25.2)	Highlights of Health Insurance Plan, Continued		
BENEFIT	PPO*	PPO w/HRA*	HMO*
Wellness Benefit* (Section 25.7)	$600 per year (effective 1/1/06) Includes: Subject to further review and development, the Wellness Benefit will cover, outside of deductibles: (1) routine exams, (2) immunizations, (3) mammograms, and (4) vision exams, lenses, frames, and contacts. The Wellness Benefit will also provide on-site health assessments. Wellness Benefit Is Not Subject to Plan Annual Deductible		Available According to HMO Guidelines

C. Appendix C — Dental Plan

APPENDIX C - DENTAL PLAN[193]

(Note: This comparison provides only the highlights of the program. Specific details are contained in the plan document booklet. If a conflict arises between this material and any plan provisions, the terms of the actual Plan Documents or other applicable documents will govern in all cases)

	DENTAL HMO PLAN (MUST USE PANEL DENTISTS)	DENTAL PPO PLAN IN NETWORK	DENTAL PPO PLAN OUT OF NETWORK
BENEFIT DESIGN			
Individual Deductible	$0	$100 Per Person, Per Year (eff. 1/1/06)	$200 Per Person, Per Year (eff. 1/1/06)
Annual Maximum Benefit	Unlimited	$1200 Per Person	
ORTHODONTIC PROCEDURES (BRACES)			
Braces – Under Age 25 Only	$2300 Co-Payment	Not Covered	
PREVENTATIVE SERVICES			
Oral Exams (Twice a Year) Cleanings (Twice a Year) X-Rays (Twice a Year) Space Maintainers (Children Under 12)	100% Covered in Full $10 Co-Payment (eff. 1/1/06)	100% Covered in Full No Deductible $10 Co-Payment (eff. 1/1/06)	Plan Pays 80% of PPO Allowable Amount. Member Pays Balance of Billed Charges. No Deductible.
BASIC PROCEDURES	**Co-Payments (Member Pays)**		
Amalgam (Fillings) – One Surface Permanent	$18.53 (1/1/06) $20.20 (1/1/07)	Plan Pays 60% of PPO Allowable. Member Pays 40% of PPO Allowable After Deductible.	Plan Pays 50% of PPO Allowable Amount. Member Pays Balance of Billed Charges After Deductible.
Resin – One Surface Anterior Including Acid Etch	$21.80 (1/1/06) $23.76 (1/1/07)		
Pin Retention (per tooth) in addition to restoration	$28.34 (1/1/06) $30.89 (1/1/07)	Plan Pays 60% of PPO Allowable. Member Pays 40% of PPO Allowable After Deductible.	Plan Pays 50% of PPO Allowable Amount. Member Pays Balance of Billed Charges After Deductible.
Routine Extraction Single Tooth	$21.80 (1/1/06) $23.76 (1/1/07)		
Surgical Removal of Erupted Tooth	$41.42 (1/1/06) $45.15 (1/1/07)		
Surgical Removal of Tooth – Soft Tissue Impaction	$53.41 (1/1/06) $58.22 (1/1/07)		
Surgical Removal of Tooth – Partial Bony Impaction	$76.30 (1/1/06) $83.17 (1/1/07)		
Surgical Removal of Tooth – Complete Bony Impaction	$76.30 (1/1/06) $83.17 (1/1/07)		
Alveoloplasty – Without Extractions – Per Quadrant	$88.29 (1/1/06) $96.24 (1/1/07)		
Scaling and Root Planning – Per Quadrant with Local Anesthesia	$41.42 (1/1/06) $45.15 (1/1/07)		
Gingivectomy or Gingivoplasty – Per Quadrant	$167.86 (1/1/06) $182.97 (1/1/07)		

193 The Dental Plan benefit is subject to retained jurisdiction under III(M).

	DENTAL HMO PLAN (MUST USE PANEL DENTISTS)	DENTAL PPO PLAN IN NETWORK	DENTAL PPO PLAN OUT OF NETWORK
Gingival Flap Procedure Including Root Planing – Per Quadrant	$160.23 (1/1/06) $174.65 (1/1/07)		
Osseous Surgery, Flap Entry and Closure – Per Quadrant	$186.39 (1/1/06) $203.17 (1/1/07)		
Pulp Capping – Direct or Indirect	$14.17 (1/1/06) $15.45 (1/1/07)		
Root Canal Therapy Anterior Bicuspid Molar	(1/1/06) (1/1/07) $136.25 $148.51 $147.15 $160.39 $197.29 $215.05	Plan Pays 60% of PPO Allowable. Member Pays 40% of PPO Allowable After Deductible.	Plan Pays 50% of PPO Allowable Amount. Member Pays Balance of Billed Charges After Deductible.
Apicoectomy (First Root)	$126.44 (1/1/06) $137.82 (1/1/07)		
Palliative Treatment	$15.26 (1/1/06) $16.63 (1/1/07)		
Limited Occlusion Adjustment	$23.98 (1/1/06) $26.14 (1/1/07)		
MAJOR RESTORATIVE PROCEDURES			
Inlay – Metallic (One Surface)	$252.88 (1/1/06) $275.64 (1/1/07)	Plan Pays 60% of PPO Allowable. Member Pays 40% of PPO Allowable After Deductible.	Plan Pays 50% of PPO Allowable Amount. Member Pays Balance of Billed Charges, After Deductible.
Onlay – Metallic (Three Surfaces)	$342.26 (1/1/06) $373.06 (1/1/07)		
Core Buildup Including Pins	$101.37 (1/1/06) $110.49 (1/1/07)		
Temporary Crown – With Fractured Tooth (no Charge In Conjunction with Permanent Tooth)	$68.67 (1/1/06) $74.85 (1/1/07)		
Crown – Porcelain/Ceramic Substrate	$353.16 (1/1/06) $384.94 (1/1/07)		
Crown – Full Cast, Base Metal	$361.88 (1/1/06) $394.45 (1/1/07)		
Denture – Complete Upper or Lower	$444.72 (1/1/06) $484.74 (1/1/07)		
Lower Denture Reline – Chairside	$135.16 (1/1/06) $147.32 (1/1/06)		

D. Appendix D — Uncontested Items

Based upon the submissions of the parties on uncontested items and issues that were resolved during the mediation phase, the contract language shall be as follows:

Section 23.2 — Furlough Scheduling.

An officer shall select his/her furlough within the unit of assignment, or if detailed for 28 days or more prior to the date selection begins, within the unit of detail on the basis of seniority ~~on the watch~~. Officers may elect to take their full furlough or split the furlough to which they are entitled into two equal segments. Both furloughs, if split, shall be determined in one process and on the basis of seniority. A full furlough will commence on the 1st day of a police period. A split furlough will commence on either the 1st or 15th day of a police period.

Compensatory time furloughs will not be scheduled for officers who split their annual furloughs; however, such officers shall be allowed to take a compensatory time furlough by utilizing elective days between regularly-scheduled weekends off, subject to manpower requirements.

Furlough schedules may be adjusted to accommodate seasonal operations, significant revision in organization, work assignments or the number of personnel in particular ranks.

The day-off group of an officer on furlough (full or split) will not be changed during the remainder of the week in which the officer is scheduled to return, unless an officer who is required to work on his/her scheduled day(s) off during that week is compensated by the payment of premium benefits under Article 20 for all hours worked on his/her scheduled day off.

Officers who elect to either split their annual furloughs into two segments or take a full annual furlough will be returned to the day-off group they were in at the time their furlough or furlough segments were selected. Affected officers will notify their unit commanding officer two (2) weeks prior to the beginning of the furlough segment if their day-off group must be changed to match the original group. The change in day-off group should take place on the Sunday preceding the first day of the furlough segment.

Section 30.2 — Military Leave.

Any officer ~~employee~~ who is a member of a reserve force or a national guard of the United States or of the State of Illinois, and who is ordered by appropriate authorities to attend a training program or to perform other duties under the supervision of the United States or the State of Illinois, shall be granted paid leave of absence during the period of such activity, not to exceed fourteen (14) calendar days in any calendar year, in the case of a member of a reserve force, and not to exceed fifteen (15) calendar days in the case of the National Guard. Employees hired after 1 January 1997 shall deposit their military pay with the City Comptroller for all days compensated by the City of Chicago.

Effective January 1, 2005, Officers who are deployed for military service in excess of fifteen (15) calendar days in a combat zone (as designated pursuant to the Executive Orders of the President of the United States) shall not be required to reimburse the Department the amount of military pay they receive. The City will continue to make its pension contributions for such officers.

Section 31.4— Annual Selection Process.

~~Prior to~~ **Following** the Annual Furlough Selection, steady watch assignments shall be made in the following manner:

The Employer shall determine and post the number of positions to be assigned to each watch. Eighty (80%) percent of the positions on each watch included in this Article shall first be selected by seniority, and such seniority bid assignments shall be made before any discretionary assignments are filled by the Employer. The biddable opening on each watch shall be awarded to the most senior qualified bidder within that district or unit who has the present ability to perform all of the available duties to the reasonable satisfaction of the Employer. Any officer performing a duty assignment anywhere in the Department shall be presumptively considered able to perform to the satisfaction of the Department. The remaining twenty (20%) percent of those positions shall be filled at the discretion of the employer.

Within ten (10) days of the date of the annual selection of watch assignments, the Employer shall provide the Lodge with documentation of the number of allocated personnel by watch, a list of successful bidders by watch, and a list of officers assigned by the Department's discretionary percentage by watch.

The annual furlough selection by seniority in the district or unit shall continue to be made in accordance with the historic practices and procedures of the Department.

~~APPENDIX S~~
~~FURLOUGH BY WATCH~~

~~The parties recognize that the change from furlough selection by unit to furlough selection by watch represents a significant change. Although the parties will make their best efforts to assure the success of furlough by watch, nonetheless, neither party can guarantee that furlough by watch will attain the goals that each party desires.~~

~~Further, the parties recognize that, during the term of this Agreement, furlough by watch will be used only for calendar years 2003 and 2004. Accordingly, the parties hereby establish a committee to assess the effectiveness and acceptance of furlough by watch.~~

~~The committee will be composed of three officers appointed by the Lodge and three exempt officers appointed by the Superintendent. The committee will meet during the month of February 2005 for the purposes of reviewing the furlough by watch process for the previous two years. In reviewing and assessing that process, the committee will consider, among such other factors as it deems appropriate, the continued desirability of the process; the effectiveness of the process in enhancing experience among officers; and, the ability to effectively administer and implement the furlough by watch process.~~

~~The committee will meet as needed and will make recommendations to the Superintendent and to the Lodge, if appropriate, for modifications in the furlough by watch process, reversion to the furlough by unit process, or such other recommendations as the committee may deem appropriate, no later than April 1, 2005.~~

~~In the event the Lodge and the City do not reach an agreement regarding the continuation of furlough by watch by June 1, 2005, either party may invoke impasse arbitration by written notice to the other no earlier than June 15, 2005 and no later than June 30, 2005. In the event that impasse arbitration is invoked, the arbitration shall be conducted in accordance with ARTICLE 28 and Section 14 of the ISLRA, provided that the arbitrator shall be chosen by agreement of the parties.~~

~~The interest arbitration shall be conducted expeditiously to ensure that a decision is rendered no later than October 1, 2005.~~

ARTICLE 25
LIFE AND HEALTH INSURANCE PROVISIONS

Section 25.2 — Medical and Dental Plans.

The officers' and dependents' medical, dental, optical and prescription drug plans are hereby incorporated in this Agreement.

The Employer shall make available to officers covered under this Agreement and their eligible dependents copies of the Summary of Medical and Dental Plan Benefits booklets. The cost of such coverage to be borne by the Employer.

The plans for medical, dental, optical, and prescription drug benefits, including the provisions on eligibility and self-contribution rules in effect as of the date of this Agreement, may not be changed by the Employer without the agreement of the Lodge.

The medical plan (health insurance plan) shall consist of three separate alternative coverages – a PPO plan ("PPO"); a PPO Plan with a Health Reimbursement Account ("PPO/HRA"); and two HMO plans ("HMO"). If the Employer decides that the PPO/HRA alternative lacks sufficient employee enrollment or is cost prohibitive, it may discontinue that alternative, provided that the Employer provides reasonable prior notice to the Lodge and an opportunity for those enrolled in the PPO/HRA to enroll in another plan. For this purpose, "reasonable notice" shall be defined as notification in writing of the Employer's intent to discontinue the plan at least ninety (90) days prior to the proposed discontinuation where circumstances are within the City's control. In all other cases, the City will provide the maximum notice as is practicable under the circumstances. In addition, in the event that a new health care plan becomes available to the City during a Plan year, the Employer shall have the right to include that new plan in the Plan alternatives upon reasonable prior notice to and discussion with the Lodge.

The Employer also agrees to make available to the following other persons the above-described hospitalization and medical program, the dental plan and the optical plan: officers covered by this Agreement who retire on or after age 60 and their eligible dependents; surviving spouse and children of officers covered by this Agreement killed in the line of duty; officers covered by this Agreement on a leave of absence for disability (both duty and occupational) and their eligible dependents; surviving spouse and children of deceased officers covered by this Agreement who were formerly on pension disability (both duty and occupational.) The Employer will contribute the full cost of coverage for any of the above-enumerated officers covered by this Agreement who elect coverage under any plan or plans. However, coverage under a plan for officers covered by this Agreement shall terminate when an officer covered by this Agreement either reaches the age for full Medicare eligibility under federal law or ceases to be a dependent as defined in a plan, whichever occurs first. After an officer covered by this Agreement reaches the age for full Medicare eligibility,

that officer shall be covered under the medical program for annuitants, provided the person pays the applicable contributions.

~~An officer covered by this Agreement who retired or will retire, pursuant to the pension statute, between the period January 1, 1997 and the date of the ratification of this Agreement inclusive, and who was age 60 or over at the time of ratification, will be entitled to the benefits of this paragraph, provided the officer covered by this Agreement notifies the City's Benefits Office, in writing, within forty-five (45) days after ratification of this Agreement. If such notice is given, benefits to the officer covered by this Agreement and the officer's eligible dependents will be effective on the first day of the following month.~~

ARTICLE 6
BILL OF RIGHTS

Section 6.1 — Conduct of Disciplinary Investigation.

All complaints against an officer covered by this Agreement shall be processed in accordance with the procedures set forth in Appendix L.

Whenever an officer covered by this Agreement is the subject of a Disciplinary Investigation other than Summary Punishment, the interrogation will be conducted in the following manner:

A. The interrogation of the officer, other than in the initial stage of the investigation shall be scheduled at a reasonable time, preferably while the officer is on duty, or if feasible, during daylight hours.

B. The interrogation, depending upon the allegation will normally take place at either the officer's unit of assignment, the Office of Professional Standards, the Internal Affairs Division, or other appropriate location.

C. Prior to an interrogation, the officer under investigation shall be informed of the identity of the person in charge of the investigation, the interrogation officer and the identity of all persons present during the interrogation. When a formal statement is being taken, all questions directed to the officer under interrogation shall be asked by and through one interrogator.

D. Unless the Superintendent of Police specifically authorizes in writing, no complaint or allegation of any misconduct concerning any incident or event which occurred five (5) years prior to the date the complaint or allegation became known to the Department shall be made the subject of a Complaint Register investigation or be re-opened or re-investigated after five (5) years from the date the CR # was issued.

No anonymous complaint made against an officer shall be made the subject of a Complaint Register investigation unless the allegation is a violation of the Illinois Criminal Code, the criminal code of another state of the United States or a criminal violation of a federal statute.

No anonymous complaint regarding residency or medical roll abuse shall be made the subject of a Complaint Register investigation until verified. No ramifications will result regarding issues other than residency or medical roll abuse from information discovered during an investigation of an anonymous complaint regarding residency or medical roll abuse, unless of a criminal nature as defined in the preceding paragraph.

E. Immediately prior to the interrogation of an officer under investigation, he/she shall be informed in writing of the nature of the complaint and the names of all complainants.

F. The length of interrogation sessions will be reasonable, with reasonable interruptions permitted for personal necessities, meals, telephone calls and rest.

G. An officer under interrogation shall not be threatened with transfer, dismissal or disciplinary action or promised a reward as an inducement to provide information relating to the incident under investigation or for exercising any rights contained herein. The Department shall not retaliate in any manner against any officer covered by this Agreement who cooperates in a Department disciplinary investigation.

H. An officer under investigation will be provided with a copy of any statement he/she has made within twenty-four (24) hours of the time the statement was made.

I. If the allegation under investigation indicates a recommendation for separation is probable against the officer, the officer will be given the statutory administrative proceedings rights, or if the allegation indicates criminal prosecution is probable against the officer, the officer will be given the constitutional rights concerning self-incrimination prior to the commencement of interrogation.

J. An officer under interrogation shall have the right to be represented by counsel of his or her own choice and to have that counsel present at all times during the interrogation, and/or at the request of the officer under interrogation, he/she shall have the right to be represented by a representative of the Lodge, who shall be either a police officer on leave to work for the Lodge or a retired police officer working for the Lodge. The interrogation shall be suspended for a reasonable time until representation can be obtained.

K. At the time an officer is given the original copy of the Request for Complaint Review Panel Hearing/Waiver of Complaint Review Panel Hearing and Waiver of Police Board Review, the officer will be informed of the rule(s) violated and the corresponding specifications of misconduct, to include date, time, location and manner in which the rule was violated.

If new allegations of the rule(s) violated and/or the corresponding specifications are thereafter made, a new Request for Complaint Review Panel Hearing/Waiver of Complaint Review Panel Hearing and Waiver of Police Board Review shall be given to the officer at least fifteen (15) days prior to the date of said hearing.

Section 6.2 — Witness Officer's Statements in Disciplinary Investigations.

When an officer covered by this Agreement is required to give a written statement or oral statement in the presence of an observer, as a witness in a disciplinary investigation other than Summary Punishment, or as a witness in a police-related shooting investigation, at the request of the officer the interview shall be conducted in the following manner:

L. The interview of the officer shall be scheduled at a reasonable time, preferably while the officer is on duty, or if feasible, during daylight hours.

M. The interview, depending on the nature of the investigation, will normally take place at either the officer's unit of assignment, the Office of Professional Standards, the Internal Affairs Division, or other appropriate location.

N. Prior to an interview, the officer being interviewed shall be informed of the identity of the person in charge of the investigation, the interviewing officer, the identity of all persons present during the interview, and the nature of the complaint, including the date, time, location and relevant R.D. number, if known. When a formal statement is being taken, all questions directed to the officer being interviewed shall be asked by and through one interviewer.

O. The officer will be provided with a copy of any statement he/she has made within twenty-four (24) hours of the time the statement was made.

P. An officer being interviewed pursuant to this section shall, upon his or her request, have the right to be represented by counsel of his or her own choice and to have that counsel present at all times during the interview, or at the request of the officer being interviewed, he/she shall have the right to be represented by a representative of the Lodge who shall be either a police officer on leave to work for the Lodge or a retired police officer working for the Lodge. For purposes of this paragraph E, "represented" shall mean that the officer's counsel and/or representative shall only advise the officer but shall not in any way interfere with the interview. The interview shall be postponed for a reasonable time, but in no case more than forty-eight (48) hours from the time the officer is informed of the request for an interview and the general subject matter thereof and his/her counsel or representative can be present; provided that, in any event, interviews in shooting cases may be postponed for no more than two hours.

Q. This Section 6.2 shall not apply to: questions from a supervisor in the course of performing his/her normal day-to-day supervisory duties or to requests to prepare detailed reports or To-From-Subject Reports, except To-From-Subject Reports that relate to the police-related shooting.

R. The length of interviews will be reasonable, with reasonable interruptions permitted for personal necessities, meals, telephone calls and rest.

Section 6.3 — Non-Adoption of Ordinance.

The City of Chicago shall not adopt any ordinance and the Chicago Police Department shall not adopt any regulation which prohibits the right of an officer to bring suit arising out of his/her duties as an officer.

Section 6.4 — Photo Dissemination.

No photo of an officer under investigation shall be made available to the media prior to a conviction for a criminal offense or prior to a decision being rendered by the Police Board.

Section 6.5 — Compulsion of Testimony.

The Chicago Police Department shall not compel an officer under investigation to speak or testify before, or to be questioned by any nongovernmental agency relating to any matter or issue under investigation.

Section 6.6 — Auto-Residency Card.

No officer shall be required to submit the information now required in an Auto-Residency Card as it applies to any other member of his/her family or household.

Section 6.7 — Polygraph.

No officer shall be disciplined for refusal to take a polygraph exam and the results of the polygraph exam shall not be admissible as evidence in proceedings before the Police Board or in any proceeding where the officer may appeal to the Police Board, unless by Illinois or Federal Court decision or statute, such evidence shall become admissible before the Police Board.

In the event that the results of a polygraph exam become admissible as evidence before the Police Board and the Department determines a polygraph exam is necessary, the complainant will be requested to take a polygraph exam first. If the complainant refuses to take a polygraph exam, the accused police officer will not be requested to take a polygraph exam. If the complainant takes the polygraph exam and the results indicate deception, the accused officer may be requested to take a polygraph exam covering those issues wherein the examiner determines that the complainant is truthful.

When the polygraph is used, the accused member will be advised twenty-four (24) hours prior to the administering of the test, in writing, of any questions to which the Department will request an answer.

Section 6.8 — Disclosure.

An officer shall not be required to disclose any item of his/her property, income, assets, source of income, debts, or personal or domestic expenditures (including those of any member of his/her family or household) unless such information is reasonably necessary to monitor the performance of the officer's job, violations of reasonable Employer rules, statutes, ordinances, or this Agreement. In the administration of fringe benefits applicable to all employees of the Employer, officers covered by this Agreement may be required to disclose any coverage they (including any member of their families or households) may have under health or medical insurance and the name and appropriate identification of the carrier and coverage. The parties agree that the disclosure of such personal information shall not be made available for public inspection or copying because such would be an unwarranted invasion of personal privacy of the officer, and/or is intended to otherwise be exempt from any state or local freedom of information statute, ordinance or executive order.

Section 6.9 — Media Information Restrictions.

The identity of an officer under investigation shall not be made available to the media unless there has been a criminal conviction or a decision has been rendered by the Police Board (or by the Superintendent or Complaint Review Panel where no appeal is taken to the Police Board). However, if the officer is found innocent, the officer may request and the Department shall issue a public statement.

Section 6.10 — Discipline Screening Program.

The Discipline Screening Program shall be available to officers covered by this Agreement who, as a result of a sustained Complaint Register investigation, receive a recommendation for discipline of fifteen (15) days or less. The Rules of Procedure for the Discipline Screening Program are set forth in Appendix Q of this Agreement.

Section 6.11 — Prohibition on Use and Disclosure of Social Security Numbers

The Social Security Number of an officer covered by this Agreement shall not be disclosed and shall not be included on documents, except those essential for payroll or compensation purposes.

Section 6.12 — Mediation

At any time during an investigation, prior to an accused officer giving a statement, the parties may agree to mediate the resolution of the CR investigation. The "parties" shall mean the accused officer, with or without his Lodge representative, and a representative of IAD or OPS, as appropriate. The IAD/OPS investigator assigned to the case will not be present at the mediation.

Prior to the mediation session, IAD/OPS shall cause the accused officer to be served with Notice of Administrative Rights and Notice of Charges and Allegations, which will include the rule violation and the factual basis therefore. Neither party is required to meet.

The representatives at the meeting shall discuss the allegations and the Department's position regarding the finding of the case. The parties shall discuss whether they can reach accord as to a disposition. By accepting the discipline, the member is waiving his right to grieve or appeal the decision and the member is not required to submit any written statement or response. If the member does not agree with the Department's position, the disciplinary process will continue as designated.

Statements made and information relayed at the mediation which is not included in the file will not be used against the officer or included in the file at any later date.

If the Department and the officer agree on a penalty less than separation, it is binding on both parties. However, the Superintendent retains the right to separate an officer.

Section 6.13 — Review Procedures

The procedures for the review of recommendations for discipline, such as Command Channel Review, and the procedures by which officers covered by the Agreement may challenge the recommendation and imposition of discipline which currently exist, such as the Discipline Screening Program, Direct Appeal to the Superintendent, the Police Board, etc., will continue to exist and be available to said officers except as expressly modified or eliminated as set forth in the Agreement.

ARTICLE 7
SUMMARY PUNISHMENT

Section 7.1 — Administration of Summary Punishment.

It is agreed that the provisions contained elsewhere in this Agreement shall not apply to Summary Punishment action, which action shall be considered as an alternative to formal disciplinary procedures, provided that in each such action the following shall apply:

S. The Summary Punishment which may be administered conforms to the "Notice To Supervisors Regarding Progressive Discipline," as set forth in this Agreement, and is limited to:

1. reprimand;
2. excusing a member for a minimum of one day to a maximum of three days without pay.

In lieu of days off without pay, an officer shall be permitted to utilize accumulated elective time to satisfy the Summary Punishment.

T. The Department shall promulgate, maintain and publicize reasonable guidelines which will specify those acts, omissions or transgressions, the violation of which will subject an officer to summary punishment action, and the penalties for each such violation, which shall be uniformly applied.

U. Summary Punishment action may be challenged before the Complaint Review Panel, and the affected officer may be represented by an FOP representative.

Section 7.2 — Challenge of Summary Punishment.

After Summary Punishment has been administered three (3) times within a twelve (12) month period, an officer who wishes to contest the application of Summary Punishment on a fourth occasion within the last twelve (12) months may contest the fourth and/or succeeding applications of Summary Punishment by timely challenge through the Complaint Register process or the grievance procedure. An officer who initiates such action through the Complaint Register process shall have the right to be represented by an FOP representative at the Complaint Review panel.

ARTICLE 8
EMPLOYEE SECURITY

Section 8.1 — Just Cause Standard.

No officer covered by this Agreement shall be suspended, relieved from duty or otherwise disciplined in any manner without just cause.

Section 8.2 — File Inspection.

The Employer's personnel files, disciplinary history files and completed inactive investigative files, except for information which the Employer deems to be confidential, shall be open and available for inspection by the affected officer during regular business hours.

Section 8.3 — Limitation on Use of File Material.

It is agreed that any material and/or matter not available for inspection, such as provided in Section 8.2 above, shall not be used in any manner or any forum adverse to the officer's interests.

Section 8.4 — Use and Destruction of File Material.

All Disciplinary Investigation files, Disciplinary History Card Entries, OPS and IAD disciplinary records, and any other disciplinary record or summary of such record other than Police Board cases, will be destroyed five (5) years after the date of the incident or the date upon which the violation is discovered, whichever is longer, except that not sustained files alleging criminal conduct or excessive force shall be retained for a period of seven (7) years after the date of the incident or the date upon which the violation is discovered, whichever is longer, and thereafter, cannot be used against the officer in any future proceedings in any other forum, except as specified below, unless the investigation relates to a matter which has been subject to either civil or criminal court litigation or arbitration prior to the expiration of the five-year period. In such instances, the Complaint Register case files normally will be destroyed immediately after the date of the final arbitration award or the final court adjudication, unless a pattern of sustained infractions exists.

Any information of an adverse employment nature which may be contained in any unfounded, exonerated, or otherwise not sustained file, shall not be used against the officer in any future proceedings. Information contained in files alleging excessive force or criminal conduct which are not sustained may be used in future disciplinary proceedings to determine credibility and notice.

A finding of "Sustained – Violation Noted, No Disciplinary Action" entered upon a member's disciplinary record or any record of Summary Punishment may be used for a period of time not to exceed one (1) year and shall thereafter be removed from the officer's disciplinary record and not used to support or as evidence of adverse employment action. The Department's finding of "Sustained – Violation Noted, No Disciplinary Action" is not subject to the grievance procedure.

Information relating to a preventable traffic accident involving a Department Vehicle may be used and/or considered in determining future discipline for a period of time not to exceed two (2) years from the date of such preventable traffic accident and shall thereafter not be used and/or considered

in any employment action provided there is no intervening preventable traffic accident involving a Department Vehicle and if there is, the two-year period shall continue to run from the date of the most recent preventable traffic accident and any prior incidents may be used and/or considered in employment actions. In no event shall any prior incident five (5) or more years old be used and/or considered.

Section 8.5 — CRP Limitation and Representation. Direct Appeal to the Superintendent

A Complaint Review Panel (CRP) hearing shall be available to officers covered by this Agreement who, as a result of a sustained Complaint Register investigation receive a recommendation for discipline of fifteen (15) days or less. The CRP is not available in the case of a sustained Complaint Register investigation where the recommended finding is a suspension for sixteen (16) days up to and including thirty (30) days. An officer covered by this Agreement who receives such a recommendation for suspension **for sixteen (16) days up to and including three hundred and sixty-five (365) days** shall have the option of filing a written report within fourteen (14) working days directly to the Superintendent in order to contest the finding, the recommendation for suspension, or to offer new evidence for the Superintendent's consideration.

An accused officer appearing before the Complaint Review Panel shall, upon request by said officer, be represented by a representative of the Lodge. The representative may make inquiry on relevant and material issues on behalf of the accused and may present argument and inquire in support of the accused officer's position, all of which shall at all times be in accordance with the Rules of Procedure for such hearings set forth in Appendix L of this Agreement.

Section 8.6 — Notification.

In the event the Employer receives subpoena or other legal process requiring the inspection, tender or submission of personnel, disciplinary or investigative records and/or files (other than Grand Jury subpoena or other subpoena or process which would preclude disclosure), the Employer will promptly send a copy of such subpoena or process to the officer whose records have been requested and to the Lodge. However, failure to furnish such notice shall not in any way affect the validity of any disciplinary action or personnel action taken by the Employer, provided that the Lodge will not be barred from asserting and does not waive any right(s) an officer may have to inspect or to otherwise challenge the use of files under applicable rules, statutes or this Agreement including Article 8.

Section 8.7 — Detectives, Investigators, Gang Crime Specialists, Evidence Technicians, Police Laboratory Technicians, Forensic Investigators and Field Training Officers.

The Employer agrees not to remove officers in the positions of Detective, Investigator, (formerly known as Youth Officer) or Gang Crime Specialist except for just cause.

During this Agreement, the Employer agrees that the ranks of Detective, Investigator, Gang Crime Specialist, Evidence Technician, Police Laboratory Technician, Forensic Investigator and Field Training Officer will not be eliminated from the budget.

Section 8.8 — Tactical Response Reports (TRR)

The number of Tactical Response Reports (TRR), in and of itself, will not be used for disciplinary purposes.

Section 8.9 — Superintendent's Authority

The Superintendent's authority to suspend an officer, as set forth in section 2-84-030 of the Municipal Code of Chicago, shall be increased from the current limit not to exceed thirty (30) days, to a limit not to exceed three hundred and sixty-five (365) days.

In cases where the Superintendent seeks an officer's separation from the Department, the Superintendent's current and past practice of suspending officers for thirty (30) days and filing charges with the Police Board seeking the officer's separation will not change.

ARTICLE 9
GRIEVANCE PROCEDURE

Section 9.1 — Definition and Scope.

A grievance is defined as a dispute or difference between the parties to this Agreement concerning interpretation and/or application of this Agreement or its provisions. Summary Punishment shall be excluded from this procedure, except as provided in Article 7.2. The separation of an officer from service is cognizable only before the Police Board and shall not be cognizable under this procedure, provided, however, that the provisions of Article 17 shall be applicable to separations.

Section 9.2 — Procedures, Steps and Time Limits for Standard Grievances.

A grievance may be initiated by the Lodge or an aggrieved officer. Any officer shall have the right to present a grievance at any time, although it is understood that the officer should attempt to satisfy his/her concerns on an informal basis before invoking the procedure. In the event an informal resolution proves to be unsatisfactory, a grievance may be filed in a form to be agreed upon between the Lodge and Employer and shall be processed in accordance with this Agreement. Upon request, the grievant shall be represented by an appropriate Lodge representative, provided, however, the grievant officer may have the grievance adjusted without a Lodge representative, so long as such adjustment is not inconsistent with the provisions of this Agreement.

Step One: Initiating a Grievance. The grievant will first submit his/her grievance in writing to his/her immediate supervisor in his/her unit of assignment within seven (7) of the officer's working days following the events or circumstances giving rise to the grievance or where first known by the grievant, or thirty-five (35) days, whichever period is shorter. The grievance will be reduced to writing on a pre-printed, standard grievance form set agreed upon between the Lodge and Employer.

Step Two: Supervisory Responses. Within seven (7) days of receipt of the member's grievance, the supervisor will respond to the grievance on the grievance form set and then immediately present the grievance form set to the Commanding Officer of the unit of assignment. Following the submission of the written grievance, the Commanding Officer shall render a decision in writing within fourteen (14) days of receiving the grievance. The response shall be written on the bottom portion of the pre-printed, standard grievance form set. The Commanding Officer must forward one (1) copy of his/her decision to the grievant, one (1) copy to the Lodge's unit representative, and three (3) copies to Management and Labor Affairs Section (MLAS). MLAS will then forward to the Lodge a copy of the Commanding Officer's decision within fourteen (14) days of its receipt. If the grievant is directed by the Employer to meet concerning his/her grievance at a time when the officer is not scheduled to work, he/she shall be compensated for such time at the applicable rate provided for in this Agreement, including the provisions of Article 20.

Step Three: Mediation. If the response at Step Two is not satisfactory to the grievant and the Lodge, the Lodge and MLAS will meet for the purpose of mediation of the grievance. Either party may request the presence of a Mediator at such meeting, the selection of whom shall be mutually agreed upon. The mediation meeting shall be conducted no less than once each month between the Lodge Grievance Chairman, Lodge President or his/her designee and a Department representative having authority to resolve the grievance. The parties shall split evenly the cost of the Mediator's expenses and fees.

Step Four: Arbitration. If the parties cannot resolve the grievance at Step Three, either party may at any time demand arbitration.

Section 9.3 — Arbitration of Standard Grievances.

If either party proceeds to arbitration, the following procedure shall apply:

V. Within ten (10) days, the Employer and the Lodge shall attempt to mutually agree upon an Arbitrator. If they fail to agree, a list of seven (7) qualified neutrals shall be requested from the American Arbitration Association. Within five (5) days after receipt of the list, the parties shall select an Arbitrator. Both the Employer and Lodge each shall alternately strike names from the list. The remaining person shall be the Arbitrator.

W. The Employer or the Lodge, by mutual agreement, may submit the matter to expedited arbitration under rules to be determined by the parties. Discipline cases may be processed under Expedited

Arbitration Rules agreed upon by the parties and subject to the jurisdictional and procedural limitations of the parties' Expedited Arbitration Rules.

Whenever discipline cases are processed pursuant to the parties' Expedited Arbitration Rules, the parties shall submit the cases to a screening process, known as the Summary Opinion Process, and the Arbitrator designated by the parties for the process shall issue a Summary Opinion. This report shall be submitted to the parties and reviewed by them each month. The parties shall meet and discuss the recommendations contained in the Summary Opinion for a minimum of two days each month. In the event the cases are not resolved based upon discussions of the parties, the Arbitrator's summary recommendations will not be binding upon the parties. Any cases not resolved by the Summary Opinion Process shall be submitted to arbitration under the parties' Expedited Arbitration Rules. The Arbitrator shall issue a minimum of ten (10) Summary Opinions each month.

In all discipline cases, Department Complaint Register files shall be provided to the Lodge promptly after request by the Lodge, or Lodge representatives who are sworn members of the Department shall be allowed to use Department copying equipment to copy the requested Complaint Register files, with appropriate supervision.

X. The parties shall develop a roster of 12 arbitrators who shall commit to pre-schedule hearing dates on a regular basis. From this roster the parties shall schedule a minimum of six (6) cases to be heard in expedited arbitration. The parties shall have the option in any month to decrease the number of cases to be heard that month in expedited arbitration and refer the remainder of cases to the Summary Opinion Process, but only upon mutual agreement to exercise this option. The total number of cases to be heard in either expedited arbitration or the Summary Opinion Process shall be a minimum of twenty-five (25) cases per month. The parties shall make every effort (including the substitution of cases in the event of settlement or inability to try a case when scheduled) to insure that such dates are not cancelled.

The parties shall avoid continuances. Requests for continuances are disfavored and shall be granted only upon showing good cause.

MEDICAL GRIEVANCES

Section 9.4 — Psychological Review.

Grievances concerning involuntary removal from active duty due to psychological or psychiatric reasons will comply with the following procedures:

Step One: An officer who wants to challenge the Employer's decision to place him/her involuntarily on the medical roll will file a grievance with the Medical Services Section within ten (10) calendar days of being placed on the medical roll, or if the member was on full authorized furlough during his/her

involuntary placement, within thirty-five (35) calendar days of being placed on the medical roll.

If the Employer's psychiatrist/psychologist recommends that the officer is fit for full duty and also was fit when he/she was involuntarily placed on the medical roll due to psychological or psychiatric reasons, the officer shall have any paid medical time used during such period of being involuntarily placed on the medical roll restored and will be made whole for lost pay and other benefits to which he/she is entitled.

Step Two: For a member who has filed a timely grievance at Step One, and/or when the Employer's psychiatrist/psychologist recommends that the officer is unfit for full duty and was also unfit when he/she was involuntarily placed on the medical roll due to psychological or psychiatric reasons, then upon written request made by the Lodge within ten (10) calendar days of notice to the member that he/she is unfit for duty, the Lodge may file a grievance at Step Two and may request review of that decision by a three-member psychological review panel. The officer shall, as promptly as feasible, be evaluated by a panel of three psychiatrists or psychologists, one appointed by the Lodge, one appointed by the Employer and a third appointed by mutual agreement of the Employer's and the Lodge's psychiatrist or psychologist knowledgeable about police duties. This panel shall have the authority to examine and evaluate the officer, and recommend whether or not the officer is fit for duty. In making its recommendations, the primary considerations of the panel shall be the protection and safety of, and need for effective service to, the public. These considerations shall prevail over all others in any case of conflict of interests between the officer and the Employer.

If the panel recommends that the officer is fit for duty, and was also fit when he/she was placed involuntarily on the medical roll due to psychological or psychiatric reasons, then the officer shall have any paid medical time used during such involuntary period on the medical roll restored, and will be made whole for lost pay and other benefits to which he/she is entitled.

If the panel determines that the member was unfit for duty at the time he/she was involuntarily placed on the medical roll, but became fit for duty sometime thereafter, the panel shall identify the point at which the member was fit for duty and the member will be made whole for lost pay and benefits from the date that the panel determined he/she was fit for duty.

Each party shall bear the full cost of the panel member appointed by it, with the cost of the mutually-appointed panel member to be split equally between the parties. The recommendations of the panel shall be binding upon the Employer, the Lodge and the officer.

The Lodge and the Employer acknowledge that procedural disputes which prevent the Psychological Review Panel from going forward with the review process set forth above may arise. The Lodge and the Employer acknowledge that it is in the best interests of all persons involved in the Psychological Review process to have these procedural disputes resolved as promptly and as fairly as possible. Once such a procedural dispute arises, the parties will have seven (7) working days to resolve the dispute. If they cannot

resolve the dispute, either party may initiate the Summary Arbitration Process if the dispute involves the timeliness of the grievance or the period of time which the review panel is to consider when determining when the officer became fit. Any other procedural dispute may be submitted to the Summary Arbitration process only by mutual agreement of the parties. The Lodge and the Employer will maintain a group of three (3) arbitrators for the Summary Arbitration Process. One arbitrator will be selected from this group to decide the dispute. The parties will share equally the cost of the arbitrator. At the earliest possible time, representatives of the Lodge and the Employer will appear before the arbitrator. Either party may call witnesses, provided notice is given to the other party before the hearing date is selected. No written briefs will be permitted. No court reporter will be allowed. The arbitrator will issue a decision within ten (10) working days following the hearing. The decision of the arbitrator will be binding on the Lodge, the Employer, and the members of the review panel. The decision will not set a binding precedent on subsequent procedural disputes.

Section 9.5 — Medical Grievances.

Grievances concerning medical issues (excluding issues covered under Section 9.4) shall follow the procedure below. Medical issues are defined as grievances involving medical issues, including but not limited to the nonpayment of I.O.D. bills; removal of an officer from duty for medical reasons; refusal to return an officer to duty from medical roll; classification of an injury as non-I.O.D. and the Benefits Management Office's denial of payment of medical and hospital bills of an officer or his/her covered dependent under the Employer's self-funded health care plan.

Step One: Initiating a Medical Grievance. Grievances concerning the Benefits Management Office's denial of payment of medical and hospital bills will be filed with the Management and Labor Affairs Section within ten (10) working days following the events or circumstances giving rise to the grievance or where first known by the grievant, but in no event later than thirty-five (35) calendar days following the events or circumstances giving rise to the grievance.

All other grievances concerning medical issues will be filed with the Medical Services Section within ten (10) working days following the events or circumstances giving rise to the grievance or where first known by the grievant, but in no event later than thirty-five (35) calendar days following the events or circumstances giving rise to the grievance. If the determination at Step One is not satisfactory, the Lodge may by written request made within fifteen (15) days of the Step One response, or the expiration of the period for said response submit the matter for mediation.

Step Two: Mediation of Medical Grievances. At mediation, representatives of the Lodge, the Police Department, the Benefits Management Office and the Finance Committee of the City Council, shall participate, as needed. Any settlements reached in the mediation proceedings shall be binding upon the parties. Medical mediation sessions shall occur each thirty

(30) days. The parties shall split evenly the cost of the Mediator's fees and expenses.

The grievant shall be provided with the relevant medical records within the possession of the Medical Section, the Committee on Finance, Benefits Management Office and Management & Labor Affairs Section. A release shall be required for production of medical records. The relevant medical records shall include the Medical Services Section's determination of the grievant's status and the response to the grievance. The above records shall be submitted to the Lodge by the Department within forty-five (45) days of the Department's receipt of the Lodge's releases and mediation agenda, setting forth the grievants' names. Relevant records from the Medical Section, the Committee on Finance, the Benefits Management Office and Management and Labor Affairs Section shall be provided as stated above and throughout the grievance process until the grievance is fully resolved.

Relevant documents to be produced by the Benefits Management Office in mediation are limited to medical records, claim forms, medical bills, explanation of benefits, and recommendation to and decision of the Benefits Committee regarding the claim. This definition of relevant records to be produced by the Benefits Management Office does not preclude the Lodge from subpoenaing additional relevant documentation in response to the scheduling of an arbitration of a grievance.

Step Three: Arbitration. If the grievance is not resolved at Step Two, the Lodge upon written request within thirty (30) days of the date of mediation, may demand arbitration. The Mediator shall not be selected as the Arbitrator for the same case. The arbitration hearing shall be scheduled to commence within thirty (30) days of the selection of the Arbitrator unless the parties agree otherwise. Within ten (10) days of the Lodge's demand for arbitration, the Employer and Lodge shall attempt to mutually agree upon an Arbitrator. If they fail to agree, a list of seven qualified neutrals shall be requested from the American Arbitration Association. Within five (5) days after receipt of the list, the parties shall select an Arbitrator. Both the Employer and the Lodge shall alternately strike names from the list. The remaining person shall be the Arbitrator.

Section 9.6 — Suspension Grievances

Grievances challenging a recommendation for suspension (excluding Summary Punishment except as specified in Section 7.2 and suspensions accompanied by a recommendation for separation) will comply with the following procedures:

A. Suspensions from Sixteen (16) to Thirty (30) Days.
Officers who receive a recommendation for discipline from sixteen (16) to thirty (30) days as a result of a sustained CR# shall have one of four options. Within ten (10) working days of receiving the recommendation for discipline the officer(s) shall elect one of the following options:

1. **A direct appeal to the Superintendent as set forth in section 8.5 of the Agreement; or**
2. **A review by the Police Board as set forth in the Police Board's Rules of Procedure, Article IV, Section B. paragraphs 3 through 9. (published November 1, 1975); or,**
3. **The filing of a grievance challenging the recommendation for discipline; or,**
4. **Accept the recommendation.**

In the event an officer does not make an election within ten (10) working days the recommendation for suspension will be reviewed by the Police Board.

When an officer elects to file a grievance the Lodge will have forty-five (45) days from receipt of the investigative file to inform the Department whether the Lodge will advance the grievance to arbitration, and if so, whether the grievance will be advanced to "full", "fast track" or "Summary Opinion" arbitration. When "Summary Opinion" or "fast track" arbitration is selected by the Lodge, the grievant officer will not be required to serve the recommended suspension until the arbitrator rules on the merits of the grievance. In the case where "Summary Opinion" arbitration is selected when the Arbitrator's summary opinion is received, the Lodge and the Department will attempt to settle the grievance. If settlement is not possible, the grievant officer will serve his suspension and the grievance may be advanced to "full" arbitration. When "full" arbitration is selected by the Lodge, the grievant officer will serve the suspension prior to the arbitrator's decision in "full" arbitration.

In the event the Lodge decides not to advance the grievance to arbitration, the officer will have ten (10) working days to elect review of the recommendation for suspension as set forth in paragraphs 1 and 2 above.

In the event an officer does not make an election within ten (10) working days the recommendation for suspension will be reviewed by the Police Board.

The parties will develop rules for the conduct of these "fast track" arbitrations. The parties will cooperate in the scheduling of all arbitration hearings.

B. Suspensions from Thirty-One (31) to Three Hundred Sixty-Five (365) Days.
Officers who receive a recommendation for discipline from thirty-one (31) to three hundred sixty-five (365) days as a

result of a sustained CR# shall have one of four options. Within ten (10) working days of receiving the recommendation for discipline the officer(s) shall elect one of the following options:

1. **A direct appeal to the Superintendent as set forth in section 8.5 of the Agreement; or,**
2. **A review by the Police Board as set forth in the Police Board's Rules of Procedure, Article I, II and III, (published November 1, 1975); or,**
3. **The filing of a grievance challenging the recommendation for discipline.**
4. **Accept the recommended discipline.**

In the event an officer does not make an election within ten (10) working days the recommendation for suspension will be reviewed by the Police Board.

When an officer files a grievance the Lodge will have forty-five (45) days from the receipt of the investigative file to inform the Department whether the Lodge will advance the grievance to arbitration. In the event the Lodge advances the grievance to arbitration the officer will not be required to serve the recommended suspension until the arbitrator rules on the merits of the grievance. These grievances, if not settled or withdrawn, will be adjudicated in "full" arbitration. The parties will cooperate in the scheduling of all arbitration hearing.

In the event the Lodge decides not to advance the grievance to arbitration, the officer will have ten (10) working days to elect review of the recommendation for suspension as set forth in paragraphs 1 and 2 above.

In the event an officer does not make an election within ten (10) working days the recommendation for suspension will be reviewed by the Police Board.

C. Lodge Rights.
This agreement does not create or convey to any member of the bargaining unit a right to determine whether any grievance shall be advanced to arbitration. The right to evaluate any grievance and determine whether that grievance is withdrawn, settled or advanced to any form of arbitration remains solely the right of the Lodge. In the event the Lodge determines it will not advance of grievance(s) to arbitration the officer(s) who filed the grievance(s) will be afforded the existing procedures for the review and/or challenge of recommendations of discipline.

Section 9.6 7 — Authority of the Arbitrator.

A. Except as specified in Subsection B and C below, the Arbitrator shall have no right to amend, modify, nullify, disregard, add to, or subtract from the provisions of this Agreement. The Arbitrator shall only consider and make a decision with respect to the specific issue or issues presented to the Arbitrator and shall have no authority to make a decision on any other issues not so submitted. The Arbitrator shall submit in writing his/her decision to the Employer and to the Lodge within thirty (30) days following the close of hearing unless the parties agree to an extension thereof. The decision shall be based upon the Arbitrator's interpretation of the meaning or application of the terms of this Agreement to the facts of the grievance presented, and shall be final and binding upon the parties.

B. In the case of a sustained finding that is subject to the parties' grievance procedure, the arbitrator has the authority to review whether the Department made a good faith effort to secure an affidavit from the complainant and whether the affidavit of the head of OPS or IAD was based upon objective evidence of the type specified in Appendix L, in addition to the issue of just cause and the appropriateness of the penalty in determining whether to grant the grievance.

B.C. Any officer who is a member of and adheres to the established and traditional tenets or teachings of a bona fide religion, body or sect which has historically held conscientious objections to financially supporting organizations such as the Lodge, upon proof thereof, may be excused from the obligations set forth in Section 3.1 Article 3; and the Arbitrator may require, in lieu of such obligations, the payment by such officer of a sum equal to the fair share agency fee to a non religious charitable fund exempt from taxation under Section 501(c)(3) of Title 26 chosen by such officer from a list of at least three such funds to be submitted by the Lodge. The Employer shall not participate in but shall be bound by such an arbitration.

If an officer who holds conscientious objections pursuant to this section requests the Lodge to use the grievance-arbitration procedure on the officer's behalf, the Lodge may charge the officer the reasonable costs of using the procedure.

Section 9.7 — Expense of the Arbitrator.

The fee and expenses of the Arbitrator shall be borne by the party whose position is not sustained by the Arbitrator. The Arbitrator in the event of a

decision not wholly sustaining the position of either party, shall determine the appropriate allocation of his/her fees and expenses. Each party shall be responsible for compensating its own representative(s) and witness(es). The cost of a transcript, where requested by either party, shall be paid by the party so requesting it.

The party requesting a cancellation, rescheduling or other postponement of a set hearing date shall pay the Arbitrator's cancellation fee.

Section 9.8 — Processing and Time Limits.

The resolution of a grievance satisfactory to the Lodge at any step shall be deemed a final settlement, and any grievance not initiated or taken to the next step within the time limit specified herein will be considered settled on the basis of the last answer by management. The time limits specified in this Article may be extended or waived by mutual agreement. Grievances may be initiated at any appropriate step corresponding with the nature of the grievance and the manner in which it arose.

Section 9.9 — Normal Operation.

Grievance meetings shall be scheduled at reasonable times and in a manner which does not unreasonably interfere with the Employer's operations. Reasonable duty time shall be allowed the grievant officer(s) and the watch representative or unit representative under this Article, for the pre-arbitral steps under Section 9.2.

Section 9.10 — Exhaustion.

It is the intent of the parties to this Agreement that the procedures set forth in this Article shall be mandatory as to any grievance unless expressly and specifically excluded by the terms of this Agreement.

APPENDIX L
COMPLAINT REVIEW PANEL RULES OF PROCEDURE

I. CHARGES, RECOMMENDATION AND PLEA.

The Department's representative will read to the Panel the charges against the member under investigation. The member under investigation or the Assisting member will enter a plea indicating whether he/she contests the Findings of the Department on each charge. The Department's representative will then advise the Panel of the recommendation for discipline and the member under investigation or the Assisting member will advise the Panel if he/she contests the recommendation for discipline.

II. OPENING STATEMENT.

A. The Department will proceed first with a statement of the case and the evidence which it believes supports its position.

B. The Assisting member will then address the Panel with his/her opening. If the member(s) under investigation do(es) not contest the Findings but instead only contest(s) the recommendation for discipline, those opening remarks will be confined to the recommendation for discipline.

III. PRESENTATION OF EVIDENCE.

A. The Department has the burden of proving the allegations by a preponderance of the evidence. The investigative file will be presented to the Panel for its review prior to the start of the hearing.

B. The officer under investigation and/or the Assisting member will present evidence in support of the officer relating to either the investigative Findings or the recommendation for discipline.

The Panel will consider evidence on relevant and material issues provided that any new evidence must be submitted at least five (5) days prior to the hearing. Use of the Complimentary and Disciplinary History of the accused member will be limited to the history as it existed on the date the allegation was sustained.

IV. DISCUSSION AND QUESTIONS FROM PANEL.

The members of the Panel may ask questions of the Department's representative, the member under investigation, or the Assisting member about any aspect of the investigation or the recommendation for discipline. Inquiries regarding the member's previous disciplinary history will be subject to the limitations of Section 8.4 of the collective bargaining agreement.

V. CLOSING ARGUMENT.

A. The Department will proceed first with an argument on the evidence, and any reasonable inferences to be drawn from that evidence which the Department's representative believes supports the Department's position.

B. The member under investigation or the Assisting member will then offer argument on the evidence, and any reasonable inferences to be drawn from that evidence which the member believes supports his/her position.

C. The Department will be allowed to offer rebuttal to the arguments of the member under investigation.

VI. FINDINGS AND DECISION OF THE PANEL.

The Findings and Decision of the Panel will be made known to the Department's representative and the member under investigation or the Assisting member without delay.

APPENDIX L

AFFIDAVITS IN DISCIPLINARY INVESTIGATIONS

1. **No affidavit will be required in support of anonymous complaints of criminal conduct. The Department shall continue its current and past practice with respect to classifying allegations as either criminal or excessive force. Allegations of excessive force shall not be classified as criminal for purposes of avoiding the affidavit requirement.**

2. **Anonymous complaints of Medical Roll Abuse and/or Residency violations will not be made the subject of a Complaint Register (CR) investigation until verified, consistent with the current procedure. If the anonymous complaint has been verified, no affidavit will be required.**

3. **Where a supervisory member receives an allegation of misconduct from a citizen, the supervisor will not be required to sign an affidavit.**

4. **Where one Department member makes an allegation of misconduct against another Department member neither Department member will be required to sign an affidavit because both Department members are subject to discipline for making a false report under Rule 14 of the Department's Rules and Regulations.**

5. **A complaint which is supported by an affidavit will not require additional affidavits in support of additional allegations within the same complaint.**

6. **In all other cases, the Department will make a good faith effort to obtain an appropriate affidavit from the complainant within a reasonable time. An "appropriate affidavit" in the case of a citizen complainant is one where the complainant affirms under oath that the allegation(s) and statement(s) made by the complainant are true.**

7. **When an appropriate affidavit cannot be obtained from a citizen complainant, the head of either OPS or IAD may sign an appropriate affidavit according to the following procedure. An "appropriate affidavit" in the case of the head of either OPS or IAD is an affidavit wherein the agency head states he or she has reviewed objective verifiable evidence of the type listed below, the affidavit will specify what evidence has been reviewed and in reliance upon that evidence the agency head affirms it is necessary and appropriate for the investigation to continue.**

8. **The types of evidence the agency head must review and may rely upon will be dependent on the type of case, but may include arrest and case reports, medical records, statements of witnesses and complainants, video or audio tapes, and photographs. This list is illustrative only and is not to be considered exclusive or exhaustive.**

9. **In the case of an investigation of the type normally conducted by OPS, the head of IAD will execute the affidavit described above, if the head of IAD believes execution of the required affidavit is appropriate under the facts of the case based upon the evidence received at that time. In the case of an investigation of the type normally conducted by IAD, the head of OPS will execute the affidavit described above if the head of OPS believes the required affidavit is appropriate under the facts of the case based upon the evidence received at that time.**

10. **No officer will be required to answer any allegation of misconduct unless it is supported by an appropriate affidavit, except as specified in paragraphs one through five above. In the event that no affidavit is received within a reasonable time, the investigation will be terminated and no record of the complaint or investigation will appear on the officer's Disciplinary History.**

11. **Upon the receipt of a complaint which requires an affidavit, the Department may conduct a preliminary investigation into those allegations but no Complaint Register (CR) number will be issued unless and until the required affidavit is obtained. The parties acknowledge the Department is currently unable to track these preliminary investigations but will begin to do so as soon as the computer application is functional. Until the Department is able to begin tracking the preliminary investigations, a CR number will be used to track these investigations.**

APPENDIX Q
DISCIPLINE SCREENING PROGRAM

1. When a Complaint Register (CR) investigation is sustained and the accused is a member of the bargaining unit and the recommendation for discipline is a fifteen-day (15) suspension or less, the accused member will be notified of the Screening Program option.

2. The Department will forward to the member notification of the sustained finding and recommendation for discipline. The member will be advised that he or she may accept the recommended discipline or request a CRP hearing or request the Screening Program option. This notification will be returned within seventy-two (72) hours to the Internal Affairs Division.

3. When the member requests the Screening Program option, he or she will be notified of the date the Screening Committee will meet and of the right to review the investigative file prior to the screening date. The member will appear at either the Office of Professional Standards or the Internal Affairs Division to review the investigative file. The member may make written or audiotape recorded notes, but may not remove or make copies of any part of the investigative file.

4. At the Screening Committee Meeting, a representative of the Lodge and a representative of the Department will meet and review the selected files and attempt to reach an agreement on the findings and/or the recommendation for discipline. If an agreement is reached, the representative of the Department will submit the agreed-upon disposition to the Assistant Deputy Superintendent, Internal Affairs Division or the Chief Administrator, Office of Professional Standards for approval. If approved, the representative of the Lodge shall contact the member for his or her agreement and approval of the agreed-upon disposition.

5. If all parties agree, the agreed-upon disposition will be forwarded to the Superintendent for final approval. The Superintendent will retain only the right to decrease the agreed-upon suspension and/or grant options when appropriate. The Superintendent will not increase the agreed-upon suspension or impose a suspension contrary to the agreed-upon disposition of the Committee.

6. In the event the member accepts the Committee's agreement, he or she will sign a waiver of the right to a Complaint Review Panel hearing and the filing of a grievance of the suspension. In the event the member rejects the Committee's agreement, he or she will sign a rejection of the Committee's agreement. and will be entitled to a Complaint Review Panel hearing. The results of the Screening Program will not be made known to the Panel.

7. After the Complaint Review Panel hearing, i If the Superintendent imposes discipline, the bargaining unit member retains the right to file a grievance if he/she wishes to do so.

GROUND RULES FOR FAST TRACK ARBITRATIONS
OF SUSPENSIONS BETWEEN 16 AND 30 DAYS

The following procedures shall apply to "fast track" arbitrations conducted pursuant to Section _____ of the collective bargaining agreement, involving suspensions of between sixteen (16) and thirty (30) days, inclusive:

A. Within fourteen (14) calendar days of the Lodge providing written notice to the Department of its invocation of "fast track" arbitration, the Lodge and the Department shall agree upon the selection of an arbitrator to hear the case within sixty (60) days of his appointment. The parties may, but are not required, to agree upon a panel of arbitrators who have agreed to hear such cases upon an expedited basis. Once scheduled, the hearing shall not be postponed except for compelling reasons.

B. Arbitrators will receive all grievance documents and relevant documents from the C.R. file at least one week prior to the hearing, at the discretion of the Arbitrator.

C. Arbitrators will be permitted to issue subpoenas in accordance with applicable law. Subpoenas shall not be used for purposes of delay.

D. The expenses of witnesses for either side shall be paid by the party producing such witnesses.

E. Each party will represent itself at the hearing, and may designate any representative who is not an attorney.

F. The hearings shall be informal. The Arbitrator shall assist the parties in ensuring that there is a complete record.

G. The Arbitrator may require witnesses to testify under oath.

H. There shall be no stenographic record of the proceedings.

I. The rules of evidence normally followed in arbitrator proceedings shall apply. The Arbitrator shall be the sole judge of the relevance and materiality of the evidence offered.

J. The parties will not file post-hearing briefs. The parties may argue orally on the record and may present relevant authorities to the Arbitrator at the hearing, <u>except that any decision rendered in any proceeding under these ground rules may not be cited in any other proceeding, whether that proceeding be fast track, full arbitration or any other proceeding</u>.

K. The Arbitrator will issue a short, written decision no later than sixty (60) days after the completion of the hearing. His decision shall be based upon the record developed by the parties before and at the hearing, and shall include a written explanation of the basis for his conclusion and shall include reference to the evidence considered and the role that evidence played in reaching his decision.

Pilot Program Regarding Ten Hour Work Day Schedule

With respect to (I) the Work Day Schedule; (II) the modification of certain provisions of the collective bargaining agreement in order to facilitate and implement the Work Day Schedule; (III) the selection of furloughs for the calendar year beginning January 1, 2005 and annually thereafter; and (IV) Impasse Resolution and Ratification Procedures for the Work Day Schedule and its implementation, the parties hereby agree, as follows:

I. The Work Day Schedule

A. Effective January 6, 2005, the parties agree to a pilot program in the Districts encompassed by Areas 1 and 5 consisting of a ten-hour work schedule for officers assigned to the third watch rapid response cars (which will result in a fourth watch) and, anytime on or after April 5, 2004, the Department may institute a ten-hour schedule for officers assigned to the special operation section and the tactical response unit. The 10 hour schedule will be the same as the CHA rotating schedule.

B. The parties hereby establish a Joint Labor Management Committee for the purposes of monitoring, reviewing, ascertaining and making recommendations regarding the pilot work schedule. The goals of the pilot program are to boost employee productivity, reduce employee stress, reduce medical and IOD absences, reduce automobile accidents, reduce citizen complaints, and boost employee morale. In evaluating these goals, the Joint Committee will meet as needed and make recommendations to the Lodge and to the Superintendent of Police regarding the work day schedule's continuation, expansion to additional areas or districts, modifications or termination of the pilot program.

Absent written agreement between the Lodge and the Employer, the pilot program will terminate at the end of the fifth police period in 2005 and, thereafter, affected bargaining unit members assigned to 10-hour schedules, pursuant to Paragraph I(A) above, will revert to the schedules in effect prior to the implementation of the pilot program.

C. Officers will bid to the 10-hour shift pursuant to article 31. Officers assigned to the 10-hour shift will not be subject to the reverse seniority provisions of Sections 31.5 and 31.6.

D. If the pilot ends on or before the fifth police period of 2005, then officers on fourth watch will revert to the third watch, and furloughs for 2005 will not be re-picked and officers scheduled for furlough will remain in their assigned day-off group.

II. Contract Modifications and Understandings Regarding the Implementation of the Ten (10)-Hour Pilot Program

Notwithstanding any other provision of the collective bargaining agreement between the parties, for the duration of the pilot program for the ten (10)-hour shifts as specified above, the following provisions and understandings shall be in effect:

- The normal tour of duty for the ten (10) hour shift will be ten-and-one-half (10-1/2) hours, which includes a one-half (1/2) hour uncompensated lunch period. The parties agree and understand that if an officer is required to perform work during this one-half (1/2) hour meal period, the officer may request overtime compensation in accordance with the terms of the Agreement.

- The Lodge waives the overtime provisions of Section 20.1 of the Agreement insofar as that section requires payment of overtime for all hours worked in excess of the normal work day of eight (8) hours. Overtime in excess of the normal tour of duty will be compensated at the overtime rate.
- Officers with straight day furloughs will be given the same number of straight furlough days in the ten (10) hour schedule. Officers with working day furloughs will have any remaining days converted to hours.
- Officers will receive ten (10) hours of holiday compensation for holidays occurring on their day off and will further compensate officers with ten (10) hours of compensation and five (5) hours of holiday compensation when those officers are required to work a ten (10) hour shift on a holiday.
- A personal day, if used, will be worth a tour of duty, ten (10) hours for those officers working a ten (10) hour schedule and baby furlough days will be worth eight (8) hours each. An officer assigned to the ten (10) hour schedule who wishes to use a baby furlough day will be required to use an additional two (2) hours of compensatory time.

III. <u>Furlough Selection</u>

Furloughs will be selected by unit for the calendar year beginning January 1, 2005. Appendix S of the 1999-2003 collective bargaining agreement is hereby deleted, and the other affected provisions of the contract regarding

Furlough Selection are hereby modified pursuant to Exhibit A. Furloughs to be taken in 2005 and thereafter will be selected pursuant to the same procedure that was in effect prior to the initiation of furlough by watch in 2002. The parties' agreement to revert to furloughs by unit is not dependent upon the success, failure, modification or continuation of the pilot program for the work day schedule set forth above.

IV. Impasse Resolution and Ratification and Enactment Procedure for the Work Day Schedule and Its Implementation

A. In the event that a complete agreement on all disputed issues is reached by the parties and submitted to the membership for ratification prior to May 30, 2005, the provisions of Sections I, II and III of this Agreement shall be included as part of the submission to the membership and, if ratified by the membership, submitted to the City Council in accord with Section 28.3 A.3 of the Contract.

B. In the event interest arbitration is invoked with respect to issues not addressed in this Agreement or if the Agreement submitted to the membership prior to May 30, 2005 is rejected by the membership, this Agreement and any issues related to the Work Day Schedule and its implementation or Section III, Furlough Selection, shall not be subject to interest arbitration. This Agreement will be stipulated to in any interest arbitration by the parties as having resolved the issues of Work Day Schedule, its implementation and Section III, Furlough Selection.

C. In the event that the parties do not reach agreement by April 1, 2005 with respect to the expansion, modification, continuation or termination

of the Work Day Pilot program, the parties will negotiate in good faith with respect to their differences. The party desiring modifications of the pilot program shall provide the other its desired modifications in writing by April 1, 2005. As provided in Section I.C. above, absent written Agreement between the parties, the Work Day Pilot Program will terminate at the end of the fifth police period in 2005.

D. Notwithstanding any other provisions of this Agreement or any provision of the Agreement between the parties including specifically Section 28.3, the Work Day Schedule, Furlough Selection and issues otherwise addressed by this Agreement shall not be subject to interest arbitration.

FRATERNAL ORDER OF POLICE
CHICAGO LODGE #7

1412 WEST WASHINGTON BOULEVARD • CHICAGO, ILLINOIS 60607-1821
PHONE (312) 733-7776 • FAX: (312) 733-1367

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MARK P. DONAHUE

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HAROLD R. KUNZ
ROBERT L. MIHAJLOV
JAMES E. MORIARTY, Jr.
RONALD H. SHOGREN
THOMAS J. SKELLY
MIKE VOIGHT

September 14, 2004

VIA HAND DELIVERY
Commander George Rosebrock
Management & Labor Affairs Section
City of Chicago, Dept. of Police
3510 S. Michigan Ave., 4th Floor
Chicago, IL 60653

Re: Rapid Response Cars

Dear Commander Rosebrock:

This letter will confirm the parties' agreement reached on September 10, 2004, regarding the starting times for the Rapid Response Cars operating on a ten (10) hour schedule. This agreement regarding the starting times for the Rapid Response cars is consistent with the parties' prior agreement of July 29, 1993, regarding Rapid Response cars and the April 1, 2004, agreement (amended by your letter of April 2, 2004) regarding ten (10) hour days.

The parties have agreed that the established starting times for the Rapid Response cars in Areas 1 and 5 will be 4:00 p.m. and 5:00 p.m. (1600 and 1700 hours). The Department retains the right to alter this starting time plus or minus two (2) hours without payment of premium pay.

If this is consistent with your understanding of this Agreement, please sign your name indicating your agreement below.

Sincerely,

Timothy M. Fallon
Financial Secretary

TMF/mm
Acknowledged and agreed on behalf of the City of Chicago:

Commander George Rosebrock 17 SEP 04 **Date**

cc: Mark P. Donahue

Section 23.9 — Filling Unit Duty Assignments

This Section shall apply only to the following jobs within the units set forth in Section 23.8: Warrant Clerk, Summary Investigation Detective, Review Investigation Detective, Review Officers, Detective Division Administrative Desk Duty Assignment, Area Youth Investigations Administrative Desk Duty Assignments (limited to one bid position each for the second and third watch in each area); and District Desk, District Watch Relief, Lockup, or Airport Law Enforcement Section Explosive Detection Canine Officer only as specifically set forth below. The Employer agrees not to eliminate any Unit Duty Assignments listed in this Section for the duration of this contract.

An opening in a unit duty assignment for purposes of this Section ("recognized opening") exists when an officer performing the above unit duty assignments is to be transferred, resigns, retires, dies, is discharged, when there are new unit duty assignments created, or when the Department increases the number of employees in a unit, except for details for not more than three (3) months. An officer's assignment to a detail shall not be rolled over solely for the purpose of avoiding the effect of this Section. The Employer shall determine at any time before said opening is filled whether or not a recognized opening shall be filled. If the Employer decides to fill a recognized opening utilizing Section 18.4, the Employer must provide the Lodge with the name of the limited duty officer within ten (10) days of filling the recognized opening. If and when the Employer determines to fill a recognized opening other than utilizing Section 18.4, this Section shall apply. Further, there is no recognized opening created as a result of emergencies, or when an officer is removed for disciplinary reasons for up to thirty (30) days. When an officer is removed for disciplinary reasons for more than thirty (30) days or when an officer is relieved of his/her police powers for more than ninety (90) days for reasons other than placement on the medical roll, a recognized opening is created.

In the event a recognized opening is to be bid under this Section, the Employer shall post within the unit on the first Wednesday of the next police period a list of recognized openings therein, if any, stating the requirements needed to fill the opening. This list will remain posted for seven (7) calendar days. A copy of such postings shall be given to the Lodge at the time of the bid posting. Non-probationary officers within the same unit and within the same D-1, D-2 or D-2A job classification, may bid on a recognized opening in writing on a form to be supplied by the Employer. One copy of the bid shall be presented to the Employer, one copy shall be forwarded to the Lodge; and one copy shall be retained by the officer. The Employer shall respond to the successful bidder and the Lodge no later than three (3) days prior to the change day for the new 28-day police period. During the bidding and selection process, the Employer may temporarily fill a recognized opening by assigning an officer to said opening until the recognized opening is filled by bid; however, the Employer may not assign officers to a vacated position to avoid bidding the recognized opening.

An eligible bidder shall be an officer who is able to perform in the recognized opening to the satisfaction of the Employer after orientation. The Em-

ployer shall select the most senior qualified bidder when the qualifications of the officers involved are equal. In determining qualifications, the Employer shall not be arbitrary or capricious, but shall consider training, education, experience, skills, ability, demeanor and performance.

The successful bidder may not bid for another recognized unit duty assignment opening for one (1) police period year. A successful bidder may not be reassigned except for (1) emergencies for the duration of the emergency, (2) for just cause, (3) where the Superintendent determines that the officer's continued assignment would interfere with the officer's effectiveness in that assignment, or (4) temporary unit duty assignments for operational needs, provided the Employer shall not fill the vacated unit duty assignment. When there are no qualified bidders, the Employer may fill the recognized opening within its discretion. Unit duty assignments in District Desk, District Watch Relief, or Lock-up shall be treated in accordance with this Section 23.9 in all respects except the following: (1) only non-probationary officers within the same watch and within the same D-1 salary grade shall be eligible to bid for recognized openings in such assignments.

The District Watch Secretary position may be filled at the Employer's discretion. These positions are limited to one (1) position per watch in each district. If the Employer decides to fill the District Watch Secretary position, the daily unit duty assignment sheets will identify the officer assigned to the District Watch Secretary position. The duties and responsibilities of the District Watch Secretary are to be determined by the Employer provided that the lockup, review and the desk officer bid positions as set forth in the Agreement shall be filled by either the bid officer or District Watch Relief personnel prior to filling these positions with the District Watch Secretary.

If the Employer violates this Section by improperly filling a recognized opening by not placing the opening up for bid, the affected officer(s) will be compensated at the rate of time and one-half in quarter hour increments until the violation is remedied. The Employee is granted the ability to remedy the violation without waiting until the next police period.

If the Employer violates this section by improperly selecting a bidder or improperly determining qualifications for a recognized opening, the affected officer(s) will be compensated at the rate of time and one-half in quarter hour increments up to a maximum of fifty (50) hours of compensatory time.

Section 31.3 — Exclusions.

The following officers are not subject to the bid process for steady watch assignments: Police officers voluntarily assigned as Tactical Officers, police officers voluntarily assigned to Foot Patrol in the 1st and 18th Districts, **the immediate staff of each commanding officer and the District Law Enforcement Community Policing Officers (including Senior Services Officers)** are not subject to the bid process for steady watch assignments. The Employer will not expand the excluded assignments or assign officers to the excluded assignments for the purpose of avoiding the provisions of this Article.

For the purposes of this Section, the number of excluded staff positions is limited to two (2) staff members. For the purposes of this Section, the number of excluded Community Policing Officers is limited to seven (7); five (5) on the second watch and two (2) on the third watch. In the event that the staff members or Community Policing Officers are removed from that assignment, said officers shall not be involuntarily removed from their assigned watch for the remainder of the calendar year unless they are affected by reverse seniority required movements.

In the event that a tactical officer is involuntarily removed from the tactical team, said officer will be given the opportunity to submit a bid for a steady watch assignment. The officer's bid will be honored and the officer will be granted a bid position and be added to the watch the officer would have been eligible to bid for it he/she would have bid during the annual selection process.

In addition, I direct the parties to execute the following side letters to the Agreement:

Side Letter Regarding Section 8.7:

The Department has proposed consolidating the titles (also known and referred to as "job classifications" in Section 23.9 of the Agreement) of Detective, Investigator and Gang Crimes Specialists (GCS) into the single title of Detective. The effect of this change is to allow officers currently holding the title of either Investigator or GCS to bid for unit duty assignments in the Detective Division specified in Section 23.9 of the Agreement

In order to accomplish this change, the parties have agreed to remove the words "Investigator" and "Gang Crimes Specialist" from Section 8.7 of the Agreement. This change does not diminish any rights or other protections held by Detectives, Investigators or GCS under this Agreement, including but limited to the provisions of Section 8.1 and 23.9. The parties acknowledge that Detectives, Investigators and GCS currently pick their furloughs and watches as a single group and this change will not alter that practice.

This change will allow the Employer to eliminate the titles of Investigator and GCS from the budget. However, by eliminating the titles of Investigator and GCS, the Department is not seeking to eliminate or reduce the total number of officers currently performing the duties of Detectives, Investigators, and Gang Crimes Specialists, but to consolidate those officers and duties within the Detective title.

* * *

Side Letter Regarding Tactical Officers and Gang Tactical Officers:

As part of the process of negotiating a successor agreement to the 1999-2003 agreement, the parties have agreed to and acknowledge and that titles of "tactical officer(s)" and "gang tactical officer(s)" are synonymous and where ever either title appears in the agreement, it is understood to include the other title.

E. Appendix E — Salary Schedule For Officers On Step 11 Prior To January 1, 2006

Officers on Step 11 prior to January 1, 2006 (i.e., those who have completed 30 years of service) will be "red-circled." This means that Step 11 officers will remain on "Step 11" until they leave the Department (i.e., retire, quit, die, or are discharged). Officers on Step 11 prior to January 1, 2006 shall receive a 3.5% wage increase effective January 1, 2006, a 2.0% wage increase effective January 1, 2007, (and any base increases which may be subsequently negotiated) as follows:

3.5%	Effective January 1, 2006*		2.0%	Effective January 1, 2007*	
1	ANNUAL	79,149	1	ANNUAL	80,732
	MONTHLY	6,595.75		MONTHLY	6,727.67
2	ANNUAL	83,201	2	ANNUAL	84,865
	MONTHLY	6,933.42		MONTHLY	7,072.08
2A	ANNUAL	85,642	2A	ANNUAL	87,355
	MONTHLY	7,136.83		MONTHLY	7,279.58

No additional officers will enter onto Step 11 after December 31, 2005. Officers who are not on Step 11 as of January 1, 2006 will achieve their maximum salary rate at 25 years of service – on Step 10.

V. SUMMARY OF RESOLVED ISSUES

The disputed issues are resolved as discussed in III and IV of this award. In summary, those issues are resolved as follows:

1. Duration (Issue 1):

   Agreed — four years (July 1, 2003 - June 30, 2007)

2. Wages (Issue 2):

   15.5% over the life of the Agreement (retroactive) apportioned as follows:

Effective Date	Amount Of Increase
7/1/03	2%
1/1/04	2%
7/1/04	2%
1/1/05	2%
7/1/05	2%
1/1/06	3.5% (for all steps not compressed)
1/1/07	2%

   See IV, Appendix A

3. Salary schedule compression (Issue 3):

   Lodge offer, but not effective until January 1, 2006 (Step 11 is compressed; Step 10 (25 years) becomes the maximum rate of pay; and Steps 7-10 move up a step on the existing scale)

4. Health care premiums (Issue 6):

   Effective July 1, 2006 shall remain computed on the basis of salary and shall be as follows (changes underscored):

   Single Coverage: ~~1.0281%~~ 1.2921%
   Employee+1: ~~1.5797%~~ 1.9854%
   Family Coverage: ~~1.9705%~~ 2.4765%

5. Health care plan design changes (Issues 6 and 7):

   See IV, Appendices B and C

6. Competitive bidding for health care (Issue 9):

   City offer — no change

7. Changes in health care coverage for retirees (Issue 10):

Both offers rejected — no change

8. Exchange of compensatory time (Issue 8):

City offer — no change (no exchanges)

9. Duty availability allowance (Issue 4):

City offer —

- Effective January 1, 2004 increase to $2,720 per year payable quarterly
- Effective January 1, 2006 increase to $2,920 per year payable quarterly

10. Uniform allowance (Issue 5):

City offer —

- Effective January 1, 2004 increase to $1,600 per year payable in three month installments
- Effective January 1, 2006 increase to $1,800 per year payable in three month installments

11. Medical roll issues (Issues 14, 15, 17 and 20):

Both offers rejected — no change

12. I.O.D. procedures, benefits and remedies (Issues 12, 18 and 19):

All offers rejected, except to increase list of referral doctors to be used for certification purposes with quarterly notification to the Lodge of changes to the list

13. Vocational retraining for duty or occupational disability (Issue 13):

Side letter to implement program with minimum funding of $120,000 in 2006 and 2007 for the program

14. Processing medical grievances (Issue 16):

Prior resolution

15. Special details (Issue 21):

Formation of committee to explore

16. Fees for promotional examination (Issue 22):

    Lodge offer — no change (no fees)

17. Bargaining over BIS D-2A examinations (Issue 23):

    Prior resolution

18. Random alcohol testing (Issue 24):

    Lodge offer — no change (no random alcohol testing)

19. Interest on retroactive payments (Issue 11):

    Responsible departments are to immediately begin calculations for retroactive payments; 120 days after the date of this award the City shall make the retroactive payments. Each officer will receive his or her retroactive payment and a payout sheet showing how his or her payment was calculated. In the event that the payments or the payout sheets are not received within this period, the arbitrator retains jurisdiction to consider imposing interest.

20. More favorable benefits granted in other bargaining units:

    Retention of jurisdiction by arbitrator for certain designated items to determine if benefit should also be imposed in this unit

21. Uncontested Items:

    See IV, Appendix D

The parties are directed to draft the appropriate language consistent with those resolutions and to place that language in the new Agreement. Aside from any jurisdiction already retained on specific issues, I will also retain jurisdiction to resolve disputes which may arise concerning the drafting of the final language of the Agreement.

One last requirement will be imposed. The discussion at various portions of this award should give the officers a good picture of what they will be earning at the various stages of the Agreement and as they move through the various steps of the salary schedule; what their increases in duty availability and uniform allowance benefits will be: and what their insurance premium

contributions will be. However, the discussions and appendices do not sufficiently combine these changes and further reflect the pension ramifications of the changes. So that the officers can better understand the *total* package for their individual situations, the City is directed to make available to the Lodge for distribution to the officers a spread sheet reflecting those changes which shows what their individual entitlements and obligations will be at the various steps on the salary schedule for the life of the Agreement.

VI. CONCLUSION

This is an arbitration award setting the terms of a four year collective bargaining agreement for the City's approximate 11,600 police officers below the rank of sergeant imposing substantial changes to the parties' prior collective bargaining agreement — for both sides.

The Lodge's final offer on economics (seeking a 19% wage increase, plus increases in other allowances) amounted to a potential increased cost to the City of over $447 million over the life of the four year Agreement. The City's final offer on those economic items (a wage increase of 12.5% and increases in the other allowances) translated into a $296 million cost increase. The economics portion of this award imposes wage increases of 15.5% and increases in the other allowances which, over the life of the four year Agreement, will cost the City approximately $356 million. That awarded amount translates into significant wage and other income related increases for the officers — increases they clearly deserve. As large as those increases are, however, the increased costs are structured in a way so as to minimize harm to the City's present fi-

nancial condition because those increases take effect more towards the end of the Agreement.

On the other hand, the country is in the midst of a health care crisis with double digit premium increases facing employers and the need for greater cost sharing of those increased health care expenses by employees. As well as the City's health care plan has been managed, the City and its employees are still victims of that national crisis. For that reason, the City has been granted significant changes in terms of increased health care premium contributions by the officers and health care plan design changes which shift greater costs to the officers to help the City pay for increased health care expenses, but at the same time continue to provide comprehensive high quality health care protection for those who need it.

The changes imposed by this award are required. The effects of this award will now ripple through the other bargaining units in the City and, ultimately, all 35,000 City employees will be impacted by this result — in positive and negative ways. Simple arithmetic demonstrates the potential overall effect of this award as it impacts the other City employees.

VII. AWARD

The issues are resolved as set forth in III-V of this award.

Edwin H. Benn
Arbitrator

Dated: February 28, 2005