ILLINOIS STATE LABOR RELATIONS BOARD

BEFORE

ARBITRATOR BARRY E. SIMON

In the Matter of the Interest Arbitration Between	)	
	)	
CITY OF LOVES PARK, ILLINOIS,	)	
	)	
Employer,	)	
	)	
and	)	Case No. S-MA-04-175
	)	
ILLINOIS FRATERNAL ORDER OF POLICE LABOR COUNCIL,	)	
	)	
Union.	)	

OPINION AND AWARD

The above identified matter was heard before the undersigned Arbitrator on March 21, 2006, at the Loves Park City Hall, Loves Park, Illinois. Representing the City of Loves Park, hereinafter referred to as "the Employer" or "the City," were:

Penelope M. Lechtenberg, Esq.
James R. Pirages, Esq.
Hinshaw & Culbertson, LLP

Also appearing on behalf of the City were:

Patrick Carrigan, Chief of Police
Hon. A. Marie Holmes, Alderwoman

Representing the Illinois Fraternal Order of Police Labor Council, hereinafter referred to as "the Union," was:

Gary L. Bailey, Esq.

Also appearing on behalf of the Union were:

Russell R. Vogt, FOP Field Representative
Lori DePauw, Bargaining Unit Member
Greg Kindred, Bargaining Unit Member
David Mace, Jr., Bargaining Unit Member

The hearing was recorded and transcribed by a Certified Shorthand Reporter. The parties filed post-hearing briefs that were received by the Arbitrator on May 2, 2006, at which time the record was closed.

Background: The Union is the certified bargaining agent for police officers, police sergeants and police telecommunicators[1] employed by the City. The Union and the City have engaged in collective bargaining together since their first contract in 1989. Their most recent collective bargaining agreement covered the term May 1, 2001, to April 30, 2004. Prior to the expiration of that agreement, the Union filed a demand to bargain a successor contract. The parties commenced bargaining and reached tentative agreement on a number of issues,[2] but were at an impasse on others.

On June 30, 2005, the Union filed a demand for interest arbitration. By letter dated November 10, 2005, the parties notified the undersigned that he had been selected to serve as the neutral

[1]The telecommunicators are not sworn personnel.

[2]The parties have agreed that the Arbitrator shall incorporate into the collective bargaining agreement the tentative agreements reached during negotiations between the parties.

Arbitrator in this matter pursuant to the Illinois Public Labor Relations Act, 5 ILCS 315/1, *et seq*. ("the Act"). The parties agreed to waive the Section 14(d) fifteen day time limit for commencing the hearing and a preliminary meeting was held with the Arbitrator and the parties on February 6, 2006, at which time the parties advised the Arbitrator that they narrowed the unresolved issues. The parties agreed that the formal hearing would be held on March 21, 2006, and agreed upon ground rules to govern the hearings. The parties additionally agreed that the Arbitrator would serve as the sole member of the arbitration panel, waiving the Section 14(b) requirement for a three member arbitration panel. The parties also agreed that the Arbitrator would have sixty (60) days after the submission of post-hearing briefs to issue his Award. The parties exchanged final offers through the Arbitrator on March 20, 2006. Following the hearing on March 21, 2006, the parties filed post-hearing briefs with the Arbitrator. They were received on May 2, 2006, at which time the record was closed.

The Issues and Final Offers: At the hearing, the parties confirmed they were at impasse on four economic issues, namely Wages, the Telecommunicator Bonus, Health Insurance and Retroactivity. On the issue of Wages, the Union's final offer is: effective May 1, 2004, a 5.0% increase to the base salaries, retroactive on all hours paid; effective May 1, 2005, a 5.0% increase to the base salaries, retroactive on all hours paid; and effective May 1, 2006, a 3.0% increase to the base salaries, retroactive on all hours paid. The City's final offer is: base wages would increase May 1, 2004, by 3.0%, May 1, 2005, by 3.25% and May 1, 2006, by 3.25%, but would not be paid retroactively. On the issue of the Telecommunicator Bonus, the final offer of both parties increased

the annual bonus from $1500 to $1800, but the Union seeks to make the bonus retroactive to May 1, 2004, for all employees presently and formerly employed, while the City proposes that it not be retroactive. On the issue of Health Insurance, the Union's final offer is to maintain the status quo, while the City's final offer changes the Health Insurance provision (Section 9.11) as follows (additions are in "***italics***"; deletions are in "~~**strikeout**~~"):

> ***Effective May 1, 2004 through April 30, 2006:*** The health insurance program in place at the date of execution of this Agreement will be maintained for employees and dependents. The cost of this program will be paid by the City except as otherwise provided in this Section. New employees will be covered on the first day of the month next following three (3) full calendar months of employment. The City's obligation to provide this benefit is restricted to actively employed employees only. The City will make the benefit available to an inactive employee only at the employee's expense and only to the extent that it is required to do so by the State of Illinois or Federal law. Nothing in this section or any other provision of this Agreement shall prevent the City from unilaterally changing carriers, self-insuring the benefits or instituting cost containment, preferred providers or other programs designated to make the program more cost effective. If the City does change the carrier, or enters into a self-insured program, it may alter the specific benefit program as long as the program does not substantially change the benefits and other employees of the City receive the same benefits.
>
> ~~**After May 1, 2000, the City may implement employee contributions for dependent health care coverage from bargaining unit employees if the City is, at the time of implementation, also requiring dependent coverage contributions from all other employees who participate in dependent coverage under the City's group health care plan, in an equal or greater amount to the contributions established below:**~~
>
> ~~**Effective May 1, 2000 not to exceed $12.50 per month per family.**~~
>
> ***Effective May 1, 2006: If an employee chooses to participate in the City's health insurance program, the City will pay the cost of this program for the employee's single coverage. The employee's monthly cost for family coverage shall be 10% of the difference between the adopted COBRA single rate and the adopted COBRA family rate, not to exceed $70.00 per pay period during the term of this agreement. The adopted COBRA rate shall mean the monthly COBRA rates as adopted by the City from time to time for single and/or family coverage. The employee shall be solely financially responsible for the amounts specified above for each group health insurance family premium before the City's obligation to pay raises.***

The Standards: The Illinois Public Labor Relations Act, 5 ILCS 315/1 et seq., sets forth the factors to be considered by the Arbitrator with respect to each economic issue in dispute. These factors are:

1) The lawful authority of the employer.

2) Stipulations of the parties.

3) The interests and welfare of the public and the financial ability of the unit of government to meet these costs.

4) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:

   A) In public employment in comparable communities;

   B) In private employment in comparable communities.

5) The average consumer prices for goods and services, commonly known as the cost of living.

6) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment and all other benefits received.

7) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.

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

The Comparables: The parties agree upon the four following communities being considered as comparable to Loves Park: Belvidere, Dixon, Freeport and Sycamore. The Union asks that Woodstock be considered a fifth comparable community. The City asks that Sterling be

considered the fifth comparable community, or, in the alternative, a sixth comparable community in addition to Woodstock.

This is the third time the parties have come to interest arbitration together. They were before Arbitrator Herbert M. Berman for their 1995-1998 Agreement, which was decided by the Award dated December 23, 1996 (S-MA-95-113). In that case, the Union proposed the following six comparable communities: Belvidere, Dixon, Freeport, Rochelle, Sycamore and Woodstock. The City proposed the following nineteen comparable communities: Belvidere, DeKalb, Dixon, Freeport, Harvard, Huntley, Lee County, Machesney Park, Marengo, Oregon, Ottawa, Rock Falls, Rockton, Sandwich, South Beloit, Sterling, Sycamore, Winnebago County and Woodstock. Arbitrator Berman considered the five communities of Belvidere, Dixon, Freeport, Sycamore and Woodstock to be comparable, noting they were listed by both parties. Arbitrator Berman rejected Rochelle from the Union's list, examining its demographic data and noting that it "does not appear to be in the same financial league as Loves Park." With respect to the fourteen other communities proposed by the City, Arbitrator Berman questioned the criteria used by the City to develop its list, and found that the data provided by the City were not on point. Thus, the list of comparable communities accepted by Arbitrator Berman is the same list that is proposed by the Union in this case.

The parties were back in interest arbitration for their 2001-2004 contract, this time before Arbitrator Peter R. Meyers (S-MA-01-160). As in the instant case, the Union proposed the same list of comparable communities as accepted by Arbitrator Berman; the City asked that Sterling be substituted for Woodstock. Arbitrator Meyers wrote:

> The Union proposes using these same communities as external comparables in this proceeding, while the Employer proposes using the City of Sterling in place of the City of Woodstock. The Employer contends that Woodstock does not represent a relevant, valid

comparable because it is currently in the process of negotiating a contract with its own police department. The Employer points out that in presenting wage figures from the Woodstock contract, which expired in 2001, the Union arbitrarily added 4% to the wages from that contract. The Employer maintains that there is no valid basis for adding any percentage to the Woodstock wages, and the Union's addition of 4% to the previous wage rate results in invalid figures that are among the highest of the comparables that the Union has submitted. The Employer emphasizes that the City of Sterling, geographically located next to the Dixon, shares many characteristics with Dixon, thus making it an acceptable comparable that should be considered in place of Woodstock. The Employer asserts that even if Woodstock is used as an external comparable here, then it should be given less weight than the other comparables, all of which are operating under valid and existing contracts.

The demographic and other data that the parties submitted into the record supports the use of the same external comparables, including the City of Woodstock, that previously have been used in interest arbitration proceedings between these two parties. The evidentiary record does not support a departure from Arbitrator Berman's thoughtful analysis of these communities as appropriate external comparables. Except for the matter of the Union's addition of a 4% annual increase after 2001 to Woodstock's wage data, which is discussed more specifically below, the City of Woodstock represents a valid external comparable with respect to current wage levels, benefits of employment, and other contractual terms. As for the Employer's proposal of using the City of Sterling instead of the City of Woodstock as an external comparable, there is insufficient demographic data in the record to support such a change.

In support of its position that Sterling should be added to the list of comparable communities, the City argues it is more geographically related to Loves Park than is Woodstock, which the City notes is located in McHenry County, a "collar county" to Chicago and Cook County. It cites Arbitrator Edwin Benn's Award in *Village of Algonquin* (1996), wherein he described Belvidere and Sycamore as being "a short commute to the immediate Chicago area." These three communities, says the City, have in common a proximity and convenient access to Chicago that is not shared by Loves Park. The City submits that Sterling, on the other hand, is closely comparable to Dixon in size, number of employees and proximity to each other and to Loves Park. The City offers the following data to support its position:

City Police Department	County	Population	Sworn Full Time Employees	Total Employees
Belvidere	Boone	22,927	36 (39 in 2006)	50
Dixon	Lee	15,429	26 (26 in 2006)	36
Freeport	Stephenson	25,867	56 (55 in 2006)	90
Loves Park	Winnebago	21,660	30 (30 in 2006)	39
Sterling	Whiteside	15,272	27 (26 in 2006)	34
Sycamore	DeKalb	13,230	22 (24 in 2006)	24
Woodstock	McHenry	21,657	36 (38 in 2006)	51

source: 2004 Annual Uniform Crime Report

City	Land Area (sq mi)	Median Household Income	Median House Value
Loves Park	14.4	$45,238	$88,000
Belvidere	9.1	$42,529	$99,600
Dixon	6.3	$35,720	$75,100
Freeport	11.4	$35,399	$71,600
Sycamore	5.5	$51,921	$134,000
Woodstock	10.7	$47,871	$145,400
Sterling	4.7	$37,664	$70,700

source: 2000 census data

City	1995 median home value	2000 median home value	Average sale price/ Average price change from 2004 (by county)	Number of 2005 sales/ Percentage increase from 2004 (by county)
Loves Park	$53,600	$88,000	$130,826 / +8.8%	6,442 / +5.7%
Belvidere	$58,400	$99,600	$192,490 / +10.1%	1,583 / +12%
Dixon	$43,900	$75,100	$114,098 / +6.6%	425 / +19%
Freeport	$46,800	$71,600	$97,155 / +5.3%	610 / +11.5%
Sycamore	$78,900	$134,000	$189,532 / +4.5%	2,139 / +8.2%
Woodstock	$92,300	$145,400	$256,533 / +7.3%	5,756 / +5.8%
Sterling	n/a	$70,700	$93,086 / +10.2%	811 / +9.2%

source: Illinois Association of Realtors

When a party had included a community among its list of comparables in a prior interest arbitration ten years ago, and was unsuccessful in convincing a subsequent arbitrator to remove it from the list four years ago, there is a substantial burden upon that party to demonstrate the community has changed in such a way that it is no longer appropriate to be included. The Arbitrator finds the City has not made a case to support removing Woodstock from the list of comparables that Arbitrators Berman and Meyers had found appropriate in both prior disputes. Its argument against Woodstock is based primarily on the premise that it is more closely related to the Chicago area than Loves Park. The argument fails when the City raises the same concerns about Belvidere and Sycamore, both of which it does not challenge. If anything, comparing Woodstock to Belvidere and Sycamore only reinforces its comparability. Obviously, the location of Woodstock is not a factor that changed since either the Berman or Meyers Awards. Furthermore, the Union cites Arbitrator Benn's Award in *County of Winnebago/Sheriff of Winnebago County* (2002) wherein he found that McHenry County is the only jurisdiction comparable to Winnebago County.[3]

[3]Loves Park is located in Winnebago County.

Based upon the data furnished by the City, the Arbitrator does not find Woodstock to be out of line with the other comparables. The only categories where Woodstock has the highest numbers are home value and home sales price, which are related to one another. According to median family income data submitted by the Union, though, Loves Park is higher than Woodstock ($52,061 vs. $47,871).[4] Looking at home values, the City's data show that the median home value has increased in Loves Park from 1995 to 2000 by 64%, while the median home value in Woodstock has increased during the same period only 58%. From 2004 to 2005, home sale prices in Loves Park have risen by 8.8%, while they have gone up in Woodstock by only 7.3%. The Arbitrator cannot conclude that the data for Woodstock have changed out of proportion with the data for Loves Park.

Where the City truly attempts to distinguish Woodstock is in its assertion that "Woodstock has distanced itself from Loves Park and its substantially higher base wage scale and its substantially higher scheduled wage increases are representative of the undeniable rift that has grown between Loves Park and Woodstock." The purpose of using comparable communities is to look at wages, hours and conditions of employment in communities somewhat similar to the community that is the subject of the arbitration. If arbitrators were to consider only communities that had comparable wages, hours and conditions of employment, there would be no point in making such an analysis.

In a like manner, it appears that the City is urging the inclusion of Sterling for economic reasons, rather than its similarity in other respects to Loves Park. In the data offered by the City,

[4]Although the parties have the same household income data for Woodstock, there is no explanation for the discrepancy between their data for Loves Park.

Sterling is below the mean figure in every category. In three categories (land area, median house value and average sale price) Sterling is below all of the other comparable communities. In area, it is less than one-third the size of Loves Park. In population, only Sycamore is smaller (while the difference in population between Woodstock and Loves Park is only 3 people). The City, in its alternative plea that Sterling be added as a sixth comparable if Woodstock is retained, states, "the addition of the more closely-aligned Sterling as a comparable in order to temper the impact of Woodstock's incongruously high wage table may be an appropriate way of trying to 'level the playing field' in this case to more accurately reflect a fair group of comparables to Loves Park." Again, the Arbitrator should not consider wage rates among the factors in determining comparability. That would result in tautological reasoning. The Arbitrator concludes that there is no basis for including Sterling among the list of comparable communities. That list shall consist of Belvidere, Dixon, Freeport, Sycamore and Woodstock.

Wages: As noted above, for contract years 2004-2005, 2005-2006 and 2006-2007, the Union has asked for wage increases of 5%, 5% and 3%, respectively, while the City has offered 3%, 3.25% and 3.25% respectively. It is the Arbitrator's role to determine, based upon the statutory factors, which of these offers is more appropriate.

Position of the Union: The Union contends there already exists a wage disparity between the 2003-2004 wages of the employees it represents at Loves Park and those of police officers in the comparable jurisdictions. It is the Union's intent to reduce this disparity by a moderate level, while it argues the City's proposal will actually increase the disparity. According to the Union, the

following table demonstrates the effect of both proposals with respect to police officer pay during the first year of the contract:

2004-2005	Start	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	10 yrs	15 yrs	top pay
average salary	34,663	37,839	40,302	42,004	44,298	45,950	49,347	51,046	51,724
Union offer	35,156	36,264	37,371	38,475	39,583	40,691	48,136	50,257	50,257
difference $	+439	-1,575	-2,931	-3,529	-4,715	-5,259	-1,211	-789	-1,467
difference %	+1.42	-4.16	-7.27	-8.40	-10.64	-11.45	-2.45	-1.55	-2.84
Employer offer	34,486	35,573	36,659	37,742	38,829	39,916	47,219	49,300	49,300
difference $	-177	-2,266	-3,643	-4,262	-5,469	-6034	-2,128	-1,746	-2,424
difference %	-0.51	-5.99	-9.04	-10.45	-12.35	-13.13	-4.31	-3.42	-4.69

The Union contends the disparity would increase even further with the City's offer during the second year of the contract. This is demonstrated, says the Union, by the following table:

2005-2006	Start	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	10 yrs	15 yrs	top pay
average salary	35,973	39,259	41,822	43,593	45,976	47,699	51,250	53,009	53,707
Union offer	36,914	38,077	39,239	40,399	41,562	42,725	50,543	52,770	52,770
difference $	+941	-1,182	-2,583	-3,194	-4,414	4,974	-707	-239	-937
difference %	+2.62	-3.01	-6.18	-7.33	-9.60	-10.43	-1.38	-0.45	-1.75
Employer offer	35,607	36,729	37,850	38,969	40,091	41,213	48,754	50,902	50,902

difference $	-366	-2,530	-3,972	-4,624	-5,885	-6,486	-2,496	-2,107	-2,805
difference %	-1.02	-6.44	-9.50	-10.61	-12.80	-13.60	-4.87	-3.97	-5.22

The Union argues that the above evaluations for the first two years of the contract favor the Union. It submits that the parties' wage offers for the third year (3.0% by the Union and 3.25% by the Employer) are nearly identical. The Union explains that its third year proposal is conservative due to a lack of comparable data for that year inasmuch as the Dixon contract expired on April 30, 2006, and the Sycamore contract had a wage re-opener provision effective January 1, 2006. At the time of the hearing, according to the Union, neither contract was close to settlement.

The Union argues its wage offer is supported by internal comparables. It notes that Streets and Water Department employees represented by the Operating Engineers (the only other bargaining unit in the City), received 5% increases for the same fiscal years as the first two years of the Police contract. The Union rejects the City's assertion that these increases were balanced by the Operating Engineers agreeing to eliminate a "me, too" clause in their contract. According to the Union, the Employer has proven that a 5% wage increase can be justified under the right circumstances. The Union insists the current wage disparity justifies its proposed increases.

The Union avers there is no evidence the parties have ever used the Consumer Price Index (CPI), or any other cost-of-living measurement, as a basis for determining wage increases. In evaluating the CPI data for Fiscal Year 2004-2005 submitted by both parties, the Union shows a range in increases to the cost-of-living from 2.62% to 2.98%. It concludes that the City's offer would therefore increase real wages by only .02% to .38%. While it recognizes that its offer is

greater than the cost-of-living, it says it is not grossly excessive. Because of the current wages disparity, the Union concludes its offer is more appropriate because it is slightly higher than the CPI.

Alternatively, the Union urges the Arbitrator to adopt the theory, explained by Arbitrator McAlpin in *City of East St. Louis and the Illinois FOP Labor Council*, S-MA-03-62 (2004), that the rising rate of compensation is a better measure of cost-of-living than the rising rate of inflation. To this end, the Union offers the following comparison of wage increases for police officers in the comparable communities:

	Belvidere	Dixon	Freeport	Sycamore	Woodstock	**Average**
May 2000	3.00%	4.00%	3.00%	5.00%	4.50%	**3.90%**
May 2001	3.00%	4.00%	3.00%	2.75%	4.50%	**3.45%**
May 2002	3.00%	4.00%	3.00%	7.00%	5.00%	**4.40%**
May 2003	3.50%	1.50%	3.50%	2.00%	5.00%	**3.10%**
May 2004	3.25%	2.50%	3.25%	4.00%	5.00%	**3.60%**
May 2005	3.50%	3.50%	3.00%	3.00%	6.00%	**3.80%**
May 2006	4.00%	n/a	3.00%	n/a	6.00%	**4.33%**
Average	**3.32%**	**3.25%**	**3.11%**	**3.96%**	**5.14%**	

Stating that the City's wage offer for the first year is below the average wage increase among the comparable communities for the past several years, the Union concludes that offer has the effect

of depressing the Loves Park officers' wages. It says its own offer, which is above the average, will have the effect of reducing the wage disparity that currently exists.

With respect to the public interest, the Union notes the City has not claimed an inability to pay as a factor. While it recognizes the City has an interest in maintaining a fiscally responsible budget, the Union points out it is also in the interests and welfare of the public to provide excellent law enforcement services to the public. This objective, says the Union, is advanced by attracting and keeping quality public servants by providing competitive wage and benefit packages. The Union further notes that the City has reported a remaining general fund balance of $3,626,978 for the fiscal year ending April 30, 2003, and $3,738,449 for the following fiscal year. The Union concludes the City has the money to address the problems that exist in the compensation plan. The Union does not challenge the City's decision not to levy a property tax, but assumes it can manage municipal affairs without that stream of revenue.

Position of the Employer: The Employer asserts the wage gap between the City and the comparable bargaining units was closed by the Meyers Award, making the comparatively substantial wage increased proposed by the Union unnecessary. It notes that wages moved from 18-24% below the comparables in the Berman arbitration to third place, well above all except Woodstock and Sycamore. It further avers that the wage comparisons were based only upon base wages and did not consider career service bonuses, longevity pay and the like. Although Arbitrator Meyers did not permit the City to include the longevity bonus in the calculation of overall compensation because there was no indication as to whether longevity pay was available in any of the externally comparable communities, the Employer states that is not the case in this dispute. The City says it

has confirmed with proper authorities in each of the comparable communities that there are no other monetary benefits other than those set forth in the contracts. It says only one other community, Sycamore, has a longevity-type bonus. Presuming that the longevity pay concept is factored into the determination of the base wage offer in those other communities, the City concludes there is no appropriate reason to exclude the Loves Park longevity bonus in its compensation calculations. The City therefore contends the following table more accurately reflects its wage proposal because it reflects longevity pay:

	05/03-04/04	**05/04-04/05**	**05/05-04/06**	**05/06-04/07**
Entry	33,482.00	34,486.46	35,607.27	36,764.51
After 1 yr	34,537.00	35,573.11	36,729.24	37,922.94
After 2 yrs	35,591.00	36,658.73	37,850.14	39,080.27
After 3 yrs	36,643.00	37,742.29	38.968.91	40,235.40
After 4 yrs	37,698.00	38,828.94	40,090.88	41,393.83
After 5 yrs	38,753.00	39,915.59	41,212.85	42,552.26
5 yr longevity	39,528.06	40,713.90	42,037.10	43,403.31
After 6 yrs	40,226.00	41,432.78	42,779.35	44,169.67
6 yr longevity	41,030.52	42,261.44	43,634.93	45,053.07
After 7 yrs	41,755.00	43,007.65	44,405.40	45,848.57
7-9 yr longevity	42,590.10	43,867.80	45,293.51	46,765.55
After 10 yrs	45,844.00	47,219.32	48,753.95	50,338.45
10-14 yr longevity	47,677.76	49,108.09	50,704.11	52,351.99
After 15 yrs	47,864.00	49,299.92	50,902.17	52,556.49
15-19 yr longevity	50,735.84	52,257.92	53,956.30	55,709.88
20+ yr longevity	51,693.12	53,243.91	54,974.34	56,761.01

The City also avers the wages for Belvidere and Dixon, as reported by the Union, are inflated because they are based upon straight time compensation for 2,184 hours per year, while the police officers in Loves Park are compensated for 2,080 straight time hours per year. When the Employer recomputes the wages, discounting for excessive hours and adding longevity bonuses paid by the City and by Sycamore, it says that its wage proposal is near the top of the pay scale. According to the Employer, the City is slightly ahead of the pack in years 1 to 10, but behind Sycamore and Woodstock for each of the three contract years. The City challenges the Union to demonstrate why Loves Park wages should exceed those of Belvidere when all other available data would predict that Loves Park should trail Belvidere in wages.

The Employer rejects the Union's use of average wages among the comparables. First, says the Employer, the Union's figures do not take into consideration the pay for additional hours included in the Belvidere and Dixon data, as noted above. Secondly, the City argues that the wage table for Woodstock substantially skews the average wage for the other comparables. The Employer also disputes the Union's use of an arbitrary 3% increase where a community's contract has expired and new wage scales have not yet been negotiated.

The Employer argues its final offer more closely resembles the percentage increases set forth in contracts of the comparable communities. It explains that its proposal for 2004 places it in the middle of the seven communities, the 2005 offer places it third after Belvidere and Woodstock, and the 2006 offer is in the middle of the five communities for which data are available.

The Employer, citing the Berman Award, argues it is more relevant to compare employees who perform the same types of service. For this reason, the Employer asks that more weight be given to external comparables than internal comparables. Further, the City submits that the 5%

annual increases received by the Operating Engineers in 2004 and 2005 were the result of arms' length negotiations, rather than interest arbitration. The City avers it had initially offered the Operating Engineers annual increases of 3%, but settled on 5% because the union had agreed to eliminate the "me, too" language in their agreement, which had value to the Employer. According to the Employer, the granting of the same increase to the police unit would result in a *de facto* creation and application of a "me, too" clause for the FOP, which would be inconsistent with the bargain it reached with the Operating Engineers. On the other hand, the Employer notes that non-union City employees receive 3% standard annual raises, which is more comparable to its offer to the FOP.

The Employer states both parties' proposals offer percentage wage increases greater than the current rate of inflation. Using data for the Chicago-Gary-Kenosha area, the City says the Consumer Price Index increases were 1.82% from 2002 to 2003, 2.22% from 2003 to 2004 and 3.02% from 2004 to 2005. Because the bargaining unit members are currently in the upper middle of the wage earners included in the traditional comparables, the City concludes a raise near, but exceeding, the cost of living is appropriate and allows the employees to "stay with" the comparables. The City argues that the data do not support the need for a wage increase greater than a cost of living increase. In the event that additional increases become appropriate to adjust for future economic realities, the City says the parties may address those considerations when they engage in negotiations for the next collective bargaining agreement within the next twelve months.

Health Insurance: The health insurance provision in the previous collective bargaining agreement permitted the Employer to implement bargaining unit employee contributions

for dependent health care coverage if it also requires dependent coverage contributions from all other employees participating in dependent coverage under the City's group health care plan. Bargaining unit member contributions could not exceed those paid by other employees, nor could they exceed $12.50 per month per family. At the time of the arbitration hearing, City employees, including members of the bargaining unit, were not paying anything toward dependent coverage premiums. The Union's final offer retains this provision without change.

The City's final offer provides that effective May 1, 2006, bargaining unit members obtaining family coverage will contribute 10% of the difference between the adopted COBRA single rate and the adopted COBRA family rate, not to exceed $70.00 per pay period.[5] This payment is not dependent upon payment by any other employees of the City. The City has explained that payments will be retroactive to May 1, 2006, if its proposal is adopted. [Tr. p. 104].

Position of the Union: The Union insists the Employer's proposal is extreme in terms of simple economics and upsetting the rights bargained between the parties over the life of several contracts. It says it represents uncertainty because the Employer, as of the date of the hearing, did not yet have the costs that would be effective on May 1, 2006. The Union compares the caps between the two proposals and notes the present cap is $150.00 per year ($5.77 per pay period), while the City's proposed cap is $1820.00 per year ($70.00 per pay period). This increase, says the Union, is equivalent to the increase it is seeking for police officer starting pay during the first year of

[5]Employees are paid bi-weekly. Thus, there are 26 pay periods per year.

the contract. Once taxes are deducted, the Union contends starting police officers will earn less under the City's insurance proposal regardless of which wage proposal is adopted.

The Union does not dispute that the cost of health insurance has risen dramatically, but argues that such changes do not automatically mean that there must be changes to the health insurance language in labor contracts. The Union cites *County of Lee and Sheriff of Lee County and Illinois Fraternal Order of Police Labor Council*, S-MA-03-142 (Arb. Benn, 2004), *City of Mt. Vernon and Illinois Fraternal Order of Police Labor Council*, S-MA-04-123 (Arb. Malin, 2005) and *Village of Carpentersville and Metropolitan Alliance of Police, Chapter 378* (Arb. Cox, 2005). The Union insists the Arbitrator is still required to apply the statutory factors rather than make a knee-jerk reaction to national health insurance trends.

The Union acknowledges that all of the external comparables have provisions requiring employees on family insurance plans to contribute to the cost of the premiums. While it says the City's 10% contribution proposal is not out of line, it submits the balance of the proposal is excessive. It notes that only Freeport uses COBRA rates rather than the regular family premium rates, and that only Woodstock computes the amount owed by subtracting the single rate from the family rate. The Union contends the cap proposed by the City is nearly the highest of all of the comparables. The $70 per pay period cap, says the Union, is ridiculously disproportionate to the cost of the premiums. For those communities that have caps that can be calculated, the Union says the maximum annual amounts are $1423.56 in Belvidere, $1980.00 in Freeport and $754.00 in Woodstock.

The Union further argues the Employer's proposal is unreasonable because it unfairly eliminates the requirement that bargaining unit members do not have to contribute to family health

insurance premiums until all other employees are required to make contributions of equal or greater value. The previous provision, says the Union, ensures that unit employees are not punished because they are in a union. The Union asserts the City has offered no *quid pro quo* for taking away the employees' protection against the Employer imposing unequal health insurance contributions.

The Union also objects to the City's elimination, intentional or otherwise, of the first paragraph of Section 9.11 by making it expire on April 30, 2006. The Union says this would cancel the protections the employees currently have against changes in the health insurance plan benefits.

Finally, the Union argues it is unfair that the Employer seeks retroactive contributions for family health insurance contributions to May 1, 2006, while it has taken the position that it should not be required to pay retroactive wages or bonuses.

Position of the Employer: The City acknowledges that it has the burden of demonstrating a reasonable basis for proposing a change to the existing language of the Agreement. It submits its position is supported by the external comparability data and the fact that requiring it to continue to carry all of the health insurance premium burden is inherently inequitable and unworkable. According to the City, its expense for health insurance premiums and claims in 2005 was $301,355.03, contributing significantly to its $422,856 budget shortfall for that year.

The City proposes to continue paying all of each employee's health insurance premium, but is asking for the employees to make a modest contribution toward the health insurance premiums for their dependents. This payment, says the Employer, would be 10% of the difference between the COBRA rate for family coverage and the COBRA rate for individual coverage. The Employer calculates that this contribution would be approximately $787.69 for the year, or $30.30 per

paycheck. This, says the Employer, would be significantly lower than the proposed $70 per pay period cap. According to the Employer, COBRA rates have remained fairly stable over the last few years, and there was a decrease last year. It says it does not anticipate significant increases, based upon historical data, but has proposed the cap to ensure that employees are not unduly harmed. The $70 cap, says the Employer, is reasonable in comparison with the external comparables, yet fair to the City.

The Employer cites *City of Markham and Markham Professional Firefighters' Association, Local 3209,* S-MA-05-078 (Arb. Kossoff, 2006) and *Clinton County and Clinton County Sheriff and Illinois Fraternal Order of Police Labor Council,* S-MA-05-026 (Arb. LeRoy, 2005) as precedent for awarding insurance premium contributions. It asserts that its proposal is not a "breakthrough" proposal inasmuch as Section 9.11 of the prior collective bargaining agreement provided for employee contributions for dependent health care coverage, albeit on the condition that the City requires equal contributions from all other employees. Finally, the City notes that every one of the comparable communities requires an insurance contribution. The City summarizes those provisions as follows:

> Freeport requires employees to contribute for both their own and their dependents' premiums; for dependent contributions the employees pay 10% of the adopted COBRA rate for single plus one (not to exceed $100 per month) and 16% of the adopted COBRA family rate (not to exceed $165 per month).
>
> Dixon pays for 100% of employee single premiums, and $250 per month toward the premium for family coverage; the employee is responsible for 100% of the remainder, without a cap.
>
> Belvidere requires employees to contribute 9% of the City's premium rate for both their own and their dependents' coverage, with caps including $40.92, $80.85, $77.95 and $118.63 per month, respectively, for single, single/spouse, single/child and family.

> For 2006, Woodstock pays for 100% of the employee's single coverage, and requires employees to pay the lesser of 10% of the difference between the family and single coverage rates or $29 per month.
>
> Sycamore pays 100% of the employee's single premium, with a $250 to $300 deductible per person; employees pay 15% of the dependent coverage premium with $600 to $750 deductible.

Telecommunicator Bonus: Both parties agree to an increase in the annual Telecommunicator bonus from $1500 to $1800. The Union proposes that the increased bonus be effective May 1, 2004 for all employees presently and formerly employed. The City proposes that the bonus not be retroactive.

Position of the Union: The Union says it is seeking retroactivity to ensure that the Employer will actually pay the bonus. It notes the Employer has acknowledged that it is planning to terminate the telecommunicating operations, and submits that by the Award is issued there might not be any telecommunicators employed. Consequently, says the Union, the issue arises as to whether the Employer will be under any obligation to pay the former telecommunicators any bonus. Without retroactivity, the Union characterizes the Employer's offer to increase the bonus as a sham.

The Union explains that the parties, in their prior contract, agreed that the telecommunicators deserve a bonus for being prevented from getting a meal break. Thus, the Union says it is proposing the continuation of a benefit that the parties have historically agreed is fair and reasonable. The Employer, according to the Union, has effectively proposed that the benefit end. This, says the Union, requires analysis under the "traditional factors in collective bargaining" factor set forth in the Act. The Union characterizes the Employer's proposal as one that radically changes a current

contractual obligation, thereby placing the burden upon the City to justify the need for the change. The Union submits the Employer had put forth no basis for elimination of the bonus.

Position of the Employer: The Employer's post-hearing brief does not specifically address the issue of retroactivity of the Telecommunicator bonus.

Retroactivity: The Union asks that wage increases be retroactive to the beginning of the term of the contract. The Employer proposes that they not be retroactive.

Position of the Union: The Union asserts Loves Park is not the first public employer to propose that wage increases not be retroactive. It says, though, that such efforts have been uniformly unsuccessful. As examples, the Union cites *Village of Algonquin and MAP*, S-MA-95-085 (Arb. Benn, 1996), *City of St. Charles and MAP, Chapter 27*, S-MA-97-248 (Arb. Nathan, 1998), *Village of Westchester and Illinois Firefighters Alliance*, S-MA-89-083 (Arb. Berman, 1989) and *Village of Skokie and Illinois Fraternal Order of Police Labor Council*, S-MA-93-181 (Arb. Berman, 1995).

The Union contends the Employer has said only that retroactive pay is unnecessary. It suggests that the City is not serious about this position and wants "credit" for losing this issue in the hope that the Arbitrator will allow it a victory on another issue to balance the result. The Union asks the Arbitrator to avoid such a trap and examine each issue on its own merits.

Position of the Employer: The City contends that it proposed increases are fair and reasonable, and are competitive even without the application of retroactivity. Consequently, the City

concludes that the payment of the wage increases on a retroactive basis is not necessary to maintain parity between the bargaining unit and the employees of the comparable communities.

DISCUSSION AND AWARD: As noted above, the Arbitrator has accepted the communities of Belvidere, Dixon, Freeport, Sycamore and Woodstock as external comparables. Among the other statutory factors to be considered, the Arbitrator will assess the parties' final offers against this standard.

Wages: In awarding a 5% wage increase for each of the contract years, Arbitrator Meyers in his 2002 Award, wrote:

> As for the appropriate percentage increase applicable to the existing steps of the wage structure, the Union's proposal again is more reasonable and more fully supported by the relevant evidence than is the Employer's proposal. I find that a 5% increase, rather than the Employer's proposed 4% increase, is better calculated to decrease the continuing wage gap that exists between the Loves Park officers and those in the externally comparable communities. Given that the Employer's proposed 4% increase is close to the CPI rate as of the expiration date of the parties' prior contract, as well as the likelihood that the CPI is one of the statutory factors that likely will have a significant impact on the wage negotiations in the externally comparable communities, a wage increase for the Loves Park officers that is so close to the CPI rate would do little to close the wage gap. As with its proposal for adding steps to the existing wage structure, the Union's proposed 5% wage increase for the existing steps in the structure represents a moderate and economical means of reducing the wage gap. I find that the Union is not over-reaching with this proposed wage increase, nor is it attempting to close that gap all at once.
>
> The modest nature of the Union's proposed wage increase, especially compared with the CPI, also allows for the volatility of the Employer's projected revenues, as previously discussed, while serving to accomplish some reduction in the existing wage gap. A larger wage increase would be more likely to create problems for the Employer if the economy continues its present difficulties, but the total dollar value of the 5% increase sought by the Union should be well within the Employer's ability to handle during the term of the parties' new contract. It must be noted, for example, that for the Employer's fiscal year ending April 30, 2001, revenues exceeded expenditures by more than $1,000,000.00, despite the fact that the economy began to weaken in late 2000. In addition, although the Employer's revenues for Fiscal Year 2002 dropped by about 7%, or around $500,000.00, the evidentiary record

> demonstrates that Loves Park's annual revenues typically have exceeded its annual expenditures, suggesting that the Employer will have the ability to pay wages, even in a weak economy, at the level proposed by the Union.
>
> I find that the Union's overall proposal on the issue of wages serves to maintain the existing wage parity between the police officers, sergeants, and telecommunicators, while adjusting the overall wage structure so as to reduce, but not eliminate, the wage disparity between the Loves Park police officers and those in the externally comparable communities. In light of the statutory factors and the relevant evidence in the record, this Arbitrator finds that the Union's final proposal on the issue of wages is more appropriate and shall be adopted, and it is set forth in the Appendix attached hereto.

In his Award, then, Arbitrator Meyers recognized the existence of a disparity between the wages of the Loves Park employees and the employees of the comparable communities. His awarding the wage increases sought by the Union, according to Arbitrator Meyers, did not eliminate that gap, but only reduced it. As he noted, the Union was not seeking "to close that gap all at once." The Union now contends it is attempting to further diminish, but still not eliminate, the disparity. It says the Employer's proposal actually broadens the disparity.

Looking at patrol officer wages from starting pay through the fifth year of employment, *i.e.*, those wages that are not augmented by longevity pay, it can be seen that the Union's proposal will again make a modest move toward closing gap between the Loves Park wages and the average of the comparable communities. For instance, after four years, the differences between Loves Park and the average of the comparables were 11.43% in 2003-2004, and would be 10.64% in 2004-2005 and 9.60% in 2005-2006 with the Union's proposal. Under the Employer's proposal, however, the differences would grow to 12.35% in 2004-2005 and 12.80% in 2005-2006. If the Employer's health insurance proposal is factored in, the disparity increases even further. Only during the first year of employment would the Union's proposal result in a wage that is higher than the average of the comparables. Even when longevity pay is factored in, the Employer's proposal does not surpass

the average of the comparables until after fifteen years of service, the top of the pay scale, affecting only the top four employees on the patrol officer seniority list.

The parties presented various tables showing the Consumer Price Index, and could not agree upon which values are the appropriate measure. The City urged using data for the Chicago-Gary-Kenosha Urban Consumer population, which showed an increase in the CPI from 2004 to 2005 of 3.02%. The Union proffered four sets of data, the CPI-U and the CPI-W, each for all US cities and Midwest Urban. The Union's data showed CPI increases from 2004 to 2005 ranged from 2.62% to 2.98%. By any measure, the data show that the City's wage offer is extremely close to covering the increase in the cost of living, while the Union's proposal is significantly higher. The one conclusion that can be reached is that the City's offer leaves very little money, if any, to close the gap between the earnings of the Loves Park employees and those of the comparable communities. That proposal is little more than a cost of living increase. Again, factoring in the Employer's health insurance proposal would effectively cancel out that difference. If Loves Park had been at parity with the comparables to begin with, there would be a stronger argument for such an increase. The disparity, however, dictates that a greater wage increase is warranted. A similar conclusion was reached by Arbitrator Meyers in the language quoted above.

The Arbitrator also looks at internal comparables. There is only one other bargaining unit in the City, the Streets and Water Departments employees who are represented by Local 150 of the International Union of Operating Engineers. These employees received wage increases of 5% for 2004 and 2005. The City first says these employees do not perform comparable work and should not be considered as comparable employees. Furthermore, the City says it initially offered the

Operating Engineers a 3% increase, but increased its offer in exchange for the elimination of the "me, too" language on wages in their contract.

Neither the Berman nor the Meyers Awards looked at internal comparables with respect to wages. In the Meyers Award, the Operating Engineers were raised as comparables by the Union with respect to the issue of sick pay forfeiture, but Arbitrator Meyers rejected the comparison because of the relationship between the City's sick leave plan and the Illinois Municipal Retirement Fund. Internal comparability was a factor on the issue of vacation pay. The Arbitrator accepts at face value the Employer's assertion that there was a valid *quid pro quo* for the additional 2% increase above its initial offer. Under the circumstances, the Arbitrator does not consider internal comparability to be a significant factor.

Although the City's data show that its expenditures have exceeded revenue in three of the last five fiscal years, when asked by the Arbitrator if the financial ability of the City to meet the costs is a consideration, Counsel responded, "We haven't pled inability to pay as an issue in this case. But we're looking at is as being fiscally responsible to our constituents in terms of the amount of raises and what's appropriate with regard to this particular negotiation." [Tr. p. 94]. The Arbitrator notes that the City does not levy a real estate tax. This leaves the City more exposed to external economic factors because the bulk of its revenue is derived from sales tax and state income tax. Nevertheless, there is insufficient evidence for the Arbitrator to conclude that granting the Union's wage proposal would be inimical to the interests and welfare of the public. To the contrary, a competitive wage rate is a factor in the ability to hire quality employees and in the retention of personnel, which are to the public benefit.

Tied to the issue of wages is the question of retroactivity. As noted by the Union, the retroactivity of wage increases, including to persons who no longer have an employment relationship at the time of the Award, is commonplace in negotiations as well as in interest arbitration. As Arbitrator Nathan observed in *City of St. Charles*, "there should be some slight presumption in favor of retroactivity in order to encourage the bargaining process. . . . There is no penalty against the City in granting retroactivity, but there certainly is against the Union in denying it." While there is no suggestion it was the City's intent in this case, the denial of retroactive wages might encourage a governmental unit to prolong negotiations and force interest arbitration that is even more time consuming. Without retroactivity, the longer it takes to reach closure, the more the governmental unit saves in wages. This is contrary to the public's interest in swift resolution of labor disputes. The City has not made a compelling argument against retroactivity of the wage increases.

Having considered the proposals of the City and the Union with respect to wages and retroactivity, and having evaluated them against all of the factors set forth in the Act, the Arbitrator finds that the final offers of the Union on these issues are more appropriate and will be adopted.

Telecommunicator Bonus: As noted above, both parties agree the annual Telecommunicator bonus should be increased from $1500 to $1800. The difference in their proposals is that the Union asks that the bonus be paid retroactively, while the City asks that it not. The difference is more than mere retroactivity. The practical effect of the City's proposal is that in all likelihood by the time this Award is received by the parties, there will be no telecommunicators to receive the

bonus. On February 28, 2006, Chief of Police Patrick L. Carrigan wrote to FOP Field Representative Russ Vogt, advising him as follows:

> I am writing to keep you up to date on the status of the dispatch positions with the Loves Park Police Department.
>
> As you are aware, the Loves Park Police Department has been planning for some time to eliminate the dispatch function and, thereafter, have those services performed by a Communications Center operated by Winnebago County. As you have heard in the past, the date for this change to occur has been uncertain – largely due to the construction schedule and the installation of necessary equipment by the County. However, it now appears that this change may occur as early as April 1, 2006.
>
> It is anticipated that when the elimination of dispatch takes effect, the dispatch employees (Telecommunicators) will no longer be directly employed by the City but will most likely be given employment opportunities with the County. Please contact me if you would like to discuss any issues connected with this change and/or the impact of this change on the telecommunicators in the bargaining unit. Thank you.

When asked by the Arbitrator if it is true that there would not be a Telecommunicator bonus without retroactivity, the City's Counsel responded, "We acknowledge that is how that would work." [Tr. p. 89]. Thus, the choice before the Arbitrator is giving the bonus or not. The Employer's proposal effectively takes away a payment that had been included in the prior collective bargaining agreement. This places the burden upon the Employer to demonstrate why the bonus should be eliminated. It has put forth no convincing arguments to support its position. In evaluating the parties' proposals against the statutory factors, the Arbitrator finds the Union's final offer to be the more appropriate and it will be adopted.

Health Insurance: Although the prior collective bargaining agreement provided for the payment of employee contributions toward dependent health care insurance, such payments were conditioned upon the payment of premium contributions by all of the other City employees.

Inasmuch as the City has not required contributions by other employees, there has been no cost to members of this bargaining unit. The Union seeks to retain the language of the prior agreement, while the City is asking the Arbitrator to remove the conditional language. In its place, it asks that all members of the unit who wish to have dependent coverage pay a portion of the additional cost over single coverage. Specifically, the City asks for 10% of the difference between the two COBRA premium rates. It would cap this contribution at $70 per pay period. This would translate to a maximum cost of $1820 per year. In its brief, the City suggests that the actual cost to each employee electing such coverage during the 2006-2007 year would be approximately $787.69 for the year, or $30.30 per pay period.

Because the prior contract provided for the payment of premium contributions, even though such payments were never required, the City's proposal is not truly a "breakthrough" issue. It is, however, a change from the status quo, which is what the Union is seeking to retain. Consequently, there is a burden upon the City to demonstrate that its proposal is more reasonable and appropriate.

Obviously, the internal comparables favor the Union. The latest contract with the Operating Engineers[6] requires the City to provide employee and dependent insurance coverage with all costs paid by the City. There is no provision for contributions by the employees under any circumstances.

[6]The contract effective May 1, 2000, through April 30, 2003, was extended through April 30, 2006. As of the time of the hearing, there was no indication that a new contract, or an additional extension, had been agreed to.

The external comparables, on the other hand, support the Employer. Making comparisons with insurance plans is difficult; as the Union's Counsel stated, it is not apples and oranges but dump trucks and plant life. Each of the comparable communities has something different. There are differences in maximum coverages, differences in types of coverage, differences in deductibles and differences in employee contributions. Further complicating comparisons is the fact that each employee has unique insurance needs based upon factors such as family status, insurance available through the spouse's employer and the health of the employee and the employee's dependents. For a unmarried employee with no dependents, or an employee whose spouse has employer-paid family coverage, the Employer's proposal has no impact. In fact, under the Employer's proposal some employees might find it economically beneficial to obtain family coverage through their spouses' plans, thereby reducing the Employer's costs even more.

What the comparable communities have in common, though, is the fact that they all require the employees to make a contribution toward the premiums for dependent coverage. Two communities, Freeport and Belvidere, additionally require employee contributions toward the employees' coverage. This goes beyond the Employer's proposal in this case. Employee contributions are quite commonplace in all sectors of the economy, without distinction as to whether it is public or private employment, or unionized or unorganized workforces. Although the Union argued vigorously against the Employer's proposal, it is likely its members anticipated that the days of free insurance coverage were numbered.

Although the Arbitrator recognizes that the cap proposed by the Employer would place it near the top of the comparables, he considers that less significant than the basis for computing the actual contribution. The key factor controlling this determination is that the Employer's proposal

covers only the last year of a three year contract. Within the next year, the parties will most assuredly return to the bargaining table to address future payments and caps.

The parties, by looking at past experience, had a relatively good idea of what the actual contribution might be for the fiscal year beginning May 1, 2006. Based upon the Employer's estimate of a contribution of $30.30 per pay period, this would be very close to Woodstock's cap of $29 per pay period (assuming Woodstock employees are paid bi-weekly). Unfortunately, the parties have not presented data showing what payments are actually being made by the employees in the comparable communities, or what their premium rates are. Without this information, it is difficult to make a true comparison.

While the Arbitrator might have preferred a proposal that uses the actual premium, rather than COBRA rates, for calculating the employee contribution, the Employer's choice does not render its entire proposal inappropriate. Of the four comparables that use a percentage basis to determine the employee contribution, only Freeport uses the COBRA rate rather than the actual premium, and it does so on the entire premium rather than the difference between family and single coverage. The Arbitrator has not been presented with data that would show the difference between actual premiums for employee coverage and the COBRA rates,[7] thereby making it impossible to

[7]At the hearing, the Employer's Counsel explained how the contribution would be computed, using premium information provided by its insurance carrier (Er. Ex. 25). In doing so, the premium figures used were the "Total PEPM" figures, which do not include an additional 2% that would make up the total COBRA

determine the effect of using COBRA rates rather than actual premium rates. The Arbitrator understands, though, that COBRA rates are generally substantially higher than actual premium rates.

While the Arbitrator can understand the Union's desire to maintain the status quo with the near certainty that employees would continue to have their insurance coverage totally paid by the City, all of the evidence before him suggests that this is no longer appropriate. Based upon the evidence and arguments of record, the Arbitrator concludes the Employer's final offer with respect to health insurance, when evaluated against all of the statutory factors, is the more appropriate and will be adopted. In reaching this conclusion, the Arbitrator understands, based upon the Employer's presentation and its post-hearing brief, that its final offer has the sole effect of changing the basis for employee contribution for family coverage and was not intended to affect any other portion of Section 9.11 of the prior collective bargaining agreement.

AWARD

The Arbitrator adopts the Union's final offers with respect to wages for Patrol Officers, Sergeants and Telecommunicators, and with respect to the Telecommunicator Bonus. In doing so, the Union's proposals with respect to retroactivity are also adopted. The Arbitrator adopts the City's final offer with respect to health insurance.

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rate. It was also clarified that the monthly premiums would be annualized and divided by 26 to determine the contribution per pay period. [Tr. pp. 83-87].

All contract terms tentatively agreed to by the parties are incorporated herein and made a part of this Award by reference.

Barry E. Simon, Arbitrator

Dated: June 29, 2006
Arlington Heights, Illinois