IN THE MATTER OF THE INTEREST ARBITRATION

Between

EMPLOYER / CITY

City of Champaign, Illinois
Champaign, IL

And

UNION

International Association of Fire Fighters, AFL-CIO;
Local 1260, Champaign FireFighters Union

IRLB Case No. S-MA-10-370

IMPASSE ISSUES

ECONOMIC ISSUES

1. *Salaries*
2. *Holiday Pay*
3. *Longevity Pay*
4. *Health Insurance Contribution*
5. *Retiree Health Savings*

NON-ECONOMIC ISSUES

1. *Layoff Procedure*
2. *Health Insurance Changes - Benefits & Coverage*
3. *Direct Deposit Program*

PRELIMINARY INFORMATION

CASE PRESENTATATION - APPEARANCES

FOR THE EMPLOYER / CITY

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WITNESSES (in order of respective appearance)

FOR THE EMPLOYER

Douglas (Doug) Forsman
Fire Chief

Richard Schnuer
Finance Director

Steven Carter
City Manager

FOR THE UNION

Roger Cruse
Local 1260 Vice President, Contract

Andy Quarnstrom
Union Steward

OTHERS PRESENT AT HEARING (in alphabetical order)

FOR THE EMPLOYER

Chris Bezruki
Human Resources Director

Stephen Clarkson
Deputy Fire Chief

Jeff Kaatz
City Law Clerk

Eric Mitchell
Deputy Fire Chief

FOR THE UNION

Michael Bayless
Union Steward

Todd Carlson
Local 1260 Secretary

Bradley Diel
Local 1260 Treasurer

Chad Pruitt
Union Steward

Carrol Whitehouse
Local 1260 Vice President

Chris Zaremba
Local 1260 President

LOCATION OF HEARING

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AUTHORITY FOR INTEREST ARBITRATION

Illinois Public Labor Relations Act, Section 14. Security Employee, Peace Officer and Fire Fighter Disputes, Subsections (a) through (p). [Cited as 5 ILCS 315 / 14(h)]

CHRONOLOGY OF RELEVANT EVENTS

By Letter Dated September 13, 2010, Attorney for the Union Notified the Arbitrator that the Parties Herein Selected Him to Hear and Determine the Contract Issues in Dispute and to Preside as Interest Arbitrator; Date Arbitrator Received Notification	September 13, 2010
Letter Notification From the Illinois Labor Relations Board Dated September 13, 2010 Confirming Appointment of the Arbitrator as Chairman of the Interest Arbitration Involving the Parties Herein; Date the Arbitrator Received Notification	September 16, 2010
Prior to Convening an Interest Arbitration Proceeding, the Parties Submitted to Mediation and Two (2) Mediation Sessions Were Held; Dates of Mediation Sessions	November 8, 2010 December 22, 2010
Dates Interest Arbitration Hearings Held	January 19 & 20, 2011
Memoranda Submitted by the Parties Setting Forth Their Respective Positions Pertaining to the Union's Final Wage Offer for the First Year of the Agreed Upon Three (3) Year Term of the Successor Agreement Wherein It Advanced a Packaged Proposal Consisting of a Quid Pro Quo Approach, the Quid Being No Increase in Salary for the Contract Year	February 7, 2011

2010 and the Quo Being Several Cost Saving Items as a Means of Reducing the Monetary Burden of the City; Date Memoranda Received by the Arbitrator	
Date Transcript of 357 Pages Recording Both Days of the Interest Arbitration Proceedings Received by the Arbitrator	February 7, 2011
Interim Decision Rendered by the Arbitrator Finding that Under the Extant Unique Circumstances that Eventually Resulted in This Interest Arbitration, the Union's Aggregated First Year Wage Proposal, (the Quid Pro Quo Approach) Was Proper; Date Interim Decision Was Rendered	February 14, 2011
Date Last and Final Offers on All Outstanding Economic and Non-Economic Issues Submitted by the Parties Received by the Arbitrator	February 22, 2011
Date Post-Hearing Briefs Submitted by the Parties Received by the Arbitrator	April 12, 2011
Union Submission of Appendix to Its Post-Hearing in Support of Its Final Offer of Settlement; Date Appendix Received by the Arbitrator	April 15, 2011
Union Submission of "Stipulated" Award in the Matter of the Interest Arbitration Between the City of Granite City and the International Association of Fire Fighters, Local 253 Rendered by Arbitrator Matthew W. Finkin, May 13, 2011; Date Copy of Stipulated Award Received by the Arbitrator	June 6, 2011
Union Submission of Illinois Appellate Court, Third Division Decision [2011 IL App (1st) 103417] Dated September 7, 2011WhichHeld That an Employer Engaged in an Unfair Labor Practice by Refusing to Bargain With a Union With Regards to the Mandatory Bargaining Subject of Shift Manning for Firefighters; Date Decision Received by the Arbitrator by Email	September 7, 2011

RELEVANT STATUTORY PROVISION

Section 14. Security Employee, Peace Officer and Fire Fighter Disputes

* * * *

(g) . . . 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 prescribed in subsection (h). The findings, opinions and order as to all other issues shall be based upon the applicable factors prescribed in subsection (h).

(h) Where there is no agreement between the parties, or where there is an agreement but the parties have begun negotiations or discussions looking to a new agreement or amendment of the existing agreement, and the wage rates or other conditions of employment under the proposed new or amended agreement are in dispute, the arbitration panel shall base its findings, opinions and order upon the following factors, as applicable: [1]

(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 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 stability of employment and all other benefits received.

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

[1] The Arbitrator notes that the Parties waived the requirement of an arbitration panel and designated the Arbitrator as the sole decision maker in this proceeding.

(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.

(i) In the case of fire fighter, and fire department or fire district paramedic matters, the arbitration decision shall be limited to wages, hours, and conditions of employment . . . however, nothing herein shall preclude an arbitration decision regarding equipment levels if such decision is based on a finding that the equipment considerations in a specific work assignment involve a serious risk to the safety of a fire fighter beyond that which is inherent in the normal performance of fire fighter duties. Limitation of the terms of the arbitration decision pursuant to this subsection shall not be construed to limit the facts upon which the decision may be based, as set forth in subsection (h).

ANALYSIS

Based on the nearly thirty (30) year history of Interest Arbitration in the State of Illinois, It is conceded among seasoned advocates on both the employer and Union side such as the advocates here, that not all eight (8) factors set forth in Section 14, Sub-section (h) of the Illinois Public Labor Relations Act, hereinafter IPLRA or the Act, have equal weight in the decision-making by either the tripartite arbitration panel or, in this case, by the designated sole arbitrator; or, for that matter, some factors may not have any relevance and therefore no weight in arriving at the various determinations as to which economic final offers are deemed to be more applicable among comparable data and which non-economic final offers are either to be accepted in whole or modified to some degree to conform with comparable data. It is further conceded based on the many years of experience in applying the eight (8) factors set forth in Sub-section (h) that the linchpin among the eight (8) factors is Factor 4, the comparison of wages, hours and conditions of employment in comparable communities. Moreover, although comparable communities can pertain to either public employment or private employment, private employment comparables are rarely asserted and such is the case here.

The following are the comparable public employment communities advanced and mutually agreed to by the Parties for the purpose of making external comparisons (listed in alphabetical order):

- **Bloomington**
- **Decatur**
- **Normal**
- **Peoria**
- **Springfield**
- **Urbana**

The following are comparable public employment communities for the purpose of making external comparisons that have been advanced by the Parties unilaterally and thus must be reconciled by the Arbitrator as to their inclusion in the mutually agreed upon communities set forth above.

The **Union** proposes inclusion of the following four (4) additional communities:

- **DeKalb**
- **Moline**
- **Rockford**
- **Rock Island**

The **City** proposes inclusion of one (1) additional community:

- **Danville**

DISCUSSION

There is general consensus that certain delineated factors be utilized in making a determination as to whether the community in question, we can identify as the "target" community, here the City of Champaign, so highly resembles other communities as to deem them to be comparable for the purpose of ascertaining which positions on the disputed issues advocated by the parties come closest to those identical issues in the other communities that have already been resolved. Among such delineated factors are the following: 1) population; 2) size of the bargaining unit; 3) equalized assessed valuation (EAV) per capita; 4) revenue per capita; 5) sales tax per capita; 6) per capita income; 7) geographic proximity; and 8) local market variables for example, the vicinity within which prospective employees are recruited or those making application for employment.

In the case at bar, the Union's central argument is, that their disputed four (4) communities should be included among the comparable communities because in other interest arbitrations where they were the "target" community, the City of Champaign was included as a comparable community. By its own characterization, the Union submits its approach to including the additional four (4) communities listed above is predicated on communities located within the "downstate" area of Illinois whereas, in contrast, the Union asserts, the City seeks to utilize the much smaller criterion of the "local labor market" for determining which communities are comparable. The City posits the Union's four (4) disputed communities should be rejected by the Arbitrator on the following grounds, to wit: 1) the Union has provided no methodology nor advanced any reasons as to the rationale for their inclusion; 2) all four (4) communities fall outside the City's labor market; and 3) all four (4) communities possess unique characteristics that distinguish them from the City as well as, the characteristics that are common to the six (6) mutually agreed upon communities. Based on the rationale of relying mainly on the "local labor market" as the principal criterion for inclusion as a comparable community,

the City argues that the City of Danville should be so included. The Union notes it offered to include the City of Danville if the City accepted inclusion of its disputed City of DeKalb but that the City declined to make such a trade-off notwithstanding the irony that DeKalb and Champaign are both university towns and so is Urbana which the City has agreed to but notes that Urbana is a smaller city than DeKalb.

The Arbitrator advances yet another consideration relative to the identification of comparable communities and, that is, a determination of the actual number of communities deemed to constitute a representative sample of the population of purported comparable communities. In the case at hand, the Union argues for the addition of four (4) communities it deems comparable to Champaign while the City assumes the opposite position setting forth the reasons it believes those communities are not comparable. The same situation applies to the City's proffered one (1) additional community as comparable with the Union asserting just the opposite. Since the Parties themselves have mutually agreed upon six (6) communities as being comparable, the question is, whether the total of these six (6) communities is sufficient to constitute a representative sample for the purpose of making rational comparisons of the outstanding issues in dispute or whether the addition of some or all of the remaining five (5) disputed communities would yield a true representative sample. The Arbitrator is persuaded that the six (6) mutually agreed upon communities is sufficiently representative for comparison purposes but is willing to accept the trade-off offered by the Union but declined by the City of adding the communities of DeKalb and Danville bringing the total to eight (8) communities deemed to be comparable.

ECONOMIC ISSUES IN DISPUTE

Given that the Parties have waived the Tripartite Panel of Arbitration, it is the responsibility of the sole interest Arbitrator to select on an issue-by-issue basis, which final offer nearly complies with the applicable factors prescribed in Section 14, Sub-Section (h) of the Act. As previously addressed elsewhere above, not all eight (8) factors listed in Sub-Section (h) are, or should be accorded equal weight and, in most cases the preeminent factor as is the case here, is the external comparisons to comparable communities in public employment as set forth in Factor 4. Although Factor 4 does not specifically address internal comparisons, that is, comparisons of like or identical economic items negotiated by other bargaining unit employees with the same employer entity here the City of Champaign, nevertheless, such internal comparisons are typically cited by one or the other parties as applicable to the process of determining which final offer nearly complies with the factors set forth in Sub-Section (h) of the Act.

EXTERNAL COMPARISONS

The Union submitted into evidence the following collective bargaining agreements pertaining to the identified comparable communities (in alphabetical order)

1. **City of Bloomington, Bloomington, Illinois** and **International Association of Firefighters, AFL-CIO; Local 49** [May 1, 2008 – April 30, 2009] [2]

2. **City of Danville, Illinois** and **International Association of Fire Fighters, Local 429** [May 1, 2009 to April 30, 2011]

3. **City of Decatur, Illinois** and **I.A.F.F. Local 505** [May 1, 2006 through April 30, 2010]

4. **City of DeKalb, Illinois** and **International Association of Firefighters, AFL-CIO; Local 1236** [July 1, 2007 – June 30, 2011]

5. **Town of Normal, Illinois** and **International Association of Firefighters, AFL-CIO; Local 2442** [April 1, 2007 – March 31, 2011]

6. **City of Peoria** and **Peoria Firefighters Union Local 50** [January 1, 2008 through December 2010]

7. **The City of Springfield, Illinois** and **International Association of Fire Fighters, AFL-CIO, CLC; Local 37** [March 1, 2008 – February 29, 2013]

8. **The City of Urbana, Illinois** and **International Association of Fire Fighters, Local 1147** [July 1, 2007 through June 30, 2010]

INTERNAL COMPARISONS

The Union submitted into evidence the following Collective Bargaining Agreements of other bargaining units having contracts with the City.

1. **American Federation of State, County, Municipal Employees (AFSCME), AFL-CIO; Council 31, Local 1960** [July 1, 2008 – June 30, 2011]

2. **Illinois Fraternal Order of Police (FOP) Labor Council – Patrol and Sergeant** [July 1, 2007 – June 30, 2010]

3. **United Association of Plumbers and Steamfitters, Metal Trades Division, AFL – CIO; Local 149** [July 1, 2010 – June 30, 2012]

[2] Subsequent to the hearings held in January of 2011, Arbitrator Stephen B. Goldberg rendered an Interest Arbitration Award dated March 21, 2011 wherein the decision recognized a successor three (3) year Agreement , 2009 through 2012. Arbitrator Goldberg awarded the Union its final wage offer and the City its final health insurance offer (Un. Appendix, Tab 2).

ECONOMIC ISSUES

1 (A). FINAL OFFER - SALARIES Fiscal Year 2010 – 2011

Union Offer

0 % Increase (Quid)

- Reduce available slots for vacation selection from 4 to 3 on all days on which 2 Kelly days are scheduled

- Apply a 7 (g) rate of pay for specific overtime non-fire suppression assignments for which the current rate of pay is time-and one-half
  [Effective Date: July 1, 2011 – See Appendix A]

- Drop proposed addition of one (1) day of vacation for 15 years of service and addition of one (1) day of vacation for 20 years of service

IN EXCHANGE FOR THE FOLLOWING QUO:

- New Contract language to supplant the existing language of Article 6, Section 6.1, Overtime Assignments / Overtime Pay
  [See Appendix B for new contract language]

City Offer

1% Increase Across the Board Retroactive to July 5, 2010

DISCUSSION

It is recalled that the Union's quid pro quo first year final salary offer was developed during the mediation proceedings, the objective of which was to address the City's revelation of expected substantial budget cuts to the operation of the Fire Department. It is further recalled that at the Interest Arbitration hearing the City objected to the Union's advancing a "packaged" first year final salary offer and that the Arbitrator directed the Parties to submit post-hearing written argument addressing the propriety of a packaged / aggregated proposal. The City's major objection was two-fold, that the new Article 6, Section 6-1 language pertaining to maintaining a minimum shift complement of 27 firefighters also known in short-hand reference as the "manning" issue, was, number one, a Management Right issue, a position it advanced during the mediation and, number 2, was not an economic issue per se and that the aggregated proposal as structured by the Union would prevent the Arbitrator from making a side-by-side comparison of its salary proposal with that of the Union's. In his Interim Ruling rendered February 14, 2011, the Arbitrator responded to the City's position stating,

"Admittedly, the comparison of the Parties' first year salary proposal by the very nature of the Union's aggregated proposal will not result in a clean apple-to-apple comparison as so noted by the City, nevertheless, while the effort is made more complex it still does not prevent the Arbitrator from making a sufficient and adequate comparison for the purpose of selecting one proposal over the other." In his Ruling, the Arbitrator determined that under the unique circumstances within which the Union's aggregated proposal was derived and structured, it was found to be a proper and appropriate economic item.

UNION'S POSITION

In support of its aggregated first year final salary offer, the Union asserts that the cost savings that derive from this offer more than offset the savings in overtime costs cited by the City as necessitating the reduction in the minimum shift complement from 27 firefighters to 25 firefighters.[3] At the mediation, the City informed the Union that given the financial circumstances of the present, it expected a shortfall in revenue as compared to its operational costs of approximately two (2) million dollars for the fiscal year 2010-2011 and, as a result, it calculated that the fire department's share of the reduction in its budget would be approximately $420,000. Subsequently, it calculated the more precise dollar amount at $417,895. As the Union expressed its interest of preserving the status quo of a minimum manning of twenty-seven (27) firefighters per shift, (said minimum manning having been established in 2006), it creatively fashioned a package proposal almost identical to the aggregated first year final wage offer as set forth above. The City rejected this package proposal in mediation mainly because it objected to limiting its discretionary authority to determine the level of minimum manning per shift and that it intended to meet the budgetary cut of the $417,895 by reducing overtime cost by not staffing the 9th fire company on an overtime basis. As the Union opposed this method of meeting the budgetary cut to the department, it structured the alternative proposal it has advanced herein as its first year final wage offer. According to the Union, its first year final wage offer saves the City between $456,000 and $480,000. This figure is derived from the following breakdown of costs:

Savings From Initial Salary Offer[4]	$245,000
Reduction in Vacation Slots [5]	$171,000

[3] The terms "Salary" and "Wage" are here used interchangeably.

[4] The Union's Initial Salary offer at the time the Parties declared impasse and thereafter when the Parties entered into mediation, was 3% the first year, 2.5% the second year, and 2.75% the third year totaling 8.25%. At the Interest Arbitration, in seeking to secure a minimum manning of 27 firefighters per shift provision in the successor collective bargaining agreement, the Union modified its first and second year salary proposal to – 0% - the first year and 2% the second year for an overall reduction in the percentage of salary increase it was seeking over the three (3) year term of the successor agreement of 3.5%. As the Union costs a 1% increase at $70,000, it calculated the Savings from its initial offer at $245,000, calculated by multiplying $70,000 by 3.5.

[5] Reference is to the reduction of leave slots from 6 to 5 on days when only two (2) personnel are on Kelly Days which was calculated to be applicable to 235 days out of the year.

7 (g) Wage Rate Applied to Overtime Non-Fire Suppression Assignments	$40,000 - $64,000
TOTAL SAVINGS	**$ 456,000 - $480,000**

The Union supports its final salary offer for all three (3) years by calculating the average salary increases which it characterizes as the "going rate" for the ten (10) comparable communities it selected and identified at the arbitration and not the eight (8) comparable communities reconciled here by the Arbitrator. In its post-hearing brief, for the first year of the successor collective bargaining agreement, fiscal year 2010, the Union calculated the going rate as 2.47% increase. However, using the increases granted for six (6) of the eight (8) accepted comparable communities of which two (2) of the comparable communities received a zero percent (-0%-) increase (Peoria and Urbana), the going rate was 2.17%. Using this latter going rate, the City's offer of a one percent (1%) increase fell 1.17% below the going rate for the first fiscal year whereas, the Union's initial salary offer of 3.0% fell .83% above the going rate. The Union submits that the City's final salary offer in the first year represents a significant deviation from the going rate and that it amounts to an even greater deviation when adding the proposed salary increases for all three (3) fiscal years.[6] The Union avers its willingness to forego a first year salary increase along with the other economic concessions it proposes for the first fiscal year and the lowering of its percentage increase in the second fiscal year from 2.5% to 2.0% in order to obtain the proposed minimum manning provision in the contract demonstrates its substantial commitment to maintaining a level of fire service to the community that is both safe and necessary.

The Union notes the City's reliance on the competitive "local labor market" as the prime factor in its selection of comparable communities and asserts that the City of Bloomington which contract was pending the outcome of an interest arbitration at the time of this interest arbitration, lies at the heart of said local labor market. In the Bloomington case, decided by Arbitrator Stephen B. Goldberg on March 21, 2011, the City's final wage offer was an increase of 2.0% in fiscal year 2010, a 2.5% increase for fiscal year 2011, and an increase of .5% for the first six (6) months and another .5% increase for the second six (6) months for fiscal year 2012. Arbitrator Goldberg awarded the Union's final offer on wages for each year of the three (3) year contract of 3.0% totaling to a 9.0% increase overall. The Union notes that this compares favorably to its initial final wage offer of a total wage increase of 8.25% for the three (3) year term of the successor agreement. Additionally, with respect to the Bloomington decision, the Union notes that in awarding the Union its final wage offer for each of the three (3) years of their collective bargaining agreement, Arbitrator Goldberg rejected Bloomington's rationale set forth in support of its final wage offer the product of which was due to financial constraints resulting from adverse effects of the "Great Recession" on the City's finances. The Union submits that Champaign's financial condition

[6] Using the eight (8) comparable communities reconciled by the Arbitrator, the second fiscal year"s (2011) going rate is 3.13%, based on data for only 4 of the 8 communities and for the third fiscal year (2012) the going rate is 3.18%, based on data for only 3 of the 8 communities. The total for all three (3) years calculates to 8.48 which means the total salary offer by the City of 5.0% falls below the going rate by 3.48%.

compares very well with the City of Bloomington's and that the record evidence demonstrates the City's financial resources are well above average in the upper echelon of the comparable communities in most categories with the singular exception of "charges for services".

The Union acknowledges that, even though arbitrators generally give greater weight to external wage comparisons, that is, to wages paid to employees in the same occupation than they do to wages paid to other employees in the same "target" community performing different work, that is, the internal wage comparisons, nevertheless, the Union asserts that its initial salary offer of 3.0% the first year, 2.5% the second year, and 2.75% is supported by the actual internal wage comparisons. The Union notes that the City's contract with employees in the AFSCME bargaining unit provides for a 3.25% increase in wages for the fiscal year 2010-11 or .25% greater than its initial wage offer for that year. As to the wage increases granted to bargaining unit employees in the Plumbers Union, while it acknowledges the increases were 1.0% for fiscal year 2010-11 and 2.0% for the fiscal year 2011-12, nevertheless, it notes the Plumbers collective bargaining agreement contains a "me too" clause meaning that any wage increases awarded in this arbitration that exceed the 1.0% and 2.0% level respectively will automatically increase the wages paid to the employees in the Plumbers bargaining unit.

In addressing the minimum manning component of its first year wage increase, specifically for the fiscal year 2010, the Union asserts the record is clear that a decision to maintain the City's practice of not operating shifts below a minimum of 27 firefighters has proven to be beneficial to all concerned, to wit, firefighters, the fire department and the City's residents. In support of this assertion, the Union posits the following:

- The number 27 ensures that all front line fire apparatus but one (1) is staffed by at least three (3) firefighters;

- A reduction in minimum staffing levels has a direct impact on the quality of service delivered to the citizens of Champaign and would be detrimental to fulfilling the Department's current service standard of *"providing fire and emergency medical service to the citizens of Champaign in accordance with the national standard of reaching 90% of emergency calls within five minutes from the time of dispatch."*

- The Union submits that the City's proposal to reduce shift minimums from 27 to 25 is driven entirely by a need to reduce costs.

- The Union asserts its minimum manning offer is the only one that meets the requirements of criterion Section 14 (h)(3), "the interests and welfare of the public and the financial ability of the unit of government to meet those costs".

- The Union avers that the language set forth in the minimum manning proposal is respectful of the City's legitimate interest in implementing changes in the

minimum where there is a financial or operational need to do so. Specifically, the Union references the following language set forth in its proposed new Section 6.1 [See Appendix B of this Opinion and Award], *"if no agreement is reached, the City may unilaterally implement its proposed modifications at any time after 60 days following the Union's demand to bargain . . . "*

- The Union asserts the language of the new Section 6.1places but two (2) "burdens" on the City's right to implement a change in the minimum manning number, to wit: 1) a 30 day period of negotiations to afford the Union an opportunity to "examine the bona fides of any financial reasons asserted by the City; and for the Union to propose alternatives to the City proposal. The Union maintains the efficacy of the 30 day requirement for negotiations was borne out by the negotiations that occurred during the two (2) mediation sessions where the idea was developed that as an alternative to reducing the minimum manning level of 27 to 25, the same amount of costs could be saved by reducing the number of vacation slots and paying firefighters at a straight-time rate of pay for 7 (g) work assignments currently paid at an overtime rate of pay. The Union asserts that in the absence of these negotiations, the alternative approach to saving the amount of costs needed as a result of the substantial reduction in revenue would never have occurred to the City; and 2) It affords the Union the right to grieve the City's action if it moves to unilaterally implement a change, which right, the Union maintains is no more of an imposition upon management rights than the right to grieve disciplinary actions based on a "just cause" standard.

In sum, the Union submits its first year final wage offer prevails on all applicable criterion set forth in Section 14 (h) of the Act.

CITY'S POSITION

The City advances the following points in argument against acceptance by the Arbitrator of the Union's first year final wage offer which focuses primarily on the minimum manning component of the offer.

- The City does not dispute that the minimum manning requirement, as proposed by the Union, is an economic issue in this case. Rather, the City disputes the bases upon which the aggregate proposal was deemed proper and whether the "package" as it has been presented by the Union is consistent with the statutory criteria and Illinois' interest arbitration's single issue by issue comparison for the economic terms of the contract.[7]

[7] It is recalled that the Arbitrator rendered an interim decision on February 14, 2011 ruling that the Union's aggregated final wage offer for the first year of the three (3) year successor collective bargaining agreement was both proper and appropriate under all the prevailing circumstances. It is this ruling that the City disputes here on grounds that neither minimum manning in this form, nor the aggregate proposal were ever offered or discussed during mediation. Rather, the City contends the only issue substantively discussed in detail during mediation was

- Notwithstanding the fact that in two (2) decisions rendered by the Illinois Public Labor Relations Board, in October and November 2010, the subject of minimum manning was changed from a permissive to a mandatory subject of negotiations, nevertheless, the City notes given the bargaining history here with the Union, there has never been a minimum manning provision included in the collective bargaining agreement and therefore, any inclusion of such a provision mandated by this Arbitrator based on the Union's aggregated first year final wage offer would represent a "breakthrough" issue which is the antithesis of the conservative process which is interest arbitration. The City asserts that in instances such as the instant one where one party, here the Union seeks to implement new procedures thus altering the *status quo*, the Union assumes the additional evidentiary burden of proving the change sought is necessary. Based on previous interest arbitration cases, the City contends a consensus has developed among arbitrators as to what type of evidence a party seeking a change to the *status quo* must demonstrate, to wit:

  1. The old system has not worked as anticipated when originally agreed upon;
  2. The proponent of the change in the *status quo* has suffered undue hardship as a result;
  3. The proponent of the change in the *status quo* has offered a *quid pro quo* of sufficient value to justify the change(s); and
  4. The opponent of the change in the *status quo* has resisted any attempts to bargain over changes to the *status quo*.

  The consensus then cautions that only after the above evidentiary threshold is met, should the Arbitrator then go forward to consider the statutory eight (8) factors set forth in Section 14 (h) of the Act. The City asserts that the *status quo* in this case is the absence of a minimum manning provision in the collective

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layoffs and that the minimum manning issue was only on the bargaining table during the Parties' early negotiations; it was not part of a packaged *quid pro quo* offer and was never discussed again until the *Interest Arbitration hearing.* Additionally the City disputes the interim ruling on grounds that the three (3) arbitration decisions cited by the Union while involving "aggregate proposals", none of the three (3) decisions provide precedent for the type of aggregated first year final wage offer proffered by the Union. Specifically, the City notes that in the *Village of Streamwood and IAFF case, FMCS Case No. 100726-04276-A*, the arbitrator simply approved a tentative agreement reached by the parties during negotiations that occurred after the interest arbitration process began and not a decision where the arbitrator evaluated the sufficiency of a *quid pro quo* or the merits of one party's aggregated wage proposal. In the *Village of Niles and Teamsters*, the City notes that the aggregated proposal consisted of three (3) items that were directly linked to salary, to wit, 1) percentage wage increase, 2) equity adjustments, and (3) step increases recognized by the arbitrator as having a nexus to one another. In the *City of Elgin and IAFF case*, the City notes the parties had attained a *quid pro quo* tentative agreement pertaining to the implementation of Kelly Days and that subsequently, the city sought a further reduction in premium pay. The City maintains this case is factually distinct from the instant case in that it and the Union have not attained a tentative agreement to implement a minimum manning requirement. The City asserts that since the arbitrator in the Elgin case had knowledge as to the bargaining history that resulted in the *quid pro quo* tentative agreement, he was in a position to judge which of the parties' positions more reasonably complied with the applicable factors set forth in Section 14 (h) of the Act whereas, this is not the situation here in the instant case where absent such a tentative agreement, there is no way for this Arbitrator to determine how the City values minimum manning.

bargaining agreement and that it is the Union's burden to demonstrate the reason(s) why the *status quo* should be changed.

- The Union failed in its burden of proof to demonstrate the need to change the status quo. The City asserts that what the Union did demonstrate in the way of evidence pertaining to the minimum manning issue is that the subject of minimum manning had become a mandatory subject of bargaining from its previous standing as a permissive subject of bargaining, That being the case, the City maintains this serves as a base from which to start negotiating the issue but not to serve as evidence supporting the proposition the issue should be imposed upon a party through an interest arbitration. Additionally, the City notes that among the comparable communities identified by the Union, only one (1) community that of Springfield has the shift minimum sought here by the Union. The City references that among the identified comparable communities, several have provisions pertaining to apparatus staffing but notes that apparatus staffing is a significantly different issue from what the Union is seeking to be imposed by this Arbitrator.[8]

- The City contends the Union's final first year wage offer should be rejected on grounds that the *quid pro quo* presented is insufficient. The City notes that in other previously cited interest arbitration awards that involved aggregated wage offers, all dealt with a bargaining background that included a mutual exchange of packages prior to proceeding to interest arbitration which assisted the arbitrator in determining the sufficiency of the *quid pro quos* offered, in that it allowed the arbitrator to determine what would likely have resulted from bilateral collective bargaining. The City informs that in the case at bar it never offered a *quid pro quo* for a permanent manning requirement and, as a result, there is no bargaining background against which the Arbitrator can determine whether the *quid pro quo* presented by the Union is sufficient to satisfy it or, even what the Parties would likely have achieved on their own on this issue in negotiations. Even given this state of affairs, the City avers that the *quid pro quo* offered by the Union is insufficient and that being the case, it never would have agreed in negotiations to a permanent minimum manning requirement here being sought by the Union.

  In addition to a lack of bargaining background pertaining to the minimum manning issue, the City posits that the Arbitrator should consider the following reasons for rejecting the Union's *quid pro quo* final first year aggregated wage offer:

  - As currently worded (see Appendix B) the minimum manning requirement is unduly restrictive in that a straight-forward reading of the language would allow the City over the three (3) year duration of the contract to attempt to change the minimum manning requirement only once and even

[8] The City explains that apparatus staffing requires a stated minimum number of people to be deployed on a specific piece of equipment which differs from the Union's offer which requires a minimum manning of 27 firefighters per shift.

that one attempt is dependent upon the occurrence of a financial condition. This constraint the City maintains would severely inhibit its flexibility in meeting economic sustainability. The City notes that due to the fact this aggregated final first year wage offer has been deemed to be a proper economic issue, the Arbitrator is without authority to modify the offer by including the flexibility it considers necessary. Thus, due to the highly restrictive nature of the Union's offer, the City urges the Arbitrator to reject the Union's *quid pro quo* offer as insufficient.

- The City notes that if the Arbitrator selects the Union's first year aggregated wage offer over its final wage offer, then the minimum manning requirement becomes memorialized in the successor agreement not only applicable to the first year of the contract but for all three (3) years and, as such, becomes the *status quo* for negotiations in future years. Such a decision has ramifications with regard to how to cost wage offers beyond the first year of this three (3) year agreement and years into the future given that the Union has valued obtaining the minimum manning provision only for the first fiscal year of 2010 at a zero percent increase in salary plus the two (2) other economic *quids*. The City ponders the complexity in determining future salary changes against comparable communities that do not have minimum manning provisions in their contracts. In any event, the City avers that if it cannot make such a value determination then it posits how can an arbitrator attempt to value its ability to change the minimum manning level, a tool in its arsenal for meeting budgetary constraints. Although an economic item here under the given circumstances, the City maintains the minimum manning issue has numerous non-economic effects bearing on management decision-making over such other issues as, how many stations to keep open or how many employees to employ and where to deploy them advantageously as just a few examples.

- The City maintains that aside from its various reasons relative to the minimum manning issue for the Arbitrator to reject the Union's aggregated first year wage offer, it asserts that based on the following applicable Section 14 (h) factors, its final wage offer as compared to the Union's final wage offer is the most reasonable, to wit:

    1. External Comparability
    2. Cost -of-living
    3. Interests and welfare of the public and the financial ability of the unit of government to meet those needs.

  For the first fiscal year 2010-11 of the successor collective bargaining agreement, the City evaluated the costs of the Union's aggregated wage offer based on certain specified assumptions and arrived at the percentage increase of 2.95% as opposed to its wage offer of one percent (1%). The City asserts that

with regard to the first year wage offers, external comparisons yielded from comparable communities is of little value since there are only three (3) comparable communities where data is available and the wage rates that were negotiated were bargained for prior to the advent of what is now referred to as the "Great Recession" which began at the end of the calendar year 2008.[9] Furthermore, the City characterizes the comparisons between its firefighters and the firefighters in two (2) other communities, to wit, Peoria and Springfield as comparing apples to oranges since these comparisons do not take into account the number of firefighters employed or their respective concentration of where they fall within the ranks of firefighters. The City concedes that its first year salary offer does not improve the firefighters' post 15 year salaries but neither does such ranking slip in comparison or stated differently, the first year salary offer maintains its ranking compared to the comparable communities with contracts extending to 2010 to 2011. In this regard, the City asserts its first year salary offer is much more reasonable than that of the Union's aggregated wage offer.

- Although the City has not argued an inability to pay relative to Section 14 (h)(3), to wit, "financial ability of the unit of government to meet those costs", nevertheless in taking into account its final wage offer for all three (3) years of the successor collective bargaining agreement, it has considered the bleak and uncertain economic outlook over the next five (5) years based on the following:

    1. Recurring expenditures are projected to exceed recurring revenues for the next five (5) years;

    2. The largest expenditure over the next (5) year period is personnel costs of health insurance and pensions which are rising far faster than revenues and inflation;

    3. Health Insurance and Pensions are costs the city cannot reduce overnight but are borne systemically year in and year out.

  Notwithstanding the above referenced three (3) points, the City nevertheless has budgeted for the increases in firefighter pay that it has put forth in its final wage offer for all three (3) years of the successor collective bargaining agreement. As compared to the Union's final wage offer, the City contends its final wage offer is more reasonable for two (2) reasons, to wit:

[9] The City identified the three (3) communities as Moline, Peoria, and Springfield. Since Moline is not among the eight (8) communities accepted by the Arbitrator for the purpose of making external comparisons, that leaves only Peoria and Springfield for this purpose relative to the City's analysis. However, subsequent to the time the City presented their exhibits at the January hearings, Arbitrator Stephen B. Goldberg rendered his interest arbitration decision in the City of Bloomington Interest Arbitration awarding the Union its final wage offer for fiscal years 2010, 2011, and 2012. Thus, the City of Bloomington becomes a third comparable community for external comparison purposes.

1. It is devoid of a minimum manning requirement which it maintains severely inhibits the City's financial flexibility for years to come; and

2. It provides a reasonable increase in salary over the life of the contract, putting the money where the people are concentrated on the salary schedule.

- As to Section 14 (h)(5) the average consumer prices for goods and services, known as the cost of living measured by the U.S. Department of Labor, Bureau of Labor Statistics as the Consumer Price Index (CPI), the City notes the available data for the first fiscal year of the contract, 2010, shows the average cost of living increased by 1.5% which is much closer to its final wage offer of 1.0% as compared to the evaluated cost of the Union's final wage offer of 2.95%. Additionally, the City notes that over the years 2001 through 2008, the wage increases granted to the firefighters have exceeded the cost of living over those same years by 3.18%.

- As to the first part of Section 14 (h)(3) factor, "the interests and welfare of the public", the City argues that the tough decisions within the background of any economic circumstances but especially the very bleak and uncertain prevailing economic circumstances of the present such as determining layoffs and minimum manning issues are reserved to elected officials of the City Council to make and should not fall within the province of an interest arbitrator. Such decisions are critical to the interests and welfare of the inhabitants of the City and are only made by the City Council after public discussions and study sessions with multiple opportunities for the whole City to give its input as opposed to an interest arbitrator imposing minimum manning requirements as a salary item which effectively preempts the elected officials from making those decisions but still leaves the problem to be solved.

OPINION – FIRST YEAR WAGE OFFERS

At the outset, the Arbitrator commends the Parties for consenting to participate in a second round of mediation as a means of resolving the impasse issues that evoked the request to the Illinois Labor Relations Board to proceed to interest arbitration. As indicated elsewhere above, the Parties dedicated significant effort to explore various options to reach a tentative agreement and when the City informed the proceedings it needed to make a significant budgetary cut in funds to the Fire Department, much to the credit of the Union, it put forth "creative proposals" to meet the expressed financial need by the City for relief. One of those "creative proposals" in somewhat different form than what has been proffered as the aggregated final first year wage offer here was forsaking a wage increase in the first year of the agreed upon duration of the successor collective bargaining agreement of three (3) years and to find other means of cost savings with the ultimate objective of preserving what it viewed as a past practice of maintaining a

minimum manning requirement of 27 firefighters per shift. While the City is not correct in maintaining that the issue of minimum manning was not discussed in mediation, the City is technically correct that it did not participate in bargaining over the issue given its position minimum manning fell strictly within the province of its discretionary authority notwithstanding that the subject of minimum manning is now a mandatory as opposed to a permissive subject for bargaining. It is this factor of now being a mandatory subject of bargaining that inspired the Union to broach the subject of minimum manning as an economic item that could be considered in the mix of proposals to achieve a tentative agreement in mediation. Unfortunately, this second bite of mediation within the context of the Act's nomenclature was "unsuccessful" thereby resulting in this interest arbitration.

As was noted elsewhere above, when the Union presented its aggregated first year wage offer, the City objected on the grounds that an aggregated proposal was improper. This objection was the focus of the post-hearing Memoranda submitted by the Parties at the behest of the Arbitrator. As further noted by the Arbitrator, the written Ruling issued by the Arbitrator found that as the salary offer was structured by the Union, its aggregated form under the prevailing circumstances was deemed an economic item and therefore constituted a proper and appropriate offer. Subsequently, in the submission of its post-hearing brief following the conclusion of the two (2) days of hearing at the arbitration, the City acknowledges that, in fact, the minimum manning issue does constitute an economic item and further acknowledges that some aggregated wage offers are indeed proper and appropriate but the Union's aggregated first year final wage offer is not one of them.

The Arbitrator is persuaded the City is correct in its expanded argument asserting the Union's first year wage offer as structured should be rejected by the Arbitrator primarily on the following bases:

- The Arbitrator is in concurrence with the City's position that although the minimum manning issue is inherently an economic issue like many other issues, it has no nexus to the wage issue. The City successfully proved that in other interest arbitration cases where an aggregated wage offer had been proffered, the aggregation consisted of economic items that bore a nexus to the main item of salary as for example, pairing a percentage increase with changing the step structure of the salary schedule.

- Since there has never been a dedicated minimum manning provision in the Parties' previous collective bargaining agreements due most probably to the fact that up until most recently this subject has been a permissive and not a mandatory subject of bargaining, awarding a minimum manning provision unilaterally propounded by the Union without giving the City any chance to engage in bargaining over the provision whether or not the provision is deemed by the Arbitrator to constitute a wise and comprehensive one would, in the Arbitrator's judgment constitute a "breakthrough" item as that term has been defined and delineated in prior interest arbitration decisions; but, even going

beyond that fact, awarding the subject minimum manning provision would be a great disservice to the collective bargaining process itself. Moreover, it would be chilling to the process of mediation where either party would be reticent and reluctant to even enter into mediation if it viewed what transpired in the informal exchange of proposals in a good faith effort to reach a mutually acceptable resolution of the impasse issues, thereby avoiding the need to proceed to interest arbitration, as somehow coming back in a negative way to haunt them if having to proceed to arbitration in the wake of a failed mediation attempt to achieve a tentative agreement such as happened in this mediation.

Additionally, it would be the ultimate in hubris on the part of an arbitrator to award a unilaterally propounded provision such as the one under review here. Although arbitrators as a whole possess a unique set of analytical skills acquired through experience and their own intellect that position them to determine a variety of complex labor-management issues resulting in, in most instances, a rational and just decision, nevertheless it might come as a surprise to some in the labor-management community, that even arbitrators are not infallible! As noted by the City, a minimum manning provision could and most likely would encompass many facets and nuances peculiar to the operation of the City's Fire Department that would only surface and come to the attention of the Parties once discussion of the issue commenced in negotiations through the exchange of proposals and counterproposals.

Finally, even though the Union would like to preserve the past practice of a minimum manning staffing level of 27 firefighters per shift, achieving such an objective through the awarding of a unilaterally propounded provision in arbitration would do long-term damage to the Parties' relationship as future bargaining over the issue would be extremely contentious and, more than likely be a deal breaker for perhaps a number of successor collective bargaining agreements. The Arbitrator concurs in the City's position that as things now stand, the Union's unilaterally propounded minimum manning provision (Appendix B), could serve as a beginning proposal in bargaining for the next successor agreement starting with fiscal year 2013.

A W A R D

Based on the foregoing analysis, the Arbitrator rules to accept the City's first year wage offer of a one percent (1.0%) wage increase across-the-board retroactive to July 5, 2010.

1 (B). FINAL WAGE OFFERS, SECOND AND THIRD YEARS

UNION'S OFFER	CITY'S OFFER
FY 2011-2012	FY 2011-2012
2.0% Across-the-Board	2.0% Across-the-Board
FY 2012-2013	FY 2012-2013
2.75% Across-the-Board	2.0% Across-the-Board

OPINION

Noting that the Union's and the City's wage offer for the second year of the three (3) year successor collective bargaining is identical, the Arbitrator awards a second year increase of 2.0% Across-the-Board retroactive to July 1, 2011.

In light of the fact the City's offer of a one percent (1.0%) increase was accepted as the wage increase applicable to firefighters Across-the-Board in the first year of the agreement and, that this increase is internally consistent with the first and second year wage increase gained by the Plumbers in their contract with the City, coupled with the fact that the applicable average wage increase for the comparable communities of DeKalb, Springfield and Bloomington amounted to 3.18% for Fiscal Year 2012-2013, the Arbitrator determines that the Union's final wage offer of 2.75% is the more reasonable over the City's final wage offer.

A W A R D

Based on the foregoing Opinion, the Arbitrator awards a 2.0% Across-the-Board wage increase for Fiscal Year 2011-2012 retroactive to July 1, 2011, and a 2.75% Across-the-Board wage increase for Fiscal Year 2012-2013, beginning July 1, 2012.

2. HOLIDAY PAY (See Appendix C)

UNION OFFER	CITY OFFER
Effective July 1, 2011 Second Year of the Contract • Modify existing language of Article 12, Section 3 to increase the number of holidays recognized for premium pay of time and one-half (1.5) from 2 to 3 per shift. • Provide that all premium pay received for holiday work shall be contributed into the employee's RHCSP account (total of 36 hours)	Status Quo

BACKGROUND

In the predecessor 2007-2010 Collective Bargaining Agreement, the Parties agreed to include one hundred twelve hours (112) of pay in lieu of paid holidays for employees, read firefighters working a 24-hour on / 48-hour off work week. In addition, the Parties identified six (6) recognized holidays, to wit: 1) Day before Thanksgiving; 2) Thanksgiving; 3) Day after Thanksgiving; 4) New Year's Eve; 5) New Year's Day; and 6) Day after New Year's Day wherein, if an "officer" was scheduled to work and actually works on those days, that officer would receive time and one-half (1.5) his/her regular rate of pay. The six (6) recognized days per year were divided to ensure two (2) days per shift. The Union's offer is seeking to add three (3) additional recognized holidays without identifying which holidays of the ten (10) holidays listed in Article 12, Section 12.1 would be the three (3) days added. [10] The Union's offer of adding three (3) additional recognized holidays would also ensure three (3) days per shift rather than the two (2) days per shift under the current six (6) recognized holidays. In sum, the Union states this final economic offer as follows:

> ***Effective July 1, 2011 the following 9 days per year shall be recognized and distributed to ensure 3 days per shift.***

A consensus exists on the part of both Parties as set forth in their respective post-hearing briefs that the change being sought by the Union would have a negligible impact with respect to the relative standing of this benefit in comparison to the other

[10] Of the ten (10) holidays listed in Section 12.1, the following holidays would be eligible from which to select the additional three (3) days the Union is seeking, to wit: 1) Martin Luther King, Jr's birthday; 2) Memorial Day; 3) Independence Day; 4) Labor Day; 5) Veteran's Day; 6) Christmas Eve Day; and 7) Christmas Day.

comparable communities as well as to the other City's bargaining units. The City objects to granting this benefit on grounds that in negotiations for the predecessor 2007-2010 Agreement, it agreed to roll into the base salaries one hundred twelve (112) hours in lieu of paid holidays and that in so doing, those 112 hours count toward increasing pension benefits over the years of a firefighters' service in the Department. The City takes exception to the fact that in this very next successor agreement, the Union wants to increase overtime pay for an additional three (3) holidays. In effect, the City is resistant to the Arbitrator's acceptance of the Union's final second year offer of establishing three (3) additional holidays for which overtime would have to be paid, arguing that to do so would not recognize and be given credit for the concession it made in the predecessor agreement to roll 112 hours into base pay and further, not recognizing that there exists a continuing cost of having memorialized these 112 hours into the base pay. The City asserts acceptance of the Union's holiday offer increases the cost of holiday pay. The Union asserts that the 112 hours should not be considered as holiday pay since those hours were incorporated in the base pay and that accepting its holiday offer starting in the second year would simply maintain a low ranking of this benefit relative to the comparable communities.

A W A R D

Upon a review of the data of the comparable communities and the arguments set forth by the Parties' in their respective post-hearing briefs, the Arbitrator is persuaded that the Union's position is the more reasonable one. The Union's final second year holiday pay offer is awarded as stated.

In accord with the Union's informing that the City is in agreement with the second half of its offer, to wit, that all premium pay received by firefighters will be contributed to the employee's RHCSP (health insurance savings) account, the Arbitrator awards this offer as well.

3. LONGEVITY PAY (see Appendix D)

UNION OFFER	CITY OFFER
Add a Step to the Longevity Schedule Reflecting 25 Years of Service at a Rate of 12.5% Beginning in the Officer's 26th Year of Continuous Service	Status Quo

DISCUSSION

The Union's rationale for adding the additional step of 25 years of continuous service to the Longevity Pay Schedule is to redress the drop off that occurs in the City's firefighters' longevity benefit after 15 years of continuous service when compared externally to the eight (8) comparable communities. Of these eight (8) comparable communities, one (1) has a longevity step of 30 years (Dekalb), two (2) have a longevity step of 20 years (Bloomington and Peoria), and the remaining five (5) have a longevity step of 25 years (Danville, Decatur, Normal, Springfield and Urbana).

The Union references calculations in its exhibits 14 (a)(b)and (c) which it maintains supports its thesis that after reaching the 15 years of continuous service step in the longevity schedule, the City's firefighters suffer a decline in the ranking of longevity benefits as compared to the Union's identified comparable communities. The Arbitrator has recalculated the figures using the eight (8) comparable communities selected for the appropriate comparisons. These revised figures deviate slightly from those the Union proffered for fiscal years 2010, 2011, and 2012 at the 20 year step applicable to the City's firefighters. Using the 2009 Firefighter base pay of $59,986 the revised figure for base pay in 2010 calculates to be $66,644 as compared to the Union's figure of $66,315. For fiscal year 2011, the revised figure is $67,978 as compared to the Union's figure of $67,972. For fiscal year 2012 the revised figure is $69,847 as compared to the Union's figure of $69, 672.[11] It happens that the only true comparison of where the City's firefighters fall in the ranking of the eight (8) comparable communities all of which have a 20 year step in their respective longevity pay schedule is for fiscal year 2010 due to the fact that there exists data for that fiscal year for all eight (8) communities. Champaign firefighters are ranked 7 of the 9 communities surpassing only Danville at $61,798 and Urbana at $61,155. Comparisons for both fiscal years 2011 and 2012 are deemed meaningless since data is available in both years for only the two (2) comparable communities of Decatur and Springfield. For what its worth however, in fiscal year 2011, the City's firefighters longevity benefit places it lower than Decatur and

[11] The differences in the calculations arise because the Arbitrator factored in the one percent (1%) across-the-board wage increase for 2010 based on the award of the City's final wage offer for the first year of the agreement and the 2% across-the-board increase for the second year given the same final wage offer by both Parties for fiscal year 2011 and applied the Union's final wage offer of a 2.75% across-the-board increase for fiscal year 2012.

Springfield whereas, in fiscal year 2012, the City's firefighters surpass Decatur but still are behind Springfield.

If the Arbitrator were to accept the Union's final offer of adding the step of 25 years of continuous service to the longevity schedule, the outcome with respect to rankings does not differ with respect to any of the three (3) fiscal years. At the 25th step there are six (6) communities with data available, dropping the communities of Bloomington and Peoria that, like Champaign only provide for longevity pay stopping at 20 years of continuous service. For fiscal year 2010, Champaign would rank 5 among the 7 communities surpassing only Danville and Urbana. However, according to the Arbitrator's calculations, Champaign firefighters would be at a salary of $69,522 as opposed to the Union's calculation of $69,171 for fiscal year 2011 and would rank number 3 among the three (3) comparable communities for which data is available, to wit, Decatur at $70,047 and Springfield at $72,950. In fiscal year 2012, according to the Arbitrator's calculations, Champaign firefighters would be at a salary of $71,434 as opposed to the Union's calculation of $70,901 and would still rank number 3 among the three (3) comparable communities of Decatur at $71,447, however, very much narrowing the difference with Decatur from the previous fiscal year of 2011 and Springfield at $75,890.

The City acknowledges that on the basis of percentage comparisons only with the external comparable communities, the Union's final longevity offer has some attraction. However, the City avers that while it is in the minority of the comparable communities that do not have a 25 year step in its longevity schedule, the reason for that is because it has above average base salary than the other comparable communities and posits that those comparable communities need an extended longevity schedule to catch up. The Arbitrator notes however that the City's contention with respect to this latter point is not supported by the data. As noted above, at the 20 year continuous service step common to the longevity schedule of all selected eight (8) comparable communities, Champaign ranked seventh (7th) among the total of nine (9) communities. The City contends that the Union's approach in putting forward this final offer totally ignores the wage differentials of the various ranks of the number of firefighters employed and the number of employees who have accrued long-term continuous service with the Department. Of the one-hundred (100) firefighters employed by the City more than half, specifically 56 firefighters have less than fifteen (15) years of service and, of these 56 firefighters 38 hold the rank of firefighter. The City notes that only 24 members of the bargaining unit have twenty (20) or more years of continuous service and of this group, only one (1) holds the rank of firefighter and seventeen (17) have a rank of lieutenant or higher. The City further notes that in the last ten (10) years firefighters who left the Department's employ have had less than ten (10) years of continuous service. Those in the Fire Department who have retired, generally do so with the rank of lieutenant and captain. Based on this previous experience, the City contends that Union members will rarely, if ever, reach the 25 year step of continuous service before leaving or retiring from the Department and, therefore, in reality, the Union's final offer accomplishes little if anything to ameliorate what it perceives as the problem, that is, the decline in wages at years twenty (20) and twenty-five (25). The City maintains that the bulk of the

majority of Fire Department employees are being treated fairly under longevity schedule as it presently is structured. The City submits that adding a 25 year continuous service step to the longevity schedule merely because a number of comparable communities have such a step in their longevity schedule does not provide a basis upon which to accept the Union's longevity offer.

The City argues that the more important consideration relative to the Union's final offer here is not the external comparisons but rather the internal comparisons noting that relative to the three (3) contracts with Unions other than the firefighters, all four (4) collective bargaining agreements contain a longevity schedule that tops out at twenty (20) years of service at a wage increase of ten percent (10%). The City avers that to award the Union's longevity offer would unjustifiably break the internal comparability among the City's unions and place the Firefighters in a superior position than the other three (3) unions. Additionally, the City claims that accepting the Union's longevity offer would constitute a "breakthrough" based on the fact of consistency among the other three (3) unions relative to the longevity benefit and the fact the Union has failed to demonstrate a need to make a change in the longevity schedule.

OPINION

The Arbitrator is persuaded by the whole of the City's arguments asserted but particularly with regard to the City's latter argument, that maintaining internal consistency with regard to the longevity benefit as provided by the current structure of the longevity schedule takes precedence over any presumed salary deficiency yielded by external comparisons with the selected eight (8) comparable communities. Additionally, while the Union maintains a salary deficiency exists when comparing the longevity benefit with that of the eight (8) selected comparable communities, the Union did not demonstrate that adding a 25 year continuous step to the salary schedule would remedy this salary deficiency. In fact, with only two (2) communities to compare the City with in both fiscal years 2011 and 2012, such comparisons did not suggest there would be an improvement in the Union's relative standing in either fiscal years with respect to salary as a result of adding the step to the longevity schedule of 25 years of continuous service.

AWARD

Based on the foregoing Discussion and Opinion, the Arbitrator selects the City's offer of the Status Quo over that of the Union's offer to add a 25 year continuous service step to the current longevity schedule.

4. HEALTH INSURANCE CONTRIBUTION (See Appendix E)

UNION OFFER	CITY OFFER
Status Quo	Amend Section 18.2 City Contributions Add the following language: **provided that the employee shall pay towards individual coverage 10% of any increase in cost after March 31, 2011.**

CITY'S POSITION

The City concedes that if the Arbitrator were to award this unilateral offer it would constitute a "breakthrough" issue as that concept was discussed elsewhere above. However, the City proffered the following rationale in support of making this offer which it also concedes and, the Union notes as well, was never bargained during negotiations for the 2010-2012 successor Agreement.

> ***The City is not trying to catch up on health insurance all at once, because in reality the City's proposal is very modest. It is not requesting a modification of the current contribution the City makes towards family coverage, nor is it requiring [a] Union[member] to pay any portion of the premium costs the Employer currently pays. Instead, it only requires a Union member to pay 10% of any increase in cost after March 31, 2011. . . . this is consistent with the City's argument that it is the increase in annual costs that are contributing to the City's long term structural financial problems. Furthermore, if this proposal was accepted it would only amount to $40.80 [per Union member] in FY 2011-2012, [or] $1.57 of a Union member's salary every pay period: that is only .06% of a Union member's 2009/10 base salary. Granted, this figure will increase over time, but not exponentially. This only sets the wheels in motion for developing a more equitable solution between the City and Union for the ever increasing health insurance costs in the long run.***

The City further concedes that with respect to internal comparability of the collective bargaining agreements it has with the other three (3) Unions, to wit, the Police, the Plumbers and AFSCME, none of those contracts require a Union member to pay any portion of their health insurance premium costs. As to external comparability, the City notes that only two (2) of the selected eight (8) communities, Bloomington and Dekalb require a union member to contribute to health insurance premiums for individual coverage.

UNION'S POSITION

The Union notes the City's final offer here is a new offer added by the City after the mediation session and therefore constitutes a last minute overreach not to mention that it is requesting this Arbitrator to impose a "breakthrough" item inserted in existing contract language, a topic that was never negotiated in bargaining for the 2011-2012 successor agreement. As such, the Union urges the Arbitrator to reject the City's offer.

OPINION

There is no question that for a very long time the cost of health insurance coverage for employees and their dependents both in the public as well as the private sector has been of great concern and a common issue generally for discussion in negotiations between unions and management. The bargaining history over the cost of health insurance premiums for union and non-union employees of the City relative to single employee coverage and their dependent family coverage reveals that notwithstanding the substantial cost increases in premiums experienced since fiscal years 2007-2008, the City has borne the same percentage contribution toward the cost of premiums; for single employee coverage, 100% and 50% for dependent coverage. According to the City and not disputed by the Union, the following has been the estimated premium cost of health insurance for all firefighter bargaining unit members and the percentage increase associated with those costs for the last four (4) years:

Fiscal Year	Estimated Premium Cost	% Increase Over Previous Year
2007-2008	$2,921,640	11.20%
2008-2009	$3,307,740	16.70%
2009-2010	$3,660,102	11.20%
2010-2011	$3,759,192	8.95%
2011-2012	$4,003,038	6.48%

It is interesting to note from the data set forth above that while the cost of health insurance premiums have continued to rise, at least with respect to the City's experience, the increase in overall costs has occurred at a decreasing percentage rate. Nevertheless, the thrust of the City's offer is to seek relief from the yearly increasing costs of health insurance premiums by sharing the cost of such increases with the employees on a 90% to 10% basis, the former being the City's share and the latter the employee's share. While sharing the cost of health insurance premiums between employers and employees is definitely an identifiable national trend, it has not been the case between City employees, both union and non-union with respect to single employee coverage. For the very same reasons set forth above with respect to the minimum manning issue, the Arbitrator rules to reject the City's offer, to wit: 1) that if

accepted, it would constitute a “breakthrough” item as the City would achieve in arbitration a partial takeaway of a benefit which, in all likelihood would not have been agreed to by the Union had it had an opportunity to engage in bargaining over the proposal had it been advanced by the City in negotiations for the successor agreement; and 2), it is not the province of an interest arbitrator to grant one side or the other an advantage in future negotiations relative to bargaining over a mandatory subject of bargaining which is precisely what this Arbitrator would be doing if he awarded the City’s offer not only affecting the City’s firefighters but also all other employees of the City both union and non-union as well. Accordingly, the Arbitrator selects the Union’s final offer of the status quo over the City’s final offer.

AWARD

The Arbitrator rules to accept the Union’s final offer of the status quo.

5. RETIREE HEALTH CARE SAVINGS PLAN

UNION OFFER	**CITY OFFER**
Agreement To City Offer	To Add New Section 39.1 ***Upon notice from Union, the City will direct the holiday pay salary payments made pursuant to Section 12.3 to the officer’s Retiree Health Savings Account***

AWARD

The Arbitrator rules to accept the mutual agreement by the Parties to adopt the language contained in the new Section 39.1 of the successor 2010-2012 Agreement as proposed and offered by the City.

NON-ECONOMIC ISSUES

The Arbitrator notes that unlike the limited decision-making authority granted by Section 14 of the Act requiring the interest arbitrator to select one party's offer over the other by applying the eight (8) specified factors set forth in Section 14 (h) for impasse issues classified by the parties as economic, for issues classified as non-economic in nature, the interest arbitrator has discretionary authority to modify the offers presented by either party or both.

1. LAYOFF PROCEDURE

UNION OFFER

Modify existing language to increase due process rights for active employees subject to involuntary layoff by specifying:

1) Prior notice of 60 days;

2) Statement of Employer reasons

3) A 30 day period of negotiations prior to layoffs;

4) Review by an arbitrator as to validity of the Employer's stated reasons for any layoff that is implemented

(See Appendix F for the specific changes to Article 25, Section 25.1 – Layoff)

CITY OFFER

The City guarantees that there will be no layoff of IAFF Bargaining Unit Members during Fiscal Year 2010-2011;

Otherwise, maintain Status Quo

UNION'S POSITION

As the Arbitrator perceives the Union's offer, it is an attempt to preempt any finagling by the City of its financial resources as a means of instituting layoffs without the need to justify the layoffs for bona fide reasons. Based on the long-term professional experience of the Union's advocate in representing firefighters employed in other municipal jurisdictions, there exists a suspicion that given the economic circumstances of the day and the significant budgetary cuts in funding the City's operation overall and the share of those cuts in funding apportioned to the Fire Department, that layoffs of firefighters is a very real possibility anytime within the three (3) year duration of the successor Collective Bargaining Agreement. It is this anticipation of the possibility of future layoffs that inspired the City to make a commitment to the Union in the form of an informal guarantee there would be no layoffs of firefighters in the first fiscal year of the

successor Agreement. In fact, the first fiscal year of 2010-2011 has already ended and the City did not institute any layoffs during that fiscal year. However, in light of no further guarantee not to layoff firefighters in the subsequent two (2) fiscal years of the successor Agreement, 2011-2012 and 2012-2013, the Union advances the subject offer / proposal to check the City's discretionary authority to institute layoffs by putting procedures in place that require the City to substantiate the decision to layoff with bona fide reasons to its satisfaction and under circumstances the City fails in this requirement to then submit the issue of impending layoffs to an arbitrator.

CITY'S POSITION

The main thrust of the City's position is that it constitutes a "breakthrough" proposal as if accepted by the Arbitrator, it would substantially change not just modify the current layoff procedure. Primarily, the City contends it would shift the authority of decision-making with regard to instituting layoffs from both the elected officials of the City Council and the Union to an arbitrator. Furthermore, in extensive argument, the City asserts that the Union has failed to justify advancing this "breakthrough" proposal by its inability to meet the tests formulated by a number of interest arbitrators in prior decisions that now constitutes a consensus. As the Arbitrator concurs in this conclusion by the City, there is no need to burden this decision with a lengthy regurgitation of the argument.

OPINION

The Arbitrator is of the view that the Union's offer is strictly anticipatory of what might occur with respect to the possibility of layoffs of firefighters without taking into account the extensive history of the last twenty (20) years in Champaign that there have not been any layoffs of firefighters. It would seem that in light of this historical record of firefighter employment that the layoff procedure as currently structured in the predecessor collective bargaining agreement(s) has been sufficiently adequate in protecting against the City instituting layoffs of firefighters for reasons that are either unjustified or indefensible. This Arbitrator is a huge fan of the collective bargaining process that permits the parties the freedom and the latitude to fashion their own resolutions of problems associated with the subjects of wages, hours, and other conditions of employment without the necessity of involving a third party neutral. With respect to the current layoff procedure, there is not a hint based on past experience that the City would institute layoffs of firefighters without having the necessary justification to do so. However, if the City did engage in laying off firefighters for other than bona fide reasons, the Arbitrator is persuaded that under the provisions set forth in Article 25 as they currently exist, the Union has recourse to challenge the action by filing a grievance just as it would in other instances it was persuaded the City violated its contractual obligations. However, the Arbitrator concurs in the City's position that once notice of an impending layoff is issued pressures would come to bear on both sides that would necessitate informal deliberations by the Parties to find ways of averting such layoffs, such as the creative solution the Union referenced in the City of Waukegan known as "Silver Spanner" furloughs wherein Waukegan firefighters agreed to take a pay reduction but stayed on duty to respond to emergency calls.

In its post-hearing brief, the City in referencing the discretionary authority granted to the interest arbitrator to re-work proposals presented by the parties in the form of offers, or to meld the offers together, or to even fashion an original proposal / offer it indicated it would not be opposed to making the following "true" due process modifications to the contractual layoff procedure.

1. **Increasing the time period for notice to the Union of the City's considering instituting a layoff from two(2) weeks to six (6) weeks so as to allow for an appropriate amount of time for the Parties to engage in substantive discussions before making such a serious decision.**

2. **That the City be required to meet with the Union within two (2) weeks of the Union's request or such extended time as the Parties might agree would be reasonable to discuss impending layoffs.**

The City further indicated it would be opposed to any further restrictions on the decision-making authority relative to the issue of instituting layoffs under the current procedures.

AWARD

The Arbitrator rules to adopt City's two (2) modifications as referenced above and to reject the Union's final offer on layoffs.

2. CHANGES TO HEALTH INSURANCE BENEFITS & COVERAGE

UNION OFFER

Given that the City has modified the first two sentences of the first paragraph of Section 18.3 by combining them with the phrase, "provided that", the only other change it now offers is to delete the word "sole" as the modifier preceding the word "discretion" in the first line of the sentence.

CITY OFFER

The first sentence of Section 18.3 to read as follows:

The CITY reserves the right, at its sole discretion, to determine the nature and extent of the group health insurance benefits and to change such benefits, *provided that* the CITY agrees that the level of benefits shall remain substantially the same to those in effect at the time of execution of this agreement

AWARD

The Arbitrator rules to accept both the Union's and the City's modification to what is now the first sentence of Section 18.3 which reads as follows:

> **The CITY reserves the right, at its discretion, to determine the nature and extent of the group health insurance benefits and to change such benefits, provided that the CITY agrees that the level of benefits shall remain substantially the same to those in effect at the time of execution of this agreement.**

3. DIRECT DEPOSITS OF PAYCHECKS

UNION OFFER	CITY OFFER
Status Quo	Add Section 10.4 to Article 10 – Salaries **Paychecks for all officers shall be directly deposited into a bank account as selected by the officer.**

UNION'S POSITION

The Union argues the existing voluntary program for direct deposits of paychecks should be maintained as the record is devoid of any evidence adduced by the City to support its proposal / offer to move to a mandatory program. In the absence of such evidence, the City has failed to carry its burden and therefore the status quo should be maintained.

CITY'S POSITION

The City presented no argument in support of its offer.

OPINION

Absent the City's position regarding its proposal / offer to establish a mandatory requirement for officers to have their paychecks directly deposited into a bank account of their choosing, the Arbitrator rules to accept the Union's position to maintain the status quo.

AWARD

The Arbitrator rules to accept the Union's offer to maintain the status quo of keeping direct deposit of paychecks a voluntary program.

SUMMARY OF AWARDS

ECONOMIC ISSUES

1.	**SALARIES**	
	A. First Fiscal Year – 2010 – 2011	**City Offer 1.0%**
	B. Second Fiscal Year – 2011-2012	**City & Union Offer 2.0%**
	Third Fiscal Year – 2012 – 2013	**Union Offer 2.75%**
2.	**HOLIDAY PAY**	**Union Offer**
3.	**LONGEVITY PAY**	**City Offer**
4.	**HEALTH INSURANCE CONTRIBUTION**	**Union Offer**
5.	**RETIREE HEALTH CARE SAVINGS PLAN**	**City Offer – Agreement**

NON-ECONOMIC ISSUES

1.	**LAYOFF PROCEDURE**	**Adoption of City Suggestions**
2.	**CHANGES TO HEALTH INSURANCE BENEFITS & COVERAGE**	**City and Union Offers**
3.	**DIRECT DEPOSITS OF PAYCHECKS**	**Union Offer**

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George Edward Larney
Sole Interest Arbitrator

Chicago, IL
September 11, 2011

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