ARBITRATION OPINION AND AWARD

In the Matter of Arbitration Between VILLAGE OF FOX POINT (Public Works Department) And FOX POINT PUBLIC WORKS DEPARTMENT AND WATER UTILITY EMPLOYEES ASSN.	Case 29 No. 60729 INT/ARB 9496 Dec. No. 30337-A

Impartial Arbitrator

William W. Petrie
217 South Seventh Street #5
Post Office Box 320
Waterford, Wisconsin 53185-0320

Hearing Held

July 22, 2002
Fox Point, Wisconsin

Appearances

For the Employer	LINDNER & MARSACK By Alan M. Levy Attorney at Law 411 East Wisconsin Avenue, Ste. 1000 Milwaukee, WI 53202
For the Union	LABOR ASSOCIATION OF WISCONSIN, INC. By Kevin Naylor Labor Consultant 2835 North Mayfair Road Wauwatosa, WI 53222

BACKGROUND OF THE CASE

This is an interest arbitration proceeding between the Village of Fox Point and the Fox Point Public Works Department and Water Utility Employees Association, Local 714 of the Labor Association of Wisconsin, with the matter in dispute the terms of a two year renewal labor agreement covering January 1, 2002 through December 31, 2003. After the parties had failed to reach complete agreement at the bargaining table, the Union on January 9, 2002, filed a petition with the Wisconsin Employment Relations Commission seeking final and binding arbitration pursuant to Section 111.70 of the Wisconsin Statutes. Following an informal investigation by a member of its staff, the Commission issued certain findings of fact, conclusions of law, certification of results of investigation and an order requiring arbitration on May 6, 2002, and on May 29, 2002, it appointed the undersigned to hear and decide the matter.

A hearing took place in Fox Point, Wisconsin on July 22, 2002, at which time both parties received full opportunities to present evidence and argument in support of their respective positions, each thereafter closed with the filing of a post hearing brief, and the record was then closed by the undersigned effective September 7, 2002.

THE FINAL OFFERS OF THE PARTIES

The parties reached a number of tentative agreements at the bargaining table, and both final offers, herein incorporated by reference into this decision, propose a two year renewal agreement covering January 1, 2002 through December 31, 2003. The two final offers, however, principally differ as follows:

(1) The Union proposes across the board wage increases of 3.25% effective January 1, 2002 and January 1, 2003, and, apart from the parties' tentative agreements, that the remaining provisions of the 2000-2001 agreement be continued and in the renewal agreement.

(2) The Employer proposes across the board wage increases of 3.4% effective January 1, 2002 and January 1, 2003, in addition to the following additional changes.

(a) Modification of Article XVIII, Section 18.01, to provide as follows: "Employees on the payroll on January 1, 2002 shall pay $20.00 per month for single coverage and $50.00 per month for family coverage. Any employees hired after that date shall pay $40.00 per month for single coverage and $100.00 per month for family coverage until they have been

employed on the Village for six (6) full years; thereafter, they shall pay the same amounts as the more senior employees in the unit."

(b) Modification of Article XX, Section 20.02, to "Increase compensation payments by the Village to $500.00 per year for each employee in the bargaining unit."

(c) Modification of Article XXIV, Section 24.04, to provide that "The 2000-2002 contract language regarding payout of unused sick leave shall be modified to 80% of all unused sick days over one hundred fifty (150)."

THE ARBITRAL CRITERIA

Section 111.70(4)(cm)(7) of the Wisconsin Statutes directs the Arbitrator to utilize the following criteria in arriving at a decision and rendering an award:

"7. 'Factor given greatest weight.' In making any decision under the arbitration procedures authorized by this paragraph, the arbitrator or arbitration panel shall consider and shall give the greatest weight to any state law or directive lawfully issued by a state legislature to administrative officer, body or agency which places limitations on expenditures that may be made or revenues that may be collected by a municipal employer. The arbitrator or arbitration panel shall give an accounting of the consideration of this factor in the arbitrator's or panel's decision.

7g. 'Factor given greater weight.' In making any decision under the arbitration procedures authorized by this paragraph, the arbitrator or arbitration panel shall consider and shall give greater weight to economic conditions in the jurisdiction of the municipal employer than to any of the factors specified in subd. 7r.

7r. 'Other factors considered.' In making any decision under the arbitration procedures authorized by this paragraph, the arbitrator or arbitration panel shall also give weight to the following factors:

a. The lawful authority of the municipal employer.

b. Stipulations of the parties.

c. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.

d. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees performing similar services.

e. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees generally in public employment in the same community and in comparable communities.

f. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees in private employment in the same community and in comparable communities.

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

h. The overall compensation presently received by the municipal employees, including direct wage compensation, vacation, holidays and excused time, insurance and pension, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.

i. Changes in any of the foregoing circumstances during the pendency of the arbitration hearing.

j. 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."

POSITION OF THE ASSOCIATION

In support of the contention that its final offer is the more appropriate of the two before the Arbitrator, the Association emphasized the following principal considerations and arguments.

(1) That the following overall considerations are material and relevant to the outcome of these proceedings.

(a) The Association's final offer for a two year agreement with 3.25% across the board wage increases each year, compares favorably with the wage increases in the other North Shore comparables.

(b) The Village's final offer for a two year agreement with 3.4% across the board wage increases each year, increase of $275.00 per year in employees' deferred compensation accounts, and an increase in the payout of sick leave days over 150 from the current 75% to 80%, is accompanied by its proposal for a substantial employee contribution toward monthly health insurance premiums.

(c) It is the Association's position that the improvements in the Village's offer, over that offered by the Association, are insufficient to constitute an adequate *quid pro quo* for its exorbitant demand for employee contributions to health care premium contributions.

(2) The Village's final offer to the Association in these proceedings is not nearly as generous as the agreement reached between the Village and the Police Association.

(a) While the Police settlement included 3.4% across the board wage increases each year and the same insurance contributions proposed by the Village in these proceedings, it included various improvements beyond those proposed or agreed upon in the underlying dispute.

(b) Due to higher wages in the Police bargaining unit, the 3.4% wage increases applied the top wage rates for police officers amount to $437.00 more per year than their application to the to wage rates for laborers.

(c) The amount of compensatory time off that may be accumulated by police officers was increased from 80 to 100 hours per year, all of which may be carried over to a subsequent year; DPW and Water Utility employees, however, may not accumulate more than 24 hours per year, none of which can be carried over.

(d) Premium pay for shift changes for police officers was increased from $25.00 per year to $50.00 per year, thus partially offsetting their health insurance premium contributions.

(e) Officers recalled to duty on a holiday are to be compensated at two times their normal rates of pay, thus partially offsetting their health insurance premium contributions.

(f) Officers may now accumulate an unlimited amount of sick leave with 100% of the accumulated days paid out at 75% of their value; DPW and Water Utility employees currently receive 50% on the first 60 days of accumulated sick leave, and 100% of any days accumulated between 121 and 150, and 75% of days accumulated over 150 days.

(g) Members of the Police bargaining unit who opt out of the health insurance will now receive 40% of the savings, an increase from the previous 25%; there is no such opt out benefit for bargaining unit employees in the dispute at hand.

(h) Certain members of the Police bargaining unit will now be eligible for a new benefit which would supplement their health insurance premiums by payments ranging from $150.00 to $225 per month, for retirees with 15 to 25 years of service who are eligible for a WRS pension, payable until they become eligible for Medicare benefits. This program could provide substantial benefits as indicated in the following examples: an officer who retires at age 50 with 25 years of full-time service would receive $45,000 in health insurance benefits before becoming eligible for Medicare; an officer hired at age 21 and who later qualified for WRS disability benefits at age 46, would receive $57,000 in retiree health insurance benefits. No such improvement in retiree health insurance can be found in the Village's final offer in the case at hand.

(3) It is undisputed that the North Shore communities consisting of Bayside, Brown Deer, Glendale, River Hills, Shorewood and Whitefish Bay are primary intraindustry comparables in the case at hand, but the Village proposed addition of Elm Grove to this group should be rejected by the Arbitrator on the following principal bases: it is located in Waukesha rather than Milwaukee County; it is not a member of the North Shore Fire Department, which includes all seven North Shore communities; it is not a member of the North Shore Telecommunications Commission; it does not provide mutual aid to any of the North Shore communities; and there is very little, if any, interaction between Fox Point and Elm Grove. The limited information supplied by the Village about Elm Grove in the case at hand, also falls short of the breadth of comparison described in Section 111.70(4)(cm)(7) of the Wisconsin Statues.

(4) Association Exhibits 600-605 compare the hourly wages of the Fox Point DPW and Water Utility bargaining unit with the comparable North Shore communities who perform similar services.

(a) Association Exhibits 601-605 show that Fox Point is currently paying wages near the average received in the comparable communities. For this reason, the Association proposed mere 3.25% increases in each of the two years of the renewal agreement.

(b) In the above connection, it notes that Bayside and Brown Deer, with 3.5% annual wages increases, exceed both the Association's and the Village's final offers in these proceedings.

(5) Association Exhibits 700-721 address the health insurance issue. The dispute in the case at hand centers upon the Village's request for *additional* employee contributions toward the cost of the State Plan: the State Plan already provides for employee contribution of substantial sums toward their monthly premiums, when they select a provider with premium rates that are higher than 105% of the lowest cost plan in the Employer's service area; and the Village's request for additional contributions toward State Plan premiums lacks comparability both internally and externally.

(a) No other North Shore Community participating in the Wisconsin Public Employer's Group Health Insurance Plan receives a direct employee contribution.[1]

(b) As discussed in detail above, the Village's voluntary settlement with the FPPPA was substantially more generous than its final offer in the case at hand. Any internal comparability argument, therefore, rings hollow and should be given little consideration.

(c) The Village's attempt to implement a two-tier employee contribution toward health insurance premiums is divisive and unfair to future employees.

(i) The prospect of requiring those hired after January 1, 2002, to contribute twice as much toward their health insurance premiums is both imprudent and disturbing to the membership and the Association.[2]

(ii) Wisconsin interest arbitrators have rejected so-called two-tier compensation plans.[3]

(d) The Village's final offer, if accepted, would effectively eliminate the option of choosing a plan other than the cheapest plan available.

(i) If accepted, it would leave employees with little choice but to select the lowest plan available, simply because of inability to bear the financial burden of paying both the amount over and above 105% of the lowest plan offered plus the $100 contribution now

[1] Citing the contents of Association Exhibit 700.

[2] Citing the testimony of Walter Baehr, identifying the sentiments of the bargaining unit and the Association, to the effect that all employees should be treated equally in terms of health insurance benefits.

[3] Citing the decision of *Arbitrator Sherwood Malamud* in Village of East Troy, Decision No. 12716-A, wherein he rejected a two-tier wage schedule, opining in part that "Such a disparity will only produce friction and problems in a small work setting such as the one which exists in the Village of East Troy."

sought by the Village.

(ii) Asking young men or women to take on significant additional expenses when they are just starting their careers with the Village is anything but fair.

(e) The Association's membership has already contributed to their monthly premiums in order to avoid undesirable coverage.

(i) The State Plan currently offers two providers with premiums within 5% of each other, and employees are not required to contribute to either plan.

(ii) As recently as 2000, however, employees were able to choose from a menu of five plans, with premiums as low as $549.20 and, therefore, the Village was required to pay up to 105% of this amount; accordingly, if an employee did not elect the lowest premium plan, he or she was obligated to pay any premium amount over $576.66 per month.[4]

(iii) Historically, significant numbers of bargaining unit employees have selected coverage which was not fully paid for by the Village.[5]

(iv) The State Plan is only cost free if an employee is willing to accept the lowest cost and least desirable plan in his or her service area.

(v) Truthfully, the Village's offer effectively makes alternative plans prohibitively expensive, thereby forcing employees into the least desirable plan offered.

(f) North Shore employers participating in the State Plan pay very competitive rates when compared to other North Shore employers.[6]

(i) Employers participating in the State Plan pay the lowest premium rates in the North Shore.

(ii) The Employer's portion of the premium paid by the communities not participating in the State Plan is greater than the 105% contribution paid by the Village, even after the employees' contribution is subtracted from the total.

(iii) The State Plan provides participating employers with very competitive premium rates, and none of the other three North Shore communities currently in the State Plan receive employee contributions.

(g) The Village is seeking an above average monthly contribution

[4] Citing the contents of Association Exhibit 707.

[5] Citing the contents of Association Exhibits 718-721, indicating that 1994 bargaining unit employees had seven providers from which to choose, and six chose plans fully paid by the Village and eight opted for plans requiring substantial employee contributions.

[6] Citing the contents of Association Exhibit 700.

towards the State Plan when no other North Shore employer does so.

(h) The State Plan has many drawbacks for employees, including the following.

(i) It is made up of HMOs which restrict participants to a narrow range of doctors and hospitals.

(ii) It does not allow members to bargain over benefit levels.

(iii) It does not ensure participants that the provider selected in one year will be available in the next, which situation has occurred in the past.

(iv) If a new plan enters with a premium structure lower than the current lowest plan or if an existing provider cuts its rate to increase participation, employees will receive a smaller employer premium contribution.[7]

(i) *Current fringe benefits* for the bargaining unit are average when compared to other North Shore employers, they are substantially below the fringe benefits provided by the Village for the FPPPA bargaining unit, and they do not justify the Employer's final offer

(i) The *sick leave benefit*, while slightly better than average versus other North Shore employers, is significantly below that provided within the Village's FPPPA bargaining unit.[8]

(ii) The *deferred compensation benefit*, while unique to Fox Point employees, is only average when compared with that provided within the FPPPA bargaining unit.[9]

(iii) The *other benefits* provided within the bargaining unit compare as follows.[10]

(i) The current *clothing allowance benefit* is average externally, but escalates with the cost of living within the bargaining unit, versus escalating in accordance with future wage increases as provided for in the FPPPA bargaining unit.

(ii) The current *life insurance benefit* is somewhat below average, in that Fox Point pays 50% or a maximum of $3.50 toward premiums, while other North Shore employers pay 100% of such premiums.

(iii) The current *12 paid holidays per year* is slightly above the average among North Shore

[7] Citing the contents of Association Exhibit 720, which shows the impact of a decline in *family coverage* premiums by Family Health in 1995, which reduced the Employer's contribution for such coverage by 10%.

[8] Citing the contents of Association Exhibit 800.

[9] Citing the contents of Association Exhibit 900.

[10] Citing the contents of Association Exhibit 1000.

employers, but is average internally.

(iv) The current vacation benefit is below average externally and internally, when an employee has reached twenty years of service.

(j) The costing of the final offers favors selection of the final offer of the Association: the Association's final offer saves the Village $28,660 in wages and $3,800 in deferred compensation, during the two year duration of the agreement; the Village will thus have an additional $37,460 to help offset 2002 and 2003 health insurance premiums.[11]

(k) Both offers exceed increases in the *Consumer Price Index*, but the Association's offer is less than that of the Village; The Association's offer also compares very favorably to the *wage rates voluntarily granted* in the surrounding communities.

In summary the Association urges the following general considerations in support of its position: its final offer is well within the mandates of Section 111.70 of the Wisconsin Statutes; its wage request is in line with those received by other North Shore Communities; the Village's final offer contains a substantial increase in employee contributions without an adequate quid pro quo; the Police agreement contains substantial monetary improvements that are not part of the Village's final offer in these proceedings; no other North Shore community required an additional contribution from its employees; the State Plan is currently cost free only if an employee is willing to accept the lowest cost plan; those in the bargaining unit have historically made contributions toward their coverage to avoid undesirable low cost plans; a two-tier health benefit is unfair to new employees and will result in a divided work force; new bargaining unit employee's will pay 4.0% of their wages toward health insurance under the Village's final offer; the premium rates currently paid by the Village are in line with those paid by other North Shore communities; if the Village's offer is accepted, employee ability to choose among the plans offered in their service area will be eliminated; and the fringe benefits offered to the Association's members are average when compared to other North Shore communities. On the above referenced bases, it urges that its rather than the Village's final offer is the more appropriate of the two before the Arbitrator, and it asks that its offer be selected and

[11] Citing the contents of Association Exhibit 1100.

made a part of the parties' 2002-2003 collective bargaining agreement.

POSITION OF THE EMPLOYER

In support of the contention that its final offer is the more appropriate of the two before the Arbitrator, the Village emphasized the following principal considerations and arguments.

(1) That the following is a brief statement of its case.

(a) This is the first time that the Village and its Public Works employees have gone before an arbitrator to resolve an impasse in their contract renewal negotiations.

(b) As is the situation with many employers this year, the *key issue is health insurance*: the *Employer is offering* a package of higher wages and additional benefits to obtain employee participation in health insurance funds; the *Union is offering* to accept lower wage increases and retirement benefits to avoid any employee contribution toward basic health insurance coverage.

(2) The principal underlying facts and arguments bearing upon the outcome of these proceedings, include the following.

(a) The Employer is a participant in the North Shore Fire Department, which also serves primary comparables *Bayside, Brown Deer, Fox Point, Glendale, River Hills, Shorewood and Whitefish Bay*. The Milwaukee area community most like Fox Point in size, services to constituents and economic position, however, is *Elm Grove*, another "bedroom" suburb of similar population with little commercial or business base; The Village urges that Elm Grove be one of the seven primary external comparables.

(i) The Village is seeking to maintain its midway position in wages, relative wage increases, and employee insurance costs.

(ii) It is already above average in most benefits and does not seek any change in this area.

(iii) The only real issue is whether, like Elm Grove, Shorewood, Brown Deer, Bayside and all other Fox Point employees, the member of the Public Works bargaining unit should pay a part of their basic health insurance costs.

(b) By the Union's own calculations, Fox Point is above the external comparables' averages in the North Shore in its Public Works hourly wage scales for all positions except foreman.[12]

[12] Citing the contents of Association Exhibits 601-605.

(i) In the above connection it emphasizes the following benefits provided by Fox Point versus those provided by the primary comparables: the only *deferred compensation benefit* in the North Shore; a more generous program for paying for *retiree health insurance through unused sick leave*; a higher *work clothing allowance*; as many or more *paid holidays*; and better than average to best *paid vacation and paid funeral leave programs*.[13]

(ii) Under the Employer's final offer the only benefit for Fox Point Public Works employees not equal to the comparables is life insurance, a difference of $2.50 cents per month or 1.4¢ per hour.[14] This item was not addressed by the parties in their negotiations leading to these proceedings.

(c) When considering the above factors on the basis of *internal comparables*, the following considerations are emphasized.

(i) Any differences reflect job content and bargaining history.

(ii) The Fox Point police bargaining unit, has accepted the same wage increase and health insurance cost sharing proposed by the Employer in these proceedings; while it has somewhat different benefits for retiree health insurance and uniforms, these differences reflect, for example, the lower retirement age in protective services and the need for uniforms and protective body armor. There is no evidence that the Public Works unit had requested or pursued the retiree health supplement which the Police unit gained at the bargaining table.

(iii) Fox Point's non-represented employees received about the same *wage increases* received in the police unit and offered in these proceedings, the same *health insurance cost sharing* offered in these proceedings, and *no work clothing or deferred compensation benefits* such as those offered in these proceedings.

(d) Comparison of bargaining unit employees to DPW employees elsewhere shows that Fox Point workers already receive an above-average compensation package.

(i) The Village believes that its employees will have a more immediate interest in dealing with seriously increased health insurance costs if they must pay some part of them, while the Union wishes to place the entire burden of that cost upon the Employer.

(Ii) Fox Point has proposed a higher wage increase and more generous deferred compensation and unused sick leave benefits as a quid pro quo for introducing employee contribution for health care; it has proposed *sum certain employee contributions* rather than an open ended percentage obligation, to minimize employee

[13] Citing the contents of Association Exhibits 900, 800, 1000, 1002, 1003-4 and 1005-6. 1002, 1003.

[14] Citing the contents of Association Exhibit 1001.

exposure to catastrophic cost escalation.

(iii) In the above connection, the Employer proposes compensation increased of 6.3% to 7.33% over the duration of the year renewal agreement, versus Union proposed increases of 6.8%.[15]

(e) The Village has proposed a two-tier system by which employees hired after January 1, 2002 and still in their first six years of employment, would pay $40 per month for single and $100 per month for family coverage, the same package accepted in the police bargaining unit.

(i) The treatment of new hires is a secondary consideration, in that no one in the unit so qualifies at present, and anyone considering employment in the unit in the future will have the opportunity to decide whether he/she finds the compensation levels to be adequate.

(ii) The current agreement already provides lower wages and benefits for newer employees.[16]

(f) Since the Union's principal contention at the hearing was that current employees were being unfairly burdened by insurance costs, the Village will focus its arguments on the treatment of incumbents.

(i) The Employer's proposal does not impose a new burden on employees, but does end a recent windfall.

(ii) Since the employees participate in a state administered program which allows a choice of insurance carriers, they paid an average of $10.82 to $52.01 per month for family coverage from 1997 to 2001. Under the same formula in 2002, they paid nothing for the benefit. in the same years, however, the Employer's cost more than doubled, going from $440.64 per month to $901.11 per month.[17]

(iii) The Village's proposal is that employees pay 5.1% to 6% of the cost in 2002 and 2003, which, on average, is less than half of what they paid in 2001, and less than the cost they chose to pay in all but one year from 1997 through 2001.[18] The basic problem is that the Village's share of health insurance costs has gone from less than 15% to more than 25% of the hourly wage; at a time when, both in absolute dollar and proportionate share, the cost of insurance has approximately doubled, and the Union seeks to place the entire burden on the Employer and to isolate the employees from any impact of these increases.

---

[15] Citing the contents of Association Exhibit 3.

[16] Citing the contents of Association Exhibit 100 at *Sections 12.01, 23.01, 21.04 and 24.01*.

[17] Citing the contents of Employer Exhibit #5.

[18] Citing the contents of Employer Exhibit #6.

(g) The new compensation increase proposed by the Village is well over the increase in the *consumer price index*, and better than those of two municipalities the Union claims are comparable.[19]

(i) Even after the employee contribution sought by the Employer is factored in, which is virtually equal to or less than all but three of the external comparables, Fox Point's Public Works unit will have the third highest wage increase among these comparables, while ranking fourth among eight in absolute dollar wage scales.

(ii) Fox Point has made a fair offer which addresses a real problem, rather than a perpetuation of the status quo ante which has removed the DPW employees from the reality of health insurance costs.

(3) Section 111.70 of the Wisconsin statutes mandates the selection of one party's final offer and the rejection of the other's based on comparing them to *external and internal comparables*, as well as general *cost of living* and any *changes in a bargaining unit's circumstances*.

(a) The external comparisons with other bargining units adds little to the instant case because Fox Point will stay in the same relative position, regardless of which final offer is selected.[20]

(b) What does matter here is the huge change in circumstances involving health insurance, since the negotiation of the party's last agreement.

(i) At the start of their 2000-2001 agreement, the average Fox Point DPW employee paid $57.01 per month for family coverage, and the Village paid $576.12.[21] Today the benefit costs $324.45 more, a 56% increase, and the Union proposes that the employees pay no part of the cost; by both dollar and shares, the circumstances surrounding the benefit - now equal to more than a quarter of the hourly wage scale, have changed so greatly that the system of payments must be adjusted.

(ii) When the Employer's health insurance costs have changed significantly, the prior system is not entitled to unquestioned perpetuation, and there is no basis to support the argument that an employer must absorb ever increasing health care costs.[22]

---

[19] Citing the contents of Employer Exhibits #10 and #8.

[20] Citing the decision of *Arbitrator Frank Zeidler* in City of Racine (Waterworks Commission), Dec. No. 24262-A (1987), page 7, wherein he indicated in part as follows: "Comparability in percentage increases usually is directed to result in actual wage increases to either keep rank or reach near equality with other comparable units."

[21] Citing the contents of Employer Exhibits #5 and #6.

[22] Citing the decision of *Arbitrator John C. Oestreicher* in Village of Jackson, Case 11, No. 59397, INT/ARB 9111. (2001), pages 18-19.

(iii) That miscellaneous other publications support the need for new approaches to health insurance, including employee contribution to premiums, due to the rapid and continued escalation in health care costs.[23]

(4) Fox Point has proposed that the system which allowed employees to receive full health care coverage for free, be changed to require that everyone pay a portion of health care costs. If employees have a direct financial stake in the program, they will give it greater attention than would be the case if it costs them nothing.[24]

(a) To insulate employees from insurance cost escalation which could undermine its efforts to retain its mid-range wage position among the primary external comparables, the Village has proposed a sum certain of $20.00 per month for singles and $50.00 per month for family coverage; the balance of interests and needs which the Employer thus seeks, is an employee contribution within reasonable limits.

(b) A $50.00 per month employee payment is a neutral factor in terms of North Shore's external comparables.[25] A total absence of employee contributions would give the unit more than other external comparables and more than Fox Point's own internal comparables.

(5) In the end, the issue is only whether employees should have a direct stake in the cost of their own health insurance. The Employer has offered a fair *quid pro quo*, in the form of additional wages and retirement benefits, along with reasonable protection against excessive employee exposure to higher costs.

(a) The average bargaining unit employees have usually paid for a portion of the insurance selected by them.[26]

(b) In consideration of parity with Elm Grove, half the North Shore, and all the other employees of Fox Point, the expectation of cost sharing is both fair and appropriate.

In summary the Employer urges the following general considerations in support of its position: that the labor relations challenge of this era is employee health insurance; that what had been a minor cost item has become the equivalent of one quarter of a paycheck; everyone has a stake in this problem and everyone must have an incentive to resolve it; employers need

---

[23] Various of the publications and articles cited in the Employer's brief, including some which were apparently published after the arbitration hearing on July 22, 2002, are not part of the record and, accordingly, cannot be considered by the undersigned.

[24] In the above connections, it cited the contents of Employer Exhibit 8 and Association Exhibit 1300, indicating the cost sharing practices in Brown Deer, Elm Grove and Bayside.

[25] Citing the decision of *Arbitrator Christopher Honeyman* in Village of Shorewood (Police), Case 46, No. 59664, MIA-2284 (2002).

[26] Citing the contents of Employer Exhibit 6.

some relief from its exponentially increasing costs; employees have a stake in the outcome and should be motivated to achieve a solution; and taxpayers have a right to expect a sharing of both cost and correction, including consideration of their benefit levels in the private sector. On the basis of all of the above, it submits that its rather than the Association's final offer is the more appropriate of the two before the Arbitrator, and it asks that its offer be selected in these proceedings and made a part of the parties' 2002-2003 collective bargaining agreement.

FINDINGS AND CONCLUSIONS

It is noted that *the Union's final offer* provides for across-the-board *wage increases of 3.25% on January 1, 2002 and January 1, 2003*, while *the Employer's final offer* provides for *3.4% wage increases on these two dates*. The final offer of the Employer, however, also includes three additional proposals: *first*, modification of Article XVIII, Section 18.01 to provide for employees on the payroll on January 1, 2002, *to contribute to health insurance costs in the amounts of $20.00 per month for single coverage and $50.00 for family coverage*, and for *employees hired after January 1, 2002, to contribute $40.00 per month for single coverage and $100.00 per month for family coverage for a period of six full years of employment*, after which they would pay the same amounts as the more senior bargaining unit employees; *second*, modification of Article XX, Section 20.02, to increase from $225.00 to $500.00 per year for each employee, its *annual contributions into the employees' deferred compensation funds*; and, *third*, modification of Article XXIV, Section 24.04, dealing with the payout of unused sick leave upon death or retirement, to *increase compensation to 80% for all unused sick leave over one hundred fifty days*. Despite the multiple items proposed by the Employer, however, the parties disagree on *only one major item*, its proposal for employee contribution for health care premiums, in that its proposed *higher wage increases*, *increased annual contributions to employee deferred compensation plans*, and *improved compensation to retirees for unused sick leave in excess of 150 days*, were advanced by the Village as a *quid pro quo* in support of its *proposed employee cost sharing for health insurance coverage*.

The parties have presented a variety of interesting and innovative

arguments in support of their respective positions, principally relating to the normal arbitral handling of proposed changes in the status quo ante. Prior to applying the various arbitral criteria to the two final offers, reaching a decision, and rendering an award, the undersigned will preliminarily discuss certain aspects of the Wisconsin interest arbitration process, including various principles governing the application of the statutory criteria which relate to the evidence and arguments advanced by the parties.

It is first noted, in the absence of either statutory or agreed-upon prioritization of the various arbitral criteria, that interest arbitrators normally find comparisons to be the most frequently cited, the most important, and the most persuasive of the various arbitral criteria, and the most persuasive of these are normally the so-called *intraindustry comparisons*.[27] In applying this comparison criterion, arbitrators normally respect the parties' *wage history,* including the *identity of the primary intraindustry comparables*. Stated another way, when parties have identified a *primary intraindustry comparison group* in their prior negotiations history, the proponent of change has a substantial burden of persuasion in attempting to justify a change in the makeup of such group, which principle is well described in the following excerpt from the venerable and still authoritative book by Irving Bernstein.

[27] The terms *intraindustry comparisons* derive from their long use in the private sector. The same principles of comparison are used in public sector interest impasses, in which situations the so-called *intraindustry comparison groups* normally consist of similar units of employees performing similar services and employed by comparable units of government; in this connection, see Section 111.70(4)(cm)(7r)(d) of the Wisconsin Statutes.

"The last of the factors related to the worker is wage history. Judged by the behavior of arbitrators, it is the most significant consideration in administering the intraindustry comparison, since the past wage relationship is commonly used to test the validity of other qualifications. The logic of this position is clear: the ultimate purpose of the arbitrator is to fix wages, not to define the industry, change the method of wage payment, and so on. If he discovers that the parties have historically based wage changes on just this kind of comparison, there is virtually nothing to dissuade him from doing so again."[28]

Without unnecessary elaboration, the undersigned notes that the Employer proposed addition of Elm Grove to the primary intraindustry comparison group was apparently first advanced by it at the arbitration hearing, and there is no dispute that in their prior negotiations the parties had at least tacitly recognized the primary intraindustry comparables as having been comprised of the North Shore communities of Bayside, Brown Deer, Fox Point, Glendale, River Hills, Shorewood and Whitefish Bay. While the Employer urged that comparing such factors as population, proximity, adjusted gross incomes, and property taxes justified the inclusion of Elm Grove as one of the primary intraindustry comparables, it fell far short of establishing the requisite substantial burden of persuasion in support of adding Elm Grove to the primary intraindustry comparison group, in the face of the parties' bargaining history. Accordingly, the undersigned has concluded that the primary intraindustry comparison group should remain the North Shore communities of Bayside, Brown Deer, Fox Point, Glendale, River Hills, Shorewood and Whitefish Bay.

When the primary intraindustry comparables are compared, on the bases of wages and employee contributions to the cost of health care insurance premiums, the following considerations are apparent.

(1) Either of the final wage offers of the parties would essentially retain their wage rankings among the primary intraindustry comparables. The $19.54 and $19.51 hourly wage proposals of the Employer and the Union for 2002 would rank fourth and fifth among these comparables, and their 3.4% and 3.25% across the board wage increase proposals for 2002 would rank third and fourth; their $20.21 and $20.15 hourly wage proposals would rank third and fourth for 2003, and 3.4% and 3.25% across the board wage increase proposals for 2002 would rank third and fifth.[29]

---

[28] See Bernstein, Irving, the Arbitration of Wages, University of California Press - 1954, page 66. (footnotes omitted)

[29] See the contents of Employer Exhibit 8.

(2) Three of the six other members of the primary intraindustry comparables, utilize employee contributions to the cost of health care insurance premiums (*i.e.*, Bayside, Brown Deer and Shorewood), while the three remaining employers (*i.e.*, Glendale, River Hills and Whitefish Bay) do not utilize such employee contributions.[30]

(3) On the above described bases, application of the intraindustry comparison in the case at hand, does not definitively favor the position of either party in these proceedings.

While intraindustry comparisons are almost always the most important of the various arbitral criteria in handling *pure wage disputes*, in certain other types of impasses, employers may have very significant and justified interests in *internal uniformity* in such non-direct wage areas as paid or unpaid leaves of absence, vacation scheduling, the numbers and identity of paid holidays, uniformity in group insurance coverage, etc. In many such situations, therefore, *internal comparisons* may be accorded significant weight in the final offer selection process. When the internal comparison criterion is applied in the case at hand, it favors the position of the Employer, in that similar employee contributions for health care are required from both those in the FPPPA bargaining unit and from its non-represented employees.

As the undersigned has emphasized in many prior decisions, Wisconsin interest arbitrators operate as extensions of the contract negotiations process, and their goal is to attempt, as much as is possible in each case, to place parties into the same position they would have occupied, had they been able to reach full agreement at the bargaining table. In creating the public interest arbitration processes in Wisconsin, the State Legislature significantly encouraged *meaningful and substantial pre-impasse negotiations and give-and-take bargaining*, by mandating arbitral consideration and application of the various arbitral criteria to the certified final offers of the parties and by limiting normal arbitral authority to the selection of the final offer which, *in toto*, most closely approximates the position they would have reached in give-and-take collective bargaining.

(1) If parties have engaged in meaningful and productive bargining prior to reaching an impasse and their final offers are relatively close to one another, an interest arbitrator may very well be able to select an offer which at least closely approximates the

[30] See the contents of Employer Exhibits 8 and 9.

position they might have reached at the bargaining table.

(2) If, alternatively, parties have remained far apart in their final offers, an interest arbitrator may well be faced with a *Hobson's choice* between two final offers, neither of which really approximates the position they might have reached at the bargaining table. In the case at hand, the parties remain significantly apart on the remaining impasse items.

While parties to statutory interest arbitration in Wisconsin sometimes urge during the arbitration process that they might have reached agreement at the bargaining table at some intermediate level (*i.e.*, somewhere between the two final offers), such arguments are normally entitled to minimal weight in the final offer selection process, because the statutorily mandated processes encourage them to advance such positions in *their preliminary bargaining*, during *the pre-arbitration mediation process*, and/or in *formulating their final offers* prior to arbitration.

In applying the above described principles to the case at hand, it is again noted that Village and the FPPPA apparently engaged in give and take bargaining, and they were apparently able to reach a negotiated settlement which provided for 3.4% across the board increases in wages in 2002 and 2003, and for employee contributions toward individual and family health insurance premiums, identical to those proposed by the Employer in these proceedings.[31] While the Association has urged that it is *understandable* that the FPPPA had accepted the Village's offer, and has cited such factors as the greater value of a 3.4% wage increase when applied to the higher Police Officer wages, and increased maximums in the accumulation of compensatory time off, increased premium pay for shift changes, improved overtime for holiday call outs, improved accumulation of sick leave, sharing of cost savings for those who opt out of health insurance, and retiree health insurance, these arguments are simply not persuasive in these proceedings for the following principal reasons: *first*, there are a significant number of logical and fully justified differences in wages, duties, working conditions, and benefits, between police officers and other municipal employees, including those in the Public Works

[31] See the contents of Association Exhibit 2000, at *Article 4, Section 4.01*, entitled SALARY, and *Article 21, Section 21.01*, entitled HOSPITALIZATION AND SURGICAL INSURANCE.

and Water Utility bargaining unit; *second*, the higher wages historically paid to police officers does not detract from the fact that they had received the same 3.4% across the board wages increases as those in the Public Works and Water Utility bargaining unit; *third*, there is nothing in the record to establish that the other referenced improvements within the 2002-2003 FPPPA settlement had all evolved as a *quid pro quo* for their agreement to employee sharing of health insurance premiums, any more than the various tentative agreements reached by the parties in the case at hand had been so motivated; and, *fourth*, there is no indication in the record, that the Association had ever proposed similar changes in exchange for its acceptance of the Employer proposed employee contributions for group health insurance premiums.

It is next noted that both parties are quite correct that when faced with proposals for *significant change in the negotiated status quo ante*, Wisconsin interest arbitrators normally require the proponent of change to establish a *very persuasive basis for such change*, typically by showing that *a legitimate problem exists which requires attention,* that *the disputed proposal reasonably addresses the problem*, and that *the proposed change is accompanied by an appropriate quid pro quo*.[32]

[32] This standard falls well within the scope of Section 111.70(4)(cm)(7r)(j) of the Wisconsin Statutes.

In the above connection, it is noted that there can be no dispute as to the significant and escalating recent increases in the cost of employee health insurance. The maximum monthly premium costs to the Employer for family health insurance (at 105% of the lowest cost State Plan) grew from $550.64 to $901.11 per month between 1997 and 2002, with $324.45 per month of the increase occurring between 2000 and 2002. During the same period, the average amounts of Employee monthly insurance premium contributions, based upon their selections of higher cost plans, declined from $35.41 monthly in 1997, to $10.82 monthly in 2001, and to zero in 2002. Stated as percentages of the hourly wage rates for a Top Mechanic, the Employer paid health insurance premiums will have increased from 14.7% in 1997 to either 27.96% under the Union's final offer, or to 25.5% plus an average employee contribution of 2.46% under the Village's final offer.[33] These data clearly establish the existence of *a legitimate and significant problem which requires attention*.

It is next noted that one of various possible approaches directed toward reduction or partial control of the escalating costs of employee health insurance is adoption of *a reasonable level of employee contribution to the required health insurance premiums*; in other words, there is nothing in the record to suggest that an employer's proposal for the use of such cost sharing is an *inherently unreasonable approach* toward the underlying problem. What, however, of the Union's arguments directed toward the Employer proposed *two-tier* contribution levels for employees, requiring $20.00 and $50.00 per month premium contributions for incumbent employees for single coverage and family coverage, respectively, and $40.00 and $100 per month premium contributions for employees hired after January 1, 2002, with subsequent reversion to the lower contribution levels after completing six years of employment with the Village? While the undersigned generally agrees with the reasoning of Arbitrator Malamud as to the negative impacts of two-tier wage schedules within small units of employees in his decision referenced in *footnote #3*, above, this principal cannot be given determinative weight in the case at hand. Not only does the case at hand involve employee health insurance

[33] See the contents of Employer Exhibits #6 and #7.

premiums rather than two tiers of wages, but, as discussed above, a two tiered program identical to that proposed by the Employer was agreed upon at the bargaining table in the FPPPA bargaining unit, and has also been implemented for the Village's non-represented employees. Finally, it is again emphasized that Union objections of this type might have been productively addressed at the bargaining table. Under all of the present circumstances, therefore, the Employer's proposal for the use of such employer health insurance cost sharing, cannot be considered to be an *unreasonable approach* to the problem.

What next of the disagreement of the parties relative to the sufficiency of the Employer proposed quid pro quos? In this connection, it is noted that *certain long term and unanticipated changes in the underlying character* of previously negotiated practices or benefits *may constitute significant mutual problems of the parties which do not require traditional levels of quid pro quos to justify change*.[34] In the case at hand, the spiraling costs of

---

[34] A noteworthy example of such a situation arose before the undersigned in connection with an employer proposal for reducing to a five year maximum, the period within which a school district would continue to pay health insurance premiums for early retirees on the same basis as it paid such premiums for its active teachers, in which context the decision indicated in part as follows:

> "What, however, of the situation where the costs and/or the substance of a long standing policy or benefit have substantially changed over an extended period of time, to the extent that they no longer reflect the conditions present at their inception? Just as conventionally negotiated labor agreements must evolve and change in response to changing external circumstances which are of mutual concern, Wisconsin interest arbitrators must address similar considerations pursuant to the requirements of Section 111.70(4)(cm)(7)(j) of the Wisconsin Statutes; in such circumstances, the proponent of change must establish that a significant and unanticipated problem exists and that the proposed change reasonably addresses the problem, but it is difficult to conclude that a bargaining quid pro quo should be required to correct a mutual problem which was neither anticipated nor previously bargained about by the parties. While comparisons should not alone justify movement away from the negotiated status quo, if it has been established that the requisite significant problem exists, arbitral examination of comparables can go a long way toward establishing the reasonableness of a proposal for change.
>
> The parties agreed upon the ten year maximum period of Employer payment of unreduced health care premiums for early retirees in the late 1970s, but the meteoric escalation in the cost of health insurance since that time has exceeded all reasonable expectations, and the immediate prospect for future escalation is also significantly higher than could have been anticipated by either party some twelve or thirteen years ago. In short, the situation represents a significant mutual problem, and it is clearly distinguishable from a situation where one party is merely attempting to change a recently bargained for and/or a stable policy or

providing health care insurance for its current employees is a *mutual problem for the Employer and the Association,* and the trend has been ongoing, foreseeable, anticipated, and open to bargaining by the parties during their periodic contract renewal negotiations. In light of the *mutuality of the underlying problem*, the requisite quid pro quo would normally be somewhat less than would be required to justify a *traditional arms length proposal to eliminate or to modify negotiated benefits or advantageous contract language*.

---

benefit for its own purposes." [See the November 10, 1992 *decision of the undersigned* in Algoma School District, Case 18, No. 46716, INT/ARB-6278, page 25.]

In the case at hand, the Village proposed *quid pro quo* includes its *higher proposed wage increases*, its proposed *increase of $275 per year to be deposited into each employee's deferred compensation account*, and its proposed *increase from 75% to 80% for unused accumulated sick leave in excess of 150 at retirement*; the combined value of the first two items converts to slightly over .19¢ per hour over the two year term of the renewal agreement, and undetermined future costs would be incurred as a result of the third item.[35]

The Employer proposed *quid pro quo* would clearly fall short of being sufficient to justify a traditional, arms length, bargaining table proposal to eliminate or to modify a previously negotiated benefit, which did not involve a significant mutual problem and which entailed the amount of employee cost-sharing sought by the Village in the case at hand; similarly, it would also probably fall short of justifying selection of the Employer's final offer if the undersigned were faced with two, relatively close, final offers. The undersigned is, however, faced with selecting between two final offers which significantly differ from one another, and has determined that the quid pro quo offered by the Employer is sufficient, under all of the circumstances of the case, to justify the Employer proposed employee sharing in the cost of group health insurance premiums. While it could be inferred that the Union might have been successful in gaining additional concessions in an agreement reached at the bargaining table, or that such negotiations might have brought the parties closer together in framing their final offers, it is reiterated that the undersigned is limited to selection of the final offer of either party in its entirety.

Finally, the undersigned will merely note that the economics of the final offers of both parties exceed recent increases in the various Consumer Price Indexes, and that this arbitral criteria cannot be assigned significant weight in the final offer selection process.[36]

---

[35] See the contents of Employer Exhibits 3 and 4.

[36] See the contents of Employer Exhibit 10. In this connection it is noted that while the cost of health care is part of the market basket of goods and services utilized by the Bureau of Labor Statistics in determining the levels of and changes in the Consumer Price Indexes, the significant cost increases in this area were addressed earlier.

Summary of Preliminary Conclusions

As addressed in greater detail above, the Impartial Arbitrator has reached the following summarized, principal preliminary conclusions.

(1) Despite the multiple items proposed by the Employer, the parties disagree on *only one major item*, its proposal for employee contribution for health care premiums, in that its proposed *higher wage increases*, *increased annual contributions to employee deferred compensation plans*, and *improved compensation to retirees for unused sick leaves in excess of 150 days*, were advanced by the Village as a *quid pro quo* in support of its *proposed employee cost sharing for health insurance coverage*.

(2) Interest arbitrators normally find comparisons to be the most frequently cited, the most important, and the most persuasive of the various arbitral criteria, and the most persuasive of these are normally the so-called *intraindustry comparisons*.

(a) In applying this comparison criterion, arbitrators normally respect the parties' *wage history,* including the *identity of the primary intraindustry comparables*, and the proponent of change has a substantial burden of persuasion in attempting to justify a change in the makeup of such group.

(b) The Employer fell far short of establishing the requisite basis for adding Elm Grove to the primary intraindustry comparison group, in the face of the parties' bargaining history.

(c) Accordingly, the primary intraindustry comparison group should remain the North Shore communities of Bayside, Brown Deer, Fox Point, Glendale, River Hills, Shorewood and Whitefish Bay.

(3) When the primary intraindustry comparables are compared, on the bases of wages and employee contributions to the cost of health care insurance premiums, the following considerations are apparent.

(a) Either of the final wage offers of the parties would essentially retain their wage rankings among the primary intraindustry comparables.

(b) Three of the six other members of the primary intraindustry comparables utilize employee contributions to the cost of health care premiums (*i.e.*, Bayside, Brown Deer and Shorewood), while the three remaining employers (*i.e.*, Glendale, River Hills and Whitefish Bay) do not utilize such employee contributions for health care.

(c) On the above described bases, application of the intraindustry comparison in the case at hand, does not definitively favor the position of either party.

(4) In certain types of impasses employers may have a very significant and justified interest in *internal uniformity*, including such non-direct wage areas as paid or unpaid leaves of absence, vacation scheduling, the numbers and identity of paid holidays, uniformity in group insurance coverage, etc.

(a) In many such situations, therefore, *internal comparisons* may be accorded significant weight in the final offer selection process.

(b) When the *internal comparison criterion* is applied in the case at hand, it favors the position of the Employer, in that similar employee contributions for health care are required from both the members of FPPPA bargaining unit and from non-represented employees.

(5) Wisconsin interest arbitrators operate as extensions of the contract negotiations process, and their goal is to attempt, as much as is possible in each case, to place parties into the same position they would have occupied, had they been able to reach full agreement at the bargaining table.

(a) Wisconsin's *final offer procedure* normally limits an arbitrator to selection of the final offer of either party *in toto*, which practice is intended to motivate the parties to reduce their areas of difference and to move close to agreement prior to submission of an impasse to arbitration.

(b) If the parties are successful in their preliminary negotiations and their final offers are close together, an interest arbitrator may very well be able to select an offer which closely approximates the position they might have reached at the bargaining table.

(c) If parties remain significantly apart in their final offers, the final result will normally differ significantly from the normal settlement which might have been reached in conventional bargaining. In the case at hand, the parties remain *significantly apart* on the remaining impasse items.

(d) While parties to statutory interest arbitration in Wisconsin may argue during the arbitration process that they might have reached agreement at the bargaining table at some intermediate level (*i.e.*, somewhere between the two final offers), such arguments are normally entitled to minimal weight in the final offer selection process, because the statutorily mandated processes encourage them to advance such positions in *their preliminary bargaining*, during *the pre-arbitration mediation process*, and/or in *formulating their final offers* prior to arbitration.

(e) In applying the above described principles to the case at hand, it is again noted that the Village and the FPPPA engaged in give and take bargaining, they were able to reach a negotiated settlement which provided for 3.4% across the board increases in wages in 2002 and 2003, and for employee contributions toward individual and family health insurance premiums, identical to those proposed by the Employer in these proceedings.

(f) While the Association urges that it is *understandable* that the FPPPA had accepted the Village's offer, in support of which it cited various other aspects of this agreement, its argument is not persuasive for the following principal reasons: *first*, there are a significant number of logical and fully justified differences in wages, duties, working conditions, wages and benefits, between police officers and other municipal employees, including those in the Public Works and Water Utility bargaining unit; *second*, the higher wages historically paid to police officers does not detract from the fact that they had received the same 3.4% across the board wages increases as those in the Public Works and Water Utility bargaining unit; *third*, there is nothing in

the record to establish that the other referenced improvements within the 2002-2003 FPPPA settlement had all evolved as a *quid pro quo* for their agreement to employee sharing of health insurance premiums; and, *fourth*, there is no indication in the record that the Association had ever proposed similar changes in exchange for its acceptance of the Employer proposed employee contributions for group health insurance premiums.

(6) Both parties are quite correct that when faced with proposals for *significant change in the negotiated status quo ante*, Wisconsin interest arbitrators normally require the proponent of change to establish a *very persuasive basis for such change*, typically by showing that *a legitimate problem exists which requires attention,* that *the disputed proposal reasonably addresses the problem*, and that *the proposed change is accompanied by an appropriate quid pro quo*.

(a) The Employer submitted data establishing significant and escalating recent increases in the cost of employee health insurance, has clearly established the existence of *a legitimate problem which requires attention*.

(b) One of various possible approaches directed toward reduction or partial control of the escalating costs of employee health insurance is utilization of a reasonable level of employee contributions for the required insurance premiums and, under all of the present circumstances, the Employer's proposal for the use of such cost sharing cannot be considered to be an *unreasonable approach* to the problem.

(c) In light of the *mutuality of the underlying problem*, the requisite quid pro quo would normally be somewhat less than would be required to justify a *traditional arms length proposal to eliminate or to modify negotiated benefits or advantageous contract language*.

(d) The Employer proposed *quid pro quo* would clearly fall short of being sufficient to justify a traditional, arms length, bargaining table proposal to eliminate or to modify a previously negotiated benefit, which did not involve a significant mutual problem and which entailed the amount of employee cost-sharing sought by the Village in the case at hand.

(e) Similarly, the Employer proposed quid pro quo would also probably fall short of justifying selection of the Employer's final offer if the undersigned were faced with two, relatively close, final offers.

(f) The undersigned is, however, faced with selecting between two final offers which significantly differ, and has determined that the quid pro quo offered by the Employer is sufficient, under all of the circumstances of the case, to justify the Employer proposed employee sharing in the cost of group health insurance premiums. In this connection, it is reiterated that the undersigned is limited to selection of the final offer of either party in its entirety.

(7) The economics of the final offers of both parties exceed recent increases in the various Consumer Price Indexes, and this arbitral criteria cannot be assigned significant weight in the final offer selection process.

Selection of Final Offer

Based upon a careful consideration of the entire record in these proceedings, including arbitral consideration of all of the statutory criteria contained in Section 111.70(4)(cm)(7) of the Wisconsin Statutes in addition to those elaborated upon above, the Impartial Arbitrator has preliminary concluded that the final offer of the Village of Fox Point is the more appropriate of the two final offers, and it will be ordered implemented by the parties.

AWARD

Based upon a careful consideration of all of the evidence and arguments advanced by the parties, and a review of all of the various criteria contained in Section 111.70(4)(cm)(7) of the Wisconsin Statutes, it is the decision of the Impartial Arbitrator that:

(1) The final offer of the Village of Fox Point is the more appropriate of the two final offers before the Arbitrator.

(2) Accordingly, the final offer of the Village of Fox Point, hereby incorporated by reference into this award, is ordered implemented by the parties.

WILLIAM W. PETRIE
Impartial Arbitrator