BEFORE THE ARBITRATOR

ROSE MARIE BARON

In the Matter of the Petition of

Teamsters General Union Local 662

and

Case 8 No. 61619
INT/ARB-9745
Decision No. 30547-A

City of Mosinee

APPEARANCES

Andrea F. Hoeschen, Esq., Previant, Goldberg, Uelmen, Gratz, Miller & Brueggeman, S.C., appearing on behalf of Teamsters General Union Local 662.

Dean R. Dietrich, Esq., Ruder, Ware & Michler, L.L.S.C., appearing on behalf of the City of Mosinee.

I. BACKGROUND

The City of Mosinee is a municipal employer (hereinafter referred to as the "City" or the "Employer"). Teamsters General Union Local 662 (the "Union") is the exclusive bargaining representative of certain District employees, i.e., a unit consisting of all regular full-time and regular part-time employees of the Department of Public Works, Water and Wastewater Utility. The City and the Union have been parties to a collective bargaining agreement which expired on December 31, 2001. The parties exchanged their initial proposals and bargained on matters to be included in a collective bargaining agreement, however, no accord was reached and on September 25, 2002, the Union filed a petition requesting the Wisconsin Employment Relations Commission to initiate binding arbitration. Following an investigation and declaration of impasse, the Commission, on February 6, 2003, issued an order of arbitration. The

undersigned was selected by the parties from a panel submitted by the Commission and received the order of appointment dated March 11, 2003. Hearing in this matter was held on June 5, 2003 in Mosinee, Wisconsin. No transcript of the proceedings was made. At the hearing the parties had the opportunity to present documentary evidence and the sworn testimony of witness.

Briefs and reply briefs were submitted by the parties according to an agreed-upon schedule. The record was closed on August 13, 2003.

II. ISSUE AND FINAL OFFERS

There is one issue before the arbitrator: City and employee contributions toward health insurance premiums.

The final offers of the parties were filed with the Wisconsin Employment Relations Commission and are attached as Appendix A (City of Mosinee–maintaining the status quo on health insurance which provides that the City pays a base amount of $220 single plan and $530 family plan toward the insurance premium. The difference between the base amount paid by the City and the total premium is split equally between the City and the employees). Appendix B (Teamsters General Union Local 662–in 2002 the City pays an increased base amount of $343.99 single and $848.30 family plan with employees paying the difference between the total premium and the base amount. Effective January 1, 2003, the City would be responsible for the base amount plus half the difference between the current total premium and last year's total premium amount).

III. STATUTORY CRITERIA

The parties have not established a procedure for resolving an impasse over terms of a collective bargaining agreement and have agreed to binding interest arbitration pursuant to Section 111.70, Wis. Stats. (May 7, 1986). In determining which final offer to accept, the arbitrator is to consider the factors enumerated in section 111.70(4)(cm)(7), Wis. Stats.,

Employment Relations:

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 or 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 employes involved in the arbitration proceedings with the wages, hours, and conditions of employment of other employes performing similar services.

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

f. Comparison of the wages, hours and conditions of employment of the municipal employes involved in the arbitration proceedings with the wages, hours and

conditions of employment of other employes 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 employes, including direct wage compensation, vacation, holidays and excused time, insurance and pensions, 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 proceedings.

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.

IV. POSITION OF THE PARTIES

The following statement of the parties' positions does not purport to be a complete representation of the arguments set forth in their extensive briefs and reply briefs which were carefully considered by the arbitrator. What follows is a summary of these materials and the arbitrator's analysis in light of the statutory factors noted above. Because the selection of the appropriate communities for purposes of comparability will have a major impact on the selection of one of the parties' final offers, that matter will be addressed first.

A. The Comparables

The record reflects that parties have had only one interest arbitration prior to this one and although each suggested certain comparables, Arbitrator Malamud decided that since the wage levels and the rate of increase were not at issue, he would make his determination without establishing a definitive comparability pool. (Decision No. 30177-A; 4/17/02). This arbitrator believes that there is a need for objective criteria to select comparables in order to dispel the

notion that parties can first advocate their positions and then search out comparisons that will support their goals. Appropriate comparisons should serve to endure stability in future bargains and eliminate forum shopping.

In adopting external comparables arbitrators have considered such factors as size of municipality, geographic proximity, economic conditions, similar tax levy, and union affiliation. Evidence of factors as residence of current work force and commuting patterns, the scope of recruitment for open positions, and number of applicants demonstrate whether proposed comparables are in the same labor market as the City.

The Union has proposed ten communities to be relied upon as comparables, i.e., Spencer, Schofield, Nekoosa, Neillsville, Medford, Rothschild, Antigo, Merrill, Plover, Weston. The City has proposed seven, i.e., Colby, Kronenwetter, Medford, Rothschild, Schofield, Spencer, and Weston. Table 1 below displays the parties' selections; those where there is agreement are shown in capital letters in bold face, along with the population and city, village, or town tax rate. Data regarding the latter were provided in City Exhibit F, The Wisconsin Taxpayer.

1. The Union

It is the Union's position that the comparables which it proposed are appropriate, however, it states in its Reply Brief, "The pool of comparables is not a determining factor in this case." (at page 1). This is so, it is asserted, because the City's comparables also support the Union's position.

However, in defense of its choice of comparables the Union challenges the City's objections regarding size, distance from Mosinee (i.e., too far north), overly affected by nearby larger communities, and whether they are in Marathon County.

TABLE 1

COMMUNITY	POPULATION	TAX RATE
Antigo (City)	8,650	7.91
Colby (City)	1,648	7.92
Kronenwetter (Village)[1]	5,464	3.45
MEDFORD (City)	**4,350**	**6.52**
Merrill (City)	10,146	10.58
Neillsville (City)	2,731	10.17
Nekoosa (City)	2,590	8.61
Plover (Village)	10,520	5.89
ROTHSCHILD (Village)	**4,970**	**6.40**
SCHOFIELD (City)	**2,117**	**6.71**
SPENSER (Village)[2]	**1,932**	**10.34**
WESTON (Village)	**12,079**	**4.84**

[1]Kronenwetter is listed as a Town in the Wisconsin Taxpayer (Employer Ex. 15); the Employer notes that it is a newly-created Village (Employer Brief, page 10).

[2]Spenser is not listed in the Wisconsin Taxpayer; data shown above was provided to the Employer by the Spenser Village Clerk (Employer Ex. 14).

Mosinee (City)	4,063	6.36

Further, the Union argues that the City has failed to support its reliance on a private employer, the Wausau-Mosinee Paper Corporation, as a comparable. Unlike an earlier arbitration award relied upon by the City, no evidence was presented to show that this private employer accounted for a large percentage of manufacturing jobs. Nor was there any explanation to justify including this paper mill as a comparable while ignoring the Weyerhaeuser mill in Rothschild, six miles away. Further, no evidence was provided to show the actual cost of health insurance benefits to these employees or the benefits provided under the plan. The Union concludes that the City did not present enough information about Wausau-Mosinee Paper for it to have any use as a comparable.

2. The City

The City cites arbitral precedent for the criteria to be used when establishing external comparable pools for public employers, i.e., geographic proximity, similarity in size, and similarity in character. In the instant case, the parties have not previously had comparables established and the City has selected seven comparable communities that reasonably represent geographic proximity and similarity in size. In addition to the five communities which both parties agree upon, the City has also proposed the City of Colby and the Village of Kronenwetter. All of these communities are roughly equal in size and represent communities surrounding Mosinee. It is argued that the communities surrounding Mosinee constitute an appropriate labor market. With the exception of Medford and a section of Colby, all of the City's comparables are in Marathon County. Most of these communities rely on the paper mill industry as a source of revenue and employment, particularly in the greater Wausau area and Marathon County. The City asserts that the members of this bargaining unit reside within five to ten miles of Mosinee and thus are tied to its labor market.

It is the City's position that in this case proximity and reliance on the same labor market are of prime importance; size, while it is one factor to be considered, it is not the only criterion.

The City further argues that the Union's proposed comparables are not geographically proximate to Mosinee and do not share the same labor market. Antigo, Merrill, Neillsville, Nekoosa, and Plover are not in Marathon County and are more distantly located than the City's proposed comparables. They are also members of different labor markets and are influenced by other large cities. The City acknowledges that while their distance from Mosinee is not great, these cities rely on manufacturing instead of paper mills for jobs and economic survival, thus falling into different labor markets.

The City introduced a private sector comparable, Wausau-Mosinee Paper Corporation, as provided in Wis. Stats.111.70(4)cm)(7r)(f). The arbitrator is to compare the wages, hours, and conditions of employment of the employees involved in this matter with the wages, hours, and conditions of employment of employees working similar jobs in private employment.

The City notes that as health care costs rise, all employees are being asked to pick up more of the expense of health insurance. In 2000, Wisconsin employees were covering approximately 20% of health insurance costs. It is asserted that unionized employees at the major employer in Mosinee, the Wausau-Mosinee Paper Corporation, pay 18% of their health insurance premiums.

3. Discussion

The arbitrator has carefully considered the proposals of the parties regarding the external comparables which each of them argues should be relied upon in determining which of their final offers is to be adopted. The arbitrator is mindful of the consequences of imposing a comparability pool upon the parties which will affect future negotiations. In the first interest arbitration between the parties, Arbitrator Malamud declined to establish comparables when he addressed an impasse on call-in pay, vacation, holidays, and sick leave payout.

This arbitrator is not convinced that either party's selection of comparable communities is preferable. Although some of the communities proposed are not a great distance from Mosinee, little evidence is available to confirm that they share a labor market with Mosinee. Therefore, rather than impose either one of the party's comparable proposals, the arbitrator believes that it would be better to rely upon the five communities which both parties agreed upon to determine which of the final offers is to be selected. The external comparables which both parties included in their proposals are shown in Table 2 which shows the average population and tax rate.

TABLE 2

AGREED-UPON COMPARABLES

COMMUNITY	POPULATION	TAX RATE
MEDFORD (City)	**4,350**	**6.52**
ROTHSCHILD (Village)	**4,970**	**6.40**
SCHOFIELD (City)	**2,117**	**6.71**
SPENSER (Village)	**1,932**	**10.34**
WESTON (Village)	**12,079**	**4.84**
Median	4,350	6.52
Mosinee (City)	4,063	6.36

In determining the average the arbitrator has relied on the median rather than the arithmetic mean. The median as the measure of centrality is preferable since it avoids the

skewing of the average because of either very high or very low figures and relies instead on the mid-point. With a low of 1,932 in population for Spenser to a high of 12,079 for Weston, the median falls at 4,350. The figures shown for Mosinee are relatively close to the median and are therefore appropriate for purposes of comparison. The final offers of the parties will now be compared with the health insurance benefits enjoyed by Medford, Rothschild, Schofield, Spenser, and Weston.

The City proposes to include the Wausau-Mosinee Paper Corporation as a comparable pursuant to the statutory criterion relating to "other employees in private employment in the same community " (Wis. Stats. 111.70(4)(cm)(7r)(f). The City contends that as the major employer of City of Mosinee's residents, information regarding the Corporation is relevant to this matter. The Union argues that no evidence was provided to show why this particular paper mill is more relevant than other large plants in close proximity to Mosinee such as the Weyer-haeuser mill in Rothschild, six miles away. Further, no evidence was provided as to the actual cost of health insurance benefits provided to these employees or the level of benefits available.

The arbitrator acknowledges the importance of the Corporation to the City of Mosinee, however, too little information has been provided to permit analysis and comparison of health insurance benefits. Counsel for the City testified at hearing that the Corporation's employees pay 18% of the health insurance premium. How the employer and its union(s) arrived at that result is unknown -- was there a *quid pro quo* offered at the bargaining table which made such an employee contribution acceptable? For example, was a significant wage increase or improvement in other benefits or conditions of employment a trade-off for employees assuming a larger share of health insurance costs? Without more specific detail, the arbitrator is unable to determine comparability between the offers of the City and the Union with the private sector employer and must decline to place weight on this proposed external comparable.

B. Health Insurance

1. The Union

The Union argues that its final offer maintains the effect of the language negotiated in the prior contract. It follows the basic formula in the previous contract but updates the premium figures to reflect the rise in health insurance premiums. For example, the Union's proposal for 2002 requires the City to pay a base premium of $848.30 toward family coverage (the actual premium is $932.20), with the employees paying the difference, i.e., $83.90.

The Union argues as follows:

> The language also says that the City shall pay 50% of *any increase* in the premium of the lowest cost qualified plan. The language does NOT say that the City shall pay 50% of any amount over $848.30. Thus in 2003 the family premium increased by $51.50 to $983.70. The City would be responsible for half of this increase (25.75) plus its base obligation of $848.30 for a total contribution of $874.05. Each employee would be responsible for the remainder, or $109.65. (Union Brief, p. 3).

The Union contends that its proposal would return the parties to the status quo by adjusting their share of health insurance premiums to their historical proportions. In 2001, employees' $60.55 contribution was 9% of the premium and the City covered 91%. In 1999 and 2000, employees were responsible for 4% of their monthly premium. In 1998 they paid no portion of the premium. In 1996 and 1997, employees paid 10% of the premiums. Under the Union's final offer, the employees' monthly payment in 2002 of $83.90 would be 9% of the total premium (a 38% increase over 2001) and in 2003 it would be 11% of the cost (a 30% increase). The Union argues that its offer represents a willingness of bargaining unit employees to increase their contributions as costs rise and to accept shared responsibility with the City.

It is the Union's position that the City's proposal results in a significant change in the status quo in both the actual costs and proportional burden to employees. Therefore it is argued that the City has the burden of demonstrating a compelling justification for the change. Arbitral precedent is cited for a three-part test often relied upon:

1. There must be a legitimate problem which requires attention.

2. The disputed proposal must reasonably address the problem.

3. The proposed change must be accompanied by an appropriate *quid pro quo.* (Citations omitted)

The Union concludes that the City has not demonstrated a problem that justifies increasing employees' share of premiums from 9% to 23%. Under the Union's proposal the amount paid by the City for family coverage would increase only 30% from 2001 to 2002, which is less than the 38% increase in cost that employees would assume under the Union's proposal. The City has not argued that it is unable to pay its fair share of premium increases.

The Union further argues that the City's wage proposal is not a sufficient *quid pro quo* for the large increase in the employees' share of insurance costs in 2002 and 2003. The City's offer results in a net loss to employees even with a 3% wage increase.

Despite the City's anticipated argument that the Union is required to offer a *quid pro quo,* the Union contends that it can justify the change in contract language. The Union's proposal addresses the threat of making health insurance unaffordable by adjusting the parties' share of premiums to their historical proportions. It is argued that no *quid pro quo* is required, but even if it were, the Union's offer provides a *quid pro quo* since the employees agree to pay an increased amount toward premiums and to continue to pay half of all premium increases.

The Union cites arbitral authority holding that changes in the underlying character of previously negotiated benefits may constitute significant mutual problems which do not require a traditional level of *quid pro quos* to justify change.

The Union notes that the City is asking its employees to pay a 232% increase in their premium contribution from 2001 to 2002 while under the Union's offer the City's increase is 43%. It is unreasonable for the City to argue that its increased cost would be intolerable but that it is acceptable for employees to bear a far heavier burden.

Finally, the Union notes that although its change in the method of computing allocation of

future premium increases may be slightly different from the prior contract, and has raised criticism from the City, it represents the employees' good faith effort to pay a larger share than under the previous language. This proposal to change the language so employees pay 50% of the premium increases rather than 50% of the difference between the premium and the base rate can be viewed as a *quid pro quo*.

2. The City

The City asserts that the Union's final offer is a change in the traditional, voluntarily bargained way in which contributions to health insurance premiums have been calculated. Thus, since the City's contribution plan is not decidedly behind the external comparables, a *quid pro quo* is required from the Union. While the monetary difference in the two offers are not great, the Union should not be permitted to walk away from a procedure which was accepted when it served the members' interests. Since the Union has not offered anything in exchange for the concession it is seeking, the City argues that its final offer is more reasonable under the statutory criteria.

The City contends that the dollar amount it pays toward health insurance premiums is a matter for the bargaining table, not interest arbitration. Arbitral precedent is cited for the proposition that the role of an interest arbitrator is to put the parties into the same position they would have reached across the bargaining table, had they been able to reach a negotiated settlement. Bargaining history and past agreements between the parties is critical in this case. From the 1998-1999 contract the health insurance contributions of the parties were voluntarily bargained (the total premiums were the base amounts the City was to pay for both single and family coverage). In 1999, the parties spit the difference between the total premium amount and the base amount paid by City, resulting in an employee contribution. In the 2000-2001 contract, the parties bargained a new base amount, i.e., the City paid $220 for single and $530 for family plan, leaving the employees responsible for $3.80 and $25.95 respectively. In 2001, the parties again equally spit the difference between the total premium amount and the base amount paid by the City, increasing the employee contribution to $20.70 single and $60.55 family plan.

The two previous contracts show that agreement was reached as to the base amount the City should contribute and also that any premium increase would be split by the parties. In this case the Union asks for a significant increase in the City's base which does not continue the

cost-sharing concept. The arbitrator is urged to permit the City and Union to voluntarily set a contribution amount. By selecting the City's final offer, the parties would be placed in the position they would have been in if they had reached agreement at the bargaining table.

The City further argues that the interest and welfare of the public is not served by allowing the Union to abuse the interest arbitration system with issues better suited to the bargaining table. As part of a national trend, health insurance costs have skyrocketed in the past few years. In Mosinee, premiums rose 43% between 2001 and 2002. The Union's final offer will cause the city to increase its contribution by 56% and 60%, more than a cost of living increase. The City contends that the health insurance contribution plan is set, only the base amount needs to be decided, and this is a matter more appropriate to the bargaining table.

Further, the City argues that the Union has a better insurance plan, the "Cadillac" of plans, than those in the City's proposed comparable pool, with copayments only for prescription drugs and emergency room visits if not admitted to the hospital. In addition, it is argued that Wisconsin employees paid approximately 20% of health care costs in 2000; the employees of major employer in Mosinee pay 18% of the total premiums.

Because the Union's final offer raises the monthly base amount the City will pay for health insurance premiums by a substantial amount but offers no *quid pro quo*, the Union's final offer should be rejected. To adopt a different method of calculating health insurance contributions for this bargaining unit will cause inconsistencies with other bargaining units.

The City contends that its offer is more in line with the Consumer Price Index (CPI). The arbitrator is asked to apply Section (7r)(g) in reaching a decision in this matter. The North Central States CPI was 2.0% in April 2003 (Employer Ex. 63). The costing of the City's Final Offer shows a total package increase of 4.53% in 2002 and 3.30% in 2003 (Employer Ex. 6). The costing of the Union's Final offer shows a total package increase of 6.55% in 2002 and 3.92% in 2003 (Employer Ex.7). The City's offer more closely follows the CPI and should be chosen.

The City concludes that the statutory criteria endorse the City's final offer and it should therefore be selected by the arbitrator for incorporation into the 2002-2003 Collective Bargaining Agreement.

V. DISCUSSION AND FINDINGS

The parties in this interest arbitration have not relied upon nor have they argued the application of the "Factor given greatest weight" or the "Factor given greater weight" as set forth in Section 111.70(4)(cm)(7) Wis. Stats. Neither state law or legislative action placing limitations on expenditures or revenues that may be collected by a municipal employer or economic conditions in the municipal employer's jurisdiction shall be considered in the following determination. The "Other factors considered" (Section 7r. a-j) have been taken into account by the arbitrator.

Both parties have argued that their computations on how health insurance premiums are to be assessed between them represent the status quo. Each party has contended that the other has the burden of showing necessity for a revision of the prior method of calculation and that a *quid pro quo* is required. The arbitrator does not agree. This situation is similar to that discussed by Arbitrator William Petrie in *Village of Fox Point and Fox Point Public Works Department and Water Utility Employees Association*, Dec. No. 30337-A (2002). Arbitrator Petrie wrote:

> . . . 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.
>
> Footnote 14. . . . 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 the comparables can go a long way toward establishing the reasonableness of a proposal for change. (emphasis in the original)

Like the situation described above, the City and the Union have been confronted with skyrocketing increases in the cost of health insurance, and it is unlikely that either could have foreseen the quantum of these increases. The is indeed a significant mutual problem and one which the arbitrator believes does not necessitate one party giving up something in order to resolve the overriding issue of health insurance contribution.

For this reason and after considering all of the arguments of the parties and the calculations as to how their final offers were determined, the arbitrator had decided that the most efficient way of comparing the final offers with the five communities selected as comparables is to rely upon the *percent* of the monthly premium payments which were assumed by these employers. Data for 2002 and 2003 were supplied in the City's revised exhibits 20 and 21. Percentages are rounded up to avoid fractions.

TABLE 3

2002 FAMILY PLAN HEALTH INSURANCE

COMPARABLES	PREMIUM	$ EMPLOYER PAYS	%EMPLOYER PAYS
Medford	$ 789.65	710.68	90
Rothschild	714.88	714.88	100
Schofield	617.90	508.95	82
Spenser	650. 58	618.05	95
Weston	831.54	653.27	79
Percent Median	-----	-----	**90**
City of Mosinee offer	932.20	731.10	78
Union offer	932.20	848.30	91

Inspection of Table 3 shows that of the five comparable communities, the median percent contributed by the employer toward the payment of health insurance premiums is 90%. The offer of the City of Mosinee of a 78% contribution to the premium deviates from the median by minus 12%. The Union's final offer deviates by plus 1%. The Union's final offer therefore more closely approximates the median.

TABLE 4

2003 FAMILY PLAN HEALTH INSURANCE

COMPARABLES	PREMIUM	$ EMPLOYER PAYS	%EMPLOYER PAYS
Medford	$ 977.61	879.90	90

Rothschild	790.91	520.00	66
Schofield	674.12	537.06	80
Spenser	733.20	696.54	95
Weston	831.54	706.81	85
Percent Median	-----	-----	**85**
City of Mosinee offer	983.70	756.85	77
Union offer	983.70	916.00	93

Table 4 shows that for 2003 that the median contribution by the employer is 85%. The City's final offer of 77% deviates from the median by minus 8% while the Union's final offer of 93% deviates by plus 8%. Both final offers fall equally distant from the median.

Because the arbitrator is called upon to consider health insurance payments for a two-year period, it is necessary to arrive at a combined figure in assessing which of the final offers falls closer to the median. Thus the City's deviations of minus 12% and minus 8% average to minus 10% from the median of the comparables. The Union's plus 1% and plus 8% average to a deviation of plus 4.5%. Although the City contends that Wisconsin employees (in the year 2000) contributed 16.9% of premiums for single coverage and 23.8% for family coverage (Employer Ex. 35), the data relied upon herein encompass only the comparables in the specific labor market and not the entire state of Wisconsin thus resulting in a narrower comparison. The Union's final offer results in a contribution by employees of 9% in 2002 and 7% in 2003. These figures fall within the range of employee contributions from 1998 to 2001, i.e., 0%, 4%, and 9%. Thus the arbitrator cannot reject the possibility that, had the parties come to an agreement during the bargaining process, the Union's final offer might have prevailed based upon the past history

relating to percentage of employee contribution and despite the Union's changes in costing strategy.

The arbitrator has considered the costing analysis put forth by the City and agrees that the cost of both parties' final offers exceeds the CPI. However consideration of the CPI is only one of several factors to be considered and in the arbitrator's opinion does not carry as much weight as comparison of wages, hours and conditions of employment of the City's employees with those of other employees performing similar services set forth in Section 7r.(d). There is no evidence that the City cannot bear the increased cost of the Union's offer or that by so doing the interests and welfare of the public will be harmed.

The arbitrator concludes that the final offer of the City would place the employees at a position significantly lower than that of the comparables. The Union's final offer is deemed therefore to be the more reasonable of the two.

VI. AWARD

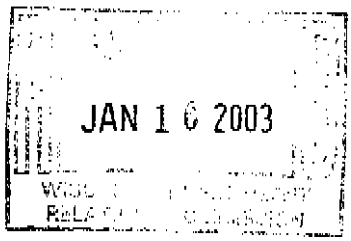
Based upon the discussion above, the final offer of the Union shall be adopted, and along with the stipulations of the parties, incorporated in the parties' 2002-2003 Collective Bargaining Agreement.

Dated this 7th day of October, at Milwaukee, Wisconsin.

Rose Marie Baron, Arbitrator

1/14/03

City of Mosinee
Final Offer
General Teamsters L.U. 662
Labor Agreement Dated
January 1, 2002 To December 31, 2003



At all times throughout the negotiations intended to reach a successor to the existing agreement between the parties, the City of Mosinee reserves the right to add to, delete from or otherwise modify any of its proposals. Any provisions for which modifications are not set forth in this or subsequent proposals by the City of Mosinee shall be continued unchanged into the successor agreement.

Article 30 – Duration and Termination: This Agreement shall become effective as of January 1, **2002** and shall remain in force through December 31, **2003.**

Classifications and Wages:

January 1, 2002 - 3.0% of present wage
January 1, 2003 - 3.0% of present wage

All parts of the 2000-2001 Labor Agreement not addressed shall remain unchanged.

APPENDIX A

TEAMSTERS GENERAL UNION LOCAL 662 FINAL OFFER

CITY OF MOSINEE

ALL ARTICLES AND SECTIONS OF THE CURRENT COLLECTIVE BARGAINING AGREEMENT, INCLUDING RELATED ADDENDUMS AND LETTERS OF UNDERSTANDING, TO REMAIN IN FULL FORCE AND EFFECT. THE OFFER IS AS FOLLOWS:

ARTICLE 15 - HEALTH AND WELFARE

SECTION 2. - MEDICAL BENEFITS

In 2002, the City shall provide health and medical insurance for all full-time employees through the State of Wisconsin Employer's Group Health Insurance Program. The City shall pay a base premium of $343.99 for a single employee and shall pay a base premium of $848.30 for an employee qualifying for family coverage. Effective January 1, 2003, the City will pay fifty percent (50%) of the increase of the premium of the lowest cost qualified plan in Marathon County. The employee shall be responsible for the remaining fifty percent (50%) of the premium increase of the lowest cost qualified plan in Marathon County via payroll deduction. The employee may choose to enroll in any of the qualified plans for Marathon County but shall be solely responsible for any remaining premium resulting after applying the formula above. If the premium were to fall below the base, the employees shall not receive a payment of the difference between the base rate and actual premium (insurance carrier may be subject to change).

ARTICLE 30 - DURATION

January 1, 2002 through December 31, 2003

Appendix B

WAGES

1/1/02 - 3% across the board to all classifications
1/1/03 - 3% across the board to all classifications