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WISCONSIN EMPLOYMENT  
RELATIONS COMMISSION

STATE OF WISCONSIN  
BEFORE THE ARBITRATOR

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In the Matter of the Petition of	:	
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COMMUNICATIONS WORKERS OF AMERICA,	:	
LOCAL 4671	:	
	:	Case 42
To Initiate Arbitration Between	:	No. 49525 INT/ARB-6959
Said Petitioner and	:	Decision No. 27851
	:	
CITY OF REEDSBURG (UTILITY COMMISSION):	:	
	:	
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Appearances:

Communications Workers of America, Local 4671, by Ann McNeary.  
City of Reedsburg (Utility Commission) by La Rowe & Gerlach, S.C. by James P. Gerlach, Esq.

VOLUNTARY IMPASSE AWARD

Communications Workers of America, Local 4671, is the collective bargaining representative for all of the employees of the City of Reedsburg Utility Commission, excluding supervisory employees. The Union and the City of Reedsburg have been unable to agree to the terms to be included in the successor to their contract which expired on December 31, 1992. On July 1, 1993, the Union filed a petition requesting that the Wisconsin Employment Relations Commission initiate arbitration pursuant to Sec. 111.70(4)(cm)6 of the Municipal Employment Relations Act. A representative of the Commission conducted an investigation and determined that the parties were deadlocked in their negotiations.

The Commission recognized that the parties were deadlocked and ordered the parties to select an arbitrator on October 21, 1993. The parties notified the undersigned that he had been selected to act as the arbitrator herein, and agreed to conduct the hearing on January 20, 1994. Through an oversight, the Commission was not informed who the parties had selected to act as the arbitrator. After the parties convened at the Utility's office in Reedsburg for the January 20th arbitration proceeding, it was discovered that the arbitrator had not been formally appointed and that notice of the proceeding required by E.R.b. 32.15(3) had not been given. The parties entered into a stipulation in order to permit the proceedings to go forward. The stipulation provided that the undersigned had been selected to act as the arbitrator in a voluntary impasse resolution proceeding. The parties further agreed that the arbitrator would be empowered to resolve the previously existing contract dispute in accord with the standards set forth in Wis. Stat. 111.70(4)(cm)6 of the Municipal Employment Relations Act. The hearing was conducted and the record was closed. Based upon the stipulation of the parties for a voluntary impasse resolution of this dispute, the Wisconsin Employment Relations Commission entered an order on February 9, 1994. That order vacated all of the previous findings and orders of the commission in this proceeding and dismissed the order which required arbitration herein. The parties exchanged their briefs dated February 16, 1994 through the arbitrator.

### ISSUES IN DISPUTE

Each party has identified four separate areas of disagreement. Those disagreements include changes in existing health insurance benefits, different levels of base wage increases for 1993 and 1994, increased longevity benefits and the Union's request for increased stand-by compensation. The parties have also suggested different pools of external comparables for comparison.

### THE UNION'S POSITION

The Union presented selected evidence from Jefferson's Water and Electric Department, Medford's Electric Utility, the Richland Center Electric Utility, Black River Falls Electric and Water, the Village of Prairie du Sac, Sauk City Water and Light, the City of Milton Public Works and from the Village of Sauk City. It referred to this data to support its arguments which are outlined below.

HEALTH INSURANCE - The Union said that because the City of Reedsburg is partially self insured, and many costs are not known until the bills are presented for payment, this issue is ambiguous. It said the current fixed costs for family health insurance coverage is \$158.21 a month. This sum includes the \$146.21 stop loss reinsurance premium that must be paid no matter how many claims are made. In addition, the Utility, through the City, pays insurance claims as they are made. The City was responsible for paying total claims of \$182,509 in 1991, \$202,852 in 1992, and \$185,676 in 1993. The City has 55 single and family insureds. The average per unit claims cost for 1992 was \$3,688 for the year. The Union argued that "even at the high end, this equates to about a

\$200 per month actual cost which, in addition to the known fixed cost, is still much less than the arbitrary amount of \$650 that the Utility likes to quote."

The Union reviewed the parties' bargaining history. The employees had a \$100 deductible before the City became self-insured. The 1985-86 contract between these parties converted that deductible to a \$3.85 every 2 week contribution toward the cost of the program. The employees believed that the City wanted either a deductible or a contribution toward cost but not both. In spite of escalating health costs between 1985 and mid-1991, these employees paid a constant \$3.85 every 2 weeks. In July, 1991, the employee contribution was increased to \$7.00 every 2 weeks; it was increased to \$10.00 or \$260.00 a year in 1992.

During this round of negotiations, the City has argued that a deductible is necessary to prevent the employees from "just running to the doctor". The Union has offered to require single employees to pay one \$150.00 deductible and employees with family coverage to pay two \$150.00 deductibles each year in return for discontinuing the employee's ten dollar bi-weekly contribution toward program costs. The Union said that the Employer's insurance agent had testified that employee contributions neither keep health costs down nor discourage use. It argued that the Union's proposed deductibles would help control health care costs and hold employee costs to a more manageable level.

The Union pointed to the Employer's proposed comparables; and argued that four of the comparables which have deductibles do not

require any other employee contribution. Another comparable has monthly fees of ten dollars for single coverage and twenty dollars for family coverage, but its only deductible is for emergency room visits. It argued that three comparables "provide some dental coverage which the Utility Workers in Reedsburg do not enjoy".

The Union responded to the argument that police officers, police dispatchers and some management employees are under the new plan saying, "It appears that the workers represented by CWA are being forced to accept an item/policy/change which was established at a bargaining table at which they were not represented". It argued that though it did not have a part in designing the plan, it is told that the item is non-negotiable. The argument that ease of administration requires everyone to have the same plan fails, because for more than a year the City has administered two or three policies without undue hardship. It quoted the City's witness as having said "Maybe it is not the cleanest way, but it certainly is doable". The Union argued that it represented "more than half of the employees in the City's plan seventeen at the City and thirteen at the Utility". Both of this Union's bargaining units have made the same insurance offer in cases that are in arbitration. It said that since the CWA represents a majority of those insured under the City's plan, its position should have bearing on this matter. The fact that the City's plan has not been in force for any employees for a full year should permit the plan to be modified.

WAGES - The Union argued that its offer, which would result in across the board increases of 5% in 1993, and 6% in 1994, would

reinforce job distinctions and allow workers at the top of the pay scale and higher skilled occupations, to make additional gains. These goals would not be achieved by the City's offer of 25 cent an hour increases on each January 1st, and July 1, 1993, and 30 cent increases on each January 1st, and July 1, 1994. The Union said that the current wage for an accounting clerk in Reedsburg is \$10.05 an hour compared to between \$11.77 an hour and \$12.61 an hour in Black River Falls, Lake Mills, and Medford. It argued that most of the City's proposed comparables do not have clerical workers, "so it is difficult at best to see a pattern emerging".

The Union said that in Reedsburg, the current wage for a Water Department Operator is \$11.21 an hour compared to between \$11.75 and \$13.52 in Lake Mills, Milton, and Richland Center. It argued that many of the City's proposed comparables "did not contain a water department so no comparison could be made in these cases". In Reedsburg, the 1992 wage for Water Department Foreman is \$11.74 an hour. The Union compared that rate to the \$14.06 an hour Richland Center paid in 1992, and compared it to wages of \$14.57 and \$15.16 an hour that Lake Mills and Milton pay Water Department Foreman in 1994. The Union said the City's comparables showed that in Portage, a foreman earned \$12.20 an hour on January 1, 1993. In Tomah, the rate was \$13.23 an hour in January, 1994.

The lineman's rate is \$12.39 an hour in Reedsburg compared to Union comparables of Black River Falls \$16.31 in 1992; Lake Mills \$14.74 in 1994; Medford \$17.54 in 1992; Prairie du Sac \$13.82 in 1994; Richland Center \$15.60 in 1992, and Sauk City \$14.45 on

January 1, 1994. The Union said that eight of the City's proposed comparables do not employ electrical workers, "so the Union is not sure where that testimony or discussion was directed."

Line foremen in Reedsburg earn \$12.70 an hour compared to \$16.72 in Black River Falls, \$18.18 in Medford and \$17.27 in Richland Center during 1992. During 1994, line foreman rates are \$15.72 in Lake Mills, \$14.82 in Prairie du Sac, and \$15.09 in Sauk City. The Union argued that its wage offer "is not out of line in relation to **either** parties' set of comparable communities". It argued that it is difficult to rely upon the City's proposed comparables "since many did not contain similar departments or workers". It said that "the Union's offer would not create an unnaturally high or inflated wage rate".

LONGEVITY - "Reedsburg currently provides for a longevity payment in the amount of nineteen dollars for each year of service, after completion of three years of service". The Union proposes to increase this payment to twenty dollars on January 1, 1993, and to twenty-one dollars on January 1, 1994. The City proposes a single increase, to twenty dollars, on January 1, 1994. The Union said that this issue "is usually not critical, it is a way for the Utility to reward long-term employees and to show appreciation for their dedication/service". It argued that low turnover reduces training costs. It reviewed longevity payments in the City's comparables, and noted that these municipalities either did not pay anything for longevity or paid larger amounts than Reedsburg does. Baraboo, Portage, and Mauston pay \$20.00, \$25.00 and \$25.20

respectively for each year of service. It said that Tomah pays \$75.00 for each month of service up to a maximum of fifteen years. Richland Center's public works employees receive from \$425.00 after three years of service up to \$650.00 after fifteen years. Its public utility employees receive from \$425.00 after three years up to \$625.00 after fifteen years of service. The Union argued that its request "is in keeping with comparable communities . . . . If the Union's side prevails, we would still only be above one community in the immediate area - if the communities that provide no longevity are excluded".

STAND-BY PAY - Employees who are required to stand-by for weekend call currently receive \$50.00 per day for each day of coverage. The Union proposes to change this provision to provide that employees would receive 3 hours of overtime pay (time and one half) for each day of coverage. The Union said that the present language was originally implemented in 1987. The level of payment was increased in subsequent contracts, however the Union felt that payments should "more dynamically respond to the different levels of pay (and the personnel) involved". Its offer would compensate employees according to their skill level based upon actual wage rates. "It would not have to be the subject of discussion at each bargaining table". It argued that the Utility would save money in the instances where stand-by employees had "not reached the over 25 months rate of pay".

The Union concluded by arguing that its package as a whole "attempts to provide a balance between the demands of the Utility,



the realities of current economic conditions, the health insurance crisis, and the needs of the employees". It said that in many cases the Employer's comparables support the Union's positions.

#### THE CITY'S POSITION

The City proposed that Adams-Friendship, Baraboo, Lake Delton, Mauston, Portage, Prairie du Sac, Sauk City, Sparta, Tomah, and Wisconsin Dells be considered as comparables to Reedsburg in this proceeding. It said that these communities in the same geographic area as Reedsburg, have been utilized by the City and its utility as comparables for many years. The City argued that except for Sauk City, Prairie du Sac and Richland Center, none of the Union's proposed comparables are in Reedsburg's geographic or labor pool areas. It argued that "the Madison-Milwaukee corridor focused on by the Union pool has never been deemed in any Reedsburg municipal contract negotiation to be a comparable wage area". The City cited other arbitration decisions which held that geographic proximity, similarity and size are the most relevant criteria for comparability. It argued that Southeastern Wisconsin should not influence Reedsburg's labor rates.

HEALTH INSURANCE - The City reviewed both parties' health insurance offers. It noted that except for the proposed front end deductibles, which would not apply to prescription drugs, there would not be any cost sharing under either plan. It said that under the City's offer, proposed deductibles would apply to medical services received in 1994. It interpreted the Union's offer as

making deductibles effective during the first full month following the issuance of this arbitration award.

The City evaluated the cost of the two health insurance proposals. All thirteen members of this Union have family health insurance plans. It calculated that, under the City's offer which introduces a \$200.00 family deductible, each unit employee's risk would be increased by 10 cents an hour. The City said that under the Union's offer which would discontinue the employee's \$10.00 per paycheck contribution toward costs, each employee would save 12.5 cents an hour. It calculated that the Union's proposed \$300.00 family deductible would increase the employee's risk by 14 cents per hour. When the savings is deducted from increased risk, there would be a real cost to the employee of 1.5 cents per hour under the Union's offer. The City said that "the actual cost depends on the medical usage of the employee and his or her family". It referred to data relating to health care utilization by all City employees and by utility employees, and argued that theoretically 86% of the potential deductible would be paid by these employees. It argued that under the Union's offer, employees would be paying less toward insurance than they are currently paying "(i.e., 12 cents vs. 12.5 cents)" at 86% satisfaction of the deductible, the City's offer would cost just under 9 cents an hour, "which really represents the probable increased cost to the employee if its offer is selected".

The City noted that both parties have proposed changing the existing health insurance plan. It said that its proposal would

build on the status quo of cost sharing, while the Union's offer would eliminate cost sharing for greater deductibles. It argued that since both parties recognize the need to change contract provisions relating to health insurance, neither party is required to provide a quid pro quo in order to incorporate its proposed offer into the new contract. The test of which offer for change is the "more reasonable in light of the appropriate comparables" should determine which offer is adopted. The City cited prior arbitration decisions to support this argument. It argued that "even if a quid pro quo were deemed required, the Utility's final offer provides an adequate quid pro quo for the change in health insurance. In contrast, the Union extracts an unjustifiable cost in return for its proposed insurance change which really costs the employee nothing and, arguably, actually benefits the employee". "The City of Reedsburg has three units and a managerial staff, in addition to the Utility unit". Two city units, the Police Department and Dispatchers, which are represented by WPPA, have settled 1993-1994 contracts. The other City unit, General City Employees, and this Utility, are represented by the CWA. The City made the same health insurance proposal to its three bargaining units and to its unrepresented employees as the Utility has made in this case. The settled WPPA contracts and the unrepresented package contain these provisions. The CWA has requested arbitration of the General City Employee contract and of the Utility contract. "The internal comparables all strongly favor the Utility's final offer". The City argued that in those other

negotiations, the parties recognized "that a \$637.00 monthly premium equivalent in 1993 and \$658.00 in 1994 was unrealistic and untenable". It said that both sides had "agreed to the added deductible because it was reasonable and in everyone's best interest to provide cost control incentives and no quid pro quo was paid or extracted".

The City argued that, when the parties' health insurance proposals are compared to health insurance offerings in comparable communities, the Utility's offer is more reasonable. Reedsburg has the "most extensive plan, which is generally no longer offered by commercial insurance carriers, it has no drug co-pay, deductibles, co-insurance or occurrence fees". It said all of the comparables except Tomah or Mauston, have these in some form or another. It said that Tomah which has only a \$200. family deductible, requires a \$45. monthly contribution toward premium; and, Mauston which as no deductible, requires a \$108. monthly premium contribution. It said that if one includes a deductible with the Utility employee's \$21.66 monthly contribution, "it simply moves them toward the health insurance mainstream yet retains the extensive medical coverage that the employee currently enjoys". It concluded by arguing that, "there is no way to compare Reedsburg's health plan to the Union's comparable pool because this information is not provided by the Union".

WAGES - The City said that the weighted average wage for the members of the Union was \$11.56 an hour on December 31, 1992. It calculated that its offer for split 25 cent an hour increases on

January 1st, and July 1, 1993, would be equal to 38 cents or 3.3% an hour compared to the Union's offer of 5% or 58 cents an hour during the first year. The City's offer for two 30 cent increases in 1994, would result in a second year increase of 3.7% or 45 cents an hour compared to 6% or 73 cents an hour under the Union's offer. The City has offered a total lift of 9.2% or \$1.10 an hour over two years compared to the 11% or \$1.31 an hour offered by the Union.

The City compared the two offers in this proceeding with 1993 and 1994 settled contracts with Reedsburg's Police and Dispatcher units. The City's 9.2% offer is greater than the 9% that the Police settled for, but it is less than the 10% that the Dispatchers received. The City said that the greater increase for dispatchers "was the result of a four year effort that began with the 1991-1992 contract to bring their wages in line with the other units' office staff". It presented data to support this contention, and pointed out that the Union had acknowledged the fact that a catch-up for dispatchers had been appropriate. The City's offer of 9.2% lift to the employees in this proceeding exceeds the 9% offer that the City made to its General City Workers bargaining unit. In that case, which is also in arbitration, the CWA requested a 10.8% increase in lift over two years, compared to its 11% increase request herein. The City concluded its comparison of internal wage settlements; except for one catch-up situation in the City's Assessor's Office, Reedsburg's administrative, non-represented personnel received increases of 3% or less during 1993.

The City argued that the 4.3% and 4.9% push in wages that Reedsburg's Utility employees would receive in 1993 and 1994 respectively is better than any community in the Utility's comparable pool. Even the first year cost of 3.5% and the second year cost of 3.7% is in the 3% to 4% range these other communities have generally received". The City said that it had attempted to increase lineman rates since at least 1990, in order to attract applicants. The Union has resisted the City's efforts to increase lineman's rates disproportionately to other rates. In order to permit lineman to move up the pay schedule, the City created two higher paying positions. As a result of that action, two lineman were able to move up the pay scale by one dollar an hour in 1992.

In response to the Union's assertion, that the City's proposal for equal cents per hour increases failed to provide adequate increases to lineman, the City blamed the Union. It said that during negotiations, the Utility tries to read the message of what kind of pay increase a unit prefers. "The Union never made any clear statement...because it combined a cents per hour increase with a percentile increase". It said that the City had attempted to respond with increases in the lineman's rates and cents per hour increases. "The Union's percentile proposal does not specifically address the lineman situation because there are other higher compensated employees that would...receive higher spreads that are not justified by comparables".

The City argued that a 50 cent increase in the Utility's top hourly rates would cause those rates to "stack up more than

favorably with the Utility's comparable pool top rates for similar positions in 1993". It compared selected wage rates which would take effect in Reedsburg under the Utility's offer in 1993 with comparable rates in other municipalities. It said that Reedsburg's clerical rates would be from \$10.45 to \$10.55 per hour. Among the City's comparables "only Tomah has similar jobs and it will pay a maximum \$8.97 for such work in 1993". The City cited data from a Union wage survey and argued that clerical wages among the Union's comparables ranged from \$5.25 to \$12.57 an hour. It said that its clerical "rates of \$10.45 to \$10.55 are in the top of this range and...better than the majority..., which are in the \$9.00 to \$10.00 per hour range". It compared Reedsburg Water Department rates from \$11.30 to \$12.34 an hour with water department wage ranges of \$11.83 to \$12.20 in Portage; \$10.37 to \$11.21 in Sparta; and \$10.93 to \$12.72 in Tomah. "The Utility offer keeps these employees ahead of any of these comparables that have water department labor grades". The Union pointed to the fact that Water Department rates reported in the Union's survey from Richland Center are higher than the actual rates set out in the Richland Center contract. It assumed that the higher rates related to a noncomparable salaried position and argued that the Utility's offer in Reedsburg is "better for 1993 than the Richland Center Public Works Unit has been able to negotiate". It said that "Black River Falls Water Department labor rates range from \$11.20 to \$11.90 per hour and support the Utility's offer". Though Milton's Waterworks Operator

rate of \$14.58 is higher than Reedsburg's rate, "it is also in a different labor market".

The City compared its Lineman wage range of from \$12.89 to \$14.20 an hour with Portage, a City of 10,000 people, from \$13.41 to \$14.41, and Sauk City from \$12.16 to \$14.59. "The Utility stacks up well against these area comparables in the Utility pool". It argued that, though Richland Center's top lineman rate is \$15.60 an hour, Reedsburg has higher wage rates for lesser paid Electric Department employees. Noting that the Union had provided data for only 1994 wage data for Lake Mills, the City agreed that its lead person rates would be higher than those in Reedsburg. "But, when all the rates are extrapolated to 1994, the Utility pays a competitive rate realizing the different labor pools these two communities are in". It agreed that Black River Falls and Medford lineman's rates of \$15.00 and \$16.00 an hour are higher than Reedsburg's lineman's rates. It said that it knows that it has to improve lineman's rates, but, when 1993 data is compared, the City's offer is not as disproportionate as it may appear. Neither offer would increase top lineman's rates to over "\$16.00 an hour range which appears to be the median top range in those utilities included in the MEUW survey".

LONGEVITY - The City said that a \$1.00 per year of service increase in longevity will increase the per hour cost of the contract by one cent. The Union's offer would increase the hourly cost by one cent each of the two years of the contract compared to one cent during 1994 under the City's offer. It argued that the



City of Reedsburg's settlements with its Police and Dispatcher units did not provide for any increase in longevity payments. Both of those units will remain below the City's offer of \$20.00 per year of employment which has been offered in this case. The City said that "while the per hour cost (of the Union's longevity proposal) is not extravagant,... the substantial difference in year-end bonuses that the Utility employees would receive would be perceived as grossly inequitable. There is nothing inherent in the utility worker job that justifies a higher longevity pay". The City argued that five area communities have no longevity at all. The City's offer will keep Reedsburg competitive with all of those communities that do offer this fringe benefit; except for Wisconsin Dells which is an anomaly.

STAND-BY PAY - The City, which does not propose any change in its present policy of paying \$50.00 a day for weekend stand-by coverage, analyzed the Union's offer. Using the weighted average wage of \$11.56 an hour, the City said that if the Union's offer is selected, weighted average wage would increase to \$12.87 on January 1, 1994. It calculated that the cost of weekend stand-by would increase to \$109.26 in 1993, a 9% increase. For 1994, stand-by costs would increase by an additional 6% to \$115.83 for each weekend of coverage. "Spread over the entire unit, this increase represents 2 cents per hour in 1993 and an additional 1 cent per hour in 1994 or 3 cents per hour total increase in the contract cost". The City said that until 1989, stand-by was done for no pay. It argued that there has been no evidence to justify the

Union's proposal. "No other employee in the City is paid a stand-by rate... There is nothing in the internal comparables to justify this demand of the Union".

The City said that seven of its comparables have no stand-by pay. It said that Prairie du Sac and Sauk City both pay \$40.00 for the weekend under the terms of their 1993-1994 contracts compared to \$100.00 for the weekend in Reedsburg. It said that only Tomah's stand-by rate, a maximum of \$101.76 for a weekend, compares to Reedsburg's existing stand-by rate. If the Union's offer is accepted, its rate would exceed Tomah's stand-by rate by 14% in 1994. The City said that the Union had not provided evidence that any of its proposed comparables provided any stand-by compensation. It notes that one Union exhibit indicated that only 35% of rural communities with water departments have any stand-by pay. It concluded that Reedsburg's stand-by compensation would rank high in the minority of communities across the state who provide any on call payments.

TOTAL COST - The City said that the Union's offer would result in cost increases of 61 cents an hour during the first year and by an additional 75 cents an hour during the second year. "This \$1.36 per hour increase in cost, irrespective of FICA, overtime, pension and other cost increases, represents a 12% increase in the pay package over two years". It said that during the term of the last contract, the wage schedule was modified in a manner that permitted a lineman to move from a \$12.70 an hour position to a \$13.70 an hour position. As a result of that shift, other employees moved up

the scale from \$11.74 to \$12.74; from \$12.39 to \$12.70, and a fourth employee from \$12.39 to \$12.50 an hour. "When this is taken into account, the employees really will have achieved a \$1.55 per hour increase (or approximately 13.5%) over the last bargained for contract if its offer is accepted".

The City argued that it is not appropriate to compare wage offers in this proceeding with the increases granted to library employees where the Library Board controls wages. Those are three positions which require college degrees; only one position is full time. "The pay for these positions was brought in line with similar salaried library positions in the area". Part time positions have limited fringe benefit packages. "Never have the library salaries or its clerical part time wage rates been used by any union in negotiating City or Utility contracts by either side". The City said that the only other public sector employer in Reedsburg is the local school district. It argued that this Utility's health insurance offer "is still better than these employees have, whether professional or clerical/support staff". The City argued that cost of living increases of approximately 3% over the last two years support its offer. "There is no justification at all based on the cost of living for the 11% wage increase over two years the Union is seeking by its offer".

#### DISCUSSION

The parties have both defined all four areas in which their offers differ as issues in dispute. In spite of the fact that both parties expended considerable effort arguing about those individual

items, there are in reality only two issues health care cost sharing and increased compensation. The City appears to have made health insurance deductibles its bottom line. The Union agreed to accept larger health insurance deductibles than the City requested in return for discontinuing periodic employee contributions toward program costs (premiums). The Union appears to have concentrated its principal effort at improving the units' compensation package. The difference in emphasis and approach is evident in the parties choice of "comparables".

This unit consists of thirteen full time nonsupervisory employees of the City of Reedsburg's Utility Commission. The Utility Commission is responsible for providing both water and electric service to the residents of the City of Reedsburg. The Union suggested that seven other municipal electric utilities and the City of Milton Public Works Department should be considered as comparables. The Utility suggested that nine municipalities, seven of which do not supply electric service, are comparable. Neither party introduced sufficient evidence to permit the arbitrator to adopt a pool of external comparables. The Union has based its case primarily upon its comparison of wages, hours and conditions of employment with other utility employees; while the City has based its case primarily upon its comparison of wages, hours and conditions of employment of other public employees in the same community.

**HEALTH INSURANCE** - The crux of the disagreement over this issue is the nature and extent of the employee's coverage and the

cost of that coverage. The City of Reedsburg has presented evidence that it offers all of its employees a very high quality plan for which family coverage costs \$637.00 a month in 1993 and \$658.00 a month in 1994. The Union argued that because the City is partially self-insured, the actual costs are not known until medical bills are presented for payment. After reviewing the City's claims history for all 56 city employees with health insurance coverage, including the 13 members of this unit, the Union argued that it is more realistic to estimate the cost of family coverage to be approximately \$358.00 a month rather than the City's higher estimate. The Union acknowledged that there is a greater unquantified actuarial risk, "but can point to known figures and past history/usage". The Utility presented evidence that it is the industry standard for self-insureds to pay their aggregate liability is once in seven years. This Utility paid up to its aggregate for stop-loss coverage once in the past three years. The 1993-1994 aggregate for the City of Reedsburg's 56 insureds is \$312,049.00.

The City's independent insurance agent testified that he had provided service to the City of Reedsburg since 1983-1984. The City went to a partially self-funded plan in 1985 in order to save costs. Health care costs have been a continuing matter of concern. The City has continued to search for ways to control these costs. Any amount of deductible will help hold costs down. Health care costs will not be reduced, but, increases in these costs will be reduced through the introduction of deductibles. If the City

attempted to obtain a similar type of plan in 1994, it would not be available. A plan today would cost less than \$658.00 a month; but coverage would be less extensive, and there would be deductibles, co-pays, co-insurance, or usage fees. Based upon the evidence, it appears that the City of Reedsburg provides its employees with access to comprehensive health insurance coverage. There is insufficient evidence to disprove the City's estimate that the monthly cost of health insurance, including a prudent reserve for the payment of claims not covered by a reinsurance was \$637.00 in 1993 and is \$658.00 during 1994.

The City presented evidence of the kind of health insurance coverage neighboring communities provide for their employees. It also presented data showing the cost of that coverage in other municipalities as well as employee contributions toward coverage, co-pay requirements, and employee deductibles. Since the 13 members of this bargaining unit are provided health insurance coverage through the City of Reedsburg's health insurance program, the kind of health insurance benefits that are provided to municipal employees in neighboring communities is relevant, even though those communities have not been found to be comparable. If the Union's offer is accepted, the City would be responsible for the entire 1994 "premium cost" of \$658.00 a month for family coverage. The employees would be subject to total deductible expenses of \$300.00 a year; prescription drugs are not subject to deductible expense. If the City's offer is accepted, the City will be responsible for \$636.09 of the "premium cost" and employees

would pay \$21.66 a month toward this cost during 1994. In neighboring communities, the City of Portage pays \$386.00 a month for family coverage; there is no employee premium contribution, but there is a \$5.00 deductible for drugs which is limited to \$100.00 per family. In Prairie du Sac, the City pays \$375.77 and the employees pay \$20.00 toward family premium costs. There is a \$7.00 deductible for drugs and a \$250.00 deductible for hospital costs.

Other neighboring communities provide coverage for health care expenses as follows: Sauk City pays \$410.00 toward the premium, its employees pay \$20.00. There is a \$7.00 co-pay. The City of Wisconsin Dells pays the entire \$412.00 family premium, employees pay a \$5.00 deductible for drugs. Lake Delton pays the entire \$420.00 cost of family coverage or 105% of the lowest premium under the State of Wisconsin's plan, employees have a \$3/5 deductible for drugs and a \$100.00 deductible. Tomah pays \$449.00 toward family coverage, its employees contribute \$45.00 and are subject to a \$200.00 deductible. Adams Friendship pays the entire \$488.00 cost of the basic health plan or 90% of more expensive coverage. It has a \$5.00 drug co-pay and a variable deductible. Baraboo pays the entire \$520.00 family premium, there is a \$2.00 deductible for drugs and a \$200.00 family deductible. In Mauston, which has no co-pay or deductible, the City pays \$526.00 and the employees pay \$108.00 toward the family plan. Sparta pays 90% or \$535.00 and the employees pay \$59.00 toward family coverage which contains a \$5.00 drug co-pay and a \$100.00 deductible.

The health insurance benefits the City of Reedsburg provides to its employees are more costly than the benefits provided in neighboring communities. Mauston with the next highest cost requires its employees to contribute \$108.00 a month toward premiums; it does not have a deductible. Sparta, with the second highest cost next to Reedsburg, requires its employees to contribute 10% toward premium cost, \$59.46 a month. It has a \$5.00 drug co-pay and a \$100.00 deductible. Many communities with substantially lower insurance costs have copays, deductibles, and require employee contributions toward premium costs.

The evidence relating to health insurance benefits provided by the Reedsburg School District to its four employee groups is complex. The school district's clerical employees do not contribute toward premium costs and have no deductible; they do have a \$7.00 co-pay for drugs. Custodians pay \$35.00 a month toward premium costs. Reedsburg's teachers contribute \$36.00 a month toward family premiums, have a \$200.00 deductible and a \$5.00 co-pay for drugs.

The City made the same health insurance offer to all four of its bargaining units and to its unrepresented employees. That offer has been implemented for two bargaining units and the unrepresented employees. The evidence shows that there has been a \$20.00 a month per family increase in the administrative cost of the Reedsburg's health insurance program between 1992 and 1994. Implementing a \$200.00 deductible will save the Utility approximately \$19.00 a month per family. If the Union's offer were



to be accepted, all of the increased costs of continuing to provide a very comprehensive and very expensive health insurance program to these employees would be born by the Utility. As has been argued by the City, it is possible that under the Union's offer, many employees could see their contribution for health insurance costs reduced while overall costs continue to increase. It appears that the City's health insurance offer is the more reasonable offer in this proceeding.

WAGES - Neither party supported its wage offer with the kind of evidence from external comparables that is traditionally presented in municipal employment interest arbitration cases. The City presented evidence of wage increases granted to "general city workers" in ten neighboring communities. That data included copies of 1993 contracts for electric Utility employees in the Villages of Prairie du Sac and Sauk City, and in the City of Richland Center. The Union presented data that it had compiled from a series of questionnaires it had circulated to other electric utilities. It also provided data about either 1992, 1993, or 1994 wage levels in effect in those seven other electric and water departments and the City of Milton which it had considered comparable. The only information that the Union presented about the level of wage increases granted by other utilities during 1993 or 1994 was a summary that 5 utilities were budgeting for 3% wage increases in 1994, 2 were budgeting for 3.5% increases; 5 were budgeting for 4% increases; two for 5% and 3 utilities were budgeting for 4.5% to 6%. Three other utilities who responded to the survey, said that

it was "too soon to tell". The undersigned has reviewed all of the wage data presented by both of the parties. That data is of such an uneven quality that it has contributed only limited value to this analysis. The biggest problems with the data are relating the job descriptions and compensation in those "similar communities" for which data has been presented to job descriptions and compensation in Reedsburg, and evaluating the relevance of wage data from communities which have not been found to have been comparable.

There are ten job classifications for the 13 members of this bargaining unit. Under the employer's offer, the lowest paid position, Billing Clerk would earn \$10.20 an hour on January 1, 1993 and \$11.05 an hour on July 1, 1994. The highest paid position Electric Lead Person would earn \$13.95 an hour on January 1, 1993 and \$14.80 on July 1, 1994. Lineman would earn \$12.64 on January 1, 1993 and \$13.49 on July 1, 1994. If the Union's offer is accepted, these employees would be paid as follows: Billing Clerk \$10.44 January, 1993 and \$11.07 January 1994; Electric Lead Person \$14.38 January 1, 1993 and \$15.25 January 1, 1994; Lineman \$13.00 January 1, 1993 and \$13.79 January 1, 1994. The Union presented evidence that Billing Clerk's wages ranged from \$6.30 an hour to \$11.77 an hour in those municipalities which the Union argued are comparable to Reedsurg. Its arguments that Billing Clerks in Lake Mills earned \$12.61 an hour in July 1994, Billing Clerks in Medford earned \$12.05 in May 1992, are not supported by evidence. The Union's evidence does establish that Linemen in Black River Falls,

Lake Mills, Medford, and Richland Center will earn from \$1.27 to \$3.75 an hour more than linemen in Reedsburg during in 1994. Electric Lead persons earn \$15.60 in Richland Center and \$14.09 in Sauk City compared to 1994 wages of either \$14.80 or \$15.25 under the offers in this proceeding.

The most reliable evidence consists of three Utility exhibits; they are copies of Richland Center's 1991-1993 Utility Contract and copies of the 1993-1994 utility contracts for Prairie du Sac and Sauk City. Only the Richland Center contract lists a Billing Clerk position, that position paid \$9.79 effective January 1, 1993. Top lineman wages were \$15.60 on January 1, 1993 in Richland Center. They earned \$13.41 in 1993 and \$13.82 in 1994 in Prairie du Sac and \$13.95 in 1993 and \$14.45 in 1994 in Sauk City. Based upon the foregoing, it is only possible to conclude that it is impossible to compare wage levels and job classifications for most of the employees in this proceeding with their counterparts in comparable positions or in comparable communities. The sole exception to that conclusion relates to the lineman position. The parties have agreed that linemen in Reedsburg have historically been underpaid. Evidence supports the finding that the Utility's efforts to address this problem have been thwarted by the Union, which has emphasized its requests for higher across the board wage increases. Evidence also supports the conclusion that the Utility began to address this longstanding problem by creating additional positions which permitted more senior linemen to move into higher paying positions.

The Union said that higher longevity increases would reward long term employees and show appreciation for their service. It argued that its stand-by compensation proposal would more accurately compensate employees based upon their actual wage rates, and eliminate the need to discuss this issue during each round of negotiations. Neither of these proposals are supported by comparable comparisons. For that reason they can only be evaluated as elements of the Union's wage offer.

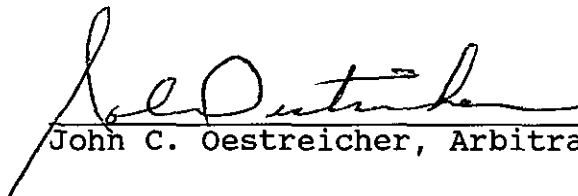
The Utility presented an analysis that the cost of the Union's offer would be \$1.36 an hour, or 12% over the two year term of this contract. It calculated that the Utility's total wage costs would increase by \$1.55 an hour, or by 13.5% over 1992 costs after the expense of mid-term salary and position adjustments are considered. It is not appropriate to include those mid-term adjustments into the cost of either party's offer in this proceeding. The fact that the Utility has begun to address the problem of linemen's compensation is significant. Addressing that problem wage level is particularly significant because it has not been possible for this arbitrator to determine why the other members of this bargaining unit should receive greater wage increases than other City employees.

The Utility's wage offer to these employees is comparable to the wage increases that the City negotiated with other represented personnel who have contracts. It is also comparable to the increases that were granted to the City's unrepresented employees. The Union's proposal would grant larger increases in compensation

to the members of bargaining unit than were received by the vast majority of other City employees. Its effort to compare the increases granted to Reedsburg's Library employees has not been persuasive. The quality of the evidence relating to external settlements involving other utilities' employees and other municipalities' employees does not permit a reliable comparative analysis with the offers in this proceeding.

Additional evidence included in the record relates to the strength of the local economy, building activity in Reedsburg and increases in the consumer price index. This data, which has been noted, did not weight heavily in this decision. After comparing the offers in this proceeding with relevant evidence about settlements achieved by other utility employees in other municipalities, and other employees generally in public employment in Reedsburg, it appears that the Utility's offer in this proceeding is the more reasonable, it shall be incorporated into the 1993-1994 contract between these parties.

Dated at Madison, Wisconsin, this 23<sup>rd</sup> day of March, 1994.

  
\_\_\_\_\_  
John C. Oestreicher, Arbitrator

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MAR 24 1994

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March 23, 1994

A. Henry Hempe  
Chairperson/Wisconsin Employment Relations Commission  
P.O. Box 7870  
Madison, WI 53707-7870

**RE: City of Reedsburg Utility Commission  
Voluntary Impasse Proceedings**

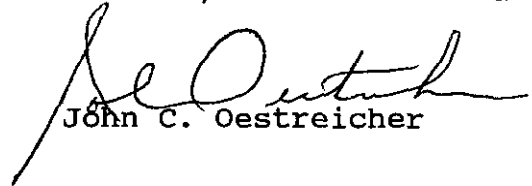
Dear Chairman Hempe:

I am enclosing herewith:

1. My original Voluntary Impasse Award in the above-referenced proceedings.
2. A copy of my Report and Fee Statement; and
3. A copy of my letter of transmittal to the parties in these proceedings.

Very truly yours,

WHEELER, VAN SICKLE & ANDERSON, S.C.

  
John C. Oestreicher

JCO:df  
Enclosures