

employees performing similar services and with other employees generally.

1. In public employment in comparable communities.
 2. In private employment in comparable communities.
- (e) The average consumer prices for goods and services, commonly known as the cost of living.
- (f) The overall compensation presently received by the employees, including direct compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
- (g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- (h) 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 private employment.

This proceeding is to replace the one previous collective bargaining agreement between the parties covering the period February 21, 2001 to December 31, 2003. Prior to February 21, 2001, the Monona Firefighters/EMTs were represented by Teamsters Local 695.

The employee group of 6 full time employees petitioned for and was granted release from Teamsters Local 695 on July 28, 1999. The Monona Firefighters/EMTs were unrepresented from that date until the IAFF Local 311 was recognized as the exclusive bargaining agent on February 21, 2001. The City of Monona is a suburb of the City of Madison and sits on the southeast shore of Lake Monona. Monona has a population of slightly less than 8,000 residents and provides the typical municipal services inclusive of police, fire and emergency medical services.

The Monona Fire Department is a combination department consisting of seven full-time members and a number of volunteers. Six of the full-time members are in the bargaining unit, all of whom are Firefighter EMT Intermediates. The Firefighters/EMTs work rotating twenty-four hour shifts averaging fifty-six hours per week. The minimum daily staffing level is two full-time Firefighter/EMTs.

The City's brief asserts that the central issues in this case are: (1) the City's proposal that employees share in the cost of their health insurance coverage starting in 2005 in return for 3.5% wage increases in 2004 and in 2005, a lump sum payment of \$647.73 to each employee who takes health insurance, as well as additional tax-qualified benefits; and (2) the Union's proposal that the City pay the entire health insurance premium for all but a token payment toward the most expensive plan, pay a 6% wage increase in 2004, a 6% increase in 2005 and a 3% increase in 2006, and grant additional vacation time. The Union also proposes a three-year contract.

While the Union's wage proposal is stated at 3% per year, it also proposes an additional step at four years and an additional step at five years. The effect of that is to increase the Union's wage proposal of 3% per year to more than 6% per year for 2004 and 2005.

Both parties selected a list of comparables, which are arguably favorable to their position. The City would compare with the City of Maple Bluff and the Town of Madison. The Union would favor the City of Madison, the City of Middleton, Fitch-Rona EMS, and Oregon Fire Protection District. The comparables were also listed as to whether the employer paid for all of the health insurance, as favored by the Union, or whether they were cost sharing, as favored by the City.

The major issue is cost sharing for health insurance as proposed by the City. Before 2004, the City provided health insurance for employees under the State of Wisconsin Local Government Employer Health Plan. Under the Local 311 agreement with the City, the City had agreed to pay 105% of the lowest plan provider's premium cost.

At the end of January 2004, the City changed insurance carriers from the state plan to Wisconsin Physicians Services Plan because WPS was able to quote significantly lower premium rates than the state plan. Before the change was made, a committee made up of representatives from the various unions representing Monona's employees reviewed the plan for equivalency with the state plan. Equivalency with the state plan was the standard required under the various labor agreements, including the Firefighters, before the City could change plans. The Firefighters agreed to the WPS plan.

The parties' final offers are summarized by the City as follows:

"The City proposes: (1) a two-year agreement; (2) an across-the-board wage increase of 3.5% for 2004 and 3.5% for 2005; (3) for 2005, a 10% employee contribution to health insurance premiums that can be paid with pre-tax dollars; (4) a one-time payment of \$647.73 to each unit employee who takes health insurance, which represents a pro-rata share of the City's savings from switching to the WPS plan; (5) eliminating the half-day Good Friday holiday and changing the December 24th holiday from a half-day to a full day; and (6) adding an additional tax-qualified sick leave conversion plan that allows employees to receive the value of unused sick days as payment toward retiree health insurance.

The Union proposes: (1) a three year agreement; (2) the addition of steps to the pay schedule, which results in a 6% wage increase for all unit employees in 2004, another 6% in 2005, and a 3% increase in 2006; (3) additional vacation time for all unit employees, which results in an additional 80 hours for all unit employees except one, who would receive an additional 72 hours. Moreover, this additional vacation would likely require the City to pay the same employees time and a half for filling the vacancies caused by the additional vacation."

The arbitrator will address the statutory factors and issues one-by-one.

First, the interests and welfare factor of the public and the financial ability of the unit of government to meet these costs. The City has made a major argument over the very large rate increases which have occurred in state health plans. Between 1999 and 2004, premiums under the state plan rose 85% for the single premium and 80% for the family premium. According to a consulting firm, Towers Perrin, the expected upwardly spiraling costs is expected to continue through 2008.

The Towers-Perrin report also included a survey of 311 firms which provide medical benefits to 4.1 million employees and retirees nationwide. The average employee contribution was 19% of the total premium cost for single coverage, and 22% for family coverage.

Turning to the comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally. The City argues that the Town of Madison and the Village of Maple Bluff are appropriate comparable communities, both in terms of wage rates and in cost sharing of health insurance. Both require a 10% share of their premiums.

The Employer also argues that premium sharing is becoming the norm in the State of Wisconsin. The City cites that the eight Fire Departments that the Teamsters Union claimed were comparable to Monona's Fire employees in 1991, five now require employees to share the cost in their health insurance and two others have made employee participation part of their benefit structure in other ways. The City denies that the City of Madison is comparable because of its size and tax base.

The Union pointed out that with the City's change in health insurance providers placed an undue financial burden on its employees. In the case of Randy Hanson, a Firefighter and EMT, he estimated that in 2004 he has been responsible for an additional \$3000 in medical expenses that he had not been paying under the previous plan. Also, employee Gary Clark claimed an additional \$1299.53 in medical expenses that he claims he would not have been required to pay under the previous plan. There was no evidence or discussion as to what the services were provided for in both of these cases. If the charges were for items that were covered under the previous plan, then the WPS plan is hardly an equivalent plan and a grievance could be filed on the grounds that benefits were not equivalent. However, from this record, it is not clear what services were provided. Also, there is no way, even if the arbitrator were to rule for the Union, that it would benefit these employees on their particular claims, because the contract gives the employer the right to change the plan upon notification and consultation with the Union, which was done, and that would not change regardless of the award of the arbitrator. The City also points out that under the Union's three year plan, the City would have no opportunity to negotiate concerning the healthcare plan in the third year.

Next, the Union argues that the City does not offer an adequate quid pro quo for the change in the long-standing health insurance premium payment. The Union argues that the City's proposal does not meet the standard three-prong test when considering a drastic change in status quo.

The first is whether the issue at hand is a legitimate problem. The Union concedes without a doubt that rising health insurance premiums are a legitimate problem.

Next, is whether the proposed changes address the problem. The Union asserts that it is clear that cost shifting does not address the rising health insurance premium issue. The premiums go up just the same, there is no effect whatsoever. The Employer response is that employee participation and cost sharing has some effect on utilization and thus could modify some future increases.

As to whether there is a reasonable quid pro quo for the change, the Union says no stating:

“The city is offering a 0.5% increase in 2004 and 2005 in addition to a one time payment of \$647.73 in exchange for 10% health insurance premium share paid by the employee. For a top step firefighter the City is offering a total of \$1,066.62 for the contract period of 2004/05 (\$205.88 (0.5% in 2004) plus \$213.01 (0.5% in 2005) plus \$647.73). The annual cost of the employees share for a family health insurance plan would be 10% of \$827.93 times 12 months or \$993.48.

At first blush it would appear to be a reasonable quid pro quo, an employee would receive \$1,066.62 in wages for a health insurance premium payment of \$993.48. The first problem is when you get to year 2006, assuming no increase in pay or an increase in the health insurance premium the employee would still be paying out \$993.48 in premiums but only receiving \$418.89 in additional compensation, the one time payment of \$647.73 does not carry forward, a virtual loss of 1% in wages every year from 2006 on. This is not a reasonable quid pro quo.”

Therefore, the Union charges that the City fails to meet two prongs of the three-prong test on whether the City has offered a quid pro quo. The Union also states that Madison Firefighters, Middleton Paramedics, Fitch-Rona Paramedics, and Oregon Firefighters all receive full paid health insurance with no employee contribution.

But that is not the full story in comparing the City's offer and the Union's proposal. As pointed out in the Union's proposal, because of the step increases at the fourth and fifth year, it would mean wage increases in excess of 6% in 2004 and 2005, and an additional 3% increase in 2006.

An additional significant issue is the Union's proposal for an additional eighty hours of vacation per year effective in 2004 for all employees, except one who would receive an additional 72 hours. Because of a provision in the collective bargaining agreement, the Employer is obligated to offer overtime to unit employees before filling the vacancies with part-time employees. The City estimates that under the Union's final offer on vacations, there will be 471.6 more hours of unit overtime to pay for every year. That number is derived by multiplying the top level increase of 3.33 hours per pay period times twenty-four pay periods times five employees, which amounts to 399.6 hours and adding the next level increase of three hours times twenty-four pay periods times one employee, which is 72 hours. The City argues that the Union's offer generates \$14.49 times one and one-half, which is \$21.735, times 471.6 hours of additional overtime pay for this unit in 2004. The Union's proposal would cost the City \$10,250.22 just to pay for the wages for the additional vacation. The employees are already carrying over vacation time from year to year. The City argues that the employees do not need more time off. If the issue was the need for time off, the Union would not be simultaneously requesting more time off and demanding that they get first choice on working the resulting unfilled shifts, at a 50% increase in pay. The City is constrained from filling the job with temporaries, because of its obligation under the contract to first offer the overtime to the existing employees. The City also points out that the employees enjoy more vacation time than other City employees.

The City also has a proposal on holiday pay, which would eliminate the six hour Good Friday holiday and add six hours holiday pay to the afternoon before Christmas

Day. These changes have little effect on the Fire Department, since they must operate twenty-four hours and seven days a week no matter what holiday is involved.

The City's proposal to eliminate the Good Friday holiday, in the opinion of the Union, is unnecessary and misguided for this bargaining unit. In addition, the proposal negatively impacts the distribution of holiday compensation among the bargaining unit members. The City's response is that it is required to seek such a change based on correspondence from the "Freedom from Religion" foundation. How such a change would be a benefit to the Freedom from Religion Foundation by eliminating one Christian holiday, Good Friday, and adding those hours to another Christian holiday, Christmas Eve, is not explained.

The City also states that its offer exceeds the current cost of living, which for the Madison area was about 2.1% in 2003. The first half of 2004 was only 1.2%, which is annualized to 2.4%. The amount is lower than the 3-1/2% increase offered by the City and well below the 6% increase asked by the Union. The City also points out that the cost of medical insurance to the City has been rising faster than the general cost of living for several years.

As for the factor of the overall compensation presently received by employees, 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, the accumulative effect of the Union's proposal is approximately 16% over a three-year period.

In sum, the City argued that wage increases requested by the Union, are in reality 6.07% for 2004, 6.07% for 2005, and 3.05% for 2006. The accumulative percentage is

15.9%, very nearly 16% for three years, not counting the increase in the cost of the retirement plan from 15.2% to 16% which occurs in 2005.

Under the City's proposal, the wage rate for the employees, which is now \$13.66 per hour, would go to \$14.14 per hour in 2004 and \$14.63 per hour in 2005. The City estimated that if health insurance costs go up another 10% in 2006, employee Hanson's compensation would be estimated to increase to 21.5% over the three-year period. The City argues that is excessive.

DISCUSSION

As noted above, the arbitrator must choose either the City or the Union's final proposal. He does not have the liberty of selecting one or the other items, or modifying them. Therefore, his analysis leads to the conclusion after considering the statutory standards that he must adopt the City's final proposal as being more reasonable for the reasons stated below.

The Union's proposal does nothing about the health costs; but adds substantially to the wages by proposing the additional steps at the fourth and the fifth year, and also because of the great increase in costs of the Union's vacation proposal and the resulting affect on overtime.

By comparison, the City is offering 3.5% in 2004 and 3.5% in 2005, and a lump sum payment of \$647.73 in 2004, which the arbitrator estimates to be the equivalent of 1.6% in 2005 for a two year total of approximately 8.6%. The Union's total for two years, according to the City, is 12.9% consisting of two 6.07% wage increases for 2004 and 2005, plus the value of vacations in 2004. The arbitrator estimates the increased cost of the Union's vacation proposal in 2004 to be at least 4%. When the wage increase of

12.14% is added, the result is a total of 16.14% for two years. That is at least 7.54% more than the City's offer; 16.14% minus 8.6%, equals 7.54%. The Union has not shown how such a great increase is justified. As for cost of living, both wages proposals are far in excess of the increase in the cost of living.

As for the third year advocated by the Union, it does not afford the parties an opportunity to negotiate what the wage level should be after considering future increases in health insurance and the impact of cost sharing.

The arbitrator agrees with the Union that cost sharing is not a total solution to the healthcare problem, but it does have some modifying affect. Certainly the trend in collective bargaining is towards cost sharing.

Also, as for vacations, there is no pervasive evidence that an increase in time off is needed. In fact, the record shows that employees accumulate time off under the existing plan. As mentioned, the increase in vacations would greatly increase the cost to the employer because of the overtime required to fill vacancies.

The holiday proposal by the City does not make any sense, but since it must be part of the total package, it is included.

The arbitrator is also mindful that there are negotiations and arbitrations with other Unions in the City that could effect the length of this contract. Therefore, he has adopted the Employer's position.

Thus, for the reasons stated above, the City's final offer is adopted.

December 7, 2004
Fort Myers, Florida

Arvid Anderson