BEFORE THE ARBITRATOR

In the Matter of the Petition of

THE CITY OF CUDAHY PROFESSIONAL POLICE ASSOCIATION LOCAL 235

For Final and Binding Arbitration Involving
Law Enforcement Personnel in the Employ of

CITY OF CUDAHY

Case 102
No. 63721
MIA-2603
Decision No. 31376-A

Appearances:

Mr. Patrick J. Coraggio, Labor Consultant, and Mr. Benjamin M. Barth, Labor Consultant, on behalf of The City of Cudahy Professional Police Association Local 235

Michael, Best & Friedrich, LLP, by Mr. Robert W. Mulcahy and Mr. Luis I. Arroyo, on behalf of the City.

ARBITRATION AWARD

The above-captioned parties (herein "Association" and "City") selected the undersigned to issue a final and binding award pursuant to Section 111.77(4)(b) of the Municipal Employment Relations Act (herein "MERA"). A hearing was held in Cudahy, Wisconsin, on January 11, 2006. The hearing was transcribed and both parties subsequently filed briefs and reply briefs that were received by April 3, 2006.

Based on the entire record and the arguments of the parties, I issue the following Award.

BACKGROUND

The Association represents for collective bargaining purposes a unit of non-supervisory law enforcement personnel employed by the City. The parties engaged in negotiations for a successor collective bargaining agreement to replace the prior agreement which expired on December 31, 2003, and the Association filed an interest arbitration petition on June 2, 2004,

with the Wisconsin Employment Relations Commission (herein "WERC"). The WERC appointed William C. Houlihan to serve as an investigator and to conduct an investigation and the investigation was closed on June 20, 2005. The WERC on July 25, 2005, issued an Order appointing the undersigned to serve as the arbitrator.

FINAL OFFERS

The Association's Final Offer states:

The 2001-2003 collective bargaining agreement will continue on except for the following modifications.

1. The tentative agreements attached hereto.

2. **ARTICLE V- DURATION OF AGREEMENT**
Page 4. Modify the dates in this Article and any other appropriate Articles in the collective bargaining agreement to reflect a three year agreement commencing January 1, 2004 and concluding on December 31, 2006.

   Line 18. At the end of the sentence that ends with "negotiations", add the following, "provided that it does not exceed three (3) years in duration."

3. **ARTICLE VIII – WAGES**

Page 6.	Effective 7-1-04	3.0%
	Effective 1-1-05	3.0%
	Effective 1-1-06	3.0%

4. **ARTICLE XIII – MEDICAL AND HOSPITALIZATION INSURANCE**
Section 13.01: Revise to read as follows. "The City will provide and pay for the full premium for a medical benefit plan for City employees and their families. Such medical benefit plan shall be provided to the employee the first day of the month following completion of the first thirty (30) days from the date of his/her employment. No employees shall make any claim against the City for additional compensation in lieu of or in addition to the insurance premiums paid because the employee does not qualify for the family plan. Effective 7/1/03, the City shall pay 100% of the lowest cost qualified plan in the area for full-time employees under the Wisconsin Public Employer's Group Health Insurance Plan (For Participating Local Government Employees And Annuitants). The City shall implement a premium only Section 125 pre-tax plan."

Section 13.03. Revise to read as follows. "Medical and hospital coverage shall be available to all retired full-time employees who retire under the Wisconsin Retirement System (WRS) commencing at age 50 or older. This coverage shall be identical to the coverage provided to the regular full-time employees for either the single or the family plan. The City will continue to pay the amount as specified until the employee is eligible for Medicare. If the retired employee gains other employment and is receiving hospital and surgical care paid by his/her new employer, the City will not be obligated to provide health insurance. The City shall pay 100% of the cost of the lowest cost qualified plan in the Milwaukee County area."

The City's Final Offer states:

The 2001-2003 collective bargaining agreement will continue except for the following modifications:

1. Article VIII – Wages (p. 6) Section 8.01 and Appendix A (p. 30): Revise Wage schedule as follows:

Patrol Officers Hired before December 31, 2004:

Hourly Rates	2003	Effective 12/26/04 (2.0%)	Effective 1/1/05 (3.0%)	Effective 1/1/06 (2.0%)	Effective 7/1/06 (2.0%)
First Year	18.42	18.79	19.35	19.74	20.13
Second Year	23.61	24.08	24.80	25.30	25.81
Third Year	24.39	24.88	25.63	26.14	26.66
Fourth Year	24.97	25.47	26.23	26.75	27.29

Patrol Officers Hired on or after December 31, 2005: [1]

Hourly Rates	2003	Effective 12/26/04 (2.0%)	Effective 1/1/05 (3.0%)	Effective 1/1/06 (2.0%)	Effective 7/1/06 (2.0%)

[1] The City at the hearing stated that the December 31, 2005, date is a typographical error and that the correct date should be December 31, 2004. By letter dated February 27, 2006, Association Representative Patrick J. Coraggio informed the undersigned that the Association had no objection to changing the December 31, 2005, date to December 31, 2004, as requested by the City. As a result, this decision considers the merits of the City's wage offer based upon the latter date.

First Year	18.42	18.79	19.35	19.74	20.13
Second Year	19.73	20.12	20.72	21.13	21.55
Third Year	21.04	21.46	22.10	22.54	22.99
Fourth Year	22.35	22.80	23.48	23.95	24.43
Fifth Year	23.66	24.13	24.85	25.35	25.86
Sixth Year	24.97	25.47	26.23	26.75	27.29

Detective:

Hourly Rates	2003	Effective 12/26/04 (2.0%)	Effective 1/1/05 (3.0%)	Effective 1/1/06 (2.0%)	Effective 7/1/06 (2.0%)
Hourly	27.88	28.44	29.29	29.88	30.48

2. Article XIII – Medical and Hospitalization Insurance (p. 8).

Section 13.01: The City will provide and pay for the designated premium for a medical benefit plan for City employees and their families. Such medical benefit plan shall be provided to the employee the first day of the month following completion of the first thirty (30) days from the date of his/her employment. No employees shall make any claim against the City for additional compensation in lieu of or in addition to the insurance premiums paid because the employee does not qualify for the family plan. Effective 7/1/03, the City shall pay 100% of the lowest cost qualified plan in the Milwaukee County area for full-time employees under the Wisconsin Public Employer's Group Health Insurance Plan (for Participating Local Government Employees and Annuitants). For all full-time employees hired after 1/1/05 the City shall pay 95% of the lowest cost qualified plan offered in the Milwaukee County area for full-time employees under the Wisconsin Public employer's Group Health Insurance Plan (for Participating Local Government Employees and Annuitants). All employees shall pay any premium costs in excess of the designated City contribution based on the lowest cost qualified plan. The City shall implement a premium only Section 125 pre-tax plan. (Emphasis in original).

3. Article XIII – Medical and Hospitalization Insurance (p. 8).

Section 13.03: Revise to read as follows:

Medical Benefit Plan for Retirees: Medical and hospital coverage shall be available to all retired full-time employees. This coverage shall be identical to the coverage provided to the regular full-time employees for

either the single or family plan. The City shall continue to pay one-hundred percent (100) of the lowest cost qualified plan in the Milwaukee County area for those full-time employees hired before January 1, 2005 who retire at or above the minimum retirement age and not less than age 50, as outlined under the Wisconsin Retirement System. The City shall pay 95% of the lowest cost qualified plan in the Milwaukee County area for those employees hired after January 1, 2005 who retire at or above the minimum retirement age and not less than age 50, as outlined under the Wisconsin Retirement System.

The City will continue to pay these premiums for retired employees up to the age of Medicare, provided said employee is not employed elsewhere and receiving hospital and surgical care paid for by another employer. If the retired employee gains other employment and is receiving hospital and surgical care paid by his/her new employer, the City will not be obligated to provide health insurance. All health and surgical coverage is governed by the policy, contract, and/or other plan documents.

If a retiree is eligible for the lowest cost qualified plan, as an alternative to the Wisconsin Public Employer's Group Health Insurance Program, the City will issue a check to a health insurance company of the retiree's choice for the lesser amount of the retiree's actual current health insurance premium or the amount of the premium the City would otherwise have paid for the retiree pursuant to this paragraph. The retiree shall comply with such reasonable procedures as may be adopted by the City for processing such payments. Such payments are subject to the same terms and conditions as in the paragraphs above. (Emphasis in original).

4. All Tentative Agreements.

POSITIONS OF THE PARTIES

The Association contends that its Final Offer should be adopted because it reflects the status quo on health insurance and step increases; because its wage proposal reflects the same wage increases found in comparable communities; and because its duration language is needed to conform to the statute. It argues that "the controlling factor" in this matter is whether the City has offered the Association "an adequate quid pro quo in return for the significant modifications it seeks in Article XIII – Medical and Hospitalization Insurance and Article VIII – Wages," and that there is no merit to the City's claim that this bargaining unit should be compared to the

City's Firefighters' bargaining unit which has agreed to the City's proposals. The Association adds that its Final Offer does not "seek an above-average wage increase or to improve upon existing benefits"; that its Final Offer is supported by the statutory criteria; that the City's wage offer "lacks support internally and externally"; and that the City's failure "to regulate its finances in a prudent manner should not fall on the backs of the law enforcement officers . . ."

It also states that many of the City's factual assertions are not supported by the record including those relating to possible layoffs and the City's "picture of financial doom"; that the City can afford to pay for the Association's proposal because it has spent millions of dollars on a proposed Ice Port; and that the situation here differs from the City's negotiations with its Firefighters, which is why the Firefighters' agreement should be disregarded. The Association further states that it in the past has addressed the City's legitimate concerns over health insurance costs by agreeing to a health care plan unilaterally established by the City, and that while the City in the past has listed as a tentative agreement the Association's grievance language relating to keeping accurate time records for grievance matters, the Association is willing to drop that language.

The City states that one of the key issues to be decided here is "responsible government" given the City's taxing pressures and the size of the police and fire departments which together represent 55% of the City's operating budget. It adds that the single largest issue here centers on whether new hires should be required to pay 5% of their health insurance premiums during their employment and upon retirement; that the internal comparables, especially with the Firefighters, support its health insurance proposal; and that the City has "the lowest ability to support taxes for municipal services" among the external comparables. The City also argues that it has met all of the criteria needed for changing the status quo and that the "present circumstances do not require

the City to offer a quid pro quo to support its Final Offer because both the internal and external comparables and rising health care costs "support a rejection of a quid pro quo." It further claims that the overall compensation for the City's Police Officers supports its Final Offer and that its duration and its grievance proposals are more reasonable than the Association's proposals.

The City claims that the Association has failed to properly address the issue of parity with the City's Firefighters; that the Association misstates the City's plans for the Ice Port project and its tax incremental financing; that the Association "inappropriately" excludes 2006 wage comparables; and that the Association's attempt to exclude the City of South Milwaukee's 2004 wage freeze is without merit. It also claims that the Association "relies on outdated arbitral precedent to justify a need for a quid pro quo with respect to benefits"; that "the Association completely ignores the fact that since 2003, every other municipality has negotiated lower employer contribution to health care"; and that the Association's "reading of 111.77(6)(d) is contrary to both the plain meaning of the statute as well as arbitral precedent."

STATUTORY CRITERIA

Section 111.77(6), Wisconsin Statutes, directs the Arbitrator to consider and weigh the following criteria:

> (6) In reaching a decision the arbitrator shall give weight to the following factors:
>
> (a) The lawful authority of the 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 these costs.

(d) 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:

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 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.

(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 in private employment.

DISCUSSION

This case mainly centers on (1), whether employees hired after January 1, 2005 (herein "new hires") should be required to pay 5% of the health insurance premiums for the lowest cost state plan during their employment and during their retirement; [2] and (2), when across-the-board

[2] Although this dispute involves whether new hires should pay 5% of the premium for the lowest cost state plan, new hires who are covered under higher priced insurance plans, like other employees, would pay higher premiums for those plans. The City's Final Offer is retroactive and it would enable the City to recoup this 5% contribution from new hires dating back to January 1, 2005.

wage increases will be implemented and whether new hires must wait 2 years longer to reach the top step of the wage schedule which the City wants to lengthen by adding two steps. The duration clause also is in issue.

In applying the above statutory criteria, I find that there is no question relating to "The lawful authority of the employer"; that the Stipulations of the parties do not favor either party; [3] that factor (d)2 relating to private employment does not favor either party; that there have not been any changes during the course of this proceeding which would affect its ultimate disposition; and that there are no "other factors" under factor 6(h) which must be considered.

The CPI factor totaled 3.5% from November 2004 – November 2005 (Association Exhibit 1301). While the Association claims that this factor favors its offer because of the City's proposed 2004 wage freeze, the City's retirement contribution for protective services in 2004 rose a full 1% and its higher health insurance premiums in 2004 resulted in total package costs for that year of about 2.83% for this bargaining unit versus the Association's total package costs of 4.02%. [4] Since both offers are within the same range of the CPI, I find that this factor does not favor either party.

As for factor (f) relating to overall compensation, both parties rely on different data showing that the employees here are either below or above the wages and benefits received by

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[3] The parties disagree over whether there is a tentative agreement regarding the following sentence which was in the prior agreement and which is contained in the Association's list of Tentative Agreements regarding Article XVIII, Section 18.09 which relates to grievances: "Such records shall indicate the total time expended, location and employee." While the Association states that the City at one point agreed to this sentence, it is willing to delete this sentence from its list of Tentative Agreements "to move forward." Hence, it is unnecessary to resolve whatever misunderstandings arose over this issue since it will be removed from the list of Tentative Agreements.

[4] Transcript of January 11, 2006, hearing, p. 127, (herein "Transcript").

different bargaining units. Without going into further detail, it suffices to simply state that the data is mixed and that this factor does not favor either party.

Turning first to the health insurance issue, new hires under the City's proposal in 2005 would pay $59.03 a month for family coverage under the lowest cost state plan (Aurora Family Network) or $23.98 a month for single coverage (Association Exhibit 806). New hires in 2006 would pay $65.89 a month for family coverage under the lowest cost state plan (United Care Healthcare S.E.) and $26.42 for single coverage (Association Exhibit 809).

New hires Brian Olson, Anthony Andrews and Daniel O'Hearn thus would pay the following health insurance premiums if the City's offer is selected (Association Exhibit 811):

> Officer Brian Olson, hired 01-07-2005
>
> Officer Olson opted for the single plan in 2005 and 2006. Officer Olson had to wait thirty (30) days to be eligible for insurance coverage.
>
> For 2005 Officer Olson's contribution would be $263.78 (Eleven (11) months at $23.98 per month).
>
> For 2006 Officer Olson's contribution would be $317.16 (Twelve (12) months at $26.43 per month).
>
> Total cost to Officer Olson - $580.94
>
> Officer Anthony Andrews, hired 03-28-2005
>
> Officer Andrews opted for the single plan in 2005 and 2006. Officer Andrews had to wait thirty (30) days to be eligible for insurance coverage.
>
> For 2005 Officer Andrews' contribution would be $191.84 (Eight (8) months at $23.98 per month).
>
> For 2006 Officer Andrews' contribution would be $317.16 (Twelve (12) months at $26.43 per month).
>
> Total cost to Officer Andrews - $509.00

Officer Daniel O'Hearn, hired 08-22-05

> Officer O'Hearn opted for the family health plan in 2005 and 2006. Officer O'Hearn had to wait thirty (30) days after date of hire to become eligible for insurance coverage.
>
> For 2005 Officer O'Hearn's contribution would be $118.06 (Two (2) months at $59.03 per month).
>
> For 2006 Officer O'Hearn's contribution for 2006 would be $790.68 (Twelve (12) months at $65.89 per month).
>
> Total cost to Officer O'Hearn - $908.74

Adopting the City's health insurance proposal thus would result in an immediate total savings of about $1,999 over the agreement's three-year duration.

In support of its proposal, the City points out that the cost of the family plan has risen 66.7% from 2001 to 2006 – i.e. a rise from $790 to $1,370 per month – and it quotes Arbitrator Herman Torosian who found in an earlier interest arbitration proceeding involving the City and the Cudahy Firefighters:

> "no one can seriously challenge the City's contention that insurance costs have risen dramatically and that the City's economic and financial condition is in serious trouble." [5]

The City asserts that it pays the full cost for health insurance for all retired officers at the lowest cost state plan and that its projected cost for providing this benefit to all 25 current employees, including the three new hires, is about $4,600,000 (City Exhibit 17, p. 3), a figure the Association does not dispute. The City adds that even though the Police Department accounts for 25% of the City's total employment, the department consumes about 38% of the operating

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[5] International Association of Fire Fighters, Local 1801 Cudahy, v. City of Cudahy (Fire Department), p. 28, Case 92, No. 60108, MIA-2406, Decision No. 30434-A (2003).

budget because law enforcement personnel can retire at age 50 at reduced benefits, thereby receiving 15 years of City paid health insurance which is much longer than the 5 years of coverage other City employees (other than Firefighters) receive. The City also contends that the Association's offer is deficient because it refers to "the lowest cost qualified plan in the area" unlike the City's offer which refers to the "Milwaukee County area" and that acceptance of the Association's offer leaves open the question of what that "area" will be and raises the possibility of inviting "future litigation." [6]

The Association claims that adoption of the City's Final Offer would cause a morale problem between officers who are not required to make a premium contribution versus the new hires that do, as it points out that a morale problem existed when some officers previously received special education pay for having a two-year college degree and others did not. Association President Dala Milosavjevic testified that created the "have nots and the haves . . ." which created animosity and hard feelings between the officers, [7] a situation which ultimately was resolved when Association representative Coraggio helped settle that problem. Pointing to that history and a survey of the Association's members showing rejection of the City's Final Offer, Milosavjevic added that the Association could not agree to lesser benefits and wages for new hires because: "I do not want to create any more morale issues. . ." and because: "It's a detriment to the organization and to the services that these officers provide to the citizens."

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[6] Since the parties have agreed to the external comparables, all of which are in the Milwaukee County area, and since the Association has never claimed in this proceeding that the Milwaukee County area should not be used as the basis for selecting insurance plans, this should not be a problem.

[7] Transcript, p. 28.

The City counters that the Association's morale claim is "speculative" and a "red herring" because the City's offer will align its Police Department with the other comparables, and that a morale problem will occur within the ranks of its other City employees if the police officers here remain the only City employees who do not contribute to their health insurance.

The City thus quotes Arbitrator Gil Vernon who stated in City of Appleton, Decision No. 25636-A, pp. 10-11 (Vernon, 1989):

. . .

> Any unexplained or unjustified deviation from an established pattern of settlements with represented groups, whether achieved through negotiations or an arbitration award, can be disruptive in terms of their negative impact upon employee morale relationship and credibility with other labor organizations.

. . .

While new hires may be unhappy because they are being treated differently than more senior employees, the simple fact remains that more and more employers are requiring employees to pay something for their health insurance and that more and more employees are doing so. In addition, and as related below, almost all of their counterparts in the surrounding eight comparables must pay part of their health insurance premiums just like the City's Firefighters here. Furthermore, most of their counterparts in the comparable communities also must pay part of their health care premium upon retirement just like the Firefighters here. The City also correctly points out that morale among its other City employees may suffer if they continue to see that the City's Police Officers are the only City employees who do not pay part of their health insurance premiums. This morale issue thus cuts both ways.

The health insurance issue turns upon the comparables and whether the City is required to offer a quid pro quo for the health insurance change it seeks.

The internal comparables consist of Firefighters Local 1801 and three separate AFSCME units which cover Technical, Library, and Department of Public Works employees. These latter three bargaining units have not yet reached agreement on successor collective bargaining agreements for 2006.

The City asserts that the internal comparables should control, and that Firefighters Local 1801 represents the most important comparable among all these comparables because the Association and Local 1801 historically have been treated the same. [8] The City thus relies upon Arbitrator Torosian's 2003 decision involving Firefighters Local 1801 and the City where he addressed this connection and where he ruled:

. . .

> The fact that the two units have been treated virtually the same for the last ten years is not surprising. For comparison purposes, the fire and police have more in common than with other units. Both are protective service occupations and their duties, working conditions, etc., are more alike than with other public employees. Their commonality is almost universally recognized by municipal employers in their negotiations with fire and police. It is commonplace for employers to treat the two groups the same with respect to percentage increases and benefits except for their own peculiar issues. The two units are fiercely competitive and are always comparing themselves when it comes to contract negotiations.
>
> As discussed above, the fire and police units have been treated differently than the other three City bargaining units with respect to the 5% insurance contribution. Thus, while the other three units have been contributing 5% toward the cost of health insurance since 1994, the fire and police, through several voluntary agreements since then, have not been required to contribute the same

[8] The City cites the following cases in support of its claim that internal settlements are of paramount importance, i.e. City of Appleton, Decision No. 25636-A (Vernon, 1989); Buffalo County (Sheriff's Department), Decision No. 31340-A (Grenig, 2006); City of Wisconsin Rapids (Police), Decision No. 31284-A (Dichter, 2005); Village of Fox Point (Police Department), Decision No. 31283-C (Ver Ploeg, 2005); City of Sturgeon Bay (Police), Decision No. 31080-A (Eich, 2005); Rio Community School District (Educational Support Team), Decision No. 30092 (Torosian, 2001).

> 5%. Currently, and since 1994, 57% of the employees have contributed the 5% and 43% have not. Thus, while there is internal support for the 5% contribution, there is also strong internal support for the Association's position. [9]
>
> . . .

The Association contends that Police Officers should not be compared to the City's Firefighters and that the best comparison for Police Officers is other Police Officers employed in the external comparables because "the distinction between police units and other units within the same community has been recognized by arbitrators for many years," as it cites Portage County, Case 16, No. 51947, INT/ARB-7488 (Fleischli, 1989). That is why it maintains that external police comparables must be given greater weight than the internal Firefighters' comparables and the other three internal comparables.

In resolving this issue, it is necessary to distinguish benefits from wages, a point aptly made by Arbitrator Torosian who pointed out that with respect to internal comparables:

> . . . it is generally accepted by arbitrators that uniform benefits, especially as it relates to health insurance, among employees of the same employer, is vitally important because of fairness and the impact on morale of the employees. That is why in cases involving benefit issues, internal comparables are much more important than external comparables and usually the determinative criteria. [10] (Footnote citation omitted).

The City's insurance proposal for new hires is identical to the one accepted by the Firefighters and it is more generous than the health insurance proposal the City has made to two of the three unsettled AFSCME units – i.e. the Technical and DPW units – which calls for a 10%

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[9] Id. at 29.

[10] Id. at 30.

contribution for all employees effective January 1, 2006, and it is similar to the one made to the unsettled Library unit which calls for a 5% employee contribution for all employees effective January 1, 2006.

The following chart (City Exhibit 32) shows just how much and for how long other City bargaining units have contributed towards their health insurance premiums from 1994 to July 1, 2003, when the state plan was implemented:

	AFSCME 742	AFSCME TECH	LIBRARY	LOCAL 1801 [Firefighters]	POLICE ASSN.
1993					
1994	$19,989.64	$3,030.64	$1,298.84	$10,369.26	$0.00
1995	18,957.49	2,714.69	1,875.76		$0.00
1996	19,485.60	2,953.20	2,041.12		$0.00
1997	20,296.20	2,967.60	2,292.00		$0.00
1998	20,557.20	3,185.40	2,463.00		$0.00
1999	21,931.80	2,980.20	2,008.80		$0.00
2000	20,416.20	2,812.80	1.643.40		$0.00
2001	19,246.80	2,812.80	1,643.40		$0.00
2002	29,785.80	3,493.20	2,454.60		$0.00
Total	$151,719.60	$21,204.20	$14,546.32	$10,369.26	$0.00

Grand Total Paid by All AFSCME Unions:

$187,471.12

. . .

The Association's members thus are the only unionized City employees to have <u>never</u> contributed towards their health insurance premiums. Hence, there is no merit to the

Association's claim that the employees herein should remain on their own island and that they alone, among all of the City's employees, should be immune to the ever-rising sea of health care costs.

As for external comparables, the parties have agreed to the City of Franklin; the Village of Greendale; the City of Greenfield; the Village of Hales Corners; the City of Oak Creek; the City of St. Francis; the City of South Milwaukee; and the Village of West Milwaukee. [11]

Except perhaps for Greendale, all of these comparables since 2005 have required employees to pay part of the health insurance premium via fixed dollar amounts or percentages (City Exhibit 35; Association Exhibit 803).

More than half of these comparables – i.e. Franklin, Greendale, Hales Corners, Oak Creek, St. Francis, South Milwaukee and West Milwaukee - either via a percentage or a fixed dollar amount - do not offer a 100% funded retirement medical benefit. Franklin requires retirees to pay 25% of the premium; Greendale requires them to pay between 25% – 50% depending upon when they retire; Hales Corners requires them to pay between 50% - 75% for family coverage; Oak Creek requires them to pay 5%; St. Francis requires them to pay 20% - 50% depending upon when they retire; South Milwaukee requires them to pay 25% before they reach age 60, after which they receive free health care coverage until they are age 65; and West Milwaukee requires them to pay about 40% (City Exhibit 41).

The Association claims that the external comparables who have the state plan should be given more weight because benefits are uniform under the state plan, unlike the other plans which offer different benefits.

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[11] Transcript pp. 99-100; Association Exhibit 600.

It certainly is reasonable to compare "apples to apples" and identical health insurance plans. However, it also is necessary to point out that all of the external comparables require employees to pay something for their health insurance during their employment and upon their retirement.

I therefore find that both the internal and external comparables support the City's proposal.

That, then, raises the question of whether the City was required to offer a quid pro quo in exchange for its proposal.

The City asserts that "A quid pro quo is not required where the City's proposal is less than comparable communities require for all employees and when incremental increases in the employee contribution have universally accrued in comparable communities." It adds that the lowest cost of the City's family health plan since 2003 has increased by almost 33% or $4,141 (City Exhibit 30) and it asks: "if a quid pro quo was always required in order for a community to reign in escalating health care costs, how could a city possibly balance its budget and provide services to its citizens?"

This certainly is a valid point and it goes to the very heart of whether the City must offer a quid pro quo for its insurance proposal.

The City also states that it has a $13,900,000 GASB liability and that "there is a need for change in the new employee health insurance contributions and retiree contributions . . ." The City thus quotes Arbitrator Christopher Honeyman's decision in Racine Water Works Utility, p. 11, Decision No. 31232-A (2005) wherein he stated, in pertinent part:

. . .

> [. . . T]he Employer offers essentially a relatively sophisticated financial argument, whose underlying significance is all too easy to overlook. The Employer's best point, in essence, is that a failure to make any provision for remedying a situation which has gotten seriously out of balance renders the Utility vulnerable to external pressures, whether in the form of privatization, higher interest on bonds, or some form of "unknown," while good management requires planning and avoidance of such to the extent possible. The Employer's argument that GASB 45 is inevitable and that it will place the "long tail" liability created by the retiree insurance provision in a stark and highly public light stands without rebuttal by the Union. (It is also worth noting that the accounting rule change takes place in 2007. Given how long many contracts in Wisconsin and the public sector take to negotiate, e.g. the fact that this proceeding did not go to hearing until 18 months into the two-year contract involved, the Employer's concern for the timing does not appear premature.)[. . .]
>
> The underlying significance, though, in my view, is centered on the likely financial consequences, as this operation is capital intensive and requires bond financing. The degree to which GASB 45's disclosure of "long tail" financial liabilities will drive up financing costs and undermine the Employer's financial viability is, admittedly, speculative. But the recent sad history of some major and formerly rock-solid private companies, at least partly for reasons related to their obligations to retired employees, suggests that the Employer's concerns are not mere fantasy.

. . .

The Association cites City of Tomahawk, Decision No. 61000, MIA-456 (Honeyman, 2003) where Arbitrator Honeyman ruled that the employer had not offered a sufficient quid pro quo when it tried to reduce the employer's share of the health insurance premium in 2002 from 105% to 95% and from 92.5% in 2003. Arbitrator Honeyman stated:

. . .

> The latter two examples demonstrate a principle widely accepted in cases of this type: in a nutshell, that a major change in a fringe benefit sought unilaterally by a party must be justified by a quid pro quo, unless there is some kind of extraordinary circumstance that amounts to necessity-while necessity is argued much more often than it is proven. It is conspicuous that Rhinelander has provided a very substantial additional wage increase, amounting to an additional

> lift of 5.5 percent in wages over two years beyond the three percent per year 'going rate', at the same time as it has introduced a very substantial employee contribution toward the health insurance premium.
>
> The City is thus subject to the typical calculation of what is being done by comparable Employers. And the evidence is that two Employers among the three comparables which changed health insurance in the applicable period provided a proportionate quit pro quo, while the third obtained a much smaller employee contribution than the City seeks here, and with its employees remaining the highest paid among the comparables by a significant margin. In Lincoln County, what appear to have been relatively modest changes (the co-pays and deductibles are sizeable, but presumably not paid by every family every year) resulted in a relatively modest quid pro quo. In Rhinelander, both sides of the equation are more dramatic. But here, the City has proposed a substantial change over two years in a major fringe benefit, while offering no quid pro quo at all. This lacks support among the external comparables… The City has thus failed to demonstrate a uniqueness of circumstances that would place it outside the customary expectation of a quid pro quo when a party seeks a major change in a fringe benefit in arbitration.: City of Tomahawk, Dec. No. 61000, MIA-456 (Honeyman, 8/03).

. . .

The Association also cites North Shore Fire Department, Decision No. 60874, MIA-2450 (Bard, 2003) for the proposition that a quid pro quo must accompany an employer's attempt to increase what employees must pay towards their health care premium. There, Arbitrator Bard ruled that a half of one percent wage increase was insufficient to match the employer's proposed insurance increases of $10 per month, along with a maximum of $75 per month increase if health insurance premiums went up (the employer and employees would split any such increases up to the $75 limit). In reaching his decision, Arbitrator Bard quoted Salem Joint School District No. 7, Decision No. 27479-A (Krinsky, 1993) where the same issue was addressed.

The City maintains that the facts here are distinguishable from City of Tomahawk, supra, and Salem, supra, because here, unlike there, the City is not demanding that all employees pay part of the health insurance premium, but rather, that only new hires do so which it maintains is

"a mild way to introduce cost savings as recognized in the arbitral precedent" and thus does not constitute a substantial change in benefits, as it cites Racine Waste Water Commission and Local 2807, AFSCME, Dec. No. 31231-A (Engmann, 2005).

I agree that the cases cited by the Association are distinguishable because the employers there tried to increase insurance premiums for all employees rather than just new hires which is the case here. In addition, the small 5% contribution sought here is less than the contributions sought in most of those cases.

The Association also argues that the City has failed to meet its burden of proving there is a compelling need for its changes, and that: "The City should not be allowed to change the insurance benefit through the arbitration process" without offering a quid pro quo because that would be "detrimental to the collective bargaining process in the City of Cudahy" since it "will promote future delay in settling and support the idea that more can be gained through arbitration than through face to face negotiations."

It generally is better, of course, for parties to resolve disputes on their own because the parties then are masters of their own fate, thereby enabling them to have total control over the terms of the contract they must live with. However, interest arbitration represents an extension of the bargaining process since Section 111.77, Wisconsin Statutes, recognizes that some bargaining disputes are so intractable that they only can be resolved in an interest arbitration proceeding. That is the situation here.

The Association also claims that "The City must think it is easy to cry wolf and get away with it," as it points out that the Association several years ago agreed to a change in the insurance carrier after the City on July 1, 2003, unilaterally changed from a self-funded plan to the state plan.

The Association's action at that time certainly showed that the Association acted very reasonably in agreeing to a new insurance carrier, chosen entirely by the City, which lowered the City's health care costs. Nevertheless, health care costs have continued to rise since then, thereby showing that this is a continuing problem, one which no doubt would have occurred even if the City did not unilaterally change its health care carrier several years ago.

In addition, the City has presented an overpowering case for reigning in its ever-escalating health care costs for retirees in this bargaining unit given the City's difficult economic condition.

The City thus has a very large GASB 45 debt liability – i.e. one which projects out its future retirement costs for all City employees - which the City claims may approach about $13,900,000 (City Exhibit 19), along with about $3,438,000 in unfunded liability under the Wisconsin Retirement System (City Exhibit 11), and about another $5,750,000 in general debt obligation (City Exhibit 10). The City also ranks near the bottom of the external comparables in its ability to raise taxes since it in 2000 ranked second from the bottom in per capita income and medium family income, and third from the bottom for the value of owner occupied housing units (City Exhibit 22). The City in 2005 ranked third from the top in net tax rate (City Exhibit 20). When all of these factors are added together, it is clear that the City is not flush and that it must try to control its health insurance costs for this bargaining unit. [12]

[12] This finding is limited to this bargaining unit because the City is required to pay for health insurance for ten years if Firefighters retire at the normal age of 55. (Some may retire at 50 years of age at reduced benefits, thereby enabling them to receive 15 years of health insurance coverage). Hence, the City's retirement costs here are much higher than the AFSCME bargaining units whose members receive about 5 years of health insurance coverage upon retirement.

The Association counters that the City's financial condition has been brought about largely because of its expenditures on a proposed Ice Port and that the City has overstate its GASB liability. Since the Ice Port represents a tax incremental district which has special rules which set it apart from other City entities, I find that the City is not spending as much as the Association claims on that project and that it has had a negligible affect on the City's financial condition. [13]

Hence, while the City under factor (c) above, has the financial ability to currently afford the Association's Final Offer, the future tells a different story because the City's projected cost for providing full insurance to all of its 25 police officers is about $4,600,000 (City Exhibit 17, p. 3). The "interests and welfare of the public . . ." thus support the City's health insurance proposal because it is in the best interests of Cudahy taxpayers to reign in the City's ever-escalating retirement costs for members of the Police Department.

I have previously stated that when insurance premiums go up astronomically:

> an employer may be able to successfully argue that no quid pro quo is necessary because something must be done and because the employer simply cannot afford to offer a sufficient enough quid for the quo sought. In other instances – when there is less of a need to make the changes or when an employer seeks to reduce a benefit well in excess of any health insurance rise – there is no reason to not require a quid pro quo, as such give and take is an essential part of the collective bargaining process. [14]

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[13] The Association challenges the testimony of City Clerk Joseph P. Henika who testified about the Ice Port and the City's long-term retiree liability. The City counters that Henika's testimony was corroborated by the independent study conducted by an outside consulting firm (City Exhibit 19). While Henika may not have been totally accurate in describing the City's financial situation, the totality of this record establishes that the bulk of his testimony was correct and that the City has a mountain of debt.

[14] Shorewood Police Association Local 307 v. Village of Shorewood, p. 18, Case 50, No. 63195, MIA-2569, Decision No. 31061-B (2005).

Applying that principle here, I find that the City has a great need to reduce its health insurance costs and that the small change sought does not require a quid pro quo given the universatility of the comparables supporting it. [15]

I therefore conclude that the City has made a compelling case for having new hires pay 5% of the lowest cost state plan premium during their employment and upon their retirement, and that the City's health insurance proposal for new hires and retirees should be adopted.

Turning now to wages, the Association has proposed 3% across-the-board wage increases for all employees to take effect on July 1, 2004; January 1, 2005; and January 1, 2006.

The City has proposed the following wage increases for all Patrol Officers hired before December 31, 2004, and for all Detectives hired before and after that date: 2% effective December 26, 2004; 3% effective January 1, 2005; 2% effective January 1, 2006; and 2% effective July 1, 2006.

The City also has proposed that the current wage progression schedule be lengthened from four to six steps; that all new hires wait two years longer to reach the top of the wage schedule; and that they receive the following across-the-board wage increases: 2% effective December 26, 2004; 3% effective January 1, 2005; 2% effective January 1, 2006; and 2% effective July 1, 2006. The City's wage offer, including the step changes, is the same wage offer agreed to by the Firefighters.

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[15] Arbitrators have ruled that a quid pro quo is not always needed to change the status quo in the following cases: Racine County Department of Public Works, Decision No. 26075-A (Mueller, 1990); Pierce Human County Services, Decision No. 21816-A (Weisberger, 1995); Sauk County, Decision No. 29584-A (Vernon, 2000); City of Beaver Dam, Decision No. 26548-A (Oestreicher, 1991); City of New Berlin, Decision No. 29061-A (Yaffe, 1997).

The City maintains that its offer is "very competitive" with the external comparables because both parties' offers for 2006 "are virtually identical" at $41,879 on the low end and $56,771 on the high end. It also asserts that "The economic realities demonstrate that the delayed wage implementation was appropriate" because of the City's difficult economic shape since the City's health insurance costs in 2004 rose by about 22.2% and since its retirement contribution for protective services rose a full 1% which, when combined together, totaled about 2.83% in total package costs for this bargaining unit. The City also points out that all four internal comparables have agreed to the delayed wage freeze in 2004 and that the Association's offer here for 2004 is a full 1% higher than those four internal comparables.

The City adds that the Firefighters have recently agreed to add two steps and to lengthen the time it takes to reach the maximum step from four to five years. It also states that other external comparables - i.e. Greenfield, Oak Creek and South Milwaukee - have "all implemented two tier wage systems to no apparent ill effect" (City Exhibit 27), and that "no other comparable community offers the 4 step after a 3 year maximum." The City disputes that the Association's figures for the external comparables and claims they are "distorted" because they do not include the 2006 wage settlements for 6 out of the 8 comparables and that once they are considered, the City's offer, which is backend-loaded, is "on parity or higher when compared in total to both the internal and external comparables."

I agree that the City's offer for 2006 must be considered because that is an essential part of the City's Final Offer. Once that is done, it becomes clear that the City's offer provides for about a 9% cumulative wage lift over the life of the new agreement, thereby matching the lift in the Association's Final Offer. In addition, the City's across-the-board wage lift is in line with the wage settlements reached by the external comparables between 2004-2006 (City Exhibit 29).

The City's Final Offer also matches the across-the-board wages given to Firefighters. Its timing varies slightly, however, from the across-the-board wages given to the three AFSCME bargaining units who received 2% effective December 26, 2004, and 2% effective June 27, 2005, and who have not yet reached agreement for 2006 collective bargaining agreements (Association Exhibit 705; City Exhibit 26).

The Association asserts that adoption of its wage offer would leave Police Officers $26 above the monthly average in 2004 and $16 above the monthly average in 2005, whereas adoption of the City's wage offer would drop officers from $17 above the monthly average to $17 below the monthly average in 2004; $29 below the monthly average in 2005; and that 2006 wage figures cannot be computed because Oak Creek and West Milwaukee have not settled.

The Association also asserts that "there is nothing being offered by the City . . ." in exchange for its 2004 wage freeze, and that the Association's proposal for a 3% wage increase on July 1, 2004 – which costs the City 1½% over the course of that year – is supported by the following 2004 calendar pay raises granted in the external comparables (Association Exhibit 702):

Franklin	3.0%
Greendale	3.25%
Greenfield	3% effective 12/27/04
Hales Corners	3%
Oak Creek	2.0%/2.0%
St. Francis	3.1%
West Milwaukee	2.0%/1.0%
South Milwaukee	Wage freeze

The Association adds that the 2004 wage freeze accepted by South Milwaukee Police Officers must be discounted because South Milwaukee Police Association vice president Darrell

Mussatti testified that his union agreed to the 2004 wage freeze in exchange for several significant quid pro quos, including a change in the work schedule and elimination of a residency requirement. The City argues that Mussatti "recanted his position" when he acknowledged the revised work schedule did not result in any reduction in hours and that the City of South Milwaukee's wage freeze must be considered.

Contrary to the City's claim, Mussatti did not "recant" his position. He merely explained that while the new work schedule resulted in 9 more days off, he still worked the same number of hours. In addition, the South Milwaukee Police Association agreed to the wage freeze because a residency requirement was dropped, thereby establishing a necessary quid pro quo. The wage freeze there thus has no application here.

Based upon the above, I conclude that there is not that much difference between the parties' Final Offers regarding the across-the-board wage increases to be granted to employees hired before December 31, 2004; that the internal comparables support the City's Final Offer; that the external comparables slightly favor the Association's Final Offer because of the City's proposed 2004 wage freeze; and that the parties' wage proposals for new hires – which are much further apart - are thus dispositive of the wage issue.

The differences for new hires in the two Final Offers (Association Exhibit 701) are as follows:

Association Final Offer		**City Final Offer**	
		Employees hired on or after 12/31/05 [16]	
Patrol Officer (1st year)			
1/1/03	18.42	1/1/03	18.42
7/1/04 (3.0)	18.97	12/26/04 (2.0)	18.79
1/1/05 (3.0)	19.54	1/1/05 (3.0)	19.35
1/1/06 (3.0)	20.13	1/1/06 (2.0)	19.74
		7/1/06 (2.0)	20.13
Patrol Officer (2nd year)			
1/1/03	23.61	1/1/03	19.73
7/1/04 (3.0)	24.33	12/26/04 (2.0)	20.12
1/1/05 (3.0)	25.06	1/1/05 (3.0)	20.73
1/1/06 (3.0)	25.80	1/1/06 (2.0)	21.14
		7/1/06 (2.0)	21.57
Patrol Officer (3rd year)			
1/1/03	24.39	1/1/03	21.04
7/1/04 (3.0)	25.12	12/26/04 (2.0)	21.46
1/1/05 (3.0)	25.87	1/1/05 (3.0)	22.10
1/1/06 (3.0)	26.65	1/1/06 (2.0)	22.55
		7/1/06 (2.0)	23.00
Patrol Officer (4th year)			
1/1/03	24.97	1/1/03	22.35
7/1/04 (3.0)	25.72	12/26/04 (2.0)	22.80
1/1/05 (3.0)	26.49	1/1/05 (3.0)	23.48
1/1/06 (3.0)	27.29	1/1/06 (2.0)	23.95
		7/1/06 (2.0)	24.43
Patrol Officer (5th year)		1/1/03	23.66
1/1/03	24.97	12/26/04 (2.0)	24.13
7/1/04 (3.0)	25.72	1/1/05 (3.0)	24.86
1/1/05 (3.0)	26.49	1/1/06 (2.0)	25.35
1/1/06 (3.0)	27.29	7/1/06 (2.0)	25.86

[16] Association representative Coraggio explained that 2005 was used as the base year because that was the year referenced in the City's Final Offer before it was changed to 2004. Transcript, pp. 70-71.

Patrol Officer (6th year)			
1/1/03	24.97	1/1/03	24.97
7/1/04 (3.0)	25.72	12/26/04 (2.0)	25.47
1/1/05 (3.0)	26.49	1/1/05 (3.0)	26.23
1/1/06 (3.0)	27.29	1/1/06 (2.0)	26.76
		7/1/06 (2.0)	27.29

The Association asserts that Patrol Officer Brian Olson, who was hired on January 7, 2005, will suffer a total loss of about $68,894 under the City's proposal if one assumes that he would receive a 3% raise between 2006-2010 (Association Exhibit 1214). This estimate, though, includes 7.65% of wages for FICA and a 19.8% of wages for WRS, thereby reducing that direct loss by about 27%. In addition, it is not at all certain that the employees here will receive 3% raises in the near future. Nevertheless, even though the Association's calculation is too high, new hires like Olson will lose tens of thousands of dollars less under the City's offer.

The Association contends that the Firefighters may have agreed to the City's proposal to add steps and to lengthen the time it takes to reach the maximum because the Firefighters, unlike the police unit here, may not have had a history of offering different wages and benefits to different employees and that they therefore did not experience the kind of morale problems testified to by Association President Milosavjevic. The Association also claims that "different bargaining units enjoy different levels of power and have different sets of concerns" and that the Firefighters "may not have placed the same value on new officers as the Police Association, and therefore, were willing to modify the pay schedule and insurance contributions without anything in return.

The steps and maximum time required to reach the top step for the external comparables are as follows: Franklin, 6 steps, maximum after 4 years; Greendale, 5 steps, maximum after 4 years; Greenfield, 6 steps, maximum after 5 years; Hales Corners, 5 steps, maximum after 4

years; Oak Creek, 6 steps, maximum after 5 years; St. Francis, 6 steps, maximum after 5 years; South Milwaukee, 7 steps, maximum after 5 years; West Milwaukee, 5 steps, maximum after 4 years (City Exhibit 27).

No external comparable thus provides new hires with the 4 step, 4 year maximum found here and Franklin, Greenfield, Oak Creek, St. Francis and South Milwaukee all have 6 or more steps, thereby supporting the City's offer. However, none of these comparables require employees to wait six years before they reach the top of their wage schedules and Franklin, Greendale and Hales Corners have the 4-year maximum found here, thereby supporting the Association's offer.

The external comparables thus are mixed and slightly favor the City's proposal

The City also claims that Greenfield, Oak Creek and South Milwaukee "all implemented two tier wage systems with no apparent ill-effect," and that its proposal is "entirely consistent with the external comparables."

That, though, does not relieve the City from its obligation to offer a quid pro quo in exchange for the step changes it seeks. For as related above on p. 23, I believe a quid pro quo is needed when "an employer seeks to reduce a benefit well in excess of any health insurance rise . . ." because "such give and take is an essential part of the collective bargaining process." In addition, and unlike the health insurance issue where the City has proven that it absolutely must do something to help control its health insurance costs for this bargaining unit and that the external comparables universally support its proposal, the City has failed to meet its burden of proving that there is a compelling need to now effectuate such a drastic change in the step schedule.

I therefore conclude that the Association's overall wage proposal should be adopted because its step proposal merely seeks to retain the status quo and because it is more reasonable than the City's step proposal which seeks to change the status quo without sufficient justification.

Turning now to the agreement's Duration clause, both parties have proposed identical language for a three-year agreement except for the Association's proposal which also calls for the addition of the following language: "provided that it does not exceed three (3) years in duration."

The Association claims that the duration clause of the prior agreement "is illegal, as there is no limit on the number of years in which the contract continues until the parties reach a successor agreement" and that it is necessary "to have the language conform to the statute in which collective bargaining agreements cannot be more than three years in duration (Wis. Stats. 111.70(4)(8m)." The City counters that the Association's proposal "appears more to affect" how long the parties can be on a contract hiatus rather than how long the contract will actually be good for, "and that the proposal in any event is "redundant."

This proposal does appear to address a contract hiatus. But even if it does not, and even if there is a question over the duration clause in the prior agreement (I do not think there is) it is unnecessary to rule on this issue because it will not affect which Final Offer should be selected.

CONCLUSION

This case turns on weighing the City's legitimate need to curtail its ever-rising health insurance costs in this bargaining unit, versus the lack of justification for changing the wage schedule for new hires.

As related above, the City has presented an overwhelming case in support of its health insurance proposal since: (1), it was agreed to by the Firefighters who have been an historical comparable; (2), it is supported by the external comparables; (3), it is very limited in scope, applying as it does only to new hires who are asked to pay a minimum 5% of their health care costs under the lowest cost state plan; (4), it represents a very reasonable means for curtailing some of the City's ever-rising health care costs for retirees; and (5), it represents a reasonable way to help deal with the City's growing financial difficulties. If this were the only issue in dispute, the City's Final Offer would be selected.

The City's Final Offer, however, also calls for lengthening the wage schedule from four steps to six steps for new hires, thereby requiring new hires to wait two years longer before they can reach the top of the wage schedule. As stated above, this proposal is not accompanied by any quid pro quo even though each new hire may lose tens of thousands of dollars in wages if the City's Final Offer is selected. If this were the only issue in dispute, the Association's Final Offer would be selected.

How to balance these two proposals is a difficult task because adopting either Final Offer will result in a very undesirable consequence. Hence, by requiring new hires to pay 5% towards their health insurance just like the Firefighters, a desired result is reached, but at the cost of requiring new hires to take an unjustified pay cut which is a bad result. Alternatively, adopting the Association's Final Offer will result in not changing the wage schedule which is a good result under the facts of this case, but at the cost of retaining the status quo on health insurance which is a bad result. This case thus boils down to whether the City's justified health insurance proposal is outweighed by the City's unjustified wage schedule proposal.

As related above on p. 11, the City will save about $1,999 over the agreement's three-year duration if the three new hires must contribute 5% towards the cost of their health insurance premiums in 2005 and 2006. [17]

The City's proposal to add two more steps and to make new hires wait until their sixth year to reach the maximum step involves a far greater sum of money in the short term because each of the three new hires, along with any subsequent new hires, will lose tens of thousands of dollars in delayed step increases (Association Exhibit 701). [18]

The immediate health insurance savings to the City thus are clearly outweighed by this unjustified loss in pay. I therefore conclude that the latter must be given greater weight than the former, and that the Association's Final Offer, on balance, must be selected because it is the least unreasonable of the two Final Offers.

In doing so, I am mindful that the City's health insurance proposal, if adopted, would result in far greater savings to the City when new hires retire. That is why much of this case is about future savings.

However, in trying to reach that legitimate goal, the City cannot short-change new hires by elongating the wage progression schedule. The City therefore remains free to obtain its

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[17] This number of course will increase if there are any new hires in 2006, a matter not disclosed in this record.

[18] New hire Olson, for example, would lose over $8,000 in 2006 if the City's proposal was adopted. This figure represents the difference between the $25.80 an hour he would receive for 2006 under the Association's proposal versus the $21.14 an hour for the first part of the year and the $21.57 an hour he would receive for the second part of the year under the City's proposal, assuming that he was paid for 2,000 hours.

needed health insurance proposal if it can do so without the kind of wage proposal it has made here, one that is not accompanied by a needed quid pro quo. Since the agreement in issue here terminates on December 31, 2006, that is an issue the City can immediately address.

In light of the above, I issue the following

AWARD

The Association's Final Offer is selected and it is to be incorporated into the parties' 2004-2006 agreement.

Dated at Madison, Wisconsin, this 5th day of June, 2006.

Amedeo Greco /s/
Amedeo Greco, Arbitrator