

BEFORE THE ARBITRATOR

In the Matter of the Petition of

CUDAHY PROFESSIONAL POLICE
ASSOCIATION, LOCAL 235

For Final & Binding Arbitration Involving

And

CASE 119, NO. 72055, MIA-3082
[Dec. No. 34946-A]

CITY OF CUDAHY

APPEARANCES:

Mr. Benjamin M. Barth, Labor Association of Wisconsin, Inc., N116 W16033 Main Street, Germantown, WI 53022 on the Cudahy Professional Police Association, Local 235.

Attorney Nancy Pirkey, Buelow Vetter Buikema Olson & Vliet, LLC, 20855 Watertown Road, Suite 200, Waukesha, WI 53186 on behalf of the City of Cudahy.

On April 9, 2013 the Cudahy Professional Police Association, Local 235 (hereinafter, the Association) filed the above-captioned petition. On June 17, 2013 WERC staff member William Houlihan met with the Association and the City of Cudahy (hereinafter the City) in an effort to mediate the dispute and was ultimately satisfied that an impasse exists, issuing a Notice of Close of Investigation on February 19, 2014. The undersigned was selected from a panel provided by the WERC, and on March 28, 2014 the WERC appointed the undersigned as arbitrator. Hearing was held on July 15, 2014 in Cudahy, Wisconsin, where the parties were afforded full opportunity to present oral argument, evidence, and testimony. The hearing was not transcribed. The parties filed post-hearing briefs that were exchanged on September 12, 2014. On September

15, 2014 the parties advised that the record was closed.

Based upon the consideration of the record and arguments in their entirety, the undersigned issues the following Interest Arbitration Award.

STATUTORY CRITERIA

The pertinent portion of sec. 111.77(6), Wis. Stats., states as follows:

(am) In reaching a decision, the arbitrator shall give greater weight to the economic conditions in the jurisdiction of the municipal employer than the arbitrator gives to the factors under par. **(bm)**. The arbitrator shall give an accounting of the consideration of this factor in the arbitrator's decision.

(bm) In reaching a decision, in addition to the factors under par. **(am)**, the arbitrator shall give weight to the following factors:

1. The lawful authority of the employer.
2. Stipulations of the parties.
3. The interests and welfare of the public and the financial ability of the unit of government to meet these costs.
4. 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:
 - a. In public employment in comparable communities.
 - b. In private employment in comparable communities.
5. The average consumer prices for goods and services, commonly known as the cost of living.
6. 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.

7. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.

8. 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.

ISSUES

The Association's final offer:

ARTICLE VIII - WAGES

Tentative agreements.

Page 4, Section 6.01. Increase the wages by the following amounts:

2.0% effective 1/1/2014
1.0% effective 7/1/2014
2.0% effective 1/1/2015
1.0% effective 7/1/2015

The City's final offer:

Tentative agreements.

ARTICLE VIII – WAGES – Provide for the following across-the-board wage increases:

2.0% effective 1/1/14
2.0% effective 1/1/15

POSITION OF THE ASSOCIATION

The Association submits that the City did not offer a meaningful *quid pro quo* in return for the significant modifications that were agreed upon in Article XII, Health and Welfare, and Article XIV, Wisconsin Retirement Fund. The Association contends the City not only fails to offer an adequate *quid pro quo* for the significant changes they proposed, but insults the

employees by proposing the changes with a wage offer that significantly reduces the wages of the members of the Association.

It is the Association's position that the City has the lawful authority to meet the terms and conditions set forth in its final offer which the City has not disputed. Therefore, Wis. Stats. 111.77(6)(bm)(1) is not at issue.

The parties to this arbitration proceeding reached a number of tentative agreements to the 2010-2012 collective bargaining agreement. The Association agreed to increase their employee contribution towards health insurance from the current 5.0% of the premium to 8.0% of the premium retroactively to January 1, 2014 and 12.0% of the employee contribution effective January 1, 2015. In addition, the members of the Association have agreed to pay for the first time, a portion of their pension. Beginning January 1, 2013, Association members hired prior to June 28, 2011, shall pay the first 1.5% of the Employee contribution. Beginning January 1, 2014, Association members hired prior to June 28, 2011 shall pay the first 3.0% of the Employee contribution. Beginning January 1, 2015, Association members hired prior to June 28, 2011 shall pay the first 4.5% of the employee contribution.

The members of the Association agreed to the City's proposal in regards to the increase in employee's health insurance contribution and the employee's pension contribution. In return, the Association is asking for an additional 1.0% wage increase effective July 1, 2014 and an additional 1.0% wage increase effective July 1, 2015. As such, Wis. Stats. 111.77(6)(bm)(2) is not in dispute between the parties. In addition, inability to pay has never been presented by the City; therefore, that issue is also not an issue in these proceedings.

The Association feels that Wis. Stats. 111.77(6)(bm)(3), the public interest criterion, is well-served if the citizens and taxpayers of the City of Cudahy are provided with public servants who are well paid and of high spirits and morale.

Law enforcement officers within the comparable communities are well aware of the wage increases and benefits received by their counterparts. The officers interact professionally on a daily basis, depending on each other for mutual aid and backup. They attend the same type of training and see one another processing arrests at the District Attorney's office. During these interactions, there are obviously discussions held regarding wages, hours and conditions of employment. The Association's final offer will have a far more positive effect on the morale of the employees, which will in turn have a positive effect on the interest and well-being of the citizens they serve.

The Association's offer more closely resembles the settlements granted in other comparable communities. Therefore, the Association's final offer that will have a positive effective on officer morale.

Wis. Stats. 111.77(6)(bm)(4)(a) clearly indicates the need to distinguish the special characteristics and needs of law enforcement employees when compared to employees holding other positions within the same community. Indeed, arbitrators have recognized the distinction between police units and other units within the same community for many years.

Both the Association's final offer and the City's final offer are above the average cost of living during the period in which the final offers were certified.

For the most part, the Association's benefits are about average when compared to the external comparables. The Association submits their benefits are average when compared to the

comparables listed by the parties and should not be used as a basis to support the City's final offer.

The City provided the Association and the arbitrator with a copy of the 2014-2015 collective bargaining agreement between the City of St. Francis and the St. Francis Professional Police Association that was ratified by the parties after the hearing. The Association takes the position that this agreement further supports the offer of the Association. The agreement in St. Francis in regards to wage increase is: effective January 1, 2014 – 2.0%; and effective January 1, 2015 – 2.0%

The 2.0% increases in 2014 and 2015 the City of Cudahy is offering with major benefits changes are the same increases as St. Francis agreed to without any additional employee contributions towards health insurance or pension. Clearly, the 2014-2015 contract that was settled in St. Francis supports the final offer of the Association in this instant case.

The Association is well aware of the fact that arbitrators are loath to award settlements that are greater than those voluntarily agreed to by other bargaining units within the same municipality. This is likely to be the controlling argument in the City's post-hearing brief. The City is relying on the fact that the Firefighters, the only other represented employees in the City, have settled for the same Wage, WRS, and Health Insurance offer that the City has submitted as their offer in this instant case. The Association is cognizant of the fact that good collective bargaining agreements must be fought for and that once a benefit or condition of employment is obtained, it must be defended.

Once the Firefighters agreed to the City's woeful offer, the City refused to bargain on any other economic issues with the Police Association. The Association was told repeatedly to take the Firefighters settlement or proceed to arbitration. However, the City never acknowledged that

the Association was losing ground financially with the other comparable law enforcement agencies in the area. The City went through the motions, but knew all along that it would not exceed the settlement reached by the Firefighters. The City's inflexibility to negotiate in good faith is fiscally irresponsible resulting in this contract arbitration.

To award the City its final offer based on the Firefighters' settlement flies in the face of the legislative intent of the arbitration process. This arrogance on the part of the City cannot be condoned. To do so would seriously impede the give and take of the collective bargaining process, not to mention the severe financial and moral impact on the law enforcement employees required to put their lives on the line every day in their service to the community. If the City is successful here, what is to stop them from reducing benefits in future negotiations?

The fact is that different bargaining units enjoy different levels of power and have different sets of concerns. Each bargaining unit must be allowed to determine what is, and what is not, worth fighting for. Arbitrators have recognized this sentiment. For the City to take the position that it would not deviate from the settlement reached by the City with the Firefighter and address the specific concerns of the Association is bargaining in bad faith.

The Association believes that one of the controlling factors in this interest arbitration is whether the City has offered the Association a meaningful and adequate *quid pro quo* in return for the significant modifications it seeks in Article XII, Health and Welfare, and Article XIV, Wisconsin Retirement Fund.

The Association drafted its final offer with a *quid pro quo* in mind. The Association has proposed an additional 1.0% effective July 1, 2014 and an additional 1.0% effective July 1, 2015 to offset the agreed-upon increased employee contribution towards health insurance and the employees agreeing to pay into the Wisconsin Retirement System for the first time. If the

Association's offer is selected, the City would be paying \$14,155.18 less in 2014 towards wages that they were paying in 2013. If you add the \$30,081.24 savings from insurance, the City is spending a total of \$44,236.42 less in 2014 for the members of this Association than they did in 2013. The problem is that City is greedy and a \$44,236.42 savings is not enough for one year; the City wants employees to feel a decrease in their take home pay, which would be accomplished if the City's offer is selected.

Assuming an employee is at top pay and selects a family health insurance plan, employees will lose \$306.72 per year in 2014 and an additional \$381.48 per year if the City's offer is selected. If the Association's offer is selected, employees will gain \$13.26 per year in 2014 and \$643.44 per year in 2015. Employees' taking home less pay in 2 years out of the three-year contract is not anything close to a *quid pro quo*.

Interest arbitrators are reluctant to award changes in the status quo without demonstration of a compelling need for the change and an accompanying *quid pro quo* to help offset the effects of the change.

Currently, members of this Association are not contributing towards the WRS (except for employees hired after July 1, 2011, as required by law). The tentative agreements show a willingness of the Association to contribute towards the WRS. The Association is asking to be offset with wages (*quid pro quo*) for their contribution. The tentative agreements call for the employees to pay 1.5% of the pension retroactive to January 1, 2013, with a 2.0% wage increase. The parties agreed to increase the pension contribution an additional 1.5%, for a total of 3.0% into the WRS on January 1, 2014 and an additional 1.5%, for a total of 4.5% into the WRS on January 1, 2015. In return for the increase in pension contributions, the Association is asking for an additional 1.0% wage increase effective July 1, 2014 and an additional 1.0% increase

effective July 1, 2015. The idea behind this offer is to ensure that the employees not take a wage decrease by paying into the WRS. External comparables have started paying into the WRS, but many, if not all have received a wage increase to offset the WRS contribution or in many cases a wage increase that exceeds the WRS contribution.

The WRS employee rate for 2013 was 6.65%, for 2014 the rate is 7.0% and effective January 1, 2015, the rate decreases to 6.8%. Even though the employee's share increased in 2014, it is worth noting that the City's share towards the WRS for Cudahy decreased from 23.00% in 2013 to 18.06% in 2014. Furthermore, the WRS rate for the City is decreasing from 18.06% in 2014 to 12.68% in 2015.

When the employees' contribution per the tentative agreements is taken into account, the City's share towards the WRS for Cudahy is actually decreasing from 21.5% in 2013 to 18.06% in 2014 and further decreasing to 12.68% in 2015. That is a decrease of 8.82% for the employer.

The tentative agreements also require that employees pay more towards their health insurance. In 2013, employees paid 5.0% of the monthly premium. Retroactive to January 1, 2014, the employees will pay an additional 3.0% towards the monthly health insurance premium going from the current 5.0% to 8.0%. In addition, effective January 1, 2015, the employees will pay an additional 4.0% towards the monthly health insurance premium going from the 8.0% to 12.0%. The Association has agreed to the increased employee contribution even though the City has saved over \$30,000 in 2014 because of the change in insurance plans.

The City has not offered any *quid pro quo* for the major changes that have been agreed to in regards to the changes in health insurance and retirement contribution. The Association has proposed to pay into the WRS and pay more for insurance, but we would like to limit the wage decrease that each member of the Association will feel in take-home pay. The Association

drafted its final offer with the idea that where a party proposes a major change in the status quo, that party must accompany that proposed change with a significant/meaningful *quid pro quo*.

In summary, the Association submits: 1) the City has not offered a meaningful and adequate *quid pro quo* for the negative financial hit the members of the Police Association will feel in their take-home pay if the City's offer is selected; 2) it is within the lawful authority of the City of Cudahy to accept and abide by the terms of the Association's final offer; 3) the City has affirmed that it can afford the Association's final offer and thus the interest and welfare of the public will not be adversely affected; 4) the wage increases received within other comparable Police Departments should be given substantial weight; and 5) the City's reliance on internal settlements should be given no weight by the arbitrator. Based upon the arguments set forth above, the Association respectfully requests the arbitrator to accept its final offer as final and binding and issue an award in favor of the Association. The Association cites arbitral precedent in support of its position.

POSITION OF THE CITY

The City negotiated an identical settlement with its Firefighters to the economic terms included in the City's final offer. This should provide tremendous support for its offer to the Police unit. The Firefighters voluntarily settled with the City on economic terms that are identical to those being offered to the Police unit.

The City's final offer includes wage increases that match the voluntary settlement with the Firefighters at 2.00% per year for 2013, 2014, and 2015. It is important to note that the Association reached a tentative agreement which provides for a match with the Firefighters on the WRS contributions and health insurance premium contributions for the 3 years of the

contract, but will not agree to the same wage increase offered as a *quid pro quo* for the concessions on WRS and health insurance contributions. The City's final offer is the more reasonable because it provides for the exact same economic terms as those included in the settlement with the Firefighters.

Arbitrators recognize that police and fire units should be equal in the percentage wage increases they receive in bargaining. The City's final offer provides for parity on the wage increases for 2013, 2014 and 2015 and treats both the police and fire units equitably and fairly. The Association has not offered any evidence or testimony at the hearing that would explain or justify its belief that it should receive a higher wage increase than that received by the Firefighters. In fact, the Association failed to offer any exhibits on the contract settlement with the Firefighters, or that even acknowledge that the City has another public safety bargaining unit.

Arbitration cases have placed a high value on internal consistency in which wage increases were in dispute; those cases also establish a nexus between police and fire settlements. The value of internal consistency in settlements was identified in the City of Cudahy's prior interest arbitration in 2003 involving its firefighters. There is no reason, nor has any reason been articulated by the Association, to justify the Association's demand for a wage increase that is far better than that voluntarily agreed to by the Firefighters.

The City has offered its police officers the same wage increase as that offered to all other City employees for 2013, 2014 and 2015.

Pursuant to Act 10, all general municipal employees are required to pay the full employee's share of the WRS contribution rate. The City has a duty to bargain over the WRS contributions for its two public safety units, police and fire. Here, the parties have reached a tentative agreement on the employee's share of WRS contributions which maintains consistency

with the Firefighters' bargaining unit, but remains below the contribution required of the remaining City groups.

The City has also maintained internal consistency with all employee groups on the premium contributions paid for health insurance.

The Association has not offered any reason to break the consistency and unity of the City's internal wage pattern for 2014 and 2015. In order to maintain labor peace, equity and good morale among and between its employee groups, the City respectfully requests that its final offer be awarded in this case.

The Association has not offered any evidence or argument comparing the Association's offer to the internal settlements. That is because there are no internal comparisons that could possibly favor the Association's final offer in this case.

The City has provided a series of exhibits showing the internal settlement pattern. The City has specifically addressed the settlement it reached with its Firefighter unit – a group most similar to the Police unit. The City's economic settlement with the Firefighter unit is duplicated in its final offer to the Police Association.

The City has offered extensive case law establishing that internal settlement patterns carry controlling weight in this proceeding. The City has also cited extensive case law that concludes that Fire and Police units are the most similar to each other and, further, supports maintaining parity in wage increases between these two groups.

The Association does not offer any compelling evidence which would support its excessive wage demands and, for that reason, the City's final offer is the most reasonable. The internal settlement pattern overwhelmingly supports the City's final offer.

With respect to the eight agreed-to external comparables, while the City recognizes that these eight municipalities are comparable to Cudahy, there are factors that distinguish Cudahy from its external comparables.

The City, in its exhibits, provided a comparison of the 2012 and 2013 equalized values for all of the comparable municipalities. Cudahy has shown a 5.00% decrease in its residential equalized value, which is second only to Greendale in the percentage decrease in equalized values.

Cudahy also lags behind in personal income, reporting adjusted gross income of \$37,940 per return, with the average of all of the remaining municipalities set at a much higher rate of \$49,476 per return, more than 30% higher than the adjusted gross income in Cudahy.

Comparing median house value in all of the comparable municipalities demonstrates that Cudahy lags behind the average, with its median house value listed as \$158,800, while the average of the remaining municipalities is a median house value of \$192,863.

The City submitted an exhibit which compares home values in each municipality and which shows the homes in Cudahy have a value between \$150,000 to \$174,900. This compares to the greatest percentage of homes valued between \$200,000 and \$249,999 in Franklin, Greendale, Hales Corners and Oak Creek. In fact, West Milwaukee shows the majority of its homes valued lower than the home value range for Cudahy. While the City is not claiming inability to pay in this dispute, it is noteworthy that Cudahy continues to lag behind its comparables in all of these valuation areas.

The historical wage rate comparison indicates that Cudahy has been at the lower end when ranking wage rates from 2009 to the present. However, arbitrators have supported the concept that rankings are developed over many years and are based upon the usual give and take

process of negotiating contracts. The primary weight in determining which final offer to select should be placed on the percentage wage increase.

The parties have agreed to a 2.00% across-the-board increase in 2013. In addition, the City has offered a 2.00% increase for both 2014 and 2015. The City has prepared an exhibit that compares the percentage wage increases among the comparables. The parties agreed to also include the recent St. Francis settlement.

Using the average increase for the comparables, the total percentage increase over the 3-year contract period in dispute in this case is 5.78%. The City's final offer is for a total increase of 6.00%, or 0.22% over the average. In contrast, the Association's final offer is a total average increase of 7.00%, or 1.22% over the average. There is no justification for the Association's final offer.

The WRS contribution is a major factor in analyzing the wage increases proposed in the final offers, and the wage increases received by police officers in the comparable pool. The full employee's share of WRS is 6.65% for 2013, 7.00% for 2014, and 6.80% for 2015. The parties have tentatively agreed that police officers will pay WRS contributions of 1.50% in 2013, 3.00% in 2014 and 4.50% in 2015. It is important to note that police officers in Cudahy will not be paying the full employee's share of WRS by the end of the contract. More importantly, the overwhelming majority of external comparables have negotiated contracts in which their police officers will be paying the full employee share of WRS.

With the exception of West Milwaukee, Cudahy police officers are paying less toward WRS than any of the police officers in the comparable pool. This is particularly important when one considers the wage increases that Cudahy police officers will receive. Many of the police

officers in the comparable communities received less of a wage increase than the 8.00% in the Association's final offer, but are paying the full employee's share of WRS.

West Milwaukee is the only community that provided a greater net wage increase to its police officers than the City's final offer provides to police officers in Cudahy.

While the Association contends that the City has not offered a *quid pro quo* for the WRS contributions that they have accepted, in fact, Cudahy police officers will receive a net wage increase of 1.50% over the 3 years of their contract, which is a much better net wage increase than five of the six police units in the comparable pool will receive. The Association's final offer is excessive in light of the external contract settlements for the comparable pool, while the City's final offer is the more reasonable.

The tentative agreement on employee contribution to the health insurance premium for Cudahy police officers is lower in 2013 and 2014 than what police officers in the comparable municipalities pay, and is equal to, or lower than, what police officers will pay in the comparable pool in 2015.

The City offers competitive benefits to its police officers and submitted exhibits at the hearing that reflect benefit comparisons among the comparables.

Cudahy police officers are eligible for a total of 25 days of vacation per year after 18 years of service, which is a better vacation benefit than almost all of the comparable communities. In addition, the exhibits reflect that police officers in Cudahy receive a competitive holiday benefit.

The City offers a generous uniform allowance of \$575 per year. This compares favorably to the uniform allowance offered by the majority of the external comparables. Longevity is

another benefit offered by Cudahy to its police officers that equals or exceeds the benefit provided by other comparable communities.

All of the municipalities in the comparable pool provide some type of paid health insurance benefit to their retirees until they become eligible for Medicare; and all of the municipalities have various eligibility requirements, generally 15 to 20 years of service and retiring under WRS. Cudahy, however, provides a greater contribution toward the premium costs than most of the comparables. The value of this benefit to retirees far exceeds the benefit received by police officers in any of the comparable municipalities.

Cudahy also has the top education benefit among the comparables.

In addition to the general benefit comparisons, however, the Association provided its version of a costing of both parties' final offers. The Association did not include health insurance premiums or any other benefit costs in its costing calculations. Thus, this costing data does not present a true calculation of the economic terms included in the parties' final offers and tentative agreements.

Costing demonstrates that on the items compared (wages, FICA, and WRS), the Association's final offer exceeds the City's final offer by \$177,494.01. As noted, however, this cost difference does not take into account any health insurance premium cost increases, or other employment costs associated that are costs the City will have to bear.

The Association, in its exhibits, also includes a per-employee costing of both parties' final offers. The City does not believe this costing to be accurate or significant for the following reasons. First, FICA is a federal mandate and not something that can be bargained or changed by the parties. Second, the WRS contribution made by the employee will go directly into a pension account for that employee's direct benefit at retirement.

In any case, the “cost per employee” submitted by the Association does not, in fact, support the Association’s final offer but, instead, emphasizes that the City’s final offer is more reasonable and provides a more generous “per employee” benefit than that offered by the comparable communities.

In summary, the Association’s external comparisons do not support the Association’s final offer with respect to wage increases, WRS contributions, insurance contributions, or benefit levels. The City’s final offer, on the other hand, is supported by all of those components.

While the City does not deny the fact that it would have the ability to pay the wage increase demanded by the Association, that factor should not automatically place the burden of accepting the Association’s offer on the City, or automatically justify an award of the Association’s final offer. The ability to pay for something does not necessarily justify the purchase of that thing. Financial integrity, which the City strives for, does not hinge on what the City can afford. Rather, financial integrity represents what the City should pay, given its budgetary goals, and local economic conditions.

In post-Acts 10 and 32 interest arbitration decisions, arbitrators have followed the requirement that arbitrators must give weight to current economic conditions. The City carefully constructed its final offer to fit with its current budgetary needs. It based its final offer on the settlement accepted by the Firefighters unit, which they found fair and equitable.

The City provided economic factors all of which point to the City’s economic position when compared to the external comparable communities. The City has a lower tax base than the majority of its comparables due to the lower median value of homes; it has seen a decrease in property equalized values; it has a lower personal income per resident, and has experienced a lack of new construction within the City. These local economic conditions must be considered

and given great weight by the arbitrator. Many arbitrators have selected final offers based upon the budgetary goals of municipalities. Financial considerations are a staple of interest arbitration decisions, both before and after Acts 10 and 32 were adopted.

The City's exhibit reflects the CPI for 2013 is 1.48%. The 1.48% increase can then be compared to the two percent (2.00%) 2013 wage increase agreed to by the parties. The 2014 CPI is only available for the months of January through May, as those were the most current months reported by the Bureau of Labor Statistics as of the date of the hearing. For those five months there was average increase in the CPI of 1.66%. The City's wage proposal is for 2.00%, while the Association's proposed increase for the year is for 2.00% on January 1, 2014 and 1.00% on July 1, 2014.

The cumulative increase for 2013 and 2014 on the CPI is 3.14%. This compares very favorably with the City's final offer of a cumulative increase of 4.00%. The Association's final offer for a 5.00% cumulative increase is not supported by the CPI increase. Rather, the City's final offer is closer to the CPI and is supported by the CPI.

In conclusion, the City respectfully requests that the arbitrator select its final offer based upon all of the exhibits that it offered regarding internal and external wage and benefit comparisons, all of the case law cited, and the arguments contained in this Brief. The City believes the evidence and arguments prove that its offer is the most reasonable offer and the one that will continue to maintain labor peace within the City. The Association's final offer is excessive when compared to the internal wage increases, is excessive when compared to the external settlements, and is not supported by the testimony and exhibits presented by the Association at the hearing, nor is it supported by the economic factors facing the City of Cudahy.

Based upon these facts, the City respectfully requests that its final offer be awarded by the arbitrator.

ANALYSIS

The parties' final offers for the 2013-2015 collective bargaining agreement differ only with respect to the Association's proposal to increase the wages an additional 1% on July 1, 2014 and 1% on July 1, 2015. The thrust of the Association's argument for the additional 1% lift each year is the City has not offered a *quid pro quo* for the tentative agreements that require: 1) the employees to increase the pension contribution an additional 1.5%, for a total of 3.0% toward WRS on January 1, 2014 and an additional 1.5%, for a total of 4.5% into the toward WRS on January 1, 2015; and 2) retroactive to January 1, 2014, the employees will pay an additional 3.0% toward the monthly health insurance premium from the current 5.0% to 8.0% and effective January 1, 2015, the employees will pay an additional 4.0% towards the monthly health insurance premium from the 8.0% to 12.0%. The Association argue that the law enforcement employees would end up with a net decrease under the City's final offer.

It is generally recognized that it may be appropriate to provide for a *quid pro quo* when bargaining unit employees have agreed to increased contributions toward retirement and health insurance. Nonetheless, whether a *quid pro quo* is required also must take into consideration what similarly-situated employees have agreed to. The analysis will therefore examine the wage increases, retirement contributions, and health insurance premium contributions to which the external comparables and the internal comparable (the City's Firefighters).

EXTERNAL COMPARABLES

The parties have agreed that the external comparables include: Franklin, Greendale, Greenfield, Hales Corners, Oak Creek, St. Francis, South Milwaukee, and West Milwaukee

The following table summarizes the wage increases for those external comparables' that have settled 2013, 2014, and 2015:

EXTERNAL COMPARABLE WAGE SETTLEMENTS			
Municipality	2013	2014	2015
Franklin	11/15 – 3.00%	3.00%	2.00%
Greendale	1/1 – 1.50% 7/1 – 1.50% (Lift – 3.00%)	1/1 – 1.50% 7/1 – 1.50% (Lift – 3.00%)	1/1 – 1.00% 7/1 – 1.00% (Lift – 2.00%)
Greenfield	1/1 – 1.50% 7/1 – 1.50% (Lift – 3.00%)	4/7 – 2.00%	2.00%
Hales Corners	1/1 – 1.00% 7/1 – 1.00% (Lift – 2.00%)	7/1 – 0.75%	7/1 – 0.75%
Oak Creek	3.00%	2.00%	Not Settled
St. Francis	1/1 – 1.50% 6/1 – 1.50% (Lift – 3.00%)	2.00%	2.00%
South Milwaukee	1/1 – 2.00% 7/1 – 1.00% (Lift – 3.00%)	3.00%	Not Settled
West Milwaukee	1/1 – 1.00% 7/1 – 1.00% (Lift – 2.00%)	1/1 – 2.00% 7/1 – 1.00% (Lift – 3.00%)	1/1 – 2.00% 7/1 – 1.00% (Lift – 3.00%)
Average Lift	2.75%	2.34%	1.95%
Cudahy	2.00%	City Final Offer: 2.00% Association Final Offer: 1/1 – 2.00% 7/1 – 1.00% (Lift – 3.00%)	City Final Offer: 2.00% Association Final Offer: 1/1 – 2.00% 7/1 – 1.00% (Lift – 3.00%)

For 2014 the average wage lift for the settled external comparables is 2.34%, which is a little closer to the City’s wage offer for 2014. For 2015 the average wage lift is 1.95%, which is nearly identical to the City’s 2% wage lift proposal. The external comparables that have reached agreement on the wage lift for 2014 and 2015 more closely reflect the City’s wage offer.

With respect to the employees’ WRS contributions, the following table summarizes what the external comparables have agreed to:

EXTERNAL COMPARABLES – EMPLOYEE WRS CONTRIBUTION			
Municipality	2013 Employee WRS Contribution	2014 Employee WRS Contribution	2015 Employee WRS Contribution
Franklin	3.00%	7.00%	6.80%
Greendale	2.00%	4.00%	6.80%
Greenfield	6.65%	7.00%	6.80%
Hales Corners	6.65%	7.00%	6.80%
Oak Creek	3.00%	7.00%	6.80%
St. Francis	6.65%	7.00%	6.80%
South Milwaukee	4.45%	7.00%	6.80%
West Milwaukee	0.0%	2.00%	4.00%
Average	4.05%	6.00%	6.45%
Cudahy	1.50%	3.00%	4.50%

For 2013 the City’s law enforcement employees’ contribution of 1.50% is substantially less than the 6.00% average of the external comparables. For 2014 the City’s law enforcement employees contribution of 3.00% is also substantially lower than the 6.00% average of the external comparables. For 2015 the City’s law enforcement employees contribution unit of 4.50% is lower than that of the external comparables.

The following table summarizes employee health insurance premium contributions

among the external comparables:

EXTERNAL COMPARABLES HEALTH INSURANCE PREMIUM CONTRIBUTIONS			
Municipality	2013 Employee Portion of Contribution	2014 Employee Portion of Contribution	2015 Employee Portion of Contribution
Franklin	<u>With HRA Participation:</u> \$92/month/single \$205/month/family <u>Without HRA Participation:</u> \$109.90/month/single \$245/month/family	<u>With HRA Participation:</u> 12.5% (caps of \$102.50/single or \$220/family) <u>Without HRA Participation:</u> 20.0% (caps of \$119.90/single or \$260/family)	<u>With HRA Participation:</u> 13.0% (caps of \$112.50/single or \$235/family) <u>Without HRA Participation:</u> 20.0% (caps of \$129.90/single or \$275/family)
Greendale	12.0%	12.0%	Not Settled
Greenfield	12.6%	12.6%	12.6%
Hales Corners	12.0%	12.0%	12.0%
Oak Creek	<u>With HRA Participation:</u> 10% <u>Without HRA Participation</u> 15.0%	<u>With HRA Participation:</u> 10% <u>Without HRA Participation</u> 15.0%	Not Settled
St. Francis	12.0%	12.0%	12.0%
South Milwaukee	10.0%	12.0%	Not Settled
West Milwaukee	\$80/single or \$160/family plus balance due after Village's payment of 105% of lowest cost plan	11.0%	12.0%
Cudahy	5.0%	8.0%	12.0%

The tentative agreement on employee contribution to the health insurance premium for Cudahy police officers is lower in 2013 and 2014 than the external comparables. For 2015 the City's law enforcement employees will pay the same or less than the external comparables.

Based upon the settled external comparables' wage increases, WRS contributions, and health insurance contributions, the City's final offer is favored.

INTERNAL COMPARABLES

While the parties' final offers should be considered in comparison with all of the groups of employees within the City, because the law enforcement employees and the firefighters are the only two groups of employees that can now fully bargain over wages, hours, and working conditions, comparing those two groups of employees should be given greater weight than

comparisons with employees of other departments within the City. Moreover, historically arbitrators have recognized that law enforcement and firefighters have more common interests with each other than with other groups of municipal employees.

As the undersigned has stated in an earlier award: “Arbitral precedent favors consistency between internal bargaining units. Consistency avoids a bidding war between the units. arbitrators recognize that and often give it great weight.” Racine Unified School District (Painters), Dec. No. 32135-A (Roberts, 4/26/08). Here, the City’s final offer mirrors what the Firefighters have agreed to and what the other City employees have been provided.

In addition: “Internal settlements ordinarily must be given considerable, if not great weight, which is why a party seeking to break an internal wage pattern must establish the clear need to do so.” City of Menomonie (DPW), Dec. No. 32631-A (Greco, 8/24/09). In this regard, as noted above, the external comparables also do not demonstrate a need to break the internal wage pattern.

The City’s offer is therefore favored.

CONCLUSION

The City’s final offer more closely reflects the external and internal comparables. In particular, considering that the parties’ tentative agreements on retirement contribution and health insurance premium contributions are at or below the external and internal comparables, there is not a strong, demonstrated need to include an additional 1% wage increase in both 2014 and 2015. On balance, the City’s Final Offer is more reasonable and shall be adopted here.

AWARD

The Final Offer of the City is to be incorporated into the 2013-2015 three-year collective bargaining agreement between the parties, along with those provisions agreed upon during their negotiations, as well as those provisions in their expired agreement which they agreed were to remain unchanged.

Dated in Madison, Wisconsin, on October 6, 2014, by

Andrew M. Roberts