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STATE OF WISCONSIN  
BEFORE THE ARBITRATOR

WISCONSIN EMPLOYMENT  
RELATIONS COMMISSION

In the Matter of Mediation/Arbitration

between

THE CITY OF OAK CREEK

and

OAK CREEK PROFESSIONAL POLICEMEN'S ASSN.

CASE XXXIX

No. 31074

MIA-739

Decision No. 20634-A

APPEARANCES

On behalf of the Association: Richard E. Reilly and Marna Tess-Mattner, Attorneys at Law, Gimbel, Gimbel & Reilly, 930 One Plaza East, Milwaukee, WI 53202

On behalf of the City: David P. Moore, Moore Management Services, 2345 N. 70th Street, Wauwatosa, WI 53213

BACKGROUND

The undersigned was notified by a May 20, 1983, letter from the Wisconsin Employment Relations Commission of his selection as Mediator-Arbitrator in an interest dispute between the City of Oak Creek (hereinafter City) and the Oak Creek Professional Policemen's Association (hereinafter Association). The dispute concerns certain of the terms to be included in the parties' 1983 Contract covering all Sergeants, Detectives, Patrolmen, and the Police Steno-Clerk Matrons.

Pursuant to statutory responsibilities, mediation was conducted on July 27, 1983. Mediation efforts did not result in settlement and the matter was advanced to arbitration later that same day for final and binding determination. Both parties filed post-hearing briefs by August 29, 1983, when the record was declared closed. Based upon a detailed review of all the evidence and argument submitted, and relying upon the criteria set forth in Section 111.77 (6)(a-h), Wisconsin Statutes, the Arbitrator has formulated this Award.

ISSUE

The sole issue before the Arbitrator is as follows:

What is the appropriate City contribution rate for hospital and surgical insurance premiums and for medicare and extended medicare benefits for employees who retire after 10 or more years' continuous service?

## POSITION OF THE PARTIES

Article 14 of the parties' 1982 contract essentially provided that the City would enroll retirees (defined as those with 10 or more years' continuous service) in the whatever hospital and surgical program was available to full-time City employees and that the City would pay the entire premium. It also provided that the City would pay the premiums necessary for Medicare and Extended Medicare benefits when employees became eligible for same, at which time City payments for regular health insurance premiums would cease.

### City Position

The City's final offer in the instant matter would continue the above benefits for unit members who were City employees as of May 1, 1983. For those individuals hired after May 1, 1983, the City would pay 50% of the premium for hospital and surgical insurance. It would not pay for medicare and extended medicare coverage. Other elements of the 1982 Contract language on retiree medical insurance would remain unchanged by the City's offer.

The City feels that its final offer is the more reasonable. Its principal arguments in support of its position may be summarized as follows:

1. Employee morale would not suffer. The Association raised this argument, but presented no credible evidence to support it. Besides, employees would not be affected until retirement, so their feelings about the amendment to the City's contribution rate could not affect the delivery of police services.
2. There is no principal of employee relations which dictates that all employees be compensated with exactly the same pay and benefit package. In fact, such time-honored concepts as longevity pay, vacation and retirement benefits are all awarded in varying amounts depending on years of service.
3. The City offered all of its employee groups of employees a uniform plan of dental insurance in exchange for a reduction of the City contribution to retiree hospital and surgical insurance. This exchange was implemented in the Water Department, clerical and supervisory group, Public Works Department (by an arbitrator's award), library, and Health Department. Thus, for purposes of internal consistency, the City's final offer in the instant case should be adopted.
4. The City's final offer is also consistent with the retiree health insurance premium contributions provided by comparable municipal employers. Of the thirty comparable communities listed in City Exhibit 2, fifteen have no retiree health insurance plan. And only four provide for employer contributions in excess of the 50% the City has proposed in its final offer.
5. The City's final offer will not affect the unit for at least 30 years, so there will be many contract negotiations before the first Union member feel the reduction in employer contribution.
6. The City has historically provided the most liberal retiree health insurance plan in the County. Now, in concert with the substantial salary increase (5%) and expensive new fringe benefit (paid dental insurance) it will provide for 1983, it wishes to adopt a retiree health insurance plan closer to the average.

### Association Position

The Association asserts that its final offer is the more reasonable. Its principal arguments in support of its position may be summarized as follows:

1. The City's final offer would take away more than 50% of the health insurance benefits for retired employees. Presently, the City pays 100% of the premiums until the retired employees are eligible for medicare benefits, then it pays 100% of the premiums for medicare and extended medicare benefits. Its final offer would cut its contribution to 50% of the health insurance benefits and completely eliminate any City payments toward extended medicare premiums.

2. The City's offer takes back an existing benefit; the Association's offer maintains the status quo. Moreover, the present health insurance language has been in the Contract for ten years, and employees have come to rely upon its provisions.

3. The City's offer would create disparate benefits for older and newer members of the department, which might create jealousies and in-fighting.

4. The City's offer would not save the City any money for approximately 30 years.

5. The City's offer contains a "grandfather" clause which allegedly guarantees that present employees would still have the benefit of a 100% City contribution toward health insurance premiums when they retire. However, there can be no such guarantee because, as was pointed out in testimony, it can be negotiated away at any time.

6. Benefits received by other City employees, many of which are non-represented, should be given little weight by the Arbitrator since such employees have little bargaining power and must take whatever benefits the City bestows upon them.

7. City Exhibit 2 lists health insurance premium contribution arrangements in several municipalities. Its usefulness is questionable for two reasons: first, the City gave no rationale for selecting municipalities in the outlying areas of Waukesha, Ozaukee and Washington Counties; and second, it is not logical to compare police department employees in Oak Creek with all types of municipal employees in four different counties.

### DISCUSSION

The Arbitrator is charged by statute to rely upon the criteria set forth in Sec. 111.77 (6) in determining which of the parties' final offers is the more reasonable. Thus, each relevant criterion will be discussed separately.

### Stipulations of the Parties

Both parties have stipulated that their final offers contain one issue only, that of the City's contribution toward health insurance costs for retired employees. That is, the wage increase and dental insurance language were agreed upon and removed from each of their their final offers by mutual consent.

Thus, the Arbitrator finds no merit to the City's argument that its health insurance offer was somehow tied to its willingness to provide a wage increase and dental insurance coverage. The health insurance contribution issue must stand or fall on its own merit, since it is the only item in the City's final offer. This is not to say that the entire wage and benefit package is out of the range of consideration, for it is common to evaluate overall compensation when determining the reasonableness of a wage or benefit offer, but the Arbitrator cannot accept the City's implication that its wage and dental insurance offers were contingent upon the Association's acceptance of the City position on medical insurance payments for retirees.

#### The Public Interest and the City's Ability to Pay

The City is attempting to change a 10-year old status quo. Accordingly, it has the burden of demonstrating to the Arbitrator that its position is the more reasonable when judged against statutory criteria. On the public interest criterion, however, the Arbitrator is not convinced that a reduction in City premium payments for retiree health insurance is the more reasonable. As the Association correctly pointed out, City costs for such contributions would not be reduced for approximately 30 years. And there is nothing in the record to suggest that the City could not reasonably meet those expenses when they occur. Moreover, the City did not argue that it would not be able to do so, or that it would have to significantly raise taxes to meet related financial burdens.

#### Other Employee Groups

While it is true that other employee groups in Oak Creek have accepted reduced City payments for retiree health insurance, the Association appropriately points out that three of these other groups (management, utility and library employees) are non-represented and have virtually no bargaining power.

Turning to other municipalities, the Arbitrator notes that three of those on the City's list of comparables (Exhibit C-2) pay 100% of the health insurance premium for retired employees. And there is some discrepancy with respect to the City of Greenfield. According to the City's exhibit in this case, Greenfield does not provide any contribution toward health insurance premiums for its retired police officers; in contrast, the Association's Exhibit here indicates that Greenfield pays "100% of group health insurance premium amount as of date of retirement..."

Even with the parties' arguments about Greenfield's contribution (and that of a few other municipalities), it is clear from both of their exhibits that a 100% employer contribution to such benefits is not unreasonable or unique.

#### Other Factors

Another of the City's employee groups, represented by a Union, went to arbitration with the retiree medical insurance contribution issue. The parties' final offers in that case also included wages. Although the Arbitrator adopted the City's final offer, she included the following comments in her Opinion:

This leaves the remaining issue of health insurance premiums for newly employed personnel upon retirement to be dealt with. The City proposes a reduction in this benefit, but only for newly hired employees.

If the City is to receive a financial benefit from this bargaining demand it will not accrue until ten years from now, if at all. It is hardly a significant step toward municipal cost containment in the area of employee benefits, although that appears to be a motivating factor for the Employer demand. As the Union points out, there is no precedent for it. If this were the sole issue in dispute, it is clear that the Union should prevail (emphasis supplied). (Local 133, District Council 48, AFSCME, and City of Oak Creek; Weisberger, 1983).

#### Overall Conclusion

On balance, evidence in the record tends to support adoption of the Association's final offer as the more reasonable. The City is attempting to change the status quo, and its arguments have not convinced the Arbitrator of the merit of doing so when compared against statutory criteria.

#### AWARD

The final offer of the Association attached hereto and marked Appendix B shall be incorporated into the parties' 1983 Contract along with all of the provisions of the previous Contract which remain unchanged and along with the stipulated changes agreed to by the parties.

Dated at Shorewood, Wisconsin this 28th day of October, 1983.



Steven Briggs,  
Mediator-Arbitrator

P. HARRY EBERLE  
PERSONNEL AND BUDGET DIRECTOR



TELEPHONE 762-9400 - EXT. 36

CITY'S FINAL OFFER

April 29, 1983

- 1983*
1. First Year ~~increase~~ increase (5%).
  2. City will provide dental insurance and pay 100% of premium (see attached plan).

ARTICLE 14

HOSPITAL AND MAJOR MEDICAL INSURANCE

1. Only employees presently employed as of ~~December 31,~~ <sup>MAY 1</sup> 1983 qualify for this paragraph and benefits.

Any employee who has attained ten (10) or more years of fulltime continuous service with the City and who retires from employment with the City shall be eligible for enrollment in the City's hospital and surgical insurance program during such time as the employee is paid retirement benefits under a plan administered by the State of Wisconsin. The City will pay the premium for such insurance until the employee is eligible for medicare benefits. Thereafter, the City will pay the premiums for medicare and medicare extended benefits. Coverage will be afforded under the family plan for any employee with a qualified dependent. The obligation of the City for payment of such insurance premium for the single and family plan shall cease during such time as the retiree engages in fulltime employment.

2. All employees hired after ~~January 1,~~ <sup>MAY</sup> 1, 1983 qualify for this paragraph.

Any employee who has attained ten (10) or more years of fulltime continuous service with the City and who retires from employment with the City shall be eligible for enrollment in the City's hospital and surgical insurance program during such time as the employee is paid retirement benefits under a plan administered by the State of Wisconsin. The City will pay fifty (50) percent of the premium for such insurance until the employee is eligible for medicare benefits. The obligation of the City for payment of such insurance premium for the single and family plan shall cease during such time as the retiree engages in full-time employment.

*P. Harry Eberle 4/28/83*

Appendix

"A"

OAK CREEK PROFESSIONAL POLICEMEN'S  
ASSOCIATION

FINAL OFFER

The terms of the current agreement with the following changes:

WAGES

5% increase

DENTAL INSURANCE

100% premium paid dental insurance with \$1,000.00 maximum per participant.

*Paul E. Keller*  
*4/28/83*

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Appendix "B" !