ILLINOIS LABOR RELATIONS BOARD
PETER R. MEYERS, Arbitrator

In the Matter of the Interest Arbitration between:

ILLINOIS FRATERNAL ORDER OF POLICE LABOR COUNCIL,

Union,

And

THE VILLAGE OF ROUND LAKE BEACH,

Employer.

ILRB Case No. **S-MA-11-115**

DECISION AND AWARD

Appearances on behalf of the Union

Jeffery Burke—Attorney
Sandra Molidor—Lodge President

Appearances on behalf of the Employer

Jill D. Leka—Attorney
Benjamin E. Gehrt—Attorney
Melissa Schilling—Attorney

This matter came to be heard before Arbitrator Peter R. Meyers on the 10th day of April 2012 at the Round Lake Beach Village Hall located at 1937 North Municipal Way, Round Lake Beach, Illinois. Mr. Jeffery Burke presented on behalf of the Union, and Ms. Jill D. Leka and Mr. Benjamin E. Gehrt presented on behalf of the Employer.

Introduction

The parties involved in this matter are the Village of Round Lake Beach, Illinois (hereinafter "the Village") and the Illinois Fraternal Order of Police Labor Council (hereinafter "the Union"). After the scheduled expiration of their most recent collective bargaining agreement as of December 31, 2009, the parties entered into negotiations over a successor collective bargaining agreement covering a bargaining unit composed of both sworn and non-sworn employees within the Village's Police Department (hereinafter "the Department"). The parties were unable to resolve and agree upon certain proposed changes to their contract, despite engaging in a number of negotiating sessions and mediation.

Pursuant to the Illinois Public Labor Relations Act, 5 ILCS 315/1 et seq., this matter was submitted for Compulsory Interest Arbitration and came to be heard by Neutral Arbitrator Peter R. Meyers on April 10, 2012, in Round Lake Beach, Illinois. The parties submitted written, post-hearing briefs in support of their respective positions on the issues remaining in dispute, both of which were received by July 3, 2012

Relevant Statutory Provisions

ILLINOIS PUBLIC LABOR RELATIONS ACT
5 ILCS 315/1 et seq.

> Section 14(h) Where there is no agreement between the parties, or where there is an agreement but the parties have begun negotiations or discussions looking to a new agreement or amendment of the existing agreement, and wage rates or other conditions of employment under the proposed new or amended agreement are in dispute, the arbitration panel shall base its findings, opinions and order upon the following factors, as applicable:
>
> (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 those costs.

(4) Comparisons 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, vacations, holidays and other 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 Submitted for Arbitration

The following issues remain in dispute between the parties:

1. Wage Rates;

2. Court Time;

3. Cleaning Allowance;

4. Health Insurance Premiums;

5. Health Insurance Plan Design;

6. Call-In Pay;

7. Compensatory Time Off; and

8. Duration.

In addition, the parties have been unable to agree upon the comparable communities to be examined and contrasted with Round Lake Beach. Therefore, the issue of external comparables is also in dispute.

Discussion

The Village of Round Lake Beach, Illinois, has a population of just over 28,000, and it is located in northeastern Illinois, about thirty miles north of Chicago. The record reveals that there are two established bargaining units of Village employees. The bargaining unit involved in this matter is comprised of the employees within the Village's Police Department, while the other unit includes public works employees and clerks working at the Village Hall. The bargaining unit in question here covers forty-six Department employees, both sworn and non-sworn, and it includes clerks, community service officers, sworn full-time police officers, and sergeants.

The record in this matter further establishes that the parties have a lengthy collective bargaining history together, one that dates to 1985. Of the many collective bargaining agreements between the parties here, the most recent one expired on December 31, 2009. That contract had a two-year duration, and it was not actually signed until March 2010, three months after its scheduled expiration date.

After their most recent contract was signed, the parties entered into negotiations

over a successor agreement, but they were unable to completely resolve all of the outstanding issues between them. The parties' last collective bargaining session occurred in late April 2011, they also engaged in an unsuccessful mediation session, and the Union filed a demand for compulsory interest arbitration in late June 2011. This is the first time that the parties have gone to binding interest arbitration to resolve contractual issues.

Eight issues remain in dispute between the parties, all but one of which are economic in nature. The parties have submitted the issues of wages, health insurance premiums, health insurance plan design, uniform cleaning allowance, call-in pay, court pay, compensatory time off, and duration for resolution through this interest arbitration proceeding. Under Section 14(g) of the Illinois Public Labor Relations Act, 5 ILCS 315/14(g) (hereinafter "the Act"), this Arbitrator is without authority to devise a compromise resolution different from the parties' final offers in connection with economic issues. With regard to each of the economic issues, this Arbitrator must select either the Village's final offer or the Union's final offer as the resolution. As for the non-economic issue in dispute here, duration, this Arbitrator may select either of the parties' final offers or may fashion a compromise resolution of his own.

The analysis and resolution of these remaining eight impasse issues must be guided by the factors set forth in Section 14(h) of the Act, 5 ILCS 315/14(h). As generally is noted in interest arbitration proceedings, not all of the listed statutory factors will apply to this matter with equal weight and relevance. In fact, one or more of these factors may not apply here at all. The necessary first step in analyzing the impasse issues in dispute, therefore, is to identify which of the statutory factors are relevant and

applicable to the instant proceeding and which are not.

Certain of the listed statutory factors do not appear to be at issue at all, or offer little of substance to the analysis of the parties' dispute. The lawful authority of the Village, for example, does not appear to be in question as to any of the impasse issues that remain in dispute here, and the evidentiary record does not suggest that there has been any change in either party's circumstances during the pendency of this matter that would affect the resolution of their dispute.

External Comparables

One of the more important of the statutory factors in most interest arbitration proceedings is the comparison of the terms and conditions of employment of the employees involved against those that apply to their colleagues in comparable communities. Because this is the parties' first interest arbitration, there is no established list of appropriate external comparables. Although the parties have addressed the challenge of identifying appropriate external comparables, they have been unable to reach agreement on a complete list of such communities.

Both parties have suggested Lake in the Hills, North Chicago, Woodstock, and Zion as possible external comparables. I find that the extensive demographic, economic, and crime data in the record shows that these communities do, in fact, offer legitimate and appropriate comparisons to Round Lake Beach, and they hereby are accepted and adopted as appropriate external comparables for purposes of this proceeding. The Union has proposed McHenry as an additional potential external comparable community, while the Village has proposed Round Lake, Hanover Park, Streamwood, and Carol Stream as

potential external comparable communities.

There are twelve data measures that often are used to determine whether an external community truly is comparable to a municipality involved in an interest arbitration proceeding. Some of these measures are demographic, including population, household and per capita income figures, and median home value. Others center on the communities' financial condition, including general fund revenue, expenditures, and sales tax revenue.

First addressing the Union's proposed addition of McHenry to the list of appropriate external comparables, it is true that McHenry's population is within 2,000 of the Village's population, and McHenry is located only a little more than five miles from the Village. McHenry's police department has seven more sworn employees than does the Village's Department, another relatively close resemblance between the two municipalities. The financial data, however, shows that McHenry is not truly comparable to the Village because McHenry has significantly greater financial resources than does the Village. McHenry's EAV and sales tax revenue, for example, are far higher than the Village's, on both a total and a per capita basis. Based on this data, it is not surprising that McHenry's general fund revenue also is significantly higher than the Village's general fund revenue.

I find that the difference in the financial resources available to McHenry and the Village is large enough that McHenry cannot be considered an appropriate comparable to the Village. McHenry has a much larger revenue stream than does the Village, and this will have a clear impact upon the overall compensation and benefits that McHenry can

make available to its employees. The inclusion of McHenry among the list of external comparables would not add to the creation of a useful basis of comparing the parties' competing proposals in this proceeding. Instead, I find that the inclusion of McHenry as an external comparable would skew the range of comparability. Accordingly, McHenry shall not be included in the list of external comparables in this proceeding.

The four additional communities proposed by the Village in this matter fare differently upon an analysis of the data. First, it must be noted that the thirty-mile radius that the Village has utilized to set the geographic boundary for possible external comparables is every bit as valid a measure as the Union's proposed twenty-five-mile radius. There is no reasonable basis for finding that a municipality does not offer a valid comparison to the Village simply because it is located twenty-seven miles away, rather than twenty-five.

Turning to the demographic and financial data in the record on the proposed external comparables of Round Lake, Hanover Park, Streamwood, and Carol Stream, it is evident that all four do, in fact, provide valid comparisons to the Village. All of these communities fall within a reasonable range, plus or minus fifty percent, of the Village on at least ten of twelve data measures that frequently are utilized to determine comparability. This broad degree of comparability leaves little reasonable doubt that these four communities should be included in the list of appropriate external comparables. This is particularly evident in light of the fact that the four external comparable communities upon which the parties have agreed are very similar to the four proposed by the Village on these different data measures. All eight of these communities

fall within fifty percent of the Village's data point on at least ten of the twelve data measures used to determine comparability.

Because the four additional external comparables proposed by the Village fall well within the range of comparability established by the four agreed-upon external comparables, I find that there is no reasonable basis for excluding these communities. In fact, these four communities do provide valid comparisons to the Village, and they add depth and breadth to the range of comparative information that the overall list of external comparables offers in this proceeding.

This Arbitrator therefore finds that the communities of Round Lake, Hanover Park, Streamwood, and Carol Stream are appropriate external comparables in this proceeding, and they shall be included in the list of external comparables along with the four communities – Lake in the Hills, North Chicago, Woodstock, and Zion – that the parties have agreed represent appropriate external comparables.

Internal Comparables

In addition to these external comparables, it also is possible to make internal comparisons with the terms and conditions of employment that apply to the other bargaining unit of Village employees. The other bargaining unit within the Village covers employees whose responsibilities and working conditions bear little resemblance to that of the employees, especially the sworn employees, who work within the Department. This internal comparison therefore may not be quite as helpful as to certain issues here as the external comparison, but it nevertheless will offer some useful information as to how the Village and its other union-represented employee group

resolved their competing interests.

Other Statutory Factors

As for the remaining statutory factors that are relevant here, those involving consumer price data and evidence relating to overall compensation will, of course, have a significant impact on the analysis of the parties' competing proposals, especially in connection with the economic issues. The Village has presented evidence and arguments that it is facing financial challenges, although it has not asserted a financial inability to meet the costs of the various proposals at issue here. While financial challenges are not among the enumerated factors set forth in Section 14(h) of the Act, they may be considered under the broad, "catch-all" language of Section 14(h)(8). Finally, the interests and welfare of the public always must be an important consideration in any interest arbitration proceeding, and it will be here.

This discussion now moves to an individual analysis and resolution of each of the impasse issues that remain in dispute between the parties, in accordance with the statutory factors set forth in Section 14(h) of the Act and with the competent and credible evidence in the record.

Decision

A. Economic Issues

1. Wages

The Union's final offer on the impasse issue of wages is as follows:

Modify Article XIII to reflect wage increases of 2.25%, 2.25%, 2.5%, 2.5%, effective 1/1/2010, 1/1/2011, 1/1/2012, and 1/1/2013, respectively.

Alternatively, should the Arbitrator find that a three-year contract is more appropriate, award the wage increases sought by the Union for the first three years.

The Village's final offer on the impasse issue of wages is as follows:

A 1.0% increase effective January 1, 2010; a 1.0% increase effective January 1, 2011; a 2.0% increase effective January 1, 2012; and a wage reopener effective January 1, 2013, if a four-year contract is implemented.

The issue of wages is of importance not only in and of itself, but it can play a role in the proper resolution of other impasse issues that can remain between parties to an interest arbitration proceeding. In this particular case, the proper resolution of the parties' dispute over wages certainly will have an impact upon the following issue of insurance premium contributions.

The two parties' wage proposals are quite far apart. The Union seeks a wage scale that extends for four years, starting with two annual increases of 2.25%, followed by two annual increases of 2.5%. The Village offers two 1.0% annual increases, followed by a 2.0% increase, and then a wage reopener if the Union's proposal of a four-year contract is adopted. Because the Union's four-year contract proposal has been adopted by this Arbitrator, as discussed below, the Village's proposed wage reopener in the fourth year is at issue and, as is set forth below, it is rejected.

Often, the most significant element in an analysis of competing wage proposals is the comparison of those proposals with the wages paid by the external comparables. That certainly is true in this proceeding. The Village's assertion based on the external comparables is that the employees voluntarily placed themselves at the lower end of the wage range established across the comparables in negotiating the parties' most recent

contract, so its wage proposal is more appropriate than that of the Union because it would maintain that positioning.

This argument does not hold up to analysis for very important reasons. First, as already noted, there was no established list of comparables at the time that the parties negotiated their last agreement, so there was no available basis of comparison with the list of communities that has been established in this proceeding. The employees did not voluntarily place themselves near the bottom of the wage range established across the comparables for the simple reason that there was no list of comparables from which a wage range could be established. Second, although it certainly is true that the Union and its members ultimately did agree to the wage rates that appear in the parties' last contract, there can be no serious doubt that the employees voluntarily would have accepted higher wages, had the Village been willing to offer them. Third, there is no sensible reason for seeking to keep the members of this bargaining unit at the bottom of the wage range established across the external comparables. Although the Village may save something in the short term by paying lower wages, this would be a false economy. Lower wages do not necessarily translate to lower over-all personnel costs. Lower wages relative to other communities easily may lead to higher employee turnover, which will mean increased recruiting, hiring, and training costs for the Village, along with the loss of valuable and experienced employees in which the Village has made significant investments. This means that by keeping wages at the bottom of the range, the Village will not be serving either its own interests or the interests and welfare of the general public. In short, there is no real long-term advantage to either party in keeping the

Village's wage rates at the same low ranking at the bottom of the range established across the external comparables.

A closer look at the data reveals that under the Village's proposal, the members of this bargaining unit will fall further behind their colleagues in the external comparables in terms of real wages. The evidence shows that the Village proposes wage increases that are well below what employees in the external comparables actually received in 2010 and 2011, and the Village's proposed increase for 2012 is only at the average of the range of increases. Moreover, the Village's proposed increases are not enough to keep pace with the inflation rate, meaning that the employees would be increasingly unable to maintain their lifestyles over the course of the parties' new Agreement if the Village's wage proposal were to be adopted.

Under the Union's proposal, the bargaining unit members will fare slightly better in terms of the comparison with their colleagues in the external comparables and the cost of living index. The Union's proposal will help these employees keep better pace with their colleagues, and their wage increases will be very near the average increases that their colleagues have received during the 2010-2012 time period. Similarly, the Union's wage proposal calls for increases that are far closer than the Village's proposal to the rate of inflation that has prevailed during the 2010-2012 time period. Both of these statutory factors therefore support adoption of the Union's proposal.

As for the internal comparison, the competent and credible evidence in the record does not allow for a finding that it supports either side. Although the Village is correct in asserting that the annual wage increases that it proposes here are identical to the wage

increases that appear in its contract with AFSCME, there is no basis for determining whether the wages in the AFSCME contract are higher than, lower than, or similar to the wages earned by persons holding similar employment in other communities. If the AFSCME-represented employees happen to earn about the same as, or even more than, employees holding similar jobs elsewhere, then the smaller wage increases in their contract may be more reasonable for them than these same proposed increases are for the members of this bargaining unit who are at the bottom of the wage scale established by the external comparables.

One other statutory factor carries an impact in this analysis, the overall compensation earned by the members of this bargaining unit. Because the Village's proposal on insurance premium contributions is being adopted here, for reasons described below, the employees will see an increase in the dollar amount that they must contribute toward the cost of their health insurance coverage. This fact strongly argues in favor of the adoption of the Union's proposal on wage increases.

It also must be noted that although reopeners are not listed among the express factors in Section 14(h) of the Act, the fact is that the parties' recent history suggests that it may be better to avoid, or at least reduce, the possibility that they will have to quickly return to the bargaining table following issuance of this Decision and Award. I find that a wage reopener, as proposed by the Village in connection with wages in the fourth year of the parties' new Agreement, would present particular difficulties to the parties because they would have to return to the bargaining table almost immediately to take up this issue. Moreover, there appears to be little chance at present of successful negotiations

and an amicable agreement between the parties on this issue if such a reopener were necessary.

Based on the relevant statutory factors, the evidence in the record, and the considerations set forth above, this Arbitrator finds that the Union's final proposal on the impasse issue of wages is more reasonable. Accordingly, the Union's proposal on this issue shall be adopted and included within the parties' new collective bargaining agreement, and it is set forth in the Appendix attached hereto.

2. Health Insurance Premium Contributions

The Union's final offer on the impasse issue of health insurance premium contributions is as follows:

Effective Date	Single	Family	EE + Spouse	EE + Child(ren)
PPO: 01/12	$76.16	$239.00	$171.62	$164.38
HMO: 01/12	$58.82	$186.90	$125.52	$120.22

The Village's final offer on the impasse issue of health insurance premium contributions is as follows:

> Maintain the status quo of employees paying 15% of the cost of their health insurance premiums, as well as gradually increasing premium caps for PPO coverage as follows:

Effective Date	Single	Family
01/09	$76.16	$229.00
01/10	$76.16	$237.03
01/11	$83.38	$257.80
01/12	$91.71	$283.58
01/13 (if a 4-year contract)	Reopener	Reopener

The issue of health insurance premiums is closely tied to the issue of wage rates.

In this era of rapidly increasing healthcare costs, increases in wages often are associated with corresponding increases in employee contributions toward the cost of health insurance coverage. As will be discussed in greater detail below, this is consistent with an application of one particular factor from Section 14(h) of the Act, employees' overall compensation.

Under either party's proposals, the employees will be contributing something toward the cost of their health insurance coverage, so the question that must be resolved here is which of the two competing proposals offers the more reasonable governing terms for this employee contribution. Under the parties' most recent agreement, the members of this bargaining unit paid fifteen percent of the cost of their health insurance premiums, and the Village's proposal would continue that contribution at the same percentage rate. By basing the employee contributions on a fixed percentage, the parties' past agreement and the Village's current proposal make the actual amount of the employee contribution subject to changes in the overall premium cost. This has both positive and negative effects for the Village and for the employees. Because premiums have been rising annually for many years now, this percentage-based approach virtually guarantees that the employee contribution also will rise. On the other hand, using a fixed percentage means that the Village and the employees each remain responsible for the same proportional part of the total premium cost, no matter how that cost changes.

Although the first part of the Village's proposal seeks to maintain the *status quo* calling for employees to pay fifteen percent of the cost of their health insurance coverage, the second part of the Village's proposal seeks to change another part of the existing

contractual provision. The Village proposes to increase the caps on whatever amounts that employees pay for single and family coverage, and these changes apparently are designed to maintain the fifteen percent figure that employees pay toward the cost of this insurance.

The Union's proposal calls for caps on employee contributions that effectively would reduce that contribution rate below the fifteen percent level that has been in place for some time. Moreover, it would add caps on employee contributions for categories of coverage – employee plus spouse and employee plus children – that are not currently referenced in the contract. In support of its proposal, the Union references the fact that the members of this bargaining unit are at the bottom of the range of wages established across the external comparables.

Analyzing these competing proposals based upon the relevant statutory factors, it initially is clear that there is no consensus approach to employee contributions toward health insurance costs among the external comparables. The 2009-2012 contract between Lake in the Hills and its police officers specifies, for example, that the employer will pay the cost of employee health insurance, although the Village presented data showing that the Lake in the Hills officers do contribute toward premiums for PPO coverage. Employees of certain of the other external comparables contribute a fixed amount each year toward insurance coverage, while the contracts in place in still other of the external comparables fix employee contributions at some percentage of the total cost.

The Village has submitted data on employee contributions across the comparables in a way that may facilitate this comparison. The Village has converted any fixed-

amount contributions into percentages of total premium cost. The problem is that all of this data shows, again, that there is no consensus among the comparables as to a single percentage, or even a narrow percentage range, that constitutes a reasonable level of employee contribution. The Village's calculations suggest that employee contributions in the external comparables range from 0% to as much as 50% of premium costs, depending upon the type of coverage.

All of this data from the external comparables does nothing more than show that both parties' proposals on this impasse issue will place the insurance premium contribution level for the members of this bargaining unit somewhere within the very broad range established across the external comparables. This particular statutory factor therefore does not significantly favor either party's proposal.

An appropriate internal comparison has been cited by interest arbitrators, including this one, as having particular importance as to issues involving insurance coverage. Indeed, there are administrative, operational, and financial benefits from having a larger group of employees all under the same type of insurance coverage. Group buying power and streamlined administration, among other things, work to the advantage of both an employer and its covered employees.

Although the type of coverage is not directly in question in connection with this issue of insurance premiums, the fact is that a generally standard level of employee contribution across different employee groups nevertheless will yield administrative and operational efficiencies for the Village. The evidence in the record shows that under the Village's proposal on this impasse issue, the members of this bargaining unit will

continue to contribute the same fifteen percent toward their healthcare costs that the other Village employees contribute, as all of these employees have in the past. The Union's proposal would mean a departure from this historical pattern.

I find, therefore, that the internal comparison therefore favors the adoption of the Village's proposal on this impasse issue.

Another particularly relevant statutory factor in this unique situation is the overall compensation, including benefits, received by the members of this bargaining unit. As discussed in the previous section on the impasse issue of wages, the evidence in the record conclusively establishes that the members of this bargaining unit are at the bottom of the wage range established across the external comparables. This is not a situation that should be prolonged indefinitely, although it cannot be rectified in a single contract. The fact that the wage rate that applies to this bargaining unit continues near the bottom over the term of the parties' new Agreement, even with the adoption of the Union's wage proposal, means that this statutory factor cannot be cited to support a proposal on employee contributions toward insurance premiums that would place these employees at an even greater disadvantage compared to their colleagues in terms of overall compensation.

Although employee contributions toward premiums will increase under the Village's proposal, that increase is not enough to render that proposal unreasonable. The Village's proposal would maintain the percentage of total premium cost that represents the employees' contributions, and it maintains the existence of caps, albeit at an adjusted level, to help protect employees against the impact of huge increases in premiums.

Adoption of the Union's proposal would, in contrast, serve as an indirect wage increase in that this proposal effectively would reduce the employees' share of total premium costs over the life of the new Agreement. As desirable as this may be for the employees, the ultimate effect would be to create a significant imbalance between the employees and the Village in terms of contributions toward the cost of employee insurance coverage. The totality of the evidence in the record simply does not justify such an impact.

Although the cost of living typically is relevant to economic issues, the fact is that insurance premiums have increased at a faster pace than the inflation rate in recent years. This renders the cost of living as less relevant in resolving this particular impasse issue. The interests and welfare of the public also is not of major relevance to this particular issue, and the rest of the statutory factors offer little in the way of guidance here.

Based on the relevant statutory factors, the evidence in the record, and the considerations set forth above, this Arbitrator finds that the Village's final proposal on the impasse issue of health insurance premium contributions is more reasonable. Accordingly, the Village's proposal on this issue shall be adopted and included within the parties' new collective bargaining agreement, and it is set forth in the Appendix attached hereto.

3. Insurance Plan Design

The Union's final offer on the impasse issue of health insurance plan design is to maintain the status quo.

The Village's final offer on the impasse issue of health insurance plan design is to

grant the Village the right to provide insurance through an insurance exchange, and to establish a reopener to negotiate over any new requirements that may be imposed upon the Village as a result of further health care reforms.

As the party seeking to change the contractual provision governing the design of the health insurance plan covering the employees in this bargaining unit, the Village bears the burden of establishing a reasonable basis for making its proposed change. Its proposal appears to derive solely from the anticipated impact of the Affordable Care Act. This statute is, of course, something that virtually every employer will have to study and address to some degree, often to a significant degree.

There can be no serious dispute that with the passage of the Affordable Care Act, there will be some changes to the manner in which health coverage is structured and provided for many people. Moreover, employers who continue to provide coverage for their employees, like the Village, will have opportunities to, for example, seek coverage from different sources that may include insurance exchanges. As a responsible employer, the Village has an obligation to prepare for the changes and opportunities that will occur as the Affordable Care Act is implemented.

The changes that are included in the Village's proposal appear to be a sensible step toward preparing for the impact of the Affordable Care Act as its implementation continues. Although the Village's proposal does include a reopener for the purpose of discussing new requirements that may be imposed upon the Village as a result of the Affordable Care Act, arguments that might be enough to defeat a proposal that includes a reopener do not necessarily apply to this proposal with the same weight. The fact is that

much remains unknown about how the Affordable Care Act will be implemented, and what requirements might be imposed upon the Village and other employers.

Although the Union strenuously argues against reopeners generally, and this proposed reopener in particular, the reopener that the Village includes in its proposal on this issue is narrowly tailored to the situation that the parties are facing over the next months and years as the implementation of the Affordable Care Act continues rolling out. The Union suggests that the Village's proposed reopener on this issue will allow the Village to continue to avoid reaching agreement with the Union on a contract. The Union's forceful arguments against all of the reopeners that the Village has proposed in this proceeding certainly indicate that there are real challenges in the relationship between the parties, and significant work is necessary to meet those challenges. Although much strife and discord exists here, however, it appears to be a bit of stretch to find that the Village wants that strife and discord to continue. There are significant costs, monetary and otherwise, to both sides that arise as a result of a rocky labor/management relationship, unproductive bargaining, and expensive interest arbitration proceedings. As they promote and protect their different interests, therefore, it is reasonable to assume that neither party deliberately plans to head to another interest arbitration proceeding, despite the Union's stated concerns. In short, there is nothing to suggest that the Village's inclusion of a reopener in its proposal on this issue is little more than an effort to prolong its disputes with the Union, especially because such an unreasonable and illogical effort actually would undermine the Village's ability to protect and advance its own interests.

The reasonableness of the Village's proposal is highlighted by the fact that the

vast majority of contracts across the external comparables include various types of provisions that will allow for the purchase of insurance through health insurance exchanges. Although these different provisions utilize different language, they all allow for the same result that the Village's proposed language moves toward here – allowing the employer enough flexibility to meet the challenges and take advantage of the opportunities that will arise under the Affordable Care Act. It is good management for the Village, and the communities included among the external comparables, to engage in contingency planning with respect to the implementation of the Affordable Care Act. The Village's proposal on the impasse issue of health insurance plan design represents one part of that contingency planning, and many of the external comparables are operating under contract provisions that allow for the same type of flexibility that the Village seeks here. The external comparables therefore strongly support adoption of the Village's proposal on this impasse issue.

Internal comparability is, perhaps, the most relevant of the statutory factors in connection with this issue. As this Arbitrator has found in other interest arbitration proceedings, internal comparisons can be critically important in connection with issues relating to the structure of health insurance plans. The benefits associated with consistent health insurance plans covering an employer's different employee groups are real and worth pursuing. Both the employer and its employees stand to benefit from the administrative and operational efficiencies that flow from having the same or similar health care plans covering different employee groups, as well as from the increase in buying power and economies of scale available when an employer is able to provide

similar health insurance coverage for most or all of its employees, rather than having to provide different coverage to smaller employee groups.

The evidence in this matter establishes that adoption of the Village's proposal on the impasse issue of health insurance plan design would allow the Village to purchase the same insurance plan for all of its employees through a health insurance exchange if that were to be feasible and opportune. I find that the internal comparison therefore demonstrates that the Village's proposal is, in fact, a reasonable and sound approach to the circumstances presented by the Affordable Care Act.

The Union's proposal to maintain the *status quo* as to the design of the insurance plan covering its members simply does not reflect the reality of the changes that are coming as the Affordable Care Act is implemented. The Union and the Village both will benefit if they are able to work as partners as they adapt to the changes that the Affordable Care Act already is bringing and will continue to bring. The Village's proposal is more reasonable than that of the Union because the changes that the Village is seeking will allow for the flexibility and the opportunity for labor-management discussions and cooperation on this issue that both sides will need as they address health coverage in the months and years ahead.

Based on the relevant statutory factors, the evidence in the record, and the considerations set forth above, this Arbitrator finds that the Village's final proposal on the impasse issue of health insurance plan design is more reasonable. Accordingly, the Village's proposal on this issue shall be adopted and included within the parties' new collective bargaining agreement, and it is set forth in the Appendix attached hereto.

4. Cleaning Allowance

The Union's final offer on the impasse issue of cleaning allowance is to increase the annual allowance for cleaning and maintenance of uniforms to $100.00

The Village's final offer on the impasse issue of cleaning allowance is to maintain the status quo.

In reviewing the Union's arguments in favor of increasing the cleaning allowance, it is instructive that much of that argument actually relates to the contractual uniform allowance, and not to the separate allowance for the cleaning of uniforms. The Union's assertions that the uniform allowance is too low do not offer any support for its arguments that the cleaning allowance should be increased. As the Village has suggested, if the Union believes that the uniform allowance should be increased, then that should be addressed in a direct manner, rather than through a proposal on a different provision.

As it makes its argument in favor of increasing the cleaning allowance, the Union notes that this allowance is subject to taxation, meaning that the amount available to an officer to pay for cleaning uniforms effectively is reduced by the amount of the applicable tax. The problem for the Union in making this assertion is that the tax implications of the cleaning allowance presumably were known to the parties at the time that they negotiated this allowance, and it is reasonable to assume that they took this aspect of the issue into account as they discussed the matter.

Although the Union correctly points out that the officers have not received an increase in the cleaning allowance since 2001, this fact is not enough, by itself, to justify

the adoption of the Union's proposed increase. This especially is true in light of the treatment of cleaning allowances among the external comparables. The external comparables represent the express statutory factor that is the most relevant to the analysis and resolution of this particular issue. None of the external comparables offer their employees a cleaning allowance that is separate from any uniform allowance, and only one of the external comparables allows officers to use the uniform allowance toward the cost of cleaning uniforms. This express statutory factor therefore strongly favors maintaining the *status quo* on this issue.

Both the Union and the Village have referenced the consumer price index in making their arguments on this issue of the cleaning allowance, but consideration of this point reveals that neither this nor the remaining statutory factors offer much guidance on this particular issue. The consumer price index absolutely is a critical element in virtually any discussion of wages, as well as most other economic issues, but it actually does not have much impact in the analysis of this dispute over a relatively minor amount. This is especially true because there may not be much of a connection between the cost to the officers of cleaning their uniforms – mainly through dry-cleaning – and the different prices for goods and services that are included in the consumer price index. The evidence in the record establishes that the price of clothing is included in the consumer price index, but there is no indication that dry cleaning costs are part of the calculation of the cost of apparel.

The Village has emphasized the internal comparable in support of its position that the cleaning allowance should remain unchanged. Under the Village's contract with

AFSCME, the Village provides uniforms and protective gear to the employees covered by that contract, but it does so at no cost to those employees. The AFSCME contract further provides that the Village will reimburse non-clerical Public Works employees for the cost of approved safety shoes/boots in an amount up to $175.00 per year. The Village has not indicated that any part of the AFSCME contract addresses cleaning uniforms.

From this, it is evident that the terms of the AFSCME contract governing uniforms and equipment is so different from what appears in the Village-FOP Agreement that there is little or no useful basis of comparison. The internal comparable, like the consumer price index is a statutory factor that has little actual relevance to the analysis and resolution of the impasse issue of cleaning allowance.

In light of all of these considerations, it is clear that the Union has failed to submit sufficient evidence to establish a reasonable rationale for changing the existing cleaning allowance. Based on the relevant statutory factors, the evidence in the record, and the considerations set forth above, this Arbitrator finds that the Village's final proposal on the impasse issue of cleaning allowance is more reasonable. Accordingly, the Village's proposal on this issue shall be adopted, and the provision governing the cleaning allowance shall remain unchanged within the parties' new collective bargaining agreement.

5. Call-In Pay

The Union's final offer on the impasse issue of call-in pay is to increase call-in pay to a minimum of three hours of pay.

The Village's final offer on the impasse issue of call-in pay is to maintain the

status quo.

The Union's proposal on this issue of call-in pay is quite similar to its proposed increase in minimum court pay, with both proposals calling for an increase from a minimum of two hours' pay to a minimum of three hours' pay. Much of the evidence and arguments on this call-in pay issue therefore also will apply to the court pay issue discussed below.

Two of the statutory factors set forth in Section 14(h) of the Act offer relevant guidance in connection with this impasse issue. Both the external and internal comparables offer important insights to the proper resolution of this disputed issue. None of the external comparables offer call-in pay at the minimum level of three hours. Instead, the evidence reveals that the majority of the external comparables provide a minimum of two hours of call-in pay, which is precisely the *status quo* that currently exists here.

As for the internal comparable, the evidentiary record shows that the contract between the Village and AFSCME includes a call-back pay provision. This provision specifies that employees who are called in for work outside of their normal scheduled working hours will receive a minimum of two hours' pay.

Based on this evidence, there is no question that both the external and internal comparables support maintaining the *status quo* on the impasse issue of call-in pay, which provides for a minimum of two hours' pay.

As the party seeking a change in the *status quo*, the Union must establish that there is a reasonable basis for making the change that it proposes. In this case, the Union has

pointed to the fact that when an officer is called in for work at a time other than the officer's scheduled work hours, there is more involved in responding to that call than simply showing up at the station. The Union emphasizes that an officer may have to shower, dress in uniform, find child care, and commute to and from the station in connection with being called in to work. All of this certainly is accurate, but it does not necessarily support the Union's proposed increase to the minimum call-in pay figure.

At the time that the parties originally negotiated and agreed upon the two-hour minimum for call-in pay, it must be assumed that officers had to engage in all of the necessary tasks that the Union now cites whenever they were called in to work during scheduled off-duty hours. The Union has not suggested, much less proven, that there has been any change in the necessary tasks that an officer must perform in preparation for reporting for duty upon being called in. Moreover, there has been no showing that such preparation is much different than what an officer must do when preparing to report for duty as regularly scheduled. It also is worth pointing out that employees generally must engage in many of these very same tasks when they report for duty, either as scheduled or when called in during scheduled off-duty time. Employees typically perform these necessary preparatory actions without being directly compensated for the time that it takes to accomplish them.

The fact is that the two-hour minimum already does serve to compensate officers, at least in part, for the preparations that they must make in responding to a call to report for duty during scheduled off-duty hours. If an officer is called in but spends less than two hours at work, that officer still receives a minimum of two hours' pay, which

recognizes the difficulties to the officer that are associated with the situation. The Union has not shown that two hours of call-in pay is an unreasonable or inappropriate minimum level of compensation for officers who are called in to work during their regular off-duty hours, and it has not offered evidence establishing a reasonable rationale for increasing the minimum call-in pay from two hours' to three hours' pay.

In supporting its position that the *status quo* on this issue should remain in effect, the Village has pointed to a September 2011 grievance settlement that included language specifying that when employees are called in, they shall be compensated with a guaranteed two hours' of pay at the overtime rate. The fact that the parties reached this settlement does not preclude the Union from seeking an increase in the minimum guaranteed call-in pay, contrary to the Village's suggestion, but this agreed settlement does offer some support for the Village's position that the *status quo* on this issue should be maintained. This grievance settlement, by itself, is not enough to require adoption of the Village's position here, but it adds some additional support to the relevant statutory factors that establish that the Village's proposal on the impasse issue of call-in pay is more appropriate.

Based on the relevant statutory factors, the evidence in the record, and the considerations set forth above, this Arbitrator finds that the Village's final proposal on the impasse issue of call-in pay is more reasonable. Accordingly, the Village's proposal on this issue shall be adopted, and the provision governing call-in pay shall remain unchanged within the parties' new collective bargaining agreement.

6. Court Pay

The Union's final offer on the impasse issue of court pay is to increase the amount of such pay to a minimum of three hours of pay.

The Village's final offer on the impasse issue of court pay is to maintain the status quo.

As noted above, the Union's assertion that the minimum amount of court pay should be increased from two to three hours mirrors its proposal to increase minimum call-in pay from two hours to three hours. Much of the analysis set forth in connection with the call-in pay issue above applies to this issue as well.

In support of its proposal, the Union points out that an officer's response to a court summons requires more of the officer than simply showing up in the courtroom. The Union has emphasized that an officer needs to shower, dress in uniform, find child care, commute to and from the courthouse, and wait to be called once at the courthouse. Many of these necessary activities, however, are not unique to appearing in court, nor are many of these activities unique to police officers. Employees generally must go through similar routines whenever they report for work, and employees typically are not directly compensated for the time that they spend on these necessary tasks that must be accomplished before they actually arrive at work. The Union has not made a convincing argument for why these tasks, necessary as they are, justify increasing the minimum court pay figure.

It also must be noted that when the parties originally negotiated and agreed upon the two-hour minimum pay figure for court time, these very same circumstances

presumably existed for officers as they made court appearances then. The Union has not pointed to any change in these circumstances that would justify increasing the court time minimum from two to three hours.

As for the statutory factors expressly set forth in Section 14(h) of the Act, the external comparables offer the most relevant and useful information to this analysis. The evidence in the record from the external comparables does not favor an increase in the minimum pay for court time. In fact, the Union has acknowledged that among the external comparables, two hours' minimum pay for court time is more common. This most relevant statutory factor therefore strongly supports maintaining the *status quo* on this particular provision. Moreover, the Union has not established that the two hours' minimum pay for court time does not realistically and appropriately compensate officers for the time that they typically spend when called to court. Essentially, there has been no showing of a reasonable basis for making the change that the Union is seeking on this impasse issue.

The Village has pointed to a September 2011 grievance settlement that set court time at the minimum two hours' pay at the overtime rate for employees who must appear in court while out using sick time or on FMLA leave. Although the Union's proposed increase in minimum pay for court time cannot be seen as "violating" this settlement, despite the Village's suggestion that it does, this grievance settlement nevertheless does offer some support to the Village's position that the minimum court time compensation should remain at two hours.

Based on the relevant statutory factors, the evidence in the record, and the

considerations set forth above, this Arbitrator finds that the Village's final proposal on the impasse issue of court time is more reasonable. Accordingly, the Village's proposal on this issue shall be adopted, and the provision governing court time shall remain unchanged within the parties' new collective bargaining agreement.

7. Compensatory Time Off

The Union's final offer on the impasse issue of compensatory time off is to maintain the status quo.

The Village's final offer on the impasse issue of compensatory time off is that compensatory time off will be accrued only if the employee and the Village mutually agree that the employee may accrue compensatory time.

As the party seeking to change the existing contractual provision on the impasse issue of compensatory time off, the Village bears the burden of establishing the existence of a reasonable basis for making this change. Essentially, the Village argues that this Arbitrator has no authority to grant the Union's proposal that the contractual provision governing compensatory time off remain unchanged in the parties' new Agreement because that proposal infringes upon the Village's rights and duties under the Fair Labor Standards Act (FLSA). The Village asserts that under the FLSA, it has the right to pay overtime with cash instead of granting compensatory time. The Village also asserts that the Union's proposal constitutes a permissive subject of bargaining because it violates the Villages rights and duties under the FLSA.

The Village references a number of different sources as support for its argument that the provision on compensatory time that was included in the parties' prior agreement

cannot be included without change in the new Agreement. The problem for the Village is that none of its cited sources directly express any of the points that the Village makes in its argument. Instead, the Village extrapolates from decisions made in different contexts, under different provisions and regulations, and arising from different fact situations. The Village has not cited any authority that expressly establishes whether a compensatory time provision, such as the one that is included in the parties' most recent contract, is a permissive subject of bargaining.

Because the Village has been unable to cite any clear statement of governing law to support its argument that the Union's proposal to maintain the *status quo* is a permissive subject of bargaining, or that the Union's position somehow would cause the Village to run afoul of its obligations under the FLSA, and this Arbitrator is without authority to establish new law under the FLSA, the Village's arguments under the FLSA and the applicable federal regulations simply cannot be accepted as convincing in this proceeding.

Moreover, what is at issue here is whether the existing provision should be carried over from the parties' prior contract to their new Agreement. The Village is the party seeking to change the substance of the compensatory time provision, so the Village's proposal is the reason why there has been any bargaining at all over this provision during the parties' current negotiations. It simply is not consistent and logical for the Village to raise this contractual issue, pursue it to impasse, and then argue that this Arbitrator has no authority to resolve that impasse.

On the merits of the impasse issue presented here, the change that the Village has

proposed represents a substantial re-working of the parties' existing provision governing compensatory time. Many of the Village's arguments in support of its proposal are either extrapolations of rationales and reasoning from various authorities in other contexts, as noted, or are assertions of hypothetical problems, such as the Village's stated concern about being forced into a situation where it violates the FLSA by allowing employees to accrue compensatory time, despite not realistically and in good faith expecting to be able to grant compensatory time off as requested.

The Village also has pointed to the Seventh Circuit's decision in *Heitman v. City of Chicago*, 560 F.3d 642 (7th Cir. 2009), in arguing that the Union is not really seeking to maintain the *status quo* as it existed at the time that the compensatory time provision originally was negotiated. According to the Village, the *Heitman* decision has changed the landscape with regard to compensatory time because employers within this circuit now cannot deny an employee's request to use accrued compensatory time if it would result in additional overtime. The Village argues that because of the *Heitman* decision, the Union may be arguing to keep the same language with regard to compensatory time, but that language now has a different meaning.

Although it certainly appears to be true that the *Heitman* decision may require a change in how the Village administers requests to use compensatory time, the existing contract language in question addresses how employees may accrue compensatory time as opposed to overtime pay. Although the use of compensatory time absolutely is related to the accrual of compensatory time, these two matters nevertheless are different aspects of the larger subject of compensatory time. Accordingly, I find that the *Heitman* decision

does not directly address the subject that actually is at issue here, and it cannot properly be cited as the basis of a decision to change the existing contractual provision on the accrual of compensatory time.

Even if *Heitman* could be understood to directly address the accrual of compensatory time, the fact is that Village is incorrect in asserting that its proposal "merely recognizes and adjusts for the post-*Heitman* realities." Instead, the Village's proposal would completely change the existing method under which compensatory time is accrued. The Village's proposal would take any part of the choice between compensatory time and overtime pay entirely away from the employees and essentially give to the Village complete authority to decide whether an employee will be allowed to accrue compensatory time. The Village's proposal indicates that an employee may accrue compensatory time upon agreement between the employee and the Village, but this means that the Village will be able decide, in every case, whether an employee who wishes to accrue compensatory time instead of receiving overtime pay will be allowed to do so.

From all of this, it is evident that although the *Heitman* decision does suggest that there must be changes in the Village's decision-making in connection with employee requests to use accrued compensatory time, I find that this decision does not require adoption of the Village's proposed change to the contractual provision on the accrual of compensatory time.

With regard to the statutory factors that apply to this particular issue, external and internal comparables, neither of these offers sufficient support for the Village's proposed

change to the compensatory time provision. The evidentiary record indicates that there is no clear majority approach to this issue among the external comparables. Of the seven external comparables that offer the possibility of compensatory time, only three require mutual agreement before an employee may accrue compensatory time. The other four communities offer the possibility of accruing compensatory time under provisions that are more similar to the existing contractual language here than to the Village's proposal. The external comparables therefore do not support the Village's proposed change to the existing contractual language on compensatory time.

The internal comparables also do not sufficiently support the Village's position. Those Village employees who are not represented by any Union do not have the option to accrue compensatory time. The Village's AFSCME-represented employees may accrue compensatory time only if the Village and the employee "previously mutually agree to the particular days on which the employee takes compensatory time off." The language in the Village-AFSCME contract therefore is different from what the Village is proposing here. Given that each of these three groups of Village employees would be working under a different set of rules for the accrual of compensatory time even if the Village's proposal is adopted, it is evident that the internal comparables also do not support the Village's position here.

Based on the relevant statutory factors, the evidence in the record, and the considerations set forth above, this Arbitrator therefore finds that the Union's final proposal on the impasse issue of compensatory time is more reasonable. Accordingly, the Union's proposal on this issue shall be adopted, and the provision governing

compensatory time shall remain unchanged within the parties' new collective bargaining agreement.

8. Duration

The Union's final offer on the impasse issue of duration is a four-year contract.

The Village's final offer on the impasse issue of duration is a three-year contract.

The circumstances surrounding the signing and implementation of the parties' most recent collective bargaining provides an illustrative backdrop to the parties' disagreement over the proposed duration of their new contract. As already noted, that most recent contract expired on December 31, 2009, but it was not actually signed until March 2010, three months later. This unusual timing strongly suggests that the current state of the parties' relationship is less than harmonious, a suggestion that is further underscored by the fact that the parties now are involved in their first interest arbitration proceeding.

Most of the statutory factors do not offer much guidance with respect to this particular impasse issue. The principle exception to that is the interests and welfare of the public. There can be no serious question that the interests and welfare of the Village's residents will be greatly served by a period of relative peace and tranquility, however brief, between the Village and the Union-represented employees within its Department, particularly because these employees are critical safety and emergency first-responders. Such a period of productivity and cooperation between labor and management often can occur while a contract is in effect. If one of the goals of the interest arbitration process is to help parties to move forward with a more cooperative and

productive working relationship, which meets the interests and fosters the welfare of the public, then the duration of the parties' new contract may be an important step toward reaching that goal.

In this particular case, the parties' new Agreement will have an effective term that began as of January 1, 2010, more than two years ago. If the Village's proposed three-year term is adopted, then the new Agreement shall expire on December 31, 2012, only a few months from now. Under these circumstances, the parties would have to begin negotiating over the successor to the contract at issue in this proceeding almost immediately upon the issuance of this Decision and Award. Such a state of affairs would be more likely to increase whatever strife and instability may exist between the Village and the Union, rather than promoting cooperation and productivity between them.

Another consideration is the fact that there are heavy costs associated with this type of permanent state of negotiations. It definitely is to the monetary benefit of both parties if they can have some break in their negotiating efforts, even if that break lasts no more than a matter of months.

The Village has argued that a longer term for the parties' new contract is not appropriate because of the uncertainty that comes with setting future wages and other terms of employment based on economic and financial data that cannot be accurately extrapolated into that future. The Village certainly is correct that it is not possible to accurately predict what will happen to the economy or to the Village's finances two or three years into the future. The fact is, though, that accurate predictions of these matters often cannot be made even months into the future. Whenever wage rates and other terms

of employment are established pursuant to a collective bargaining, it is necessary to take the risk of setting those rates and terms based on the available economic and financial data, even though that data documents only past conditions.

More importantly, it is evident that the Village's argument also loses some of its strength in that much of the new contract's term already has elapsed. As noted, the new contract will have a retroactive effective date, dating back to January 1, 2010. Given this, there absolutely is no uncertainty as to economic and financial conditions that prevailed during almost the first three years of the contract's duration. Moreover, there is a wealth of available economic and financial data upon which to make necessary determinations regarding wages and other terms of employment for the relatively short time period during which the new Agreement shall remain in effect going forward, whether that total term lasts for three years as the Village proposes, or four years as the Union proposes. Although it certainly is true that no one can know for sure how the economy will perform over the next eighteen months, or how the Village's financial condition will change over that time period, that is no reason to refuse to set wage rates and other conditions of employment for the remainder of the term of the parties' new Agreement. This degree of uncertainty also is no reason to prefer the Village's proposed three-year term, which would end in a few months from the date of this Award, over the Union's proposed four-year term under the particular circumstances at issue here.

Based on the relevant statutory factors, the evidence in the record, and the considerations set forth above, this Arbitrator finds that the Union's final proposal on the impasse issue of the duration of the agreement is more reasonable. Accordingly, the

Union's proposal on this issue shall be adopted and included within the parties' new collective bargaining agreement, and it is set forth in the Appendix attached hereto.

Award

This Arbitrator finds that the language set forth in the attached Appendix shall be adopted and incorporated into the parties' new collective bargaining agreement.

PETER R. MEYERS
Impartial Arbitrator

Dated this 1st day of October 2012
at Chicago, Illinois.

APPENDIX

I. Wage Rates

Article XIII of the parties' Agreement shall be modified to reflect the following wage increases:

Effective Date	Increase
01/01/10	2.25%
01/01/11	2.25%
01/01/12	2.5%
01/01/13	2.5%

II. Health Insurance Premiums

Section 17.1. Group Health Coverage. Full-time employees shall be permitted to participate in the group health insurance plans maintained by the Village and may select single or family coverage during the enrollment period established by the Village. Employees who elect to participate in a group health insurance plan shall pay fifteen percent (15%) of the cost of the monthly premium for the coverage selected up to the following maximums beginning the following effective dates:

Effective Date	Single	Family
01/09	$76.16	$229.00
01/10	$76.16	$237.03
01/11	$83.38	$257.80
01/12	$91.71	$283.58
01/13	Reopener	Reopener

Said amount shall be deducted on a pro-rata basis from the employee's paycheck.

Between October 1, 2012, and October 15, 2012, either party may request negotiations over the premium contributions to be paid by employees effective January 1, 2013.

III. Health Insurance Plan Design

Section 17.2. Right to Select Carriers. The Village shall have the right to change insurance carriers or providers or move to the health insurance exchange at any time. A policy with a new insurance carrier, provider, or from the exchange

shall make similar benefits available for the employees as the policy in effect on the effective date of this Agreement. The Village will make an effort to seek the employees' input about such a change. A notice of the change in insurance carriers or provider or a decision to move to an insurance exchange, along with pertinent data, will be given to the Council two (2) weeks before the change will take effect, and, a meeting will be held with a representative or representatives of the Labor Council to explain the change before the change takes effect. In any event, a meeting will be held with the employees to explain the change after the change takes effect. Unless the Village and the Council agree otherwise, a new carrier or provider will cover the same conditions of an employee and his or her dependents which the former carrier or provider covered. The Village and the Council agree to engage in continuous good faith negotiations with the goal of having a fair health insurance program which will reduce the cost of the monthly health insurance premiums. If the Village provides notice to the Council of its desire to implement a new health insurance program, including through an insurance exchange, along with pertinent data, the Council will respond to the Village with its position regarding the change within two (2) weeks of such notice.

The Village reserves the right to reopen the Agreement to negotiate over the requirements of health care reform or the impact on the Village.

IV. Duration

Article II of the Agreement shall be amended to reflect the following effective term of agreement:

This Agreement shall be effective from 1 January 2010, and shall remain in effect until 31 December 2013, except as hereinafter provided. . . .