

FACT FINDING REPORT
STATE OF OHIO
STATE EMPLOYMENT RELATIONS BOARD

2004 07 16 A 10: 56

In the Matter of]	
City of Reading]	Case # 04 MED-01-0011
and]	
Reading Career Firefighters Association]	Date of Hearing: July 30, 2004
IAFF Local 3717]	

AWARD:

A base wage increase of 4% retroactive to April 1, 2004

M. James Abernathy
As Fact Finder (Neutral)
1119 Sunnyslope Drive
Cincinnati, Ohio 45229
513-242-7172
Fax 513-242-7127

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I. INTRODUCTION

The City of Reading, Ohio is located in Hamilton County next to Cincinnati, Ohio. It is bisected by the old inter-city main road, Reading Road. This corridor of Reading Road runs through the city for about three miles. Currently, this corridor is undergoing major capital construction and much of it is blocked off from pass through traffic. Reading, Ohio is anticipating a re-birth of businesses, jobs and residents and, therefore, City income. According to the Mayor in his address to the City of January 20, 2004, "14 new businesses opened in 2003 creating 200 full-time jobs and over 50 part-time positions. Another 300 jobs are purported to be in the bio-tech field. For a city that is approximately three (3) square miles, this would be quite an accomplishment.

The compliment of the Reading Fire Department is comprised of nine fire-fighters and three lieutenants. Firefighters work twenty-four (24) hours followed by 48 hours off duty. A regular work week is 53 straight time hours and three overtime hours. The current regular hourly rate for firefighters is \$16.50 , and \$18.49 for lieutenants. Annual base salary is \$45,474.00. The Reading Fire Department has been career since 1964. Since 1997, the department has been comprised of entirely paramedic certified personnel.

The Reading Career Firefighters Association, IAFF Local 3717, hereafter referred to as the Union, is engaged in collective bargaining pursuant to a re-opener provision limited exclusively to wages for the third year of the agreement with the City of Reading.

Both sides exhibited a willingness to give and take. The firefighters appeared happy at how well they have been treated in the past, but felt that getting parity in wages with their peers in comparable communities was long overdue. The City acknowledged that they should get parity but should not seek it in the re-opener. The City expressed willingness to discuss parity in the new negotiations in 2005. The current contract between the parties began on April 1, 2004 and ends on March 31, 2005.

The hearing commenced at 10:00 am and adjourned about noon. The hearing was conducted with the Rule 4117 (greatest professionalism by both parties.)

There was one issue at impasse.

A. Wages

Article 17, Section 17.1

"Contract will open for negotiation of wages only, after January 1, 2004. On or before January 1, 2004, the Reading Firefighters Association Local 3717 shall serve the employer a notice to negotiate for the 2004 contract year."

The parties were represented as follows:

- A. For the City of Reading:
 - Paul R. Berninger, Attorney-at-Law
 - Tim Hoerst, Deputy Auditor
 - Bud Albert Elmlinger, Jr., Safety Service Director

- B. For the Union:
 - Paul M. Gallo, Secretary/Treasurer
 - Todd M. Burwinkel, 2nd Vice President
 - Edyurd Von Lehmden, Member
 - Todd A. Owens, President Local 3717

II. ISSUES AT IMPASSE

A. Wages

Union's Proposal

The primary concern of the Union is wages. It presented a comparable of nine similar cities and Reading was the lowest paid of all cities represented. The Union is seeking an increase in base pay, excluding mandated FLSA overtime of 17.89% (\$16.50 to \$19.43). This they feel would bring them to an average comparable hourly rate of similar local jurisdictions. The Union claims that it has increased from 13% below the average comparable base pay to currently 17% below the average. The Union puts forth that the City can raise the rate of its corporation tax to help finance this. The Union contends that the City has misspent funds and allotted too much money to capital improvements such as the Reading Road Streetscape Project. The Union claims that the City's revenues are up and better than last year and the year before. During current negotiations the City has proposed the following wage increases:

April 14, 3% with 90%/10% H/I split
May 26, 7% with 90%/10% H/I split
June 25, 5% with 90%/10% H/I split

Current offer 2% (no health insurance offer).

It was finally agreed that the current wage re-opener allowed for talks on wages only. This is when the City offered a 2% wage increase. The Union did not accept.

The Union, in support of its position, presented various and sundry data, city financial data, fire department comparisons of similar cities and corroborating city correspondence. The Union claims that evidence will show that earnings tax income is up by 6% as of June 30, 2004 (\$142,173). Major Reading businesses have committed to

hiring more people. Property taxes were up 12.3% and are budgeted to increase by 10% in 2005. With this extra revenue the City has increased its annual average of \$1.4 million for capital expenditures by 2-1/2 times to nearly \$3.1 million in 2004. The City is budgeting for its highest unencumbered carryover in five years of \$476,041 in 2004. The pay raise the Union is asking for (17.9%) would cost approximately \$75,000 or 15.8% of the unallocated reserve for 2004. The Union contends that the City has been realizing a steady rise in revenue since 1949 and these numbers support and justify its request for wage parity. The Union points out that it has always been willing to work with the City during prior financial woes, but now feels that an increase in wages to the average of comparable cities in its area is justified.

City's Proposal

The City contends that it is broke and as of June 30, 2004 had only \$630,000 in its General Fund. Firemen's wages are paid out of the General Fund. Bi-Weekly payroll for all salaries is approximately \$180,000. The City agrees that the annual salary of bargaining unit members is at the lower end of the comparables, but there are other off-setting benefits such as better sick leave, vacation, holiday, severance benefits and sick leave. The City is offering a 2% increase in wages and contends it will struggle to pay the 2%. The City exhibited a wire basket full of unpaid and in-arrears bills. Some of the bills were purported to be as high as \$30,000. City acknowledges that the current base rate of the firefighters is not competitive with comparable communities. The City stated that it is committed to bringing the firefighters into a competitive range with other comparable communities. The City also indicated it would prefer to negotiate this wage gap in negotiation when the current contract ends in 2005. The City contends

that since Reading is an old community, money must be spent to improve the infrastructure to remain a viable choice for business.

If the Infrastructure deteriorates, businesses depart, and the downward spiral continues. For the past two years the City has had to transfer funds from a reserve, intended for much needed capital improvements, to the general fund in order to make payroll. It is projected that the reserve will be eliminated by the end of this year. The City points out that it can only raise payroll taxes through a community vote. As of June 30, 2004, there was only \$630,000 in the general fund. The City purports to be in dire financial straights. Expenses are exceeding revenues on a monthly basis. The City's bi-weekly payroll is approximately \$180,000. The City offered into evidence various comparables, city correspondence and financial data. The City also offered that all of the financial data because it is simply a snapshot of balances on a particular date are not reliable for what is actually available in each city fund because balances change on a daily basis.

DISCUSSION

Both parties agree that the current base rate of bargaining members is not competitive with comparable communities. They differ however on what the current wage increase should be and the state of the City's finances. At various times the City has offered 7%, 5% and 3% all tied to a 90/10 health insurance cost split. These proposals were all voted down by City Council. The final and current wage increase offer of the City was for 2%. The Union has rejected this and counter offered a 17.8% increase. Such an increase would bring it to parity with firefighters in comparable communities. The Union presented evidence that shows that the bulk of the City's

income is derived from property and earnings taxes. Earnings tax income was up by 6% as of June 30, 2004. Property taxes were up in 2003, 12.3% and is budgeted to increase by 10% in 2005. Much of this money, however, has been targeted for capital expenditures. The Union presented in evidence a statement from the Mayor in his State of the City address dated January 20, 2004, where he states that in 2003, 14 new businesses opened in the City creating over 200 full-time jobs and over 50 part-time jobs. The Mayor went on to state that 300 jobs are being created in 2004 with an estimate of over 200 in 2005.

Of these 700 new jobs, close to 600 come in the field of bio-tech. The Union feels that these facts belie the City being in dire financial straights. The Union feels that the City has mismanaged the City's revenues and placed too much in capital expenditures. The Union feels that the steady rise in income since 1999 justifies a hefty wage increase.

The Fact Finder found no evidence that the City was broke and unable to pay its bills. The habit of paying bills in arrears is common in city, state and federal government financial affairs. This is because expenditures of public entities are often made in anticipation of expected revenues. The Fact Finder found no evidence that the City was unable to make payroll. There was no talk of laying off or reducing the number of firefighters. There was no talk of bankruptcy or fiscal emergency or applying to the State of Ohio for a plan to get the City back on track. Nevertheless, the Mayor in a speech dated January 20, 2004, stated that he was concerned about the City's financial situation. He stated that to address the situation the City needed to be more efficient in its spending and find ways to become more efficient. The Fact Finder believes that a 17.8% wage

increase at this time would not be economically prudent. How much then? The contract ending March 29, 2004 called for wage increases of 5%, 3.5% and 3.5%, an average of 4% per year. The base wage increase awarded is 4%.

FACT FINDER'S DECISION

A base wage increase of 4% retroactive to April 1, 2004.

III. CLOSING REMARKS

Both parties are to be commended for their willingness to give and take. Even though the City was citing financial problems, it still was willing to offer a wage increase and work with the Union on mutual concerns.

IV. SUMMARY

The Fact Finder is satisfied that the issues have been addressed and therefore it is unnecessary to discuss or treat any other matter or events, which may be immaterial or insignificant. Further it must be emphasized that the absence of any treatment or discussion related to any matters or arguments presented must not be construed to be a lack of attention thereto since all matters were considered.