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In the Matter of Factfinding

Between

SERB Case No.: 06-MED-12-1424

Local 442

Before: Harry Graham

And

The City of Marietta, OH.

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2007 JUL 11 A 11:20

STATE EMPLOYMENT  
RELATIONS BOARD

**APPEARANCES:** For IAFF Local 442:

Dennis Haines  
Green, Haines, Sgambati Co.  
PO Box 849  
Youngstown, OH 44501-0849

For The City of Marietta:

Cheri B. Hass  
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**INTRODUCTION:** Pursuant to the procedures of the Ohio State Employment Relations Board a hearing was held in this matter before Harry Graham. At that hearing the parties were provided complete opportunity to present evidence and testimony. In their pre-hearing statements two issues were mutually identified as being before the Factfinder. These were health insurance and compensation. In the course of the proceedings the parties resolved their dispute over health insurance. The only issue considered in this report is wages.

**POSITION OF THE UNION:** This proceeding involves a re-opener covering the final two years of the present Collective Bargaining Agreement. In the initial year of the Agreement no wage increase was provided to Marietta Firefighters. The

Union proposes that there occur two (2) 4.3% wage increases. One would be made in each remaining year of the Agreement. The Union also proposes there be a 1.5% pension pick-up in the second year of the Agreement and an additional 1.5% in the final year.

Firefighters in Marietta have an expansive job description. Included are EMS and Pump Operator requirements. The Union urges that Marietta Firefighters be compared with those performing the same duties in communities in the area. Only Lancaster and Chillicothe Firefighters perform EMS duties. Those in Lancaster, Cambridge and Portsmouth are pump operators for which they receive extra pay.

In the past two decades the position of Marietta Firefighters has deteriorated compared to their colleagues in the region. Thus, in 1988 the pay of Marietta Firefighters was approximately equal to the average of others in the area. That relationship has steadily worsened, so that by 2007 the pay of a Marietta Firefighter is \$6538.00 or 16% below the average of those in Lancaster, Zanesville, Cambridge, Portsmouth, Athens and Chillicothe. This gap is particularly noteworthy as in 1988 Firefighters in Marietta were second highest paid in that group of communities. Today they are last, and last by a sizeable margin at \$2325 below Cambridge. The same situation with different numbers prevails with respect to Lieutenants and Captains. A Lieutenant in Marietta earns \$44,464. The average in the area is \$53,831. The Marietta Captain earns \$46,714 compared to the area-wide average of \$56,102. These discrepancies are so large that they must be addressed the Union contends.

Compounding the situation is the fact that Firefighters have lost substantial purchasing power in the past decade. Their wages have lagged the CPI by 11.5% since 1996.

The City can well-afford its proposal in the Union's opinion. Estimates of City resources have consistently been too low. It was anticipated in 2006 that there would be a negative amount in the carry-over account. In fact, there was a positive balance of \$1.2 million. The City has received payment of \$600,000 from Anthem insurance regarding demutualization litigation. In 2007 no receipts were anticipated from Inheritance Tax payments. At June 1, 2007 the City had collected \$164,000. The Fire Department has instituted third party billing. This resulted in receipts of about \$470,000 in 2006 and is a continuing source of income. Finally, the parties have changed insurance providers. The City will save over \$800,000 per year over current premiums. Over the next four years for which firm quotes have been received, the City will save about \$3 million over what otherwise had been expected. There is no inability to pay according to the Union.

Were the proposal of the Union to be implemented Marietta Firefighters would not vault to the top of pay league. They would rise above Firefighters in Athens by a small margin and be above those in Cambridge. They would remain below all other Firefighters in the area. As Marietta Firefighters have lost ground to others in the region, have lost real income and the City can afford its proposal the Union urges a recommendation on its behalf.

**POSITION OF THE EMPLOYER:** The City proposes that there be a 1.0% pay increase retroactive to January, 2007 and an additional 1.5% increase in January, 2008. The basis for its proposal can be summed up in the phrase "inability to pay." Further, bargaining history in the City supports its position. Other bargaining units represented by the FOP and the Teamsters accepted a wage freeze. As a result of a Factfinding report the Firefighters secured a .30 per hour increase in January, 2007 for maintaining hazmat certification. As all Firefighters have such certification, all received the increase. Other bargaining units did not secure any increase. Thus, the minimal increase it proposes is justified in light of the bargaining history in Marietta the City asserts.

The City acknowledges that its carryover balance at the end of December, 2006 was over \$1 million. That is not indicative of a sound financial position. The City requires \$600,000 in working capital for January. Absent the balance in the carryover account severe difficulty would have occurred. Further, there were one-time items as part of the City accounts. There was a large bequest. Such funds cannot be counted upon in the budgetary process.

City revenues have grown slowly. In this decade they have increased by an average of slightly over 1.0% per year. The average annual growth rate of payroll and benefits has outstripped this considerably.

As is often the case in matters of this sort the City urges a different comparison group upon me. Its comparison group is: Cambridge, Coshocton, Chillicothe, Circleville, Ironton, New Philadelphia, Portsmouth, Steubenville, and Washington Court House. Using this group shows that Marietta Firefighters

exceed the average by a considerable margin. This is also the case for Fire Inspectors and Lieutenants. Given the favorable situation of Firefighters the City urges its position should be recommended without alteration.

**DISCUSSION:** It is indeed the case that the coffers of Marietta are not overflowing. That so, the Firefighters have accommodated to the financial situation of the City. They have seen very small increases in their compensation over recent years. This has resulted in a diminution of their compensation relative to their peers. There is the notion that the ranking of employees of one employer vis-à-vis those of another should not change substantially. (In the language of academia, this is known as the concept of "coercive comparisons). Data provided by the Union in its supplemental filing shows without susceptibility of doubt that in the past twenty years there has been a steady and growing disparity in the salary of Marietta Firefighters compared to their compatriots in the region. This conclusion is reached by reference to the comparison group proffered by the Union. That group appears more appropriate to this Factfinder than the comparison group used by the City. In particular, attention is called to the growing disparity between Marietta Firefighters and those in Athens and Cambridge, communities near to Marietta. In 1997 Marietta Firefighters were \$2184 behind those in Athens. Today the gap has widened to \$4609. Similarly, in 1997 the difference adverse to Marietta Firefighters and those in Cambridge was \$561. Now it is \$2325. At some point the City must address the gap between its Firefighters and those in the area. Its proposed wage increase is untenable.

The record made in this proceeding shows that municipal officials have often underestimated the resources available to the City. This is understandable. Those responsible for public budgets must err on the side of caution and prudence. They cannot risk being caught out with funds insufficient to conduct normal operations. In Marietta there has been record of the City having more resources than estimated. For instance, the City carryover balance at the end of 2006 was \$1.2 million. A negative balance had been expected. Additionally, the City secured a \$600,000 payment from Anthem insurance to settle litigation. The Fire Department has instituted a third-party billing system which will provide a continuous stream of revenue. In the 2007 budget no funds were anticipated from the inheritance tax. At June 1, 2007 \$164,000 had been received. Finally, the City will experience substantial savings as a result of changing health insurance to the Michigan Teamsters plan. Thus, resources above those estimated by the City are available.

That conclusion does not automatically prompt a recommendation the proposal of the Union be adopted. The proposal of the Union is expansive. The Union cannot expect that a wage disparity twenty years in the making will be rectified quickly. It is recommended that Firefighters receive a 3.5% wage increase retroactive to the first pay period of January, 2007. A 1.0% wage increase should be made the first pay period in July, 2007. A 3.0% pension pick-up should be instituted the first pay period of November, 2007 as well as an additional 3.5% wage increase. It is acknowledged that this recommendation represents a large settlement by current standards. That observation must be

considered in the context of history in Marietta. Firefighters received no (0) wage increase in the first year of the Agreement. There was a wage freeze. An effort must be made to "catch-up" for that development. Further, the City will save sizeable funds in its expenditures for health insurance. It must be stressed that that the savings accruing from the Teamsters health insurance are not a one year phenomenon. They will extend into the future and are projected by the Union to substantially exceed three million dollars over the next four years. That estimate was not successfully challenged by the Employer. The final consideration in making this recommendation is the fact that the City has a history of underestimating the resources available to it. That history weakens its inability to pay argument.

**SUMMARY OF RECOMMENDATION:** Increase Firefighter wage as follows:  
3.5% retroactive to first pay period of January, 2007.

1.0% increase first pay period July, 2007

3.5% increase first pay period November, 2007

3.0% pension pick-up first pay period November, 2007

Signed and dated this 9<sup>th</sup> day of July, 2007 at  
Solon, OH.

Harry Graham  
Harry Graham  
Factfinder