

FACTFINDING REPORT AND RECOMMENDATIONS

In the Matter of

International Association of Firefighters

Local 333

AFL-CIO

The City of Springfield, Ohio

SERB Case No. 2014-MED-08-1013

**C. Forest Guest
Factfinder**

Representing the Union: Jonathan Wentz, Attorney, Spokesperson

Representing the City: Jerome M. Strozdas, Attorney, Spokesperson

Date of Hearing: December 10, 11, 2014

Report Issued: December 19, 2014

FOREWARD

The Factfinder was assigned this case via SERB on October 20, 2014. There was an exchange of emails between all the parties and a telephone conference call conducted on October 24, 2014 for purposes of scheduling. During this conference call it became clear that the parties were still in negotiations and that some issues had not been completely discussed. We agreed to go ahead and set a tentative date for hearing on November 13 and 14, 2014. On November 5, 2014 I received notice to cancel the November hearing dates as the parties continued to find some areas of agreement. On November 12, 2014 I received an email to go ahead and submit dates for a December hearing, which I did. The parties agreed to the December 10 and 11, 2014 dates and the hearing was set. The parties met on the dates scheduled and had two (2) full days of discussion, review, and submission. We attempted, for over six (6) hours on the first day to reach a mediated settlement, but failed to reach that objective. At the conclusion of the hearing the parties agreed that the Fact Finder would submit his recommendation on December 19, 2014 via email. The factfinder would also mail signed originals to both parties.

BACKGROUND

The City of Springfield, Ohio has approximately 60,000 residents. It is the County Seat of Clark County and is located between Columbus, Ohio and Dayton, Ohio just off Interstate 70.

Springfield employs approximately 535 full time employees with approximately 125 being represented by Local 333. The unit includes firefighter/paramedics, lieutenants, captains, and battalion chiefs.

The City and Union have a long standing relationship bargaining since 1984 and they spent considerable time in negotiations for this new agreement that also included a Mediation session on November 9, 2014.

The parties to this dispute are the City of Springfield, (hereinafter referred to as the City or Employer) and the International Association of Firefighters, Local 333, AFL-CIO, (hereinafter referred to as the Union). This is one (1) of seven (7) unions that the City has negotiated agreements with.

The current Collective Bargaining Agreement (hereinafter referred to as the contract, agreement, or CBA) covers the period of November 1, 2011 to October 31, 2014. The parties continue to work under the provisions of the expired CBA while attempting to reach a resolve on the issues.

The effective date of the new agreement is one of the issues to be addressed and hopefully resolved in this report. In addition to the effective date there are four (4) other disputed items to be resolved in order to “confirm” a new agreement.

ISSUES

EMPLOYER AND UNION POSITIONS

There are five (5) issues to consider in this Fact Finding hearing. The parties have been able to resolve all other matters in the proposed CBA, but have not been able to come to an agreement on these items:

Article 47 – Term of Agreement

1. **Effective date and Term of the new agreement:** The previous agreement expired on October 31, 2014. The City’s position is that when an agreement is reached the new effective date should be whatever date the agreement is reached. The Union’s position is that regardless of the date an agreement is reached the effective date should be November 1, 2014 and end on October 31, 2017.

Article 26 - Insurance

- 2. Health Insurance:** The City proposes to implement the HSA insurance it carries for most of its employees into this agreement and require everyone to be covered by the HSA. Currently, some of the Fireman use the HSA and some use the PPO. By putting everyone under the HSA plan it would allow some savings for the city and would provide health insurance for all of the employees. The City has absorbed an increase in health care that was \$2.3 million in 2000 and for 2015 will be \$6.9 million. Putting everyone under the HSA allows for some savings and the employees have “up front” cash to protect their cost.

While the Union objected to this at first and wanted to continue to allow those wanting the HSA to sign up and those on the current PPO that wanted the PPO to stay with that program, they have now changed their position. The Union is willing to accept the HSA if there are guaranteed “caps” on the amount the cost could increase that would affect each employee.

The City counters that this is not necessary as the Union has the protection of the CBA to file a grievance if unwarranted increases should occur. They note however, that this should not be an issue due to how the plan is administered. The plan has a \$4000.00 deductible (family plan), but the City gives each employee \$3000.00 up front each year. This allows the employee to have \$3000.00 for any medical costs that in most cases takes care of their needs. Furthermore, any money not used is carried over and added to the next \$3000.00 allocation from the City.

Article 24 – Longevity

- 3. Longevity Program:** The City negotiated in the past a change to the program where instead of paying employees after five (5) years \$100.00 per year of service they would “grandfather” those employees, but new hired employees would receive \$50.00 per year of service after five years.

The language read as follows: *All employees that are employed as of December 31, 2007 who attain five (5) or more years of service with the City shall be entitled to longevity pay at the rate of One Hundred Dollars (\$100.00) per year of service.*

Employees that are hired on or after January 1, 2008 who attain five (5) or more years of service with the City shall receive longevity pay at the rate of fifty dollars (\$50.00) per year of service.

The Union wants to change this language and eliminate the two tier system by establishing a ninety (\$90.00) payment to each employee after they have five years of service. The Union feels this is a cost saving for the City and eliminates the two tier system which they feel is degrading and leads to bad moral among the fireman.

The City does not feel there is a savings, but that if a savings occurred it would only be temporary. They feel that the issue of two tier is overstated as there are plenty of situations within the work unit that has people working together with different rates of pay and working conditions.

Article 25 – Clothing and Personal Effects Allowance

4. Uniform: Currently the City pays each fireman \$875.00 per year as an annual uniform allowance. The city feels this amount is reasonable and there is no reason to increase that amount. They feel the reduction in requiring certain clothing that use to be a requirement and allowing other items to be worn has made it more cost effective for the fireman.

The Union insist that the \$875.00 is not enough and cites the city police department receiving \$1000.00 per year with their allowance. The Union states and presents documents that appear to support their claim that the fireman work a 51 hour week while the police are scheduled for a 40 hour week. They feel this is another example of working more and receiving less that is the theme for some of these disputes.

Article 44 - Wages

5. **Wages:** The city has offered a 2%, 2%, 2% pay increase for the term of the agreement. The city's position is that they cannot afford a higher increase and actually cannot afford this amount, but recognize the need to increase pay. The driving force for this is that these employees have not had any increase in pay in five (5) years and only a 1% increase six (6) years ago. The city is also being consistent allocating the 2% increase for other units both union and non-union. They feel that to carve out the fireman for an additional amount would be counterproductive.
- The Union is obviously steadfast that the employees should receive a 3%, 3%, 3% increase for the life of this agreement and that it should be retro to November 1, 2014 instead of starting when the agreement is finalized. They believe and spent a great deal of time showing where the city had the money in various funds that could be used for this increase.

UNION POSITION

The Union believes that the positions articulated are all warranted and need to be considered for implementation. They complement the city for being able to manage the affairs of the city so well, but believe there is enough money in the budget to support what they feels are minimum increases.

They have carefully reviewed the budget and financial materials supplied by the City and have had their financial consultant review the data and resolve money is available and should be used. Mr. Bibish, the financial consultant, did a good job of reviewing the budget materials supplied by the City. He used the Comprehensive Annual Financial Report to arrive at the conclusions reached. Without going into every specific detail, the presentation while interesting and thorough, was overwhelmingly speculative and based on assumptions. While there appeared to be some accrual accounts with large cash deposits, i.e. \$368,971 for other

purposes, there was no data showing what that might be actually used for. It is just as possible that the city was accruing funds to pay for the 2% increase it is proposing. Thus those funds while on the books as available are already earmarked for future expense. This was determined when looking at the actual increase in cost for the difference between the 2% increase proposed by the City and the 3% increase proposed by the Union for wages. The testimony was that it was a \$95,000 increase that could be paid for from other sources, or the savings on the other union proposals or the savings on the HSA insurance proposal. This is very speculative. What was challenged successfully is that the \$95,000 increase for the additional 1% in wages is a first year only increase, but when calculated over three years it is over \$550,000 in additional cost and that does not consider the increase in taxes, workman compensation expense, etc.

The wage issue is certainly their main priority as the employees (members) have not had an increase in pay for five (5) years. They feel their 3% per year increase proposal is a responsible demand and that the city can afford this by using money from reserves and also from savings the Union is also trying to gain.

Part of this savings is with the longevity issues as the Union submits a change from the 2 tier system to a 1 tier system while lowering the maximum amount of \$100.00/\$50.00 to a set amount of \$90.00 for each employee. With the higher number of senior members the \$10.00 per person per year more than offsets the increase for those few junior employees and saves the city the balance.

Overall the Union feels that their members have sacrificed and worked with the City for years and that these proposals are justified and warranted. The clothing allowance is simply another example of how the Fireman work more hours than Police, but get less. The \$875.00 should be increased to \$1000.00 due to cost and there is no responsible reason not to allow this proposed amount.

EMPLOYER POSITION

The City believes they have done the best they can considering the environment now being faced by the City. The city has lost revenue by losing manufacturing jobs (International Harvester as an example). These were good paying jobs that allowed for high wages thus higher income tax for the city. This also had a ripple effect causing other organizations to either close or reduce their activity.

The city has attempted to bring in new business and has had some success, but these jobs are generally in the service sector and pay much less than those being replaced.

The city stopped hiring and reduced the number of positions to help relieve the cost burden on the city. Currently there are approximately 125 vacant positions. They feel they are at the point that they cannot meet service requirements required for cities and in addition, their charter requires maintaining 127 firefighter positions and 124 police officer positions.

Reducing the number of employees in those areas is prohibited.

The city has reduced or stopped other payments that had historically been made in order to save money and reduce cost. There has been a freeze on wages for five (5) years across the board, but the city is proposing an increase of 2% per year in this agreement because it feels it has to improve the pay of the employees after such a long time with no raise. The freeze and the 2% increases are applicable for all employees both union and non-union.

The State of Ohio shares some of its income tax revenue through the Local Government Fund (LGF). In the 2012 budget the Governor slashed this distribution by an additional 50%, therefore the LGF revenue has fallen from \$3.7 million in 2006 to \$1.7 million in 2014. It is speculated that this amount will continue to drop or stop altogether.

At the same time the state eliminated the Ohio Estate Tax which provided revenues to the city of approximately \$1,000,000 annually. That revenue is gone forever. Additionally, the amount charged for transporting patients by firefighters/paramedics has been significantly reduced. This is a result of the ever changing health care and what is paid and at what rate.

This created a reduction of revenue of \$800,000 in 2014 with expected additional reductions in 2015 and going forward.

The reduction of snow removal and elimination of salting the streets during the winter was an example used by the City Manager. Regardless, it appears the City is doing and has done an admirable job of balancing the cost/revenue issues and this is not just my opinion but also the Union's opinion. However, it does seem that at times, no matter how well you have done you are almost penalized because now the city is expected to pay more, as expressed by the City Manager.

While the City does have reserves it is using those reserves to pay what has to be paid to go forward. It appears that there are several areas of revenue loss and although there is some improvements in some areas of revenue, it is still very tentative what the future is going to be like with all the other reductions in revenue and costs that are going to increase and have to be paid. This is the reason the City wants to be very careful and not increase expenses with this CBA although offering to increase wages by 2% each year.

GENERAL OBSERVATIONS

Both the Union and City have presented position statements that are reasonable and understandable. While the Union feels that improvements in wages and other benefits are completely justified and can be obtained if the City wanted to comply, they completely understand the difficulty the City has had over these past few years and overall compliment the way the city has had to deal with these issues.

The City recognizes that the employees (both union and non-union) have had to wait a long time for any pay raise and although they do not agree that money is available, they feel this is

the right thing to do. But, that is a cautious position with a 2% maximum for wages and holding on all other costs. The City Manager gave several examples of how they have had to reduce services and one of those examples was that the City is only removing snow on main streets and not salting at all anywhere in the City. Springfield is a northern Ohio city and not using any salt is a big reduction that the city feels has to be done.

Both the Union and City used some comparable to assist in making their case. I too checked other comparable and the result of all this left me thinking that one could use this data to make a case in either direction. Springfield fire fighters have not had a raise for five (5) years, but when you take into consideration their pay and benefit package they are competitive. Looking at the SERB Wage Settlement Breakdown (2004-2013) for the state of Ohio one sees that the average wage increase (state average) was 1.47% for 2013. It was 1.00% for 2012 and 0.73% for 2011. While the 2% proposal for three years is less than what the Union is seeking, it does appear under the current circumstances to make the most sense.

I believe the City has done a responsible job in trying to balance its revenues and costs in order to continue operation and pay its obligations. Having to reduce employees (125 vacant positions) is never easy, but making sure those that remain employed is the reward. Likewise, not getting a pay increase is never enjoyed, but saving your job and continuing is a better choice and that has been accomplished by the employees. These decisions can and may be rewarded in future years as a more solid and financially sound budget is prepared and actions taken to increase the revenues of the City.

I do think that the following recommendations are reasonable and I hope that both the City and the Union Employees can find this acceptable in hopes that in the future the overall environment will be better and other considerations can be made at that time.

Personal Note: I was very impressed with both the City and the Union representatives as they conducted themselves professionally and without any negative remarks. If the firefighters are a reflection of the city employees the city is indeed fortunate to have employees that are not only showing patients, but dedication for their jobs.

RECOMMENDATIONS

Article 47 – Term of Agreement

Having heard the arguments I find no reason not to continue the normal effective and termination date of the CBA.

The term of the CBA will be November 1, 2014 to October 31, 2017

Article 26 – Insurance

Having heard the arguments and examined the evidence I find the City’s position reasonable and the concern of the Union minimal especially with the contribution from the city to each employee each year to defray the cost of health insurance

All employees will be part of the HSA health insurance program upon the next sign up date.

Article 24 - Longevity

Having heard the arguments and examined the evidence including the plan and the savings and proposed savings I find the City’s position acceptable as this program was negotiated and the possible “future” savings have not had the time nor the economic environment to produce what was expected.

The current longevity plan will continue as previously outlined in the CBA.

Article 25 – Clothing and Personal Effects Allowance

Having heard the arguments and examined the evidence presented I find no reason why the fireman should not have what the police are receiving in this particular case.

The clothing allowance shall be increased from \$875.00 per year to \$1000.00 per employee.

Article 44 – Wages

Having heard the arguments and reviewing the extensive material submitted regarding the budget and possible avenues to pay for a higher than proposed (city) wage increase I find the City proposal reasonable and with merit at this time.

The wage increase for the employees will be 2% for each year of the agreement effective November 1, 2014.

CERTIFICATION

The undersigned hereby certifies that this is a true copy of the Factfinder's Report consisting of 12 pages. This report was electronic mailed to the parties on December 19, 2014 and a signed hard copy mailed via US Post Office on the same day. To the best of my knowledge this report and the included recommendations complies with all applicable provisions established by the State Employment Relations Board.

I therefore affix my signature at the City of Louisville, in the County of Jefferson, in the State of Kentucky, this date of December 19, 2014.

**C. Forest Guest
Fact Finder**