

2007 FEB 26 P 2:03

IN THE MATTER OF CONCILIATION

BETWEEN

IAFF, LOCAL 3141

AND

:

MADISON FIRE DISTRICT

SERB CASE # 06-MED-01-~~1074~~, 0048

ADVOCATE FOR THE UNION:

**James Astorino
NORTHERN OHIO FIRE FIGHTERS
3100 East 45th Street
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Cleveland OH 44127**

ADVOCATE FOR THE EMPLOYER:

**Tom Grabarczyk, Consultant
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6800 W. Central Ave. Suite L-2
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INTRODUCTION

The International Association of Fire Fighters represents the bargaining unit (hereinafter "IAFF" or "Union") and the Employer is the Madison Fire District (hereinafter "Employer", "District", or "Department"). The bargaining unit consists of approximately twelve (12) employees, including three (3) lieutenants, and nine (9) Fire Fighters. Ten of the twelve employees are also paramedics. The parties have a relatively new bargaining relationship and have previously negotiated only two contracts. The fire fighters' contract did not settle at fact finding, and conciliation was required to settle the agreement. A mediation/conciliation hearing was held on December 18, 2006 over the following unresolved issues:

Listing Of Unresolved Issue(s):

**Base Rate of Pay
Paramedic Pay
Wage Adjustment
Longevity
Health Insurance
Uniform Allowance
Duration**

Prior to a formal submission of evidence, the conciliator made a concerted effort to bridge the differences between the parties concerning the above referenced issues. However, agreement was unable to be achieved, necessitating the convening of a hearing to formally address the issues in dispute.

Both Advocates represented their respective parties well and clearly articulated the position of their clients on the issues in dispute. In order to expedite the issuance of this report, the Conciliator shall not restate the actual text of the parties' proposals on each issue, but will instead reference the Position Statement of each party along with a summary discussion. The parties generously accommodated the conciliator's busy schedule, giving him until the end of February to complete his report.

CRITERIA

OHIO REVISED CODE 4117

In the finding of fact, the Ohio Revised Code, Section 4117.14 (G) (7) establishes the criteria to be considered for conciliators. For the purposes of review, the criteria are as follows:

1. Past collective bargaining agreements, if any, between the parties;
2. Comparison of issues submitted to final offer settlement relative to the employees in the bargaining unit involved with those issues related to other public and private employers doing comparable work, giving consideration to factors peculiar to the area and classification involved;
3. The interests and welfare of the public, the ability of the public employer to finance and administer the issues proposed, and the effect of the adjustments on the normal standard of public service;
4. The lawful authority of the public employer;
5. The stipulations of the parties;
6. Such factors not confined to those listed in this section, which are normally or traditionally taken into consideration in the determination of issues submitted to final offer settlement through voluntary collective bargaining, mediation, conciliation, or other impasse resolution procedures in the public service or in private employment.

These criteria provide the basis upon which the following recommendations are made. These criteria are limited in their utility, given the lack of statutory direction in assigning each relative weight. Nevertheless, they provide the basis upon which the following recommendations are made:

DISCUSSION

These are uncertain times for Ohio public employers. Financial uncertainty continues to loom in northeastern Ohio, punctuated by periodic announcements of companies downsizing or moving their operations out of Ohio. Ohio is not the only state affected by these corporate downsizing moves; however, its past dependence upon manufacturing has left it particularly vulnerable. On Tuesday, February 20, 2007 a report from Moody's Investor's Service reduced Ohio's economic outlook from stable to negative, citing Ohio's declining manufacturing base, changes in tax structure, investment losses, and the need to spend more on health care and education (See Associated Press Release by John McCarthy). Between the second quarter of 2000 and the second quarter of 2005, Ohio lost some 200,000 jobs (with Cuyahoga County losing approximately 76,000), which translated into a quarterly payroll earnings loss of over 600 million dollars (See "Economic Indicators" Job Growth in Ohio Counties, April 2006 produced by The Center for Community Solutions, Cleveland, Ohio, www.communitySolutions.com). As the report states, "The overwhelming majority of economic activity within regions is generated through job earnings...There is no more fundamental measure of economic activity in a local jurisdiction than trends in jobs and aggregate paycheck earnings from those jobs" (p. 1 "Economic Indicators"). Unfortunately, many of the jobs lost have not

been replaced by new jobs and new income. There continues to be a marked movement of manufacturing jobs out of the country and reluctance by companies remaining to restore manufacturing jobs even when the economy turns more favorable. During this same period the federal government is reducing aid to the states and, in turn, the states are reducing aid to municipalities and other local government entities.

As with all business there is a bottom line to watch and the business of public government is no exception. It has been said that the keys to sound management are prudent stewardship of resources, fiscal responsibility, revenue growth, and retention of quality employees. Maintaining quality employees in a labor dependent business such as fire fighting requires the provision of a livable wage. Northeast Ohio is very dependent upon the domestic auto industry as a bellwether to its future. The U.S. auto industry has been carrying large inventories, and its market share has been eroded by a variety of factors, including the success of foreign competition. In January of 2006, Ford, in the wake of similar announcements made by General Motors in 2005, stated it will close more than a dozen manufacturing facilities and will layoff approximately 30,000 employees over the next few years. Recently, Chrysler announced layoffs and potential plant closings that will likely impact jobs.

The economic impact of the aforementioned changes in the economy is disparate. Some states are in far better financial shape than is

Ohio. For example, one only has to visit such locations as Nevada, Florida or North Carolina to see the contrast in the directions of their economies versus Ohio's. There is also a disparate impact within Ohio. There are wide variances in the economic health of regions in Ohio. For example, the City of Columbus and Franklin County are considered stable economic areas, while the City of Cleveland and Cuyahoga County have lost a substantial number of manufacturing jobs and considerable income. The only northeastern Ohio counties to gain jobs from 2000 to 2005 were Geauga, Summit, and Medina counties. The significance of this data is the fact that loss of good paying jobs translates into loss of aggregate income in the communities from which these jobs have disappeared.

With the Fire District being totally dependent upon the willingness of voters to tax themselves, losses in aggregate earnings may affect the capacity of the citizenry to support public services, no matter how vital. This is where a diversity of income sources present in other cities in Lake County creates a more viable economic climate for negotiated settlements that provide for competitive pay. This diversity allows cities in Lake County to be able to provide a more livable wage than that which exists in the District's bargaining unit. Realistically, the bargaining unit cannot be expected to work for substandard wages indefinitely, without some hope for the future. While the reality of limited funding is apparent,

as cited by the Fact finder Trombetta, I concur with his observation that "The Board must balance its primary duty to deliver fire protection to its residents with its obligation to provide those services" and that the Board has an untapped source of income in the form of user fees (p.10 Employer Exh. 9, Fact Finding Report). Whether this avenue is politically viable remains to be seen. If the community continues to want this vital service the issue of low pay for the bargaining unit remains a conundrum that challenges the parties to find ways to enhance the current revenue stream. The Employer's argument and timeline exhibit regarding the fixed amount of levy income and declining carryover illustrated just how limited the Employer is with its current revenue stream (Employer Exh. 7). I find that the Union's position on wage adjustment is of a magnitude, which exceeds what the District can readily afford, given their current fixed income and competing needs to fund capital needs from the same income stream. This is particularly evident when the effects of compounding of wage increases and adjustments is considered. While a 12% increase in wages will not markedly increase the bargaining units' competitive position regarding wages, it nevertheless represents an above average wage increase when compared to many other wages settlements in Ohio.

The District's proposal on health care calls for the imposition of employee premium payments for single coverage and elimination of

benefits while in unpaid leave status. I disagree with Fact Finder Trombetta's findings on this issue. Prior to this, said coverage was one hundred percent (100%) Employer paid. The imposition of additional cost shifting of employee premiums to bargaining unit employees whose pay scale is in the words of Fact Finder Trombetta, "...substantially below other area fire departments" does not appear to be reasonable, especially in light of the fact that the bargaining history demonstrates that the rates were adjusted to their present levels as recently as 2004. While it is clear from the facts that the Employer has absorbed significant double digit increases, it is likely the largest portion of the costs for those increases came from the majority of bargaining unit employees with family coverage and not the few who have single coverage. Moreover, since 2004 it does not appear that the relative economic position of the bargaining unit has improved substantially from what existed in 2004 to once again shift costs to employees. In 2004 Conciliator Mancini stated, "The 20% contribution currently required of bargaining unit members here which amounts to an employee co-pay of \$142 per month appears to be especially excessive considering the relatively lower pay of fulltime firefighters in the Madison Fire District." Conciliator Mancini reduced the rate to ten (10%) in his award. The unusual nature of reducing employee health care premium costs by such a dramatic amount underscores his view of the low pay provided to the bargaining unit. In light of the fact

that the position of the Union is being awarded, there is no need to address the second part of the Employer's proposed change regarding insurance coverage while in unpaid status.

I find the Union's position on paramedic pay to be persuasive in light of the fact that the Employer provides the same rate of .85 per hour to part time fire fighters. Paramedics provide a vital service to the community and they should be treated in a like fashion regardless of their employee status. Paying employees who work side by side varying differentials for holding the same certification and being expected to apply those life saving skills is unreasonable, divisive, and contrary to common labor relations practice. It appears from the evidence that at the time he issued his report, Fact Finder Trombetta was unaware that part time fire fighters in the District negotiated an increase in their differential to .85 per hour. Therefore, his rationale cannot be relied upon by this conciliator. The cost of this increase for the ten (10) employees eligible for paramedic pay does not appear to be excessive when compared to other issues mentioned above.

I find the Union's position to raise the uniform allowance by \$50 each year to be reasonable based upon the data contained in Union Exh. 1. Exhibit 1 indicates that one Nomex shirt may cost \$92.50. Again, I disagree with the recommendation of Fact Finder Trombetta in this regard. The history of bargaining over this provision reveals a \$100

increase in the clothing allowance during the third year of the prior contract (Union Exh. 1). Therefore, it is not unreasonable or unusual to increase the clothing allowance by \$50 each year of a three year agreement.

In terms of comparables, the longevity pay benefit, with the sole exception of Geneva, ranks at the bottom of the comparable districts submitted by the Union. Comparable data coupled with the fact such a change will not have a significant economic impact in this contract period supports the Union's position. It is one way the bargaining unit can incrementally improve its competitive position and at the same time provide the District with sufficient time to budget for such a change.

The Union is proposing to change the duration of the Agreement. This represents a fundamental change in the parties' negotiations relationship and is contrary to their bargaining history. It is not an issue that easily lends itself to fact finding. Moreover, all of the issues agreed upon or presented in conciliation are based upon the expected duration of the contract. The parties themselves, and not a conciliator, must bring about a change of this nature.

Based upon the above the following determinations are made:

Issue 1 Base Rate of Pay

The position of the Employer is awarded

Issue 2 Paramedic Pay

The position of the Union is awarded

Issue 3 Wage Adjustment

The position of the Employer is awarded

Issue 4 Longevity

The position of the Union is awarded

Issue 5 Health Insurance

The position of the Union is awarded

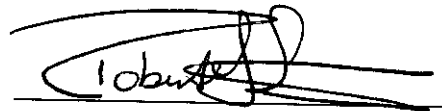
Issue 6 Duration

The position of the Employer is awarded

TENTATIVE AGREEMENT

During negotiations the parties reached tentative agreement on several issues. These tentative agreements are part of the recommendations contained in this report.

The Conciliator respectfully submits the above recommendations to the parties this 23rd day of February 2007 in Portage County, Ohio.



Robert G. Stein, Conciliator