

The original award was issued in this matter on July 12, 2013. Following issuance of that award, it came to my attention that the award for one issue submitted to conciliation was inadvertently omitted. The Union representative also noticed the omission, and requested issuance of a supplemental award. This award is subject to and consistent with all of the same requirements and analysis as the original award.

This award covers only a single issue:

Article 13: Wages – Longevity Pay

The 2011 Contract Language

The prior collective bargaining agreement includes the following language on longevity pay:

All Employees set forth in this Agreement shall be placed in one of the following groups and classified according to their continuous service record and shall receive the following Longevity compensation:

Classification (Seniority)	Monthly Compensation
Group A – 0 through 4 years	-0-
Group B – over 4 through 10 years	\$30.00
Group C – over 10 years through 15 years	\$70.00
Group D – over 15 years through 20 years	\$90.00
Group E – over 20 years	\$110.00

Note: Said compensation is to be paid in equal installments along with regular payment.

The Union's Final Offer

The Union proposes new contract language as follows:

- A. All Employees set forth in this Agreement shall be compensated on their continuous service record and shall receive the following Longevity compensation:

<u>Anniversary Date</u>	<u>Annual Amount</u>
4 years	\$200
5 years	\$280
6 years	\$360
7 years	\$440
8 years	\$520
9 years	\$600
10 years	\$680
11 years	\$760
12 years	\$840
13 years	\$920
14 years	\$1000
15 years	\$1080
16 years	\$1160
17 years	\$1240
18 years	\$1320
19 years	\$1400
20 years	\$1480
21 years	\$1560
22 years	\$1640
23 years	\$1720
24 years	\$1800
25 years	\$1880
26 years	\$1960

27 years	\$2040
28 years	\$2120
29 years	\$2200
30+ years	\$2280

- B. NOTE: Said compensation is to be paid in equal installments along with regular payment.
- C. Anniversary date for said compensation is the employees' date of hire.

According to the Union, the purpose of the proposed change is to recognize the improved skills and productivity that come from longevity, with recognition occurring annually rather than in the five-year blocks provided for in the prior collective bargaining agreement. The Union notes that the increased longevity pay would be insignificant in terms of the City of Alliance's overall expenditures, and that the city has the ability to finance this increase. Further arguments on the proposal are as set forth in the original award on the primary wage increase proposal.

The Employer's Final Offer

The Employer's final offer is to reject the Union's final offer, and to call for no new contract language in this section. The City of Alliance claims that it lacks the ability to pay for any additional compensation, and draws attention to aspects of the statutory review analysis as set forth in O.R.C. 4117.14(G) (7)(C): *The interest 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.*

The City estimates the cost of the Union's proposal at \$29,507.33 over the three-year contract period. Further rationale for the Employer's final offer also is set forth in the original award in the primary wage increase proposal section.

Next, the City listed the pattern of losses in its General Fund:

2008	Loss of \$371,611
2009	Loss of \$182,587
2010	Surplus of \$2.7 million, because of \$3.47 million in Estate Taxes
2011	Loss of \$1,073,214
2011	Loss of \$1.2 million

The City's General Fund Summary further explained the situation:

As a result of reduced or eliminated revenue sources, the initial revenue estimate for 2013 equals \$9.83 million, over two million less than the anticipated budget of \$12,000,000. In order for the City to operate in 2013, Alliance City Council adopted Ordinance 7-13 on January 22, 2013. This Ordinance temporarily changes the City's income tax allocation, increasing it to 86% from 79%. This will direct an additional estimated \$670,000 to the general fund to pay for operations. Even with this measure, the City will submit a budget of approximately \$12,000,000, or a projected loss of \$1,498,000. The City is budgeting an ending general fund balance of \$153,507 in 2013. According to the State of Ohio Auditor's website, the City would meet the criteria necessary to be placed in fiscal watch. "Fiscal watch" may be declared when a low year-end carryover balance exists in the General fund such that the balance is equal to or less than an amount representing one month of expenditures (based on one-twelfth of prior year expenditures). One twelfth of 2012 final expenditures of \$11.6 million was equivalent to \$976,000.

Fact Finder's Report

The Fact Finder recommended no change to the 2011 contract language in this section. He concluded that the Employer didn't have the ability to fund "any other economic increases proposed by the firefighters at this time."

Conciliator's Analysis and Award

For all the reasons set forth more fully in the original award analysis of the primary wage increase proposal, I conclude that the City of Alliance does not have an ability to pay the increased cost of the Union's proposal for modifications to longevity pay.

The City of Alliance's changing financial expectations are well documented. For example, the City's revenue losses resulting from decline of estate tax revenues aren't in dispute. Those revenues averaged \$938,654 annually during the last five (5) years. Likewise, the decline in revenue from the State's local government funding also isn't disputed. In 2013, that revenue is estimated for the City of Alliance at \$430,000, down from a five-year average of \$798,622.

This is one of several factors helping to depress the General Revenue Fund, and persuade me that the State Auditor is likely to place the city in some sort of fiscal cautionary status. As a result, I accept and award the final offer of the Employer. No change will be made to the contract language in the section relating to longevity pay. As noted previously, during the course of the hearing each party presented proposed comparisons for compensation issues. While I evaluated those, I do not address them here because I find that the City of Alliance has an inability to pay for purposes of this conciliation issue.

SUMMARY OF CONCILIATION AWARD

<i>Issue</i>	<i>Award</i>
Article 4 – Equipment	Union Final Offer
Article 10B – Leap Year Schedule	Union Final Offer
Article 11A Section 1B – Job Descriptions	Employer Final Offer
Article 13 – Certification Pay	Employer Final Offer
Article 13 – Wages (Base Rates)	Employer Final Offer
Article 13--- Wages (Longevity Pay)	Employer Final Offer
Article 20 – Vacation	Union Final Offer
Article 21.C – Retirement	Employer Final Offer
Article 21F – Time Off Limitations	Union Final Offer
Article 22A – Bereavement Leave	Employer Final Offer
Article 23B – Reimbursement of Damages	Union Final Offer
Contract Term	Three Years

Michael King
Conciliator

July 17, 2013