IN THE MATTER OF THE FACT FINDING between City of Havre, Montana Employer and International Association of Firefighters Local #601 Union	STATE OF MONTANA FACT FINDING 3-93 Fact Finder's Report and Recommendations

Before Burton White, Fact Finder

Date of Hearing: November 13-14, 1992 (3:00 p.m.-1:15 a.m.)

Place of Hearing: Council Chambers, Havre City Hall

Appearing for the Union:
- Mike Anderson, Member, Negotiating Team; Secretary/Treasurer, Local #601
- Bob Bergren, Member Negotiating Team
- Joe Parenteau, Member Negotiating Team
- Tim Hedges, Member Negotiating Team
- David Krezelak, Member Negotiating Team
- Dennis Hensley, President, Local 601

Appearing for the City of Havre:
- Douglas Kaercher, Chairman, Negotiating Committee; Member, City Council
- Essie Gebhardt, Member, Negotiating Committee; President, City Council
- Mac Glover, Member, Negotiating Committee; Member, City Council
- Phyllis Leonard, Member, Negotiating Committee; Member, City Council

Witness for the City of Havre: Gordon Thompson, CPA, Hamilton, Misfeldt & Co., auditor for City Budget

CONTENTS

ISSUES....1
POSITION OF THE PARTIES....2
Position of the Union....2
Position of the Employer....3
DISCUSSION AND ANALYSIS....5
Some Words on the Data....5
Financial History....5
Data for Comparisons....6
Comparison Cities....11
ABILITY TO PAY....13
Audits and Other Financial Analyses....13
The Relationship of Special Revenue Funds to the General Fund....14
Budget Estimates....16
The Relation of Property Tax Revenue to Total Revenue....18
Changes in Consumer Price Index....19
OTHER ARGUMENTS....19
PAY....23
HEALTH INSURANCE....24
SKILL PAY....27
RECOMMENDATIONS....27
A. Statement of Reasons for Recommendations....27
B. Recommendations....30

The City of Havre, Montana (Employer or City) and Local #601, International Association of Firefighters (Union) are parties to a collective bargaining agreement (Agreement) with the term July 1, 1991, through July 31, 1992.

Bargaining was conducted by the parties for a successor Agreement, but the parties were not able to come to a settlement. They sought the aid of a state Mediator, but that did not result in a resolution. Thereafter, Fact Finding was invoked, and the undersigned was selected to be Fact Finder. The parties mutually agreed to waive the time limits provided for in statute and regulations for the completion of the fact finding process.

A Fact Finding hearing was held on Friday, November 13, 1992, commencing at 3:00 p.m. and ending at 1:15 a. m. on November 14. Both parties participated in the hearing and each had full opportunity to present evidence, call and cross examine witnesses, and argue its case.

ISSUES

The disputed issues are all economic. They are:

ARTICLE XII. WAGES AND OTHER COMPENSATION. Section 1, and Appendix A.

A. The Union proposes that there be an across-the-board increase of ten percent (10%); the City proposes that the increase be thirty-one cents ($.31) an hour.

B. The Union also proposed the addition of three additional grades to the firefighter pay matrix. The City indicated that it was agreeable to this addition provided that the other parts of its total proposal for settlement be agreed to.

C. The Union seeks retroactivity to July 1, 1992.

ARTICLE XII. WAGES AND OTHER COMPENSATION, Section 8.

In essence, the Union proposes that a new paragraph be created which provides that the Certified Emergency Medical Technician-Intermediate (EMT-I) be paid forty-five dollars ($45.00) a month. The City proposes that the monthly increase be five dollars ($5.00).

ARTICLE XXI. FAMILY MEDICAL COVERAGE PROGRAM.

The Union proposes that the increase in the monthly premium for health insurance be borne by the Employer; the City proposes that there be no change in the language of the Agreement in this regard. The impact of the City's position is that the increase in premium will be borne by the insured employees.

POSITION OF THE PARTIES

In furtherance of its proposals, the parties made arguments which are summarized below. (Positions of the parties will also be addressed in later sections of this report.)

Position of the Union

Havre Firefighters are the lowest paid in the State of Montana. The City's offer regarding wages, payment of the increase in health insurance premiums, and the EMT-I skill pay would leave the Havre Firefighters with a net loss of 2.5% in wages over last year. When this figure is coupled with 3.1% increase in the consumer price index, the result would be a drop in usable income by 5.6%.

Because of the size of the City and the scope of responsibilities of the Fire Department, the appropriate comparison communities are the nine Class 1 (or Class A) Montana Cities.[1] While Havre's population is close to 10,000—the lower limit of a Class 1 City—the City's population has grown by 2.9% since the 1990 census and it could expand further were it not for the City's reluctance to annex surrounding areas "which enjoy all city services yet do not pay taxes [to Havre] as the citizens of Havre do."[2] Not only does the Havre Fire Department's work parallel that of Departments in the other Class I cities, the Havre Fire Department is responsible to deliver fire suppression services to the surrounding area (Fire District #1) and to provide ambulance coverage to yet a larger area—about two-thirds of Hill

[1]They are, in descending order of population: Billings (81,151), Great Falls (55,097), Missoula (42,918), Butte-Silver Bow (33,336), Helena (24,569), Bozeman (22,660), Kalispell (11,917), Anaconda-Deer Lodge County (10,287), and Havre, (10,201). (population data from City Exhibit C.)

[2]Union brief, page 2.

County. The Department also has mutual aid agreements with surrounding volunteer-staffed fire departments.

The cities suggested by the Employer are not comparable to Havre. They are Class B cities and are supported by volunteer firefighters. Not all of the Class B cities protect property outside the city boundaries. Five of them provide fire suppression services only; they do not respond with an ambulance.

The City is well able to pay the costs of the proposals made by the Union. It has strong reserves which have increased from 14.3% of the General Fund in 1987 to 40.91% in 1992. In FY 1993, it will garner an additional $9,000.00 in income from the Department's activities, and, if the people of Havre pass a matter to be on the ballot in January of 1993, it will receive an additional $19,000 in revenue. Moreover, the ambulance fees are the lowest in the state and additional income could come if the fees were increased.

Position of the Employer

The City seeks to provide the Firefighters with the best settlement "without endangering the financial stability of the City or compromising the work force that supplies the services."[3]

The City is limited in its ability to pay an increase greater than that offered to the Firefighters. Property taxes have been curtailed by Initiative 105 (I-105) since 1986. Even so, the City has increased the pay for Firefighters a total of 15.25% since that time.

Economic signs are not encouraging. The economy of the area has been adversely affected by the closing of the locomotive repair and maintenance facility operated in Havre by the Burlington Northern Railroad, and will be further impacted by the closing of the local Air Base, scheduled for the summer of 1993. As a result of such factors, the City is very cautious about making commitments which will result in increases in its budget.

The City has had additional expenses related to the Fire Department. In last year's bargaining, the Firefighters declined the City's offer to buy back

[3]City Informational Brief, p. 1.

compensatory time off. As a result, the City had to hire an additional Firefighter to provide relief for such benefits as vacation, sick leave utilization, and compensatory time off.

Not only is property tax revenue limited, revenue from some of the income the City has received in the past will not be available in the future. As a result of the City's accommodation of a preference of Firefighters that they not retain City dispatcher responsibilities, the City contracted with the County to perform these duties. As its part of that bargain, the City gave up its swimming pool contract with the County which had provided the City with $11,000.00 annually. The City also agreed to pay the County $7,846.00 per year for five years to help pay for radio equipment. Starting with the budget of Fiscal Year 1994, the City will lose a portion of the income from a vehicle license plate fee.

Not every continuing resource is secure. One source of non-tax revenue in the General Fund is the Corporate License Tax. This comes from banks and savings and loan institutions, but these sources can demand repayment from the City if the institutions do not show a profit over a five year period.[4]

There are other financial realities. The City has set up a budget line item to cover that portion (one-fourth) of unused paid-time off which is available as a cash-out to employees who are retiring. It has established a capital expenditure program to allow City departments to purchase needed equipment. The City's ambulance service generates a great deal of overtime because of the need to transport Medicare and Medicaid patients to larger hospitals. Neither Medicare nor Medicare pays the full amount for such services, and the City has to absorb the difference.

A comparison of cities in Montana is difficult because of geographical separation. The City does not believe that Class I Montana cities are the appropriate entities to compare with Havre. Class 1 city Kalispell, for example, has greater income than Havre from property tax because of inflated land values; in addition, it has significant income from tourism. Havre is the smallest Class I city, and, due to economic conditions, is

[4]The City points out that this happened "three years ago." Informational Brief, p. 3.

approaching the population number that will cause it to lose this status. Based on data collected from cities of similar size, compensation for personnel in the Havre Fire Department is comparable to similar small-sized cities. It is the City's position that the cities of Miles City, Livingston, and Lewistown are the more appropriate cities to compare with Havre.

DISCUSSION AND ANALYSIS

Some Words on the Data

While the parties to this fact finding have engaged in the process in the past, it was a new experience for each of the persons who participated in this Fact Finding. They are all to be congratulated on the quality of their presentations. They provided well-thought-out arguments and backed up those arguments with information that has helped to educate the undersigned Fact Finder to the realities faced by each party and the community they both serve.

Even so, there are gaps in the data and problems with the information. The problems caused extra time in analysis. Because some information was lacking, some of the Fact Finder's analyses and conclusions are based on incomplete information and assumptions. The following details about the problem are offered to suggest what may be of future use in bargaining and in the utilization of dispute resolution procedures.

Financial History

The period covered in the record goes from FY 1985 (FY 85) through FY 93, but not all information for each of these years was provided.

Full data about the financial history of this period—e.g. actual revenue and expenditures by category—were not provided. The City introduced documents (Exhibit H) that presented major portions of non-tax revenue (i.e. non *property* tax revenue) for FYs 85 through 92, but this data was not complete. The budget document for FY 1992-1993 (FY 92) was made part of the record, but budget documents for the previous years were not. Two of the Firefighter exhibits (1 and 2) presented graphs based on past budgets, but the data from which the graphs were drawn were absent. Union Exhibit

20—which came into great controversy during the hearing—was also based on historical financial data, but not all of the supporting material was presented.

As might be expected, each party's position is founded on differing assumptions about future financial reality. By the time of the Fact Finding hearing, four months of FY 1993 had elapsed, but year-to-date information about revenues and expenditures were not entered into the record. Such data would have provided information with which to evaluate assumptions.

Data for Comparisons

The City provided comparative pay data obtained from outside sources. (Exhibits C and I-3.) In some instances the information contained within these exhibits was incomplete or incorrect. *It was clear to the undersigned that while these exhibits may have erred, the errors were the fault of outside parties and were presented by the City in good faith.* Even so, they made the process of analysis more difficult and rendered some conclusions speculative. Inferences had to be drawn as to what information would be helpful. The following discussion outlines the reasoning that took place in the attempt to identify what information was reliable.

City Exhibit C states on its face that it is a "1992 Salary Survey," but the exhibit does not define its terms, nor is it consistent in what it reports. Does the 1992 survey report on rates for FY 91 or FY 92? Is the "Start Salary" for the "Probationary" or for the "Confirmed" Firefighter?

In order to find answers to questions about Exhibits C and I-3, I looked to other material in the record that provided parallel information. Such data existed for nine cities: Anaconda, Billings, Butte, Great Falls, Havre, Kalispell, Lewistown, Livingston, and Miles City. The pay rates for these nine cities that will be reviewed in the following paragraphs.

The record contains collective bargaining agreements ("CBA" or "agreement") for six cities: Anaconda, Billings, Butte, Great Falls, Havre, and Kalispell, (Havre Agreement and Union Exhibits 27.) In comparison to City Exhibits C and I-3, the collective bargaining agreements are the "best evidence" with regard to pay data. They are more reliable than summaries

from third persons. Therefore, the agreements have been used in this report where they conflict with data in these other exhibits.

However, the record does not contain agreements for all cities and the CBAs that are in the record are not for both 1991-92 and 1992-93, as is shown below:

CBA Submitted	1991-92	1992-93
Anaconda-Deer Lodge		X
City of Billings	X	X
Butte-Silver Bow	X	
City of Havre	X	
City of Great Falls		X
City of Kalispell		X[5]

Rates in Exhibit C. The CBAs which cover the year 91-92 were used with City Exhibit C to test the assumption that the phrase "1992 Salary Survey" in Exhibit C meant that the survey reported 91-92 rates and to discover if there was an internal consistency in the exhibit which would reveal what "Start" meant. This analysis revealed the following:

Contracts which cover pay for 1991-92	"Start Salary" reported in Exhibit C	Probationary (Step 1)"Start" reported in CBA (annualized)	Grade 2 (Step 1) "Start" reported in CBA (annualized)
Havre	$16,148.00	$16,147.92	$18,978.12
Billings	$22,512.00	none	$22,511.28
Butte	$23,448.00	$13,488.00	$23,448.00

Havre, Billings and Butte. As can be seen by the matching (or similar) rates, Exhibit C entries for Havre, Billings, and Butte are for 1991-92, but the CBA reveals that the "Start" rate given for Havre in Exhibit C is the probationary rate, while the entries for Billings and Butte in Exhibit C report the Grade 2, Step 1 rate.

Great Falls. Although the Great Falls CBA only provides information about the pay rates for 1992-93 (the "Fire Fighter" start rate is $26,196), other rates in the record indicate that the "start" entry ($12,176) listed for Great Falls in Exhibit C is patently in error.

[5]The Kalispell agreement is from July 1, 1992, through June 30, 1995.

The Rates in Exhibit I-3. City Exhibit I-3 reveals other problems. It reports on six cities and identifies pay rates for all but Havre as being for 1992-93. The following table combines the rates reported in Exhibit I-3 with those from Exhibit C and the CBAs:

	"Start Salary" reported in Ex. C "1992 Salary Survey"	"Confirmed Firefighter Base Wage" as reported in Ex. I-3 (annualized)	Rate Reported in CBA (annualized)
Anaconda	$21,570	"92/93 contract" $22,723. 32	7/1/92-6/30/93 Probationary: $22,723.32 First Class: $23,323.32
Kalispell	$24,264	"92/93 contract" $24,264	"Base Pay" $25,236
Havre	$16,148	"91/92 contract" $18,978.12	7/1/91-6/30/92 Grade 2, Step 1 $18,978.12
Lewistown	$15,021	"92/93 contract" $15,021	CBA not in record
Livingston	$16,644	"92/93 contract" $18,480	CBA not in record
Miles City	$19,597	"92/93 contract" $20,439.60	CBA not in record

Anaconda. The parties stipulated that the 92-93 rate for Anaconda shown in City I-3 as the "Confirmed" rate was actually the probationary rate. The percentage differences between the rate in Exhibit C and those in the CBA suggest that "C" also reports the probationary rate.

Kalispell. As the above table reflects, the rate reported in Exhibit I-3 for Kalispell for 92-93 is the same as that reported in Exhibit C. The CBA shows that the 1992-93 rate in Kalispell is $25,236. Thus the rate reported in C *and* I-3 is taken to be a rate for 91-92. The parties stipulated that the Kalispell rate reported in Exhibit I-3 was a composite which included pay, skill pay, the uniform allowance and longevity. Therefore, the Kalispell rate reported in Exhibit C also contains aspects of compensation that are not reflected in other entries in Exhibit C.

Lewistown. Both Exhibit C and Exhibit I-3 show the same pay rate for Lewistown. There is no collective bargaining agreement (or other source

data) in the record to help identify whether this rate is for 91-92 or for 92-93. Given the 23% gap between the Fire Fighter pay rate reported in I-3 for Lewistown and the next highest city, Livingston, it is likely that the rate reported in I-3 (and in C) for Lewistown is for 91-92 rather than for 92-93. The rate that is reported is so low, compared to the other cities—it is more than 26% below the Havre rate for confirmed Fire Fighter—that the possibility must be considered that it is for a rate of below that of the confirmed Fire Fighter.

Livingston. There is an 11% difference between the Livingston "start" pay rate in City I-3 over that reported in City C. This suggests either that a significant raise for Livingston Fire Fighters took place from 91-92 to 92-93 or that the Exhibit C entry was for some rate other than the Confirmed Fire Fighter.

From the above analyses we can draw the following conclusions about Exhibit C:

"Start" rates in Ex. C for:	report
Anaconda	probationary rate probably
Billings	the confirmed rate
Butte	the confirmed rate
Havre	the probationary rate
Great Falls	a wrong start rate
Kalispell	more than the confirmed rate
Lewistown	?
Livingston	?
Miles City	?

Entries in Exhibit C are quite likely all for FY 91-92, but not all report the confirmed Firefighter rate. Moreover, the "Start Salary" for Great Falls is clearly incorrect.

Since it was not at all clear from Exhibit C whether the data presented under the heading "Top Salary" were for analogous positions, this report considers entry pay only in its analyses.

We can make the following summary about information in Exhibit I-3:

"Start" rates in Ex. I-3	report	for 1991-1992	for 1992-1993
Anaconda	the probationary rate		X
Kalispell	more than the confirmed rate	X	
Lewistown	?	X	
Livingston	the confirmed rate?		X
Miles City	?		X

Taken as a whole, there is more reliable information in the record for pay year 1992-93 than for 1991-92. Three sources provide the information. The Union introduced six collective bargaining agreements. Four of them (the exceptions are Butte and Havre) provide pay information for pay year 92-93. City Exhibit I-3 and Union Exhibit 6 also provide information on the base rate for the confirmed Fire Fighter for 92-93. (Union 6 includes Butte, but the pay rate is from the 91-92 agreement.)

The three sources provide the following information.

1992-1993 Rates	From CBAs Union Exhibit 27 (annualized)	From City I-3 (annualized)	From Union 6 figures roundedß (annualized)
Anaconda	$23,323.32	$22,723.32	$23,323.00
Billings	$23,186.64		$23,184.00
Bozeman			$25,512.00
Great Falls	26,196.00		$26,196.00
Helena			$23,868.00
Kalispell	$25,236.00	$24,264.00	$25,236.00
Lewistown		$15,021.00	
Livingston		$18,480.00	
Miles City		$20,439.60	
Missoula			$23,844.00

Conflicts among this data were resolved in the following ways.

As the prior discussion reveals, the I-3 rate for Anaconda is the probationary rate. The rates in I-3 for Kalispell and Lewistown are more likely 1991-92 rates than rates for 1992-93. Therefore, when these entries are removed, we are left with the following composite list for 1992-93 Confirmed Firefighter start rates. (Where there are differences due to rounding, the data is taken from Union 6, for consistency.)

	1992-1993 Rates (Rounded)
Anaconda	$23,323
Billings	$23,184
Bozeman	$25,512
Great Falls	$26,196
Helena	$23,868
Kalispell	$25,236
Livingston	$18,480
Miles City	$20,440
Missoula	$23,844

Comparison Cities

Although data from comparison cities are but one of the standards used in interest disputes, disagreement was profound between the parties as to what Montana cities provided appropriate data to compare with Havre. The Union cited such factors as the job skills required, the scope of responsibility, and population status as Class I cities to argue that Anaconda, Billings, Bozeman, Butte, Great Falls, Helena, Kalispell and Missoula were the correct comparison cities. The City acknowledged the Fire Fighters' points regarding required skills and scope of responsibility, but argued that the City's financial status (largely, but not exclusively, due to I-105), economic prospects, and small population—it is barely over the 10,000 population that defines a Class 1 city—make Lewistown, Livingston, and Miles City more appropriate comparison cities. The City also pointed out that there is an economic divide in Montana in which the eastern part is significantly less well off than the western part of the state.

The record in this case provides information about population and tax rates and income for each city each party has nominated. It has information about median and family income and housing costs for some of them. Comparative data is most helpful when it is revealed for all of the cities nominated for comparisons.[6] The City has pointed out that there are few, if any, truly comparable cities in Montana, but the comparison of data

[6]An area of cooperation between the parties that will serve them and a neutral determiner of "fact" in good stead would be for each party to notify the other about the cities each is going to nominate as a comparison city—there need be no agreement on the cities themselves. The parties could then jointly collect and present comparative data on all. By such a mechanism, the parties can avoid relying on faulty and contradictory data.

among communities allows one to draw informed conclusions through a process of noting comparisons and *contrasts*.

The Fact Finder respectfully points out to both parties that there seldom is such close correspondence between cities with regard to such matters as population and the nature and state of their economy, or with regard to similar bargaining histories, scope of responsibilities and total compensation for particular classifications of employees to enable one to make a simple comparison: this city is equivalent to that. Rather, data about communities helps one to make comparisons and contrasts. Some of the information commonly viewed as being helpful in determining the extent to which cities are or are not comparable include: number of employees and their duties, their pay rates along with information about the size of recent pay adjustments, geographic proximity among the cities, population and population trends, assessed valuation, tax revenue, building permits, per capita and median family income, retail sales, employment and unemployment rates and other economic data.

Kalispell (11,917), Anaconda (10,278), Havre (10,201) , and Miles City (8461) are cities of *somewhat* comparable size. The data indicates that while Havre is the smallest Class I city, it is significantly closer in population to the next larger city, Anaconda, than it is to the next smaller, Miles City. Kalispell is almost 17% larger than Havre, while Miles City is approximately 83% of Havre's size. Bozeman, the city next larger to Kalispell, is more than double the size of Havre, while Livingston, next smaller to Miles City, is only 2/3 Havre's size. (Bozeman has a population of 22,660; the population of Livingston is 6701.) In any case, similarity of population size is but one factor to consider.

The data in City Exhibits I-1 and I-3 reveal that with regard to property tax income, Havre has more in common with the cities smaller than it is than it does with the larger cities, but, as the following section points out, a city's financial status does not rest on property tax revenue alone.

ABILITY TO PAY

Audits and Other Financial Analyses

Outside of exhibits entered in the record, information was provided by comments from members of the negotiating teams who served as each party's team advocates in the fact finding and by the sole witness who was called to testify at the hearing.

Gordon Thompson, who conducted the Havre's audit for FY 91-92 was called by the City. In addition to providing information about Havre's fiscal policies and, generally, about the mutual realities faced by Montana's cities due to I-105, a large part of Mr. Thompson's testimony addressed assertions presented in Union Exhibit 20. The testimony and the exhibit engendered considerable debate between the parties.

In this writer's view, the dispute centered upon differences in terminology and in the way financial documents which serve different functions may be differently organized, even when dealing with the same fundamental data.

A basic question to be determined in assessing a public sector entity's ability to pay is the relationship between its income and expenditures. The City's witness pointed out that the term "Fund Balance" in the public sector is equivalent to the term "Retained Earnings" in a business setting. (Before profits are distributed, a business enterprise will retain a portion of earnings for its continued growth and to cover possible future losses.[7] Since the City is non-profit, all of its surplus of income over expenditures is retained.) Mr. Thompson defined Fund Balance as "the accumulation of profit and loss through [the entity's] history." City Exhibits H and I-2 cover the City's financial experience, 1985 through 1992, and show that Havre has enjoyed a healthy and growing excess of revenue over expenditures over the years.

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[7]Harry C. Fischer, C.P.A., *The Uses of Accounting in Collective Bargaining*, (1969) Institute of Industrial Relations, University of California at Los Angeles, p.13

The parties did not provide corresponding financial documents for corresponding years. The Union provided auditor's documents for the FY ending June 30, 1991. The City provided most, if not all, of the budget for the 1992-93 fiscal year. The City's witness—its auditor for FY 1991-1992, but not for 1990-1991—referred to a draft audit for FY 1991-1992, but—since the audit was not finished—did not make it available for the record. Thus the "conclusions" described in the following section have been pieced together from assertions made during the fact finding hearing and from the different documents from different fiscal years which were made part of the record.

The Relationship of Special Revenue Funds to the General Fund

Part of the controversy over Union Exhibit 20 addressed a General Fund balance deficit and the transfer into the General Fund of moneys from Special Revenue Funds. Specifically, the statement of income and expenses[8] for the City for the fiscal year ending June 30, 1991, reported—in the column headed "General [Fund]"—a deficit of revenues over expenses of $119,192. The document also reflected a transfer in of $315,914 so that the General Fund ended the year with a balance ("Excess revenues and other sources over expenditures and other uses") of $196,722. (Witness Thompson pointed out that the transfer was from the Special Revenue Fund.)

It is my understanding that Special Revenue Funds are similar to the General Fund, but have a special purpose. They are established to account for the proceeds of special revenue sources or to finance special activities required by law.

The City obtains its revenue from tax and non-tax sources. Certain categories of revenue (P.E.R.S., Police Retirement, Firemen Retirement, Police Minimum Wage, and Firemen Minimum Wage) provide funds for specific types of expenditures. Each year (or at least in FY 1990-1991)

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[8]Appended to Union Exhibit 20 were pages from the auditor's report for the fiscal year ending in 1991. The specific documents were the Combined Statement of Revenues, Expenditures and Changes in Fund Balances, All Governmental Fund Types and Expendable Trust Funds for the year ended June 30 1991, and the Combined Balance Sheet—All Fund Types and Account Groups, as of June 30, 1991. In this section, the statements in quotations are from these documents.

moneys from these funds are transferred into the General Fund to be expended for each fund's special purpose. Thus, what was reported in the auditor's Combined Statement of Revenues, Expenditures and Changes in Fund Balances, All Governmental Fund Types and Expendable Trust Funds for the year ended June 30 1991" as a deficit of $119,192 was merely a reporting that (1) there were "(deficient) revenues over expenses" in the General Fund, and that (2) an amount of $315,914 was transferred in. In short, a shortage in one account was covered by a transfer in of revenue funds from another of the City's financial accounts. As far as can be inferred from the data introduced into the record [9], this transfer is anticipated and budgeted for under the heading, "Other Financial Sources." The record also supports the inference that the deficit in the General Fund and the transfer from the Special Fund were part of the City's budget plan for FY 90-91.

It was suggested at the hearing that such a transfer was analogous to the way the federal government might borrow from Social Security to fund expenditures under the federal budget. It does not seem to the undersigned that the parallel is apt. The Havre transfer does not create an unfunded liability that has to be paid back. The evidence indicates that the transferred funds were not borrowings, but were raised for specific purposes and spent for those purposes. The transfer was a mechanism to place Special Revenue Funds into the General Fund to be spent for the purposes for which they were raised.

The end reality is that the City of Havre ended FY 1990-1991 with an end-of-the-year balance in the General Fund. This consisted of a surplus of "excess revenues and other sources over expenditures and other uses" and amounted to $196,722. This surplus comes from budgeted moneys that were not spent and revenue receipts that were greater than budgeted in past fiscal years(s). The fund balance previously reported for July 1, 1990 (the beginning of the 1990-1991 FY) had been $488,936. The General Fund

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[9]We have auditor's documents from FY 90-91 (Union Ex. 20), but not the budget for that year. The only budget on the record is that for FY 92-93.(City Exhibit D). Exhibit D shows that in FY 1991-92 there was an *actual* transfer into the General Fund from Special Revenue Funds ("Other Financing Sources") of $344,917 and that for FY 92-93, there is a *planned* transfer into the General Fund of $375,000 from these Special Revenue Funds .

balance as of June 30, 1991 was $681,124. This sum, like retained earnings in a business, is available for the City's continued growth and in order to cover possible future losses.

The City emphasized that the fund balance at the end of any one fiscal year is relied upon the very next day—the start of the next fiscal year—to fund City expenditures. This is true. *All* revenue the City gets from all sources—property taxes and other revenue (both tax revenue other than property taxes and non-tax revenue)—plus the surplus that exists from past year(s) is what is available to fund what the City decides to appropriate and to place in reserve.

In effect, this is another way of expressing what was stated in City Exhibit D: APPROPRIATIONS + RESERVE = CASH AVAILABLE + NON-TAX REVENUE + PROPERTY TAXES. City exhibit D points out, "an increase in appropriations requires one or more of the following circumstances:" decrease in reserves, increase in available cash, increase in revenue other than from property tax, or an increase in property taxes. (An increase in one appropriation item can also be offset by a decrease in one or more of the other appropriation items.)

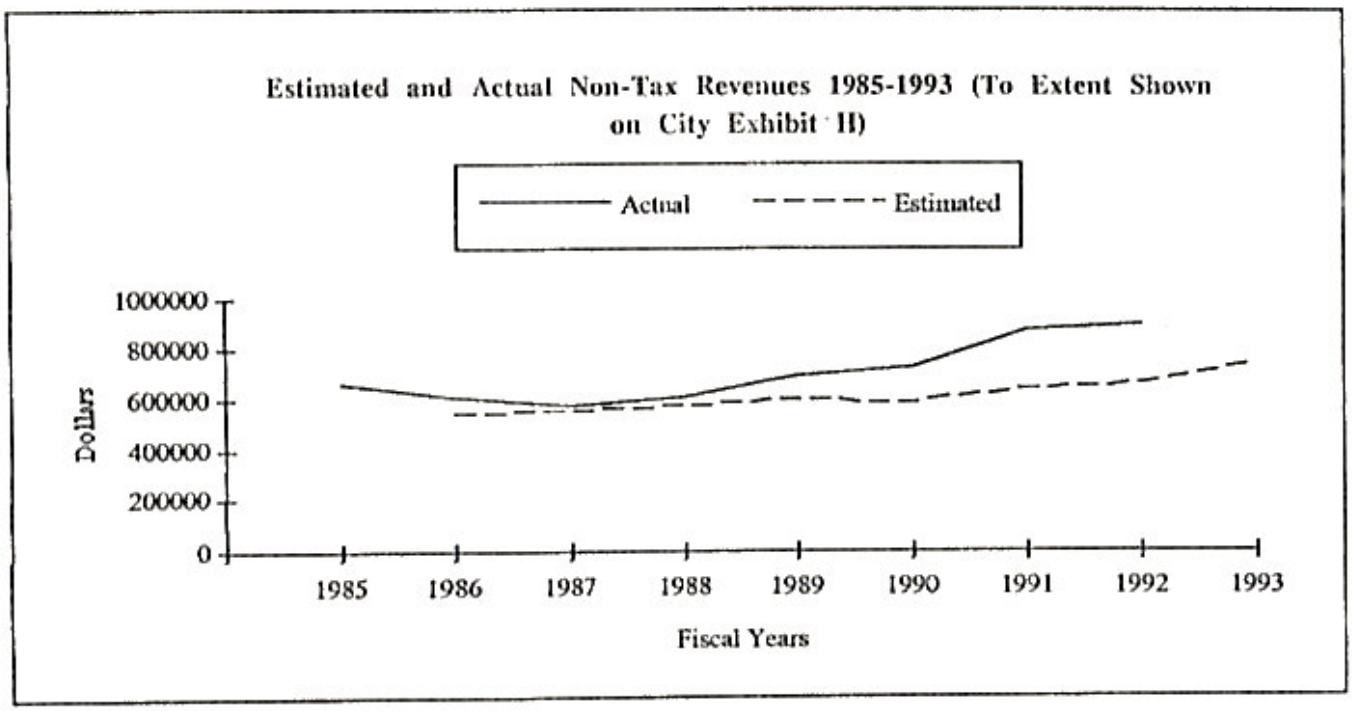
The decisions about how much to appropriate and for what purposes, and how much to place in reserves are policy decisions. Exhibit D asserts that "reserves can not be lowered...." The undersigned is not knowledgeable about Montana law, but since Exhibit D also states that "Montana Statue *allows* a reserve of 33 1/3%" of appropriations, it seems that the assertion that "rates cannot be lowered" is a strong expression of what the author of Exhibit D deems to be wise policy rather than an assertion of fact. (The emphasis has been added.)

Budget Estimates

Exhibit E, the City's current budget, shows that in its planning for FY 92-93, the City has made close estimates about upcoming expenditures. The following table summarizes the exhibit's data in this regard:

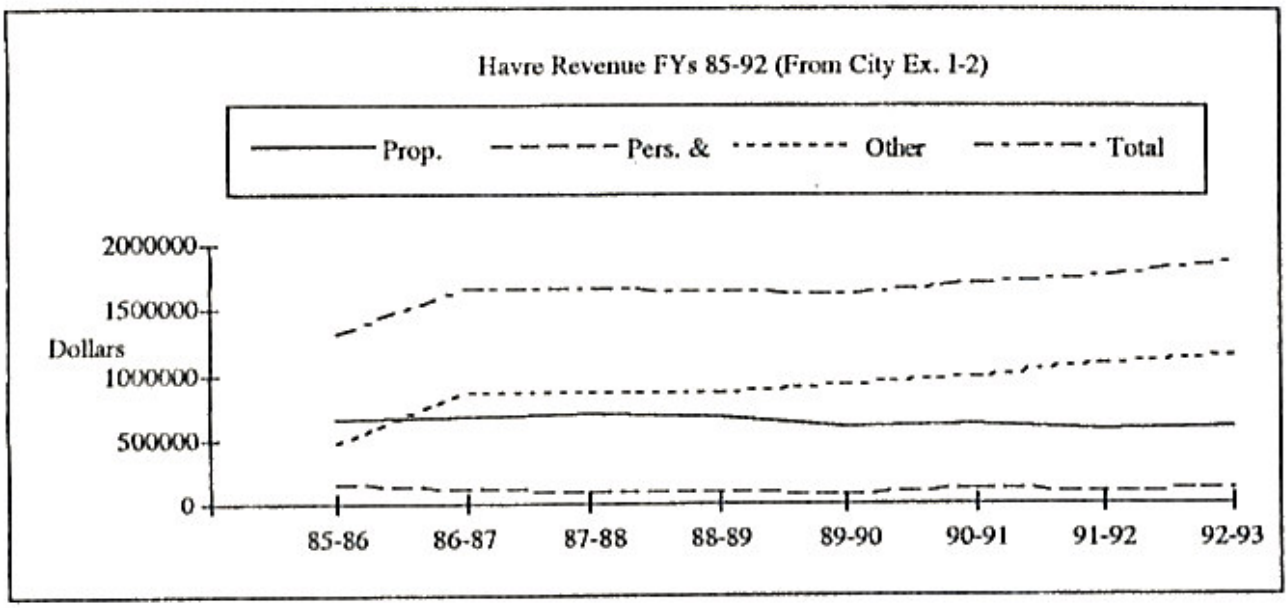
	Actual 1991	Actual 1992	Budget 1993	1993 minus 1992
Legislative Services—Council	$22,101	$22,061	$20,610	
Executive Services—Mayor	$26,396	$22,927	$23,950	$1,02
Judicial Services—City Court	$52,661	$51,198	$52,340	$1,14
Financial Services—Clerk/Treas.	$41,744	$40,433	$46,490	$6,05
Auditing	$24	$6,509	$9,655	$3,14
Planning Services	$22,000	$22,000	$22,000	$
Legal Services	$29,190	$36,726	$37,000	$27
Facilities Administration—City Bldgs	$66,058	$74,841	$85,995	$11,15
Law Enforcement Services	$574,609	$592,771	$651,088	$58,31
Fire and Ambulance Protection	$539,175	$593,748	$601,158	$7,41
Public Works Administration	$49,872	$62,211	$73,860	$11,64
Street Services	$181,489	$251,633	$237,620	
Airport	$4,220	$3,814	$5,700	$1,88
Elections	$1,229	$4,321	$2,500	
Animal Control	$33,575	$75,439	$33,420	
Park Department	$103,921	$115,283	$99,625	
Recreation	$47,637	$30,626	$35,480	$4,85
Swimming Pool	$91,249	$140,998	$147,988	$6,99
TOTALS	$1,887,150	$2,147,539	$2,186,479	$38,94
Increase over previous year		14%	2%	

City expenditure estimates for 92-93 are close to the actual experience of 91-92. However, there is an admitted pattern over the years of underestimating revenues. City Exhibit H consists of one page from the budget category "Detail of Estimated Non-Tax Revenue" from each year's budget, FY 85 to FY 92. Each page provides information about the estimated revenues for that budget year along with actual revenues from the previous year. While the exhibit consists of but one page from each year's budget (and the page is but part of the total listings in the category), it does provide information on which comparisons can be made and trends discerned. The practice of underestimating revenue has stood the City in good stead, as the following graph shows.



The Relation of Property Tax Revenue to Total Revenue

Both parties agree that there is no prospect of an increase in revenue from property taxes. The people of Montana enacted a property tax limitation, I-105 (City Exhibit F), which became effective in 1986. Clearly, I-105 has had a financial impact on the City of Havre, but an examination of other exhibits in the record shows that this has not been an insurmountable problem. While revenue from property and personal property taxes have been relatively flat since 1986, revenue from other sources has grown, as the following graph illustrates:



Havre's total revenues have increased over the period 1985 through 1992 from $1,316,633 to $1,869,611. Total revenue has grown 42% since 1985—12% since 1986. The share of revenue supplied by property taxes has dropped. Property tax revenue which made up over half of total City revenue in 1985 fell to less than one-third in FY 92-93. (City Exhibit I-2)

Changes in Consumer Price Index

City Exhibit G shows that for FY 1985, monthly pay for the confirmed Fire Fighter was $1,393. It was $1581.51 in FY 91-92, an increase of 13.53%. During the period June 1986 to June 1992, the "cost of living" increased 27.28% as measured by CPI W—Urban Wage Earners and Clerical Workers, West Urban—and 28.03% as measured by CPU-I, All Urban Consumers, West Urban. (Union exhibits 18 and 17. 1982-84=100)

OTHER ARGUMENTS

Havre's Future. The City is concerned that because of adverse economic developments—specifically, the closing of the local locomotive repair and maintenance facility of Burlington Northern Railroad and the prospective closure of facilities operated by the U.S. Air Force in Havre and Hill County—there is a danger that Havre and its economy may shrink.

Therefore, it argues, this is no time to make commitments as large as those which would occur as a result of the Fire Fighters' proposals.

The Union cites indications that in spite of the closings, retail business and the population are growing.

Both parties have brought to the Fact Finder's attention a publication, *Adjustment Strategy for the City of Havre and Hill County.* (City Exhibit A, Union Exhibit 14.) The document, the product of a community-wide Economic Recovery Task Force addresses the problem created by the closures, but presents a plan of action to turn matters around. Faced with a lemon, the community is engaged in making lemonade.

Annexation. The Union expressed the view that additional revenue could and should come through annexing neighboring areas which now are served by Havre without providing corresponding revenue. The City countered with a summary of Montana law which allows for easy annexation only when three conditions are met: the areas must be contiguous to Havre and must be served by Havre water and sewer lines. (The City contended that this "easy" route is not possible because not all the contiguous areas are served by water or sewer lines.) Otherwise, annexation can only take place under a 5-year plan. The Fire Fighters noted that water and sewer lines serve areas on the northern edge of the City. Whatever the merits of this disagreement, annexation is a long process and even under the "easy" path is not a source of income upon which recommendations for 1992-93 can be based.

New Income. The Fire Fighters cited the prospect that an upcoming vote could provide an additional $19,000 in City revenue. However, hope does not provide expendable funds. Such money can be considered only if and after the voters approve the measure. (This is different from the additional $9,000 per annum from contract payments for Fire Department services to Fire District #1. Although this money may not be used in 1992-93, there is a signed contract, and the funds will become available for City use starting in FY 93-94.)

The Compensatory Time Issue The City cites certain costs directly related to the Fire Department and its Fire Fighters to bolster its view that a settlement higher than the one it has offered is not feasible. It noted that in a past negotiation, the Union declined the City's offer to "buy back" the two hours (above 40 hours) which the Fire Fighters work each week but take back in compensatory time off. No details of the offer were provided, but it is surmised that a "buy back" of such a thing of value would have its own price tag. In any case, the determination should be made on the present financial status of the City, rather than one (or more) past bargaining decisions.

Dispatching. The City drew the Fact Finder's attention to the change in dispatching duties from the City's Fire Fighters to the County. While the City indicated that the transfer of responsibilities was to accommodate the preferences of the Fire Fighters, the record is clear that the 'preference' came as a result of the City's interpretation of input from some individuals. There was neither discussion with nor opinion expressed on this matter by the Union. The fact that the City made a policy decision to contract out duties previously performed by the Fire Department was the City's unilateral decision. It should have no special relevance to the Fire Fighters' contractual wage settlement.

Swimming Pool Income. The City had to pay a price for divesting the dispatching responsibilities. It gave up swimming pool income of $11,000 a year. (It also agreed to pay $7,846 a year for five years to help underwrite the County's purchase of radio equipment.) Although this totally eliminated one revenue line item, the Shared Revenue category of which that item was a part increased consistent with the general improvement in City finances that has taken place over time.

	Pool Income (County)	Shared Revenue Total
1985	$14,000.00	$263,026.00
1986	$14,000.00	$228,132.00
1987	$14,000.00	$260,273.00
1988	$11,000.00	$268,770.00
1989	$11,000.00	$309,056.00
1990	$11,000.00	$336,338.00
1991	$11,000.00	$460,036.00
1992	$0.00	$447,963.00
Increase 1992 over 1985		70%
Increase 1992 over 1986		96%
		Source: City Exhibit H.

Sunset of Income from Vehicle License Plates. The City notes that it has enjoyed revenue for two years as a result of exercising the local option to add one-quarter of one percent to the vehicle license fee, but reports that, starting with FY 1994-95, this local option will no longer be available.

The City claims that the elimination of the local option could result in a line item reduction as high as $15,000. The Fact Finder's calculations lead to a less ominous conclusion. According to City Exhibit H, the actual income from this item in 1991 was $87,750. (The "local option" amount computes to be $9750. The 1992 figures are $85,244 and $9471.56, respectively.) If the future value of .25% were to grow to $15,000, the future value of the remaining 2% would become $120,000. *As a result of such growth, the money that remained for City use without the local option would be significantly more than was achieved in 1991 and 1992 with the 0.25% local option.*

Corp. License Tax. The City notes that another line item which is part of the Shared Revenue category shows its income from Banks and Savings and Loans Organizations. The City states:

> ...however, this [income] cannot be counted on as they can go back for five years and if they have not made a profit, they can demand repayment of that money."[10]

The money is not inconsiderable:

Budget Year	Actual Corporate License Tax Income
1985	$17,265
1986	$1,783
1987	$6,280
1988	$196
1989	$10,520
1990	$13,991
1991	$37,753
1992	$10,695
	Source: City Exhibit H

The City reported that it experienced such a repayment "three years" ago. (Could it have been in 1988?) However, the City did not make clear the extent of its risk. If one bank does not show a profit, does all the money for the past five years become liable for repayment?

[10]*City Informational Brief*, page 3.

Like the Fire Fighter's hope of additional revenue out of an upcoming vote, the City's apprehension deals with a future possibility. When new taxes are approved, they can be spent. If unplanned negatives occur, they can be addressed. After all, protection against such negative events is one of the purposes for maintaining financial reserves.

Except as indicated, and for the reasons stated, the various arguments addressed in this section have not been given weight in the Fact Finder's conclusions and recommendations.

PAY

As it turned out, once one winnowed out questionable pay data—see discussion starting on page 4, above—and compared Fire Fighter pay in Havre to that in other cities, we find that before any increase is applied for 1992-93, Havre stands second from the bottom.

	1992-1993 Rates (Rounded)
Livingston	$18,480
Havre	$18,978
Miles City	$20,440
Billings	$23,184
Anaconda	$23,323
Missoula	$23,844
Helena	$23,868
Kalispell	$25,236
Bozeman	$25,512
Great Falls	$26,196

It would take an increase of 7.7% to bring the start pay for the Havre confirmed Fire Fighter even with the rate paid in Miles City. Miles City is a Class 2 city, with a population about 83% of that of Havre. (An increase of a little over 22% would be required to bring the Havre confirmed Fire Fighter entry pay even to that in Billings, which has the lowest entry rate of the other Class 1 cities.)

It is also noted that Fire Department Services already generate significant income for the City. In this respect, an additional $9,000 a year will become available for budgeting in 93-94.

An analysis of the differing pay proposals is attached to this report as Appendix A.

[Although I have found that discernible errors in Exhibit C have, by and large, revealed that exhibit to be of doubtful utility, it, together with City Exhibit K, provides some basis to compare the pay rate for Havre Fire Fighters with that for the Havre Police. According to Exhibit C, the 1992 pay range for the Chiefs of Police and Fire is the same: from a start of $28,416 to a top of $30,420. However both Exhibit C and Exhibit K show the Police Officer to be a higher paid employee than the Fire Fighter. Since there may be some question about what the entry level is in Exhibit C, I merely note that City Exhibit K shows that when compared at Grade 2, Step 2, the Police Officer is paid 4% more than the Fire Fighter.[11]]

HEALTH INSURANCE

There is insufficient information in the record to draw meaningful conclusions about how Havre's Fire Fighters compare to other Fire Fighters with regard to the way that costs of health insurance are divided between employer and employee. There is data about employers' share in the CBAs and in City Exhibit I-3, but the record is silent about the total costs for and the extent of the coverage.

A comparison of the contributions made by cities pays gives a means—however inadequate—of ascertaining how Havre stands. As can be seen from the table below, by this one measure Havre does not seem to be disadvantaged, even when compared to other Class 1 cities.

[11]Even though the Police negotiations have resulted in an agreement for 92-93, these rates are based on the pay for 91-92. It was revealed at the hearing that the City has entered into an agreement to "embargo" news about settlements in the City's other two units until the Fire Fighter contract is settled, to accommodate a concern that what was achieved by the settlements would become the basis for the Fire Fighter agreement. The agreement to embargo the news can justify a negative inference that the City's settlement with the Police is superior to its current offer to the Fire Fighters.

Anaconda	1 person 2 people Family	$186 $186 $186
Billings	1 person 2 people Family	100% 100% 100%
Butte	1 person 2 people Family	$303 $303 $303
Great Falls (effective 7/1/92)	1 person Employee and child Employee and spouse Family	$119.22 $208.12 $230.36 $272.54
Great Falls (effective 1/1/93)	1 person Employee and child Employee and spouse Family	$137.10 $239.34 $264.90 $313.42
Havre	1 person 2 people Family	up to $275 up to $275 $350
Kalispell	1 person 2 people Family	$189 $399 $464
Lewistown	1 person 2 people Family	$100 $129.08 $177.87
Livingston	1 person 2 people Family	$250 $250 $250
Miles City	1 person 2 people Family	$219.71 $372.88 $419.36

The issues of medical costs and the corresponding costs of health insurance are among the most troubling matters in collective bargaining. Neither party has control of the problem. The solution is one for society at large to seek, not parties at any one bargaining table. But costs keep increasing, and each party at a negotiations understandably seeks to have its principals relieved of the increased costs.

Both the size of the increase, and the impact under each party's proposal are significant.

		CITY PROPOSAL		UNION PROPOSAL		
1 Party	Premium	City Share	Employee Share	City Share	Employee	Annual Increase
New	$186.30	$186.30	$0.00	$186.30	$0.00	
Current	$155.30	$155.30	$0.00	$155.30	$0.00	
$ Increase	$31.00	$31.00	$0.00	$31.00	$0.00	$372.00
% Increase	20%					
% Increase		20%	0%	20%	0%	
2 Party						
New	$377.80	$275.00	$102.80	$338.00	$39.80	
Current	$314.80	$275.00	$39.80	$275.00	$39.80	
$ Increase	$63.00	$0.00	$63.00	$63.00		$756.00
% Increase	20%					
Increase to payer		0%	158%	37%	0%	
Family						
New	$503.80	$350.00	$153.80	$434.00	$69.80	
Current	$419.80	$350.00	$69.80	$350.00	$69.80	
$ Increase	$84.00	$0.00	$84.00	$84.00	$0.00	$1,008.00
% Increase	20%					
Increase to payer		0%	120%	44%	0%	

Neither party provided information about how many persons in the bargaining area were on each level of family coverage; therefore, the cost impact of the increase itself and of each proposal could not be calculated. However, for the purposes of the remainder of this discussion, an arbitrary assumption is made that one-third of the unit is at each level. This gives the following cost *approximation*. It is likely to be somewhat low.

Working Estimate of Cost Impact of Increases			
.		Annual Costs	% of Payroll[12]
Assume			
5	1 Party	$1,860	
5	2 party	$3,780	
5	Family	$5,040	
Total: 15		$10,680	2.95

Of consideration, too, is the realization that medical care is one of the items in the "market basket" used Bureau of Labor Statistics of the U.S. Department of Labor to measure changes in the Consumer Price Index.[13]

[12]The basis for this estimate is shown in Appendix A.

[13]Somewhat balancing this observation is the realization that since the CPI measures an increase in costs after it has occurred, inflation has already eroded buying power.

SKILL PAY

Both parties agree that the new knowledge and skills acquired by four Fire Fighters (available through the certification acquired so far by three of the four) will be of service to the people served by the Fire Department's ambulance service. The only dispute is the amount of pay to be established for the new skill level of EMT-I.

The new scope of practice was achieved by the Fire Fighters at their own initiative, and at their own expense in money and time. An estimate of these contributions was given at the hearing:
$150.00 in fees ($75.00 hospital, $75.00 testing)
60 hours of class
70 hours of in-hospital training
10 hours connected with testing
Round trip to Great Falls
2 days in Great Falls, meals
2 nights, room.

The Firefighters indicated that the additional training, coupled with a reorganization of services and pricing for ambulance coverage will allow the City to be eligible for greater Medicare and Medicaid payments for its ambulance service.

RECOMMENDATIONS

A. Statement of Reasons for Recommendations

Wages

1. Increase on the Matrix. For the reasons set forth in the foregoing discussion, the record supports a recommendation for a wage increase for the Havre Fire Fighters for 1992-93 superior to the City's offer. Key elements leading to this conclusion are comparison of the size of wage increases over the past several years to increases in the cost of living during the same period, the rate of pay for Havre Fire Fighters compared with Fire Fighters in other Montana cities both larger and smaller than Havre, and the City's

ability to pay as evidenced by its large and growing surplus of revenue over expenditures.

The Fact Finder takes note of the fact that the Fire Fighters reduced their proposal during mediation, but advocated their pre-mediation position during Fact Finding. The reasons behind these modifications were not discussed at the Fact Finding hearing. No objection was voiced to the return to an earlier bargaining position.

The recommendation to the parties for an increase in pay is be based on the ten percent (10%) increase requested by the Fire Fighters, but it contains the recommendation that the increase be rolled back 2.95% to accommodate the Fact Finder's recommendation regarding health insurance. The recommendation is that the increase in wages be effective January 1, 1993. This start date will reduce by one-half the cost impact for FY 92-93. As a result, the cost impact of the wage recommendation is calculated to be 3.525%.

2. Additional Grades to the Matrix. Neither party presented a strong case for adding or declining to add grades to the pay matrix. The Fire Fighters wanted the addition, but not at the cost of agreeing to the rest of the City's package; the City seemed willing to grant the addition, if it would contribute to a settlement.

As far as the Fact Finder can discern from the sparse record on this issue, no current member of the bargaining unit would be immediately affected. It seems that the addition is, at this time at least, more theoretic than real.

For these reasons, I decline to recommend adding the grades, but will refer that matter to the parties to be considered if the other parts of this report aid them in settling the other issues.

Health Insurance

Other than expressing an understandable desire not to be burdened with increased costs for health insurance, the Fire Fighters failed to make a convincing record as to why increased costs should be borne by the City. The

current rates are not out of line with similarly situated employees. As noted, the increased costs of the premium is a reality imposed on both parties and is of the choosing of neither.

However, it is the Fact Finder's view that it is better for both parties to dedicate a portion of money that would otherwise be applied to a wage increase to pay for increased health insurance premiums. It is better for the employees because this portion of their increase will be applied to pay the increased costs of the health insurance premium on a pre-income tax basis. It is better for the employer because such an allocation does not engender roll up or other payroll costs, as the same money would if applied to wages.

The cost of the increased premium is calculated to be 2.95%.[14] Late implementation will reduce the first year impact by one-half. The savings from other payroll taxes is not applied in this estimate.

Skill Pay

Both parties agree that the additional services that the City will be able to offer as a result of certification of EMT-Is will be of value. The Fire Fighters explained the methodology they used to set the rate they have proposed for this level of skill pay, but they did not enter any of the specifics into the record, so this writer is unable specifically to assess the merits of that proposal.

The record is clear that the Fire Fighters who took the training went to considerable expense in money and time to prepare themselves so they could offer the additional service. They paid $150 in fees. Figured on the basis of the weighted average pay rate in 91-92, the 140 hours of time constituted an additional contribution of $1,380. They also had travel expenses to and per diem costs in Great Falls. The total amounts to an employee contribution in excess of $1700.

While the City neither required the expenditure of time and effort nor made any commitment to repay the Fire Fighters for their initiative, the

[14] The costing of premiums is based on the costs assumptions presented on page 26 of this report.

fact remains that Havre will utilize the skills to provide an improved public service and—possibly—to justify a higher payment and reimbursement schedule.

Even though the record does not contain details about the computation that gave rise to the proposal of $45.00 a month, the Fact Finder notes that this comes to $540 a year, or less than one-third of what is estimated to be each employee's contribution. Therefore, the recommendation will be that the new agreement establish the rate of $45.00 a month, to become effective upon the action by the City Council enabling utilization of the new skills and making the City eligible for higher fees.

B. Recommendations

1. The Fact Finder recommends to the parties that, effective January 1, 1993, the pay matrix be increased by seven and five one-hundreds percent (7.05 %).

2. The Fact Finder recommends to the parties that effective January 1, 1993, and in combination with the pay settlement of 7.05%, increased costs of health insurance premiums be paid by the City. This recommendation is contained in the following draft rewording of the current first paragraph of ARTICLE XXI, FAMILY MEDICAL COVERAGE PROGRAM:

> **[Sentences 1, 2, and 3, no changes.]** ***The City further agrees to pay a premium up to a ceiling of $186.30 per man, per month for single, $338.00 per man, per month for two party, and $434.00 per man per month for all employees on the family plan. Any premium above $186.30 for single, $ 338.00 for two party and $ 434.00 for family plans shall be paid by each man and deducted from his wages.***

3. The Fact Finder recommends to the parties that they modify what is currently Section 8 of ARTICLE XII, WAGES AND OTHER COMPENSATION, by adding the following paragraph "c" to become effective upon the date that the Havre City Council approves of steps that will allow utilization by the City of EMT-I services and billing therefore.

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3. The Fact Finder recommends to the parties that they modify what is currently Section 8 of ARTICLE XII, WAGES AND OTHER COMPENSATION, by adding the following paragraph "c" to become effective upon the date that the Havre City Council approves of steps that will allow utilization by the City of EMT-I services and billing therefore.

Certified Emergency Medical Technicians-Intermediate shall receive a skill pay of forty-five ($45) per month. Upon certification or expiration of EMT-I certification, the Fire Chief will inform the proper City officials to start or terminate the EMT-I skill pay for each individual affected. This skill pay shall be in addition to other EMT skill pay.

4. The Fact Finder refers to the parties for their consideration the addition of new grades to the pay matrix.

Respectfully submitted,

Burton White
Fact Finder
December 7, 1992,

APPENDIX A
Comparison and Analysis of Pay Proposals

	A	B	C	D	E	F	G	H
1		Current	Number	Current	Current	City Proposal	IAFF Proposal	IAFF Proposal
2		Monthly	Employees	Annual pay	Weighted Annual	3.15%	5%	10%
3		$1,345.66	1	$16,147.92	$16,147.92	$16,792.72	$16,955.32	$17,762.71
4		$1,634.44	2	$19,613.28	$39,226.56	$40,516.16	$41,187.89	$43,149.22
5		$1,650.84	1	$19,810.08	$19,810.08	$20,454.88	$20,800.58	$21,791.09
6		$1,659.08	2	$19,908.96	$39,817.92	$41,107.52	$41,808.82	$43,799.71
7		$1,667.38	1	$20,008.56	$20,008.56	$20,653.36	$21,008.99	$22,009.42
8		$1,717.60	2	$20,611.20	$41,222.40	$42,512.00	$43,283.52	$45,344.64
9		$1,734.82	1	$20,817.84	$20,817.84	$21,462.64	$21,858.73	$22,899.62
10		$1,743.48	1	$20,921.76	$20,921.76	$21,566.56	$21,967.85	$23,013.94
11		$1,825.56	1	$21,906.72	$21,906.72	$22,551.52	$23,002.06	$24,097.39
12		$1,881.00	2	$22,572.00	$45,144.00	$46,433.60	$47,401.20	$49,658.40
13		$1,871.64	1	$22,459.68	$22,459.68	$23,104.48	$23,582.66	$24,705.65
14	Totals		15		$307,483.44	$317,155.44	$322,857.61	$338,231.88
15	Weighted Average				$20,498.90	$21,143.70	$21,523.84	$22,548.79
16	Other Payroll Costs (OPC).	# Employees	OPC %		Current	City Proposal	IAFF 5%	IAFF 10%
17	Most senior	10	17.38%		$35,627.08	$36,747.74	$37,408.44	$39,189.80
18	Least senior	5	18.83%		$19,299.71	$19,906.79	$20,264.70	$21,229.69
19	Total	15			$54,926.79	$56,654.53	$57,673.13	$60,419.49
20	**Weighted Average OPC**				**$3,661.79**	**$3,776.97**	**$3,844.88**	**$4,027.97**
21	Comparison of costs			Without OPC	With OPC	Increase over	Every 1% increase =	
22		Current		$307,483.44	$362,410.23	current costs	$3,624.10	
23		City		$317,155.44	$373,609.97	$11,399.74		
24		Union	5%	$322,857.61	$380,530.74	$18,120.51		
25		Union	10%	$338,231.88	$398,651.25	$36,241.02		

Source: Joint Exhibit C

APPENDIX A
Comparison and Analysis of Pay Proposals

Cell: F1
Note: $.31 per hour. Annual hours worked = 2080 (source: Collective bargaining agreement, Art. XII, § 2). 2080 x $.31=$644.80. Column F adds $644.80 times # of employees at that step (number in column C) to entry in same row in column E.

Cell: B2
Note: Source: City Exhibit C

Cell: C2
Note: Source: Joint Exhibit C

Cell: D2
Note: Column B times 12

Cell: E2
Note: Entry in column C times corresponding entry in Column D.

Cell: G2
Note: Increase of 5% at each entry in column E.

Cell: H2
Note: Increase of 10% at each entry in column E.

Cell: A15
Note: Weighted average is total of each weighted column (E, F, G, &H) divided by 15—the number of employees in bargaining unit.

Cell: A16
Note: Other Payroll Costs (OPC) are employer's payments for retirement, workers compensation, unemployment insurance and Medicare. The payments for the 10 most senior employees total 17.38% of the payroll for all but Medicare. The payments for the 5 least senior employees total 18.83% and include Medicare.

Cell: E17
Note: Computed separately because percentages for Other Payroll Costs (OPC) differ. Weighted average times number of employees times appropriate OPC percentage for that group of employees.

Cell: E18
Note: See note for E 17.

Cell: E20
Note: Total of two roll up rates divided by total number of employees in the bargaining unit.

Source: Joint Exhibit C