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October 5, 2012

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NYS PUBLIC EMPLOYMENT RELATIONS BOARD

RECEIVED

OCT 09 2012

CONCILIATION

**RE: City of Glens Falls and Glens Falls PBA – PERB/A2011-028**

Gentlemen:

Enclosed please find the unanimous opinion and award of the Tri-partite Compulsory Interest Arbitration Panel regarding the impasse captioned above. Also enclosed is a statement for the fee of the Chairman of the Panel.

The Panel wishes to thank you and your clients for the courtesies extended to it during the hearing of this matter and for the thorough manner by which the issues were analyzed and clarified for the Panel's consideration.

Sincerely yours

EWL:ks  
Enc.  
cc  
Michael Mender  
Edward Guzdek  
Kevin Flanigan, NY PERB

Eric Lawson, Chair,  
Tri-partite Panel

Section 209.4 CSL Public Interest Arbitration

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**In The Matter of a Tri-partite Interest Arbitration  
Between**

**CITY OF GLENS FALLS, NEW YORK (Employer, City)**

**And**

**GLENS FALLS POLICE BENEVOLENT ASSOCIATION  
(PBA, Association)**

**OPINION  
and  
DECISION**

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**Impartial Arbitrator, Public Member: Eric W. Lawson, Esq.  
Public Employer Member, Arbitrator: Michael Mender  
Public Employee Member, Arbitrator: Edward W. Guzdek**

IAZ011-028

**APPEARANCES:**

**For the City by, Christopher J. Watt, Esq.**

Witnesses, Suzanne Kasitch, City Controller  
Melissa Sheehy, HR Director  
John Diamond, Mayor  
John Weber, President, Healthcare Business Analyst

**For the PBA by, James B. Tuttle, Esq.**

Witnesses, Jared Smith, First VP, GF PBA  
Ed Fennell, Self Employed Financial Analyst

**PROCEDURE:**

The parties, bound by a collective bargaining agreement (CBA) which expired on December 31, 2011, engaged in negotiations and, in January 2012, having failed to settle all open items, the PBA declared impasse. The New York State Public Employment Relations Board (PERB) appointed a mediator to assist the parties. By the end of February 2012 there remained several items in disagreement and on March 4, 2012 the PBA petitioned PERB for the appointment of an arbitrator pursuant with Section 209.4 CSL to chair a tri-partite interest arbitration panel. A response to the petition dated March 14<sup>th</sup> from the City was received. Thereafter, on April 24, 2012 PERB appointed the undersigned as the impartial chairperson of a tri partite arbitration panel and recognized the designations by the parties of the persons named above to serve as the City (employer) and PBA (Employee) representatives to the Panel.

A hearing was held in Gens Fall NY before the tri-partite panel on July 24, 2012 at which time the testimony of witnesses, all of whom were sworn, was taken, evidence received and argument heard. At the request of member Guzdek, a copy of the New York State Police Contract was supplied to the parties. The parties prepared briefs of their positions. The tri-partite panel met in

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executive session on September 17, 2012 and otherwise conferred regarding the findings and award set forth below.

**OPEN ISSUES:**

**Salary:** In each of four years the PBA seeks respectively 4%, 4%, 5%, 5%. The City has offered 1%, 0%, 1%, 0%. *The Present contract for 2007 – 2010 provided for salary increases of 3%, 3%, 4%, 4%*

**Retire Health Insurance:** The PBA seeks 100% paid health insurance . The City offers to continue the rate of health insurance contributions for retirees presently received by incumbents. The present contract states, 11.2.2 *“Police officers covered by this Agreement who retire during the term of this Agreement shall contribute to the cost of health insurance (health maintenance program) at the same rate at which the employee paid at the time of the employee’s retirement provided, however, if at the time of retirement the employee has elected the health maintenance program, this program will continue to be offered to the employee at no cost to the employee as long as this program is available to the City. Once the retired employee reaches the age of sixty-five (65) the City shall offer at no cost to the employee the Medicare supplement to the health maintenance program to the retired employee. If either the health maintenance program or the Medicare supplement to the health maintenance program shall no longer be available, the retired employee shall have the right to transfer to the health insurance program and shall contribute to the cost of the health insurance program at the rate which was in effect for employee contributions for the health insurance program at the time of the employee’s retirement.*

11.2.3 *Upon the death of a covered employee, his surviving spouse shall be eligible to continue the City health insurance under the same conditions as the retiree.*

**Health Insurance:** The PBA seeks for the contribution for current members: Members to pay the following toward health insurance per month - \$85.80 (family coverage,) \$62.52 (two person coverage), \$30.48 (single person coverage) with each number increasing by \$6.52 per month. The City seeks to have members contribute toward their health insurance in the following manner; single coverage 5%, 2 person coverage 7%, family coverage 8.5%. The present contract states that 11.1.3 *The City agrees to provide either MVP, Empire Blue Cross/Blue Shield of Northeastern NY or equal or equivalent coverage at a cost to the employee per month of:*

	Single Coverage	Two Person Coverage	Family Coverage
2007	\$16.00	\$45.00	\$65.00
2008	\$18.00	\$50.00	\$70.00
2009	\$18.00	\$50.00	\$70.00
2010	\$20.00	\$55.00	\$75.00

All other issues have been tentatively resolved.

**STATUTORY STANDARDS:**

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Section 209(4)(c)(v) of Article 14 CSL:

v. the public arbitration panel shall make a just and reasonable determination of the matters in dispute. In arriving at such determination, the panel shall specify the basis for its findings, taking into consideration, in addition to any other relevant factors, the following:

- a. Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours, and conditions of employment of other employees performing similar services or requiring similar skills under similar working conditions and with other employees generally in public and private employment in comparable communities.
- b. The interests and welfare of the public and the financial ability of the employer to pay.
- c. Comparison of peculiarities in regard to other trades or professions, including specifically, (1) hazards of employment; (2) physical qualifications, (3) educational qualifications, (4) mental qualifications, (5) job training skills.
- d. The terms of collective agreements negotiated between the parties in the past providing for compensation and fringe benefits, including but not limited to, the provisions for safety, insurance and retirement benefits, medical and hospitalization benefits, paid time off and job security.

Section 209(4)(b)(v)(i) of Article 14 CSL

This section of the statute prohibits tri-partite panels from rendering awards beyond two years from the date of the expired cba. Here however, both parties are in agreement that the successor agreement shall be for a four year period and they have made proposals for that period of time.

### **PARTIES SUBSTANTIVE EXHIBITS:**

#### **City:**

City Exhibit (CE) A1. Blue Shield of Northeastern NY Billing Invoices  
CE A. City of Glens Falls Current PBA Contract  
CE B. City of Glens Falls - CSEA Current Contract  
CE C. City of Glens Falls - Firefighters Current contract  
Including extension and Memorandum  
CE D. City of Olean 6/1/10 - 5/31/11 - PBA patrol Unit Contract  
CE E. City of Oneonta - PBA Current Contract  
CE F. City of Geneva - Police Officer Contract  
CE G. City of Cohoes Collective Bargaining Agreement  
CE H. Demographic source documents  
CE I. Financial Statement Summaries  
CE J. City of Glens Falls 2007 Financial Statement  
CE K. City of Glens Falls 2008 Financial Statement  
CE L. City of Glens Falls 2009 Financial Statement  
CE M. City of Glens Falls 2010 Financial Statement  
CE N. City of Glens Falls 2011 Financial Statement  
CE O. City of Glens Falls Adopted Budget  
CE P. Credit Analysis

#### **PBA:**

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Association Exhibit (AE) D. *Forbes* Article

AE E. PBA Master listing of compensation

AE F. City's salary history with all employees

AE F. (a). Administrative and non-union

AE F. (a). Other bargaining units, (a) Fire, (b) CSEA, (c) Glens Falls PBA

AE G. Comparables, (1) Demographic comparison, (2) Crime volume comparison, (3) Economic comparison

AE H. Collective bargaining agreements of comparables, (a) Warren County, (b) Amsterdam, (c) Cohoes, (d) Kingston, (e) Oneonta, (f) Plattsburg, (g) Watervliet

Fennell Presentation:

Tab 1 (T). Official Statement upon the sale of \$11.9 million in Serial Bonds, dated 2/9/11

T 2. Audited annual update document for the year 2011

T 3. Tax Margin Statement 2012

T 4. 2012 General Fund Budget 2012

T 5. Comparisons of Assets, Liabilities, Revenues, Expenses and Balances 2006-2011

T 6. Standard and Poor's Report

T 7. *Forbes* Article

T 8. Cost of one percent raise and its impact

T 9. Sales Tax data.

**(Hearing) BACKGROUND:**

Jared Smith testified that the Glens Falls Police have 31 members [ 21 patrol officers, currently staffed with 19 officers]. The department handles all calls for police assistance in the City. He said that the department, located in Warren County, is very active, (AE G2).

Smith reviewed salary increases for police and other bargaining units in Glens Falls, citing AE F: fire and police 4%, CSEA unknown, Admin. 3% [2010], fire 2%, police 0%, CSEA 1% {delayed until 7/1}, Admin. 4.13% [2011], fire 2%, police {in negot.}, CSEA 1% and 1% {delayed until 7/1}, Admin. unknown [2012].

The current salary schedule provides for five step increases of 3% each.

Smith acknowledged that he is unable to cite any police contract in upstate New York where increases of the magnitude being sought in Glens Falls were received.

Analyst Fennell testified that municipal revenue structures in New York State are inadequate, relying, for example, on sales tax and property tax which may be beyond the control of local government. The sales tax is imposed by the county and then shared by local governments. The real property tax cap of 2% can be exceeded but only through extraordinary legislative action. In Glens Falls, a decision was made in 1967 to pre-empt the sharing provision for sales tax proceeds in favor of a local tax levy (T. 9) This decision reaps additional income but only if commercial sales grow.

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T 3 shows that Glens Falls utilized 30.86% of their taxing limit for the current (2012) FY. This rate placed Glens Falls at the bottom of the rate compared with Albany, Cohoes, Watervliet, Rensselaer, Troy, Mechanicville, and Saratoga Springs. Between 2006 and 2011 Glens Falls increased taxes but not enough to maintain the fund balance which caused Moody's Rating service to issue a negative rating to the City. Fennell observed that the City could correct this rating by placing \$150,000 in the fund balance for each of the next four years, a commitment which would equal \$10.00 per person of the City's population.

Fennell said that money for salary increases has probably been provided for in the existing City budget which has a contingency fund balance. Other sources of revenue are increased taxes and borrowing to pay for salary increases.

Citing T 7, Fennell said that the City rates well for employment and, given its proximity to Tech Valley, has a bright future.

HR Director Sheehy testified that 14% of Glens Falls population is below the federal poverty level. She said that at the end of 2011 the CSEA contract in the City was 3% above the level one year earlier however the net increase received that year was 2.25% because the second half of the 3% salary increase was not implemented until six months into the contract year.

Sheehy said that all employees in Glens Falls subscribe to the same health care program however, the contributions from employees vary between units. Currently the total monthly cost of insurance is; \$683.78 (single), \$1402.00 (2 person) and \$1924.99 (family). The CSEA contract requires that single coverage contribution is 5%, 2 person is 7% and family coverage is 8.5%. Fire fighters pay 6%, 8% and 9.5% respectively. Police pay 3%, 3%, and 3% respectively. The current City proposal asks the unit to pay the same proportion being paid in the CSEA unit.

Retiree health insurance for the police unit is fixed at the time of retirement Sheehy stated. While the member's contribution cannot, therefore, increase, the City's cost must increase as premiums mount. The costs are particularly high for this unit because members retire at an earlier age than other employees meaning that lengthy periods of retirement insurance payments must be planned for.

Sheehy cited police salary and benefits in Olean, Oneonta, Geneva and Cohoes with similar benefits in Glens Falls. CE D, the one year Olean cba, provides a 3% salary increase in 2011 and employees pay 10% or 15% of their health insurance cost depending on date of hire. CE E is the three year Oneonta police cba (2010-2013) and shows 3% raises given each year with employees contributing 10% toward health insurance. CE F, the three year Geneva cba (2012-2014), provides a 2% salary increase with a 20% co-pay for dependent coverage for employees hired after 1993, 35% for dependents of employees hired after 2004 (for five years - then 20%) and 45% for employees hired after January 1, 2012 (for three years, then 35% for one more year and then 20% thereafter). CE G, the two year Cohoes cba, provides 3% salary increases for each year and requires the following health insurance contribution based on year of hire : 1997-10%, 2000, 15%, 2003, 20%, 2010, 25%.

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All four comparables also pay salary step increases. The Cohoes cba awards a fifth year officer a salary of \$61,148, more than is paid in Glens Falls (2010, \$48,961).

Sheehy said that she received no salary increase in 2011 and received a 21% increase in 2012 but she said that her hours of work increased 35% to 40% that year.

Controller Kasitch said that CEs J,K, and L are the City's audited statements for 2007, 2008, 2009 and CE N is the 2010 unaudited statement. CE O is the 2012 adopted budget and CE I shows the City's tax history from 2007 to 2012, a period when taxes increased 12%.

Kasitch said that between 2007 and 2011 the City's fund balance declined "substantially" to a degree that employees hired in 2008 and contract services were not budgeted for. Revenues for 2009 were "soft". She stated that between 2007 and 2012 the City's fund balance declined 90%.

Kasitch testified that the City's fiscal plight was the result of declining revenues and the cost of substantial increases for employee health insurance. Their impact on the fund balance, "strains the budget". For these years the City spent more than it took in. She said a consequence of the City's fiscal status has been an increase in its bonding costs

Presently, Kasitch testified, that controls are in place to rein in spending but restoring the City to fiscal health will take time. She acknowledged that an increase in taxes could replenish the fund balance, however, based on a proportionate rise in delinquencies, she knows that raising taxes is difficult for the population of Glens Fall. Water and sewer budgets are independent of the City budget and rates paid there have increased 120% in five years.

Kasitch said that her salary has increased between 2009 and 2011 from \$45,000 to \$61,000, however, she said that she was promoted from Assistant Controller to Controller.

CEO Weber said that he is familiar with health insurance policies for municipalities in Warren and surrounding counties. He said the Warren County PBA health contribution rate was 7%, Washington County, 20% and Glens Falls, 3%. In Queensbury, regular employees contribute 8% and CSEA employees 9% toward their insurance. New York State police (PBA Troopers) pay 12% increasing to 16% toward health insurance. He testified that he is unaware of any PBA unit that pays the same or less than PBA members pay in Glens Falls.

Mayor John Diamond said that Glens Falls has a very limited fund balance, sufficient only for 10 to 12 days forward. He stated that the City has implemented spending controls and, since personnel costs are a major expense, the City has offered retirement incentives to entice costly, career employees to retire as a way to lower costs. These acts have caused a reduction in the size of the City work force from 225 to 190 employees. Non-union staff has absorbed extra duties

Diamond said that any increase in taxes causes people to leave the City. He cited unavoidable costs which the City must accommodate to including a consent order to refurbish dams, at 13 million dollars and an obligation to update sewer and water systems. In addition, the City incinerator, used to burn sludge, is out of compliance and will cost 18 million dollars, over 20

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years, to upgrade. The cost of complying with these consent orders is 30 million dollars over 20 years, all at an interest rate of 5% he said.

### **POSITIONS OF THE PARTIES:**

#### **PBA:**

##### Comparability:

Within the City of Glens Falls non-unionized staff and administrative employees have, in the recent past, "...done considerably better than the PBA" (Association Brief [AB] p 3), see AE 1. The Assessor and Fire Chief received a 52% increase in salary. For 2010 and 2011 Firefighters received 4% salary increases each year, though they did agree to defer 2% into a third year, 2012 (AE F2, F2(a) in return for which they – alone among City employees- receive fully paid retiree health insurance.

Although scheduled to receive a 4% raise in 2010 – the fourth year of their contract- the PBA deferred to the City's claim of fiscal exigency and accepted a 0% increase, the greatest concession of any unit in the City.

Outside of the City itself, as a basis for benefit comparisons, the PBA compares with other police agencies within Warren County, the Sheriff's Road Patrol and the New York State Police and with agencies outside of the county that are similar demographically with Glens Falls. Road patrol deputies for the County earn 11% more than their counterparts in Glens Falls for base salary. Despite this difference, Glens Falls, with far fewer officers than road patrol deputies in Warren County, is a much busier police department on a per capita basis. While Sheriffs Deputies pay more for health insurance benefits than do officers in Glens Falls, that contribution does not equalize the salary differential between the two departments.

New York State Troopers also patrol in Warren County and a comparison of wages received by the troopers working there , as shown by Association Brief Exhibits A, B and C, demonstrates significant disparity with officers in Glens Falls. The wage difference between the two units at the fifth year of service favors the troopers by 73% and in successive years troopers receive longevity payments. While troopers contribute more toward their health insurance than officers in Glens Falls, that "...by no means makes up for the vast difference in the value of the overall compensation packages"...(AB p 5).

Both the City and the Association agree that Oneonta and Cohoes are appropriate municipalities with which to compare benefits but disagree as to the balance of the universe of comparables.

The use of Geneva and Olean are inappropriate to compare with Glens Falls on the basis of the proportion of owner occupied dwellings and median and per capita income which are significantly higher in Glens Falls. However, despite these disparities police officers in Olean and Geneva are much better paid than officers in Glens Falls. (CE F) Moreover, a close examination of contribution rates for health insurance in Olean indicates that their employee contribution rates are less than in Glens Falls and with regard to Geneva, where actual premium

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costs were not disclosed, the application of the City's Health Reimbursement Account funds, to multi-person coverage, suggests that here too Glens Falls officers are on a par with those in Geneva regarding health insurance contributions.

Amsterdam, Kingston, Oneonta, Plattsburgh and Watervliet are similar to Glens Falls demographically and, based on the size of the police departments, none is busier than Glens Falls (AE G). In spite of this, only Oneonta pays its officers less than is paid in Glens Falls. (AE G, H).

Amsterdam's officers are paid 9% more than is paid in Glens Falls and they also receive superior allowances for uniforms and shift differentials while contributing less toward health insurance.

Cohoes officers at base enjoy a 24% pay advantage over officers in Glens Falls, better longevity benefits, shift differential pay, uniform allowance and three more holidays. While Cohoes officers pay more for health insurance than do officers in Glens Falls, the disparity is reduced by a Medical Expense Fund reimbursement formula and, in addition, their retirees receive comparable health insurance benefits with Glens Falls retirees.

In Kingston officers' salaries are 25% higher than those paid in Glens Falls and they receive generous additional benefits in return for which their health insurance contribution is only \$350 more per year than in Glens Falls.

In addition to a wage scale that is 18% higher than in Glens Falls, officers in Plattsburgh also receive a shift differential, more holidays and a substantially better uniform allowance than is available in Glens Falls for which they do pay, "...somewhat more for their health insurance" (AB. P. 6).

Watervliet pays its officers wages which are 20% higher than in Glens Falls, a superior longevity benefit, shift differential and uniform allowance. Veteran officers in Watervliet also get free health insurance and those hired after 2004 contribute 10% toward insurance.

The City's emphasis on health insurance, while disregarding disadvantages in other areas of the economic package received by officers in Glens Falls - when compared with relevant comparable communities - is disingenuous. The wage and health insurance proposals advanced by the Association ... "will bring [their members] closer to the wage element of the comparable police departments discussed herein" (AB p 7).

Ability to pay:

Financial Analyst Fennell addressed the issue of the City's ability to pay. He acknowledged a diminished fund balance, a consequence of which was a reduction in the City's credit rating. However, City taxes are ... "very low by local standard and it has exhausted only 30.86% of its constitutional tax limit" (AB p. 8).

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The City made political decisions not to raise taxes to pay its expenses for several years, relying instead on its fund balance to maintain services. This, despite a gradually increasing population and a bright future based on *Forbes Magazine's* projections.

The current proposal of 4%, 4%, 5% and 5% contains retroactive implications for only the 2012 FY. Its cost the first year is \$88,452 which could be met out of the contingency appropriation of \$127,000 as well as the unassigned fund balance. As for the cost of future increases, sales tax revenues and modest tax increases ... "would still leave the City in a fully competitive position with respect to neighboring communities" (AB p.8)

City:

Comparability:

The hours and conditions of employment of City of Glens Falls police are not comparable with other city employees and ... "employees performing similar services in comparable communities." (City Brief [CB] p 4).

Association members pay less for their health insurance than other City employees (CEs A-H) and less than is paid by officers in similar communities to Glens Falls in New York State. Within the City, Association members are its only employees who do not pay a percentage of their health insurance cost but instead pay a flat fee. If that fee were converted to a percentage it would be less than the percentage paid by other City employees, i.e. 2.9% single, 4% 2 person and 4% family.

CEs D-H, which regards demographically similar communities as Glens Falls - Olean, Oneonta, Geneva and Cohoes- show that their police officers contribute substantially more toward the cost of their health insurance than in the City. For example, when compared with the average contribution of officers in the City- 4%- Olean officers hired after June 2003 pay between 10% and 15%. In Oneonta, commencing on January 1, 2013, officers will pay 10% of their health insurance cost without a cap. In Geneva, based on their date of hire, police officers will pay between 20% and 45% of their health insurance cost. And in nearby Cohoes, police officer's contribution toward the cost of health insurance ranges between 15% and 25%.

John Weber. An executive of a firm providing insurance services to employees in New York State municipalities, including several in communities adjacent to Glens Falls or near-by, said that Association members contribute, on average, 3% of their health insurance cost, a rate "far below" that of any other municipality serviced by Weber's firm. He cited for example, rates paid by police officers in Washington County of 20%, in Queensbury employees contribute between 8% and 17%, Town of Johnsbury employees contribute between 13% and 24%, Town of Salem employees contribute between 10% and 20% of their health insurance costs and in the Town of Moreau, employees contribute between 15% and 20% of the cost.

Weber concluded his testimony when he observed that in the City, health insurance premiums have increased by 44% between 2007 and 2012.

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Nor can the city afford... "to pay health care benefits at the cost (in effect when) a PBA member retires" (CB .p 12)

The Association's demands for wage increases for the four years of the proposed contract are dissimilar with raises granted officers in similarly situated communities elsewhere.

The recently expired cba contained generous salary increases of 3%, 3%, 4% and 4%<sup>ii</sup> as a consequence, in part, of the Association's willingness to participate in a mandatory policy of drug testing of its members. CEs A, B and C demonstrate that these increases were larger than those provided to CSEA members and Firefighters for the 2011-2012 contract years.

Furthermore, salary increases in similarly situated communities as Glens Falls – Olean, Geneva, Oneonta and Cohoes- , though varying in length from one to three years, provided for salary increases of 2% to 3%. No witness, including Association witnesses, could sight police officer salary increases anywhere in New York State of the size being sought by the Association.

Ability to pay:

The City's financial condition requires that it control spending on salaries and benefits.

Despite the City having raised (real property) tax rates by 12% (11.54%) between 2007 and 2012, its fund balance is down over that period by \$1,836,056 (CEs I-O). These expenditures were made, to a significant degree, to fund employee salaries and benefits particularly insurance benefits (CEs I-L). Without a change in its spending pattern, the City will soon be unable to meet its obligations.

Residents of Glens Falls have also absorbed significant increases in sewer rates driven by increases in expenses of more than two million dollars between 2007 and 2012. So too have residents absorbed increased water rates of more \$560,000 in order to pay for additional water expenses between 2007 and 2012 of more than 1.8 million dollars. The increased costs of providing sewer and water services, as with other services provided by the City, has been driven by increases in employee salaries and benefits.

The City's general obligation debt outlook has been deemed "negative" by rating agency Standard and Poor's because of the City's weak financial condition. (CE P). That condition is reflected in the fact that in 2010 the City had only two weeks' worth of cash reserves and is limited by fixed costs, including debt service, pension obligations and "pay as you go post-employment benefits, in its ability to rebuild its reserves.

While the City has initiated measures to control its expenditures, such as controlling overtime costs, and leaving positions vacant, it has been unable to rebuild its fund balance. The rating agency's negative rating reflects its opinion as to the thin operating margin between income and outgo in Glens Falls and its inability to accommodate to revenue shortfalls or expenditure over runs (CE P).

Given its fiscal status, the City must control its expenses and therefore is unable to provide large salary increases and fringe benefit enhancements.

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In addition to difficulties the City faces meeting its current obligations, mandated but unfunded capital projects, including sewer system upgrades and the rehabilitation of its incinerator at costs running into the millions of dollars, further imperil the City's fiscal status.

### **DISCUSSION:**

The Panel has carefully and vigorously considered the thoroughly developed positions of the parties. Several points were particularly relevant in its deliberations which were extensive, particularly in light of the advocate/arbitrator designations of the Employer and Employee designated arbitrators.

With regard to the comparability standard (Section 209(4)(c)(v)(a) of Article 14 CSL) the Panel took particular note of the treatment given Firefighters in Glens Falls. The same employer for the police and fire make the comparison pertinent because, as required by subsection (c) of the statutory standards, there are similarities in the conditions of employment of the uniformed services within the City that make their comparison appropriate.

In this regard, the panel notes that in 2011, when Police accepted a 0% increase, the Firefighters received 2% and are eligible for another 2% in 2012. Moreover, Firefighter retirees enjoy 100% health insurance payments upon retirement.

For its comparables, the City tended to identify municipalities that compared very favorably with its position regarding employee health insurance payments. However, the Panel took note of the Association's analysis of the salary paid police in these municipalities which generally exceeded that paid in Glens Falls where the average fifth year officer is paid \$48,961.00. It is appropriate for the Panel to consider these issues together (salary and health insurance) and other issues which are before it, with regard to their total impact on terms and conditions of employment. A salary increase affects both the City and the Employees as an expenditure and a receipt but so too are payments made and received for health insurance benefits and liabilities. (See standard (d) of the comparability standards)

The City's position regarding health insurance sought changes in two areas: a greater net employee contribution and a change to an employee contribution based on a percentage of the total premium, a practice observed in virtually the entire universe of municipalities selected by both parties and the practice followed in the City with other units including CSEA, the practice the City proposes be implemented in the Police contract. The City was convincing in making the point that the present rates of contribution by police for health insurance are well below virtually any comparable municipality or to bargaining units within the City.

The City made a telling argument with regard to its current ability to pay, a position not seriously challenged by Analyst Fennell who lamented the limited discretion local municipalities have over their revenue sources. The Panel notes that the City's fortunes declined gradually over several years to the point where its credit rating was impacted. However, it was not until very recently that steps were initiated to halt that decline. Presently the City is at 30.86% of its maximum taxing capacity, a level beneath that of any other municipality offered for comparison.

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The Panel does not dispute limited capacity within the current budget to accommodate significant increases in the cost of salaries and benefits. It also notes though that last year, proportionately, the Police made the largest adjustment to accommodate to the City's fiscal plight, of all of its bargaining units. An adjustment in salary which recognizes this commitment is justified. Inasmuch as the parties are in agreement regarding a contract of four years duration, the City has an opportunity to adjust to salary and fringe benefit improvements for the Association over a period of time which will permit it to make required fiscal adjustments.

The Panel acknowledges that the City has long term capital improvements it must make but observes that it has bonding capacity to meet these obligations. The Panel does not believe however that the City should incur borrowing to meet recurring costs such as salary and fringe benefit obligations.

The Award on the three open issues which follows reconciles the Association's justification for modest salary increases, the City's demand that adjustments in health insurance are required, doing so over a period of time that allows for these accommodations to occur without creating an unjustified fiscal exigency.

### **AWARD:**

1. **The Contract shall be of four years duration, January 1, 2012 through December 31, 2015.**
2. **In the first six months of the first year of the contract (2012), beginning on January 1, 2012, salaries shall be increased 1.5% and in the second six months of the first year of the contract, beginning on July 1, 2012, salaries shall be increased by an additional 1.5%. In the second year of the contract (2013), beginning on January 1, 2013, there shall be a 1.5% salary increase and in the second six months of the second year of the contract, beginning on July 1, 2013, salaries shall be increased by another 1.5%. In the third year of the contract (2014), beginning on January 1, 2014, salaries shall be increased by 3%. In the fourth year of the contract (2015), beginning on January 1, 2015, salaries shall be increased by 4%.**
3. **For the first year of the contract (2012), no change shall be made in the manner by which contributions by employees are made to fund health insurance. In the second year of the contract, 2013 and for the remaining two years of the contract (2014, 2015), employees shall contribute toward health insurance to the following extent: 5% (of the insurance premium), individuals, 7%, 2 person coverage, 8.5%, family coverage.**
4. **Commencing in the third year of the contract, commencing on January 1, 2014, the Employer shall pay 100% of retired employees' health insurance.**
5. **The salary increase shall be retroactive. Any employee who retires from service during the period for which a retroactive payment applies, shall be awarded his or her share of that retroactive payment for that portion of time for which they were employed. Any employee who leave service in Glens Fall during the period for which retroactive pay is due but does not retire, shall not be eligible for the retroactive payment.**

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6. The Chairman shall retain jurisdiction in this matter until such time as all provisions of the ensuing cba, which are subject to changes described above, have been implemented and he shall reconvene the parties, if requested to do so by either party, should a question arise regarding the implementation.

State of New York:  
County of Saratoga:

We, the undersigned members of the tri-partite, compulsory interest arbitration panel described above, certify that this Opinion, which has been prepared by the Chairman, and the record made by the parties is the basis for us to concur or dissent in the manner described below to the Award on the issues presented.

Date September 28, 2012, Eric W Lawson  
Eric W Lawson, Chairman, Public Member

Concur in whole ~~or in part~~ \_\_\_\_\_

Dissent in whole or in part \_\_\_\_\_

Date Oct 5 2012, Edward W. Guzdek  
Edward W. Guzdek, Public Employee Member

Concur in whole or in part EWG \_\_\_\_\_

Dissent in whole or in part \_\_\_\_\_

Date 10-2-12, Michael Mender  
Michael Mender, Public Employer Member

Concur in whole ~~or in part~~ \_\_\_\_\_

~~Dissent in whole or in part~~ \_\_\_\_\_

<sup>1</sup> The PBA agreed to take a 0% increase in the final year of the current cba.