

Date: July 28, 2016

FOR YOUR INFORMATION MEMO

To: Mayor and Members of City Council  
From: Harry Black, City Manager **HB**  
Subject: Collective Bargaining

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First, let me say that we have great admiration of and appreciation for our entire City government workforce. Together, we have been able to achieve unprecedented success in improving customer service and overall service delivery, while making sound decisions that have led to three consecutive years of a structurally balanced budget. We have successfully negotiated labor contracts with AFSCME, which kicks in on August 14, 2016 and Fire (IAFF) which kicks in on September 11, 2016. In each case we have negotiated in good faith with a commitment to maximizing fairness and reasonableness while also adhering to our fiduciary responsibility. We have followed the same approach with the FOP. An ordinance has been introduced that if passed would defacto transfer the responsibility for collective bargaining from the Administration to now the Mayor and Council. I have been asked by individual Council members for my professional view/judgment related to this matter. I have responded that from a prevailing best practices point of view, collective bargaining is an inherently administrative activity as has been the case for decades in Cincinnati and most other cities.

In the event an ordinance is passed, the Administration will fulfill its duty and execute it as directed. There are, however, potential consequences that should be considered:

1. Although the Administration will do its best to pursue future collective bargaining, it will likely become a meaningless exercise, in that our unions will know that ultimately they can bypass the Administration. (An important feature of collective bargaining is that it serves as a significant financial management control activity that supports achieving and maintaining a structurally balanced budget.)
2. It is likely that this action in conjunction with the universal desire to pursue future police/fire recruit classes, along with an eminent recession, could negatively impact the financial gains made by the City over the previous three years, and as such the City could relapse back to a structurally unbalanced budget. Budget impact statement is attached.
3. This action would adversely impact the current labor/management dynamic and upset the policy and administration dichotomy that currently exists in City government and is the glue that holds everything together.

In closing, as I have stated, if an ordinance is passed, it would be the Administration's duty to execute it. However, I feel it necessary to share these thoughts with you, otherwise the Administration would be remiss in carrying out its duty.

Attachment



*General Fund*  
*Projected Impact of Proposed COLAs*

	Approved FY 2017	Adjusted FY 2017	FY 2018 Projected	FY 2019 Projected
<b>SOURCES</b>				
Total Revenues	392,886,495	392,886,495	409,056,489	416,010,449
Unappropriated Surplus from Prior Fiscal Year	0	3,119,812	0	0
<b>TOTAL SOURCES</b>	<b>392,886,495</b>	<b>396,006,307</b>	<b>409,056,489</b>	<b>416,010,449</b>
<b>USES</b>				
Expenditures	388,229,360	388,229,360	400,529,643	410,698,626
Operating Transfers Out	4,657,135	4,657,135	5,000,000	5,000,000
Proposed COLA for Bargaining Units (5/5/4)*		3,119,812	9,077,386	7,316,386
<b>TOTAL USES</b>	<b>392,886,495</b>	<b>396,006,307</b>	<b>414,607,030</b>	<b>423,015,011</b>
<b>Surplus/Deficit</b>	<b>0</b>	<b>0</b>	<b>(5,550,541)</b>	<b>(7,004,562)</b>

*General Fund*  
*Projected Impact of Proposed COLAs by Bargaining Unit*

<u>Bargaining Unit</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
IAFF	2,645,563	3,860,578	3,242,886
FOP	3,096,945	4,521,847	3,798,352
AFSCME	1,137,998	1,817,449	1,568,830
CODE	<u>642,311</u>	<u>1,149,738</u>	<u>1,046,711</u>
<b>Total</b>	<b>7,522,818</b>	<b>11,349,612</b>	<b>9,656,779</b>
Less Budgeted for IAFF*	(1,783,593)	(2,272,226)	(2,340,393)
Less Budgeted for AFSCME*	(424,573)	0	0
Less Budgeted Reserves	(2,194,840)	0	0
<b>Net Impact on General Fund O50 Budget</b>	<b><u>3,119,812</u></b>	<b><u>9,077,386</u></b>	<b><u>7,316,386</u></b>

\* The Approved FY 2017 Budget includes \$2,194,840 in reserves for labor-related COLAs, \$1,783,593 for IAFF (3% COLA) effective 9/11/16, and \$424,573 for AFSCME (1.5%) effective 8/14/16. The FY 2017 Budget will require an adjustment in the amount of \$3,119,812 to fund the remaining COLAs effective 12/4/16.