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FIRE DISTRICT 1 COLLECTIVE BARGAINING AGREEMENT

(Sedgwick County, Kan.) – Today, the Governing Body of Fire District 1 heard testimony from attorneys for the Fire District (District) and for the International Association of Fire Fighters 2612 (Bargaining Unit). The District is in favor of long-term solvency of the Fire District; however, long-term sustainability of the District is in question based on current financial forecasts. The financial forecast based on the Bargaining Unit’s request projects that the District would become insolvent (meaning it would be on track to spend more than the revenue it will collect) if the request is fully implemented. Even with the District’s proposal, operating deficits in each year are anticipated due to moderate growth in the District’s tax base. The Bargaining Unit proposed an alternative option this morning which has not yet been reviewed by attorneys for the Fire District. The root question is can the District afford to give the Bargaining Unit raises. As detailed in the table below, recent history shows that the County’s financial projections for its tax-supported funds, including the District’s main operating fund, are typically very close to actual revenues and expenses.

	Accuracy of financial plan projections (-% indicates under estimated, +% indicates over estimated)	Accuracy of financial plan projections (-% indicates under estimated, +% indicates over estimated)
	REVENUE	EXPENDITURES
2010	+4.7%	-0.1%
2011	+0.4%	-0.3%
2012	-1.1%	-.02%
2013	-0.3%	-0.04%
2014	-0.4%	+0.5%

These percentages are taken from the Division of Finance: Budget’s Key Performance Indicators. They can be found in the Sedgwick County published budgets, 2012-2016 under General Government: Division of Finance: Budget. These projections include all property tax supported funds: County General

Fund, Wichita State University, County Bond & Interest, COMCARE Tax, EMS Tax, Aging Tax, Highway Fund, Noxious Weeds Fund, Fire District No. 1 General Fund.

The District estimates that it will be insolvent within the next five years if the Bargaining Unit's proposal is implemented. Under Kansas' cash-basis law, the District cannot legally spend more than it has. This would mean hard decisions for the District, including potentially closing stations or reducing the workforce. In 2012, the District reduced its expenses by keeping two administrative positions vacant. In 2014, after extensive study by a team made up of County and District staff and Bargaining Unit representatives, the District chose not to fill six fire fighter positions. Staffing levels were adjusted so that all stations could remain open.

Since those actions were taken, the District has been consistently monitoring its financial climate, working to reduce its expenditures, and maintain costs. Through these conservative practices, the Fire District has been able to remain solvent. However, without additional actions, the District will continue to spend more than it brings in each year, eventually leading to insolvency. Under the Bargaining Unit's proposal listed below, the District will be unable to operate by 2019.

Impact of Various Proposals for Pay Adjustments – last updated 5/5/2016

	Bargaining Unit Request	Personnel Cost	Deficit	Ending Balance
2016	Reinstitute 2012 pay plan; 2.5% COLA; 3% steps	\$14,142,642	(\$438,763)	\$2,662,793
2017	2.5% COLA; 3% steps	\$14,656,816	(\$820,700)	\$1,842,093
2018	3% steps	15,010,475	(\$1,152,637)	\$689,456
2019	3% steps	\$15,378,211	(\$1,225,301)	(\$535,845)
2020	3% steps	\$15,762,981	(\$1,273,210)	(\$1,809,055)

	Fire District Request	Personnel Cost	Deficit	Ending Balance
2016	Reinstitute 2012 pay plan; freeze steps	\$13,849,312	(\$145,434)	\$2,722,957
2017	2% bonus	\$14,281,008	(\$444,892)	\$2,278,065
2018	2% bonus	\$14,503,818	(\$645,979)	\$1,632,086
2019	2% bonus	\$14,738,136	(\$585,227)	\$1,046,859
2020	2% bonus	\$14,984,703	(\$494,932)	\$551,927

Past arguments from the Bargaining Unit included the use of revenue received by Sedgwick County from Kansas Star Casino should be redirected to the Fire District. Under K.S.A. 79-2934, Sedgwick County (along with Sumner County and the City of Mulvane) is entitled to receive an amount equal to 1 percent of the lottery gaming facility revenue because it is one of two counties in the South Central Gaming Zone. This same statute requires such revenue be paid to Sedgwick County. Without explicit statutory authorization, these funds cannot be provided to the Sedgwick County Fire District.

The Fire District serves less than 20 percent of the County and funds from the Kansas Star Casino are designated to Sedgwick County to benefit the whole County. These funds are currently being used by County departments which serve the entire County population.

Additionally, the Fire District has not seen a reduction in applicants for fire fighter positions under the current pay structure. Fire Chief Tavis Leake noted that as well during the Fact Finding Hearing in January. The Bargaining Unit asserted that it is under compensated compared to other County departments. The table below shows the past six years of pay increases from the Bargaining Unit and Sedgwick County Government employees.

	Sedgwick County Government Employees	Bargaining Unit Employees
2015	1.75% pay pool	1.15% between steps
2014	2.5% pay pool*	1.15% between steps
2013	2.5% pay pool	3% between steps
2012	Salary freeze	3% between steps
2011	2% pay pool	3% between steps
2010	2% for passed evaluation for employees making less than \$75,000	3% between steps + 3.5% COLA

*Non-bargaining unit employees received a 1.26% market adjustment in 2014 as a result of a salary study.

Commissioners voted to receive and file the testimony and plan to revisit the topic in the future.

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