How Did this Decision Become Mine?

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Introduction

As I left the Mayor’s office I was filled with dread. As a new City Treasurer, I believed that I would be observing the contract negotiations between the City of Milmore and the local firefighters’ union. Within two negotiation meetings, it became clear that I had been tasked with figuring out how the city could afford to offer certificate pay (i.e., additional pay for attaining continuing education credentials for rank advancement and pursuing academic degrees) to the firefighters, in addition to increased wages and cheaper insurance. After seeing the final certificate pay proposal from the union, I sensed that the Mayor (as a proponent of continuing education) really wanted it and I knew that the union wanted it. I also knew that the citizens of Milmore could not afford it. What was my fiduciary duty as a City Treasurer? How could I satisfy all three stakeholders? How did this decision become mine?

Background

A couple of years ago, I made the decision to go back to school and change careers. I had majored in journalism as an undergraduate and worked in a variety of positions while caring for my young family. As my children grew older, I decided that I wanted to try something different, so I went back to school to earn my Masters in Business Administration (MBA) degree. While working on my degree, I had accepted an internship with a small city near my home. When the city’s treasurer quit, the Mayor remembered my work as an intern and offered me the position, which I accepted. While I was thrilled by this new opportunity, I had my reservations because I had been out of the workforce for 20 years; I questioned whether or not I could handle the demands of this position.

I had only been the City of Milmore’s new Treasurer for a couple of weeks when the Mayor approached me about participating in the city’s upcoming negotiation with the firefighters’ union. On the one hand, I was thrilled—I was still pursuing an MBA and had signed up for a negotiations class for the fall. This real-world experience would give me an edge in the class, I just knew it. Plus, I thought the firefighters would be great to work with. I had great admiration for all that they did and the sacrifices they had made for the public good. I had worked with them on grants while interning for the City of Milmore the previous summer and I continued to work with them as a volunteer grant writer throughout the school year. I found them to be very
helpful. On the other hand, I told the Mayor that I was neither an accountant nor a negotiator and I had never done anything like this before. The Mayor reassured me that my role would be minimal, one of mostly observation. Had I only known…

**Negotiation Jitters**

The first negotiation session was scheduled to begin at 9:00 a.m. I was already nervous, in part because I was not sure what to expect with the process, when the Mayor asked to meet with the city negotiation team before going into the first negotiation session. It was already 8:35 a.m. and this last minute “pow wow” was not going to give us enough time to really talk about strategy—yet this was going to be the only pre-negotiation meeting the city team had.

**Figure 1: The Negotiation Room Layout**

![Diagram of the negotiation room layout]

**Legend**

- U - Union members
- VP - Union Vice President
- P - Union President/spokesperson
- H - Heidi
- C - City employees
- M - Mayor
- GP - General Public

The negotiation table was set up with two long tables that were slid together. Whether it was intentional or not, this created a union side and a city side as seen by the line where the two tables meet.

Major players: (VP) Union Vice President, worked primarily with Heidi on calculating base wages, (P) Union President and spokesperson for the union, (H) Heidi, (C) Miscellaneous city employees, (M) Mayor, (GP) general public.
The negotiations were held in the council chambers at City Hall. The Mayor’s only mention of strategy in the pre-negotiation meeting had been that we were to “mingle,” meaning that we should not sit on opposite sides of the table from one another. However, when we were finally able to go into the council chambers the firefighters were already seated and lined up along one side. Because of our late arrival, we had lost our opportunity to “mingle.”

The dynamic in the room was strangely tense. I went and sat at the end of the table next to one of the firefighters with whom I had worked on a recent grant for new bariatric gurneys. He and I had texted back and forth and emailed several times, yet now it was as if he did not know me or he was afraid to speak to me. I was dumbfounded by this change in demeanor. I wondered if he was nervous; I knew I was.

**Opening Offers**

The Mayor opened the negotiations, welcomed everyone, and invited the union to speak. The union representatives had provided us with a copy of their proposal. Although the union had other points they wished to negotiate, the title of their proposal revealed what they perceived to be the primary issue: “Employee Retention (Pay Scale Proposal).” They explained that the priority to them was to bring their firefighters to “market.” In their view, “market” would be to bring their salaries in line with the salaries of firefighters in neighboring, more populated cities. This would mean a 6-8% increase in salaries. Among the cities listed in their proposal, Milmore was in last place in salaries and particularly far behind in paramedic salaries, which they blamed for the city’s difficulty in retaining paramedics.

None of the salary information they presented was new to me. Milmore’s population was just under 12,000 and it had one-fourth of the tax base of the larger comparison cities. I doubted that our city could ever compete with those salaries. Our tax rate was in the top ten highest in the state, which meant that raising property taxes to cover any wages increases was not an option. The current fire and ambulance budgets were over spent in wages and overtime. I wondered how these line items could possibly be increased.

The second issue, and in reality the issue that impacted the city more significantly than wage increases, was insurance benefits. Current insurance benefits were not offered to retirees, which led to other issues. Because the firefighters needed insurance, they could not afford to retire, which in turn meant that no one could be promoted. At our current station, there are three shifts and only one lieutenant and one captain are staffed for each shift. This means there are only six firefighters serving in officer positions and unless a lieutenant or a captain leaves or retires, no one can be promoted to these positions. An officer can choose to go back to the firefighter ranks thus creating an opening and if an officer is demoted then an officer position opens up.

The remainder of the union proposal included rewording of passages, changes to vacation tabulation, and promotion requirements. The union also added a sentence indicating the need to accept binding arbitration if the two sides could not reach an agreement. The Mayor immediately squashed this request, explaining to the union that arbitrators had their own time constraints and would rush a decision that was in neither side’s favor just to make their flight home. Arbitration is sought if no agreement can be reached at the end of the 30-day time limit.
At this point both sides enter what is known as the fact-finding stage. All of the unresolved issues would be referred to a fact-finding commission. The commission consists of one fact finder appointed by each side and then those two members appoint a neutral chair of the commission. If both sides agreed to binding arbitration then the decision of the commission must be upheld by both sides. If arbitrations is non-binding, the commission’s decision is more of a recommendation. I could see where this added more pressure to reach an agreement within the 30-day period.

The union agreed to this and the proposal for binding arbitration was taken off the table. I was surprised that the union backed down so easily. I reasoned that if they had put this in their proposal they were willing to abide by binding arbitration and yet they removed it without really any discussion. Maybe they agreed with the argument the Mayor was making. I was not sure.

After the union finished outlining their proposal, the Mayor turned the time over to our HR Director to present the city’s proposal. I had not actually been given a copy of the city’s proposal and I still had not heard from anyone about what the process was supposed to look like. I panicked a bit but consoled myself that I was just at this table to observe.

The city’s proposal offered an extra day of vacation that was not on the union books, benchmark salary comparisons with local entities, recent turnover statistics, a breakdown of total compensation management, and additional medical benefit programs like wellness exams and tobacco cessation. Total compensation management was very important to the Mayor. It was made up of market adjustment, step increases, excellence increase, certificate pay, and fitness pay. He wanted the union to understand that there was more to employee paychecks than the numbers that went into their bank accounts every other week.

Another benefit was the schedule flexibility of the job. Firefighters in Milmore work 48 hours on and have 96 hours off, leaving them the option of seeking a second job. Some of them run farms, work at the hospital, etc.

I remember thinking that there was nothing concrete that we were asking of (or offering to) the union. Our goal appeared to be simply to educate the union members about different programs under the current benefits umbrella. I reasoned that maybe the city’s role was not to ask for anything, but instead just negotiate on the demands brought forth by the union.

The Mayor then began to discuss food compensation, known as MYRP, an issue that did not appear in the city’s proposal. Decades before, the firefighters had been given $75 per month as a food allowance because they had to live (eat) at the firehouse. The Mayor felt like this amount should be raised, but the union seemed indifferent to this. He brought the food allowance issue up again in a subsequent meeting and, again, no interest from the union. I was stunned. Discussing the food allowance issue seemed to benefit the union, yet the issue was never mentioned again.

Toward the end of the opening session, the conversation turned to certificate pay. Members of the city’s police force received $0.10 per hour per law enforcement certificate and a $.20 per hour increase after the completion of the following academic degrees: associates, bachelors, and
doctorate. The city’s proposal offered the same per hour per certificate bonus under total compensation to the firefighters, despite the fact that the city’s negotiation team had never actually discussed whether it would be a fair or affordable offer. The Mayor was a big proponent of education so I figured that he must have researched the possible cost to this option and the types of certificates that would be recognized beforehand.

Then, to my total surprise, the Mayor completely ignored the $0.10 per hour per certificate described in the city’s proposal and asked the union to come back with a proposal on certificate pay for our next meeting. His approach took me by surprise, because I had no idea whether what we were offering was financially feasible to begin with, now we were inviting the union to come back with a proposal that they could actually add to their list of demands. I wondered, “Could they possibly use this as a bargaining chip against us?”

At this point I recognized that my perception of the negotiation process seemed inaccurate. The firefighters did not seem to be acting like themselves at all—at least not the way I knew them before. The city was putting offers on the table that were not in the original proposal and, in this case, asking the union to revise tentative proposals that we made. Furthermore, there was no agenda to ensure that we had accomplished what we set out to do. This was not how I envisioned negotiations at all. I decided I needed to learn more about this process.

I admit that I felt something of a loyalty to the firefighters after all they had done for me the previous summer, while I worked as an intern. Whenever I needed data for a grant application or for them to explain a process they were always willing to help. I wanted to make sure that they were treated fairly. However, I also wanted to prove to the Mayor that he had made a good choice in appointing me as the Treasurer. I needed to ensure I understood the perspectives of both sides.

**Sense Making**

After that first meeting, I had a conversation with the fire chief, who oversaw the firefighters but was not part of the firefighters’ union. He indicated that the mouthpiece for the union was the union president. The union president could call on other team members to discuss something but, for the most part, he had sole discretion to present the union’s position. The strange dynamic in the first meeting now had another possible explanation: the other members of the union were not speaking up because they did not believe that they could. I realized that I was going to have to adjust some of my original perceptions.

I did not know much about collective bargaining and wanted to learn as much as I could. I started with the Model Contract Language Manual put out by the International Association of Fire Fighters (IAFF). The Introduction stated, “Collective bargaining is a rational and appropriate means for Fire Fighters to participate in the decision-making process regarding their hours, wages, and working conditions” (IAFF, n.d., p. 5). “Rational” and “appropriate” were the words that stood out to me. It seemed to me that those were not words that came to mind when people talked of union negotiations. I was not sure if they could be applied to the current process. Nothing was as it seemed.
Next, I went to the state statutes. I wanted to know what the law said regarding the negotiating process. The language among state statutes was very similar and discussed who had the right to bargain collectively and what types of issues were negotiable. What surprised me the most was the broadness of definitions of “negotiable issues.” I concluded that this broad language left the door open for the union to bring many issues to the table.

Another statute solely dealt with submission of issues to a fact-finding commission. It was only a paragraph long and stated that if an agreement could not be reached in 30 days all of the unresolved issues would be referred to a fact-finding commission. After further research, I determined that the commission consists of one fact finder appointed by each side and then those two members appoint a neutral chair of the commission. If both sides agreed to binding arbitration then the decision of the commission held. If not, the commission’s decision was more of a recommendation. I could see where this added pressure to reach an agreement within the 30-day period.

My final Google search led me to “The Collective Bargaining Process,” which was also published by the IAFF (1998). Under the “Developing Your Proposals” heading it stated: “A well thought-out plan of proposals is a major key to your success. Your local should not overwhelm your employer with a ‘want’ list, and you should always be aware of the reasonableness of your demands” (p.4).

Making reasonable demands sounded like good advice, but what made a demand “reasonable”? I was so happy that I did not have to worry about that, because surely the Mayor and the rest of his team would know if the union’s demands were reasonable. After all, they had been involved in negotiations long before I had and knew what they were doing, right?

In a few general conversations with the firefighters, I was taken aback by how their demeanor changed when I mentioned union negotiations with the city and asked if they had felt that they had been treated fairly. I noticed that many of them gave me responses that seemed rehearsed, as though they had answered this question 100 times. In addition, their responses were often quite negative and their negativity was directed at the city. I had never seen this side of them before. I thought maybe I had caught a couple of them on an off day or maybe a day where they had been fighting a fire and did not receive a full night’s sleep. But the more I asked, the more it became clear to me that they did not feel that the city had their best interests at heart. They felt they were being cheated out of wages they deserved and were deprived of safety equipment.

I wondered if there had been a time in past negotiations where the city had done them a disservice, possibly a negotiation that went bad and tainted their views. No one at the city could remember anything specific. I wanted to know more. I went to the library and asked the librarian if she had access to past issues of the local newspaper. She did. I was surprised to find out that, back in 2009, there was a time when the union was not operating under a contract because of a dispute with the City of Milmore over sick leave retention. The hard feelings that may have lingered from the previous negotiations suggested that there were some issues from the past which, warranted or not, may have lingered into the current negotiation and helped to explain their frustrations.
The union contract or collective bargaining agreement defines the relationship and responsibilities of the city and the union regarding wages, benefits, working conditions, etc. The City of Milmore and the firefighter’s union revisit this document every three years to ensure that both parties are satisfied with the content and to address new issues that may have arisen.

It was at this moment that I was frustrated with the situation and the firefighters’ union. If the union was approaching this negotiation with preconceived assumptions of city administration and yet they had never negotiated with us, how did they view someone like me, who now appeared to be aligned with the city? I had worked really hard as an intern to acquire fire grants for them. Did they take that into consideration? I wondered how or if the city could convince them that we wanted a productive negotiation and a good outcome for both parties.

At this point I wondered to whom I answered to first. In the beginning, I had been concerned primarily with pleasing the Mayor and not disappointing the firefighters. But after I had done more research and served in my position for about a month now, I realized that there was another group of stakeholders that I answered to—the citizens of Milmore. I had been appointed as the Treasurer, which makes me directly responsible for the monies of the city and ensuring that those monies are spent wisely. It was a little overwhelming. While working as an intern I had seen the demographic that came in to pay their utility bills and some of them really struggled to make these payments. If their taxes were raised, they would struggle even more. Answering to this group of stakeholders weighed the most heavily on my mind.

**Role Change**

As if all of this were not enough, my role in the negotiation dramatically changed, starting with the second meeting. The Mayor told me he would be late and that I should start the negotiations without him. Of course, feeling very unqualified, I asked what I should discuss. He indicated that I should start going over base wages with the firefighters. In the first meeting, our numbers did not add up and we would not be able to determine the true cost of their wage demands if the base salaries did not match.

In this meeting, I sat in the spot where the Mayor had previously sat. I informed the union that the mayor would be delayed and asked if we could work in pairs to go over some of the base wages and insurance benefit changes. They agreed. I asked if the HR director and the union vice president could change places so we could make this more of a working session; they agreed. After this, tensions eased a bit. I was not sure why, maybe because the imaginary line created by the tables (see Figure 1) had been breached or because the Mayor was not present there was less pressure.

The Mayor came into the second meeting just as the discussion was wrapping up and sat in the same spot where I had been sitting on the first day of the negotiations (off to the side). One of the union members and I were working on a spreadsheet and the Mayor commented to everyone at the table that, “Truth be told, she (meaning me) is the most important person at this table anyway. She is the one who will decide what we can afford.” Someone said to the Mayor, “Don’t do that to her,” but he already had. The pressure was on.
I was not sure if the Mayor said this in jest or not. In my mind, he has the legitimate power to decide whether or not the union would be given what they ask for. However, by saying what he said he extended that power to me. As city treasurer, I am responsible for the financials of the city and determining what programs are affordable/sustainable and which are not. This determination makes the decision for the Mayor. In addition, by making that statement in front of the union, it shifts the accountability of the decision to me.

I remember thinking, how does a mother of four, who has been out of the workforce for more than 20 years, end up in a position to have to make a decision for which she does not feel qualified? Many sleepless nights followed this meeting as I poured over more research and dissected the fire and ambulance budgets to try and educate myself in the short time frame we had left.

**Figure 2: Negotiation Time Line**
Not only was I under the pressure of understanding the fire and ambulance budgets and the negotiation process so we could meet the 30-day negotiation deadline, but I was also learning new processes associated with my position that I had never been exposed to such as approving payables reports, meeting with investment brokers, completing bank reconciliations that were behind by three months, managing the grant program for the city, preparing month-end financial statements that were also behind, and presenting all of this information to the City Council when I barely understood it myself.

**Pulling it All Together**

Increasingly, the negotiations between the city and union revolved around the union’s new proposal for certificate pay. The firefighters’ union asked for a sliding scale of certification incentive pay that ranged from relatively small raises for earning special certifications (such as hazardous material technologies and water rescue) to an astonishing 16 percent raise for earning a bachelor’s degree in fire science. In several meetings, we went back and forth regarding certificate pay, but it was an all or nothing issue for the union. They wanted the outlined increases as specified, no negotiation. The city counteroffered with different options but were told those options were “punitive” and nearly unattainable. The union viewed their training as being worth a 16 percent raise on their base wage and yet the police were getting $0.10 per hour per certificate. By asking the union to make a proposal, the issue of certificate pay had gone from a relatively low-priority, $0.10 per hour per certificate pay increase to a union demand for a 16 percent raise that would break the city financially. How had it gone so wrong?

As I tried to figure out the full budget impact of the union’s certificate pay proposal, the issue of insurance was brought up again. The union was under the impression that the city was unable to offer a better insurance plan and that the firefighters would have to opt out of the city’s plan. The city team was very confused. We had given them a proposal with the new rates under our current insurance company and they matched the rates of the company the union wanted to sign on with. Once we pointed this out, they were a little embarrassed. I was befuddled to think that they were not going to write the new insurance plan into the contract, especially after we had paid for the actuarial analysis and the City Clerk put so much time into this process. How could this major issue have become so lost in the negotiations? They asked about certificate pay and I told them that I was still figuring out the budget impact.

As I left the meeting, I wondered how far they would go. Would they go to fact finding if certificate pay was not an option? If we denied them certificate pay would this be one more thing that would cause ill feelings toward the city for the next negotiation in 2019? We had to reach an agreement by the following Monday or we would enter the fact-finding stage.

**Conclusion**

The Mayor and I went back and forth through email and in person on certificate pay. I told him what the union was asking was not financially sustainable. The city would have no way of knowing which personnel would attain the specified certifications and when. Furthermore, it was unfair to the police and other city employees. But the Mayor seemed unmoved and asked me to do more analysis to see if I could make the union’s proposal work. I struggled with trying to
make sense of which stakeholder I answered to first. Was it the firefighters because they were friends of mine and because maybe they had been treated unfairly in the past? Was it the Mayor because he was my boss and I wanted him to trust me to make an unbiased decision? Or was it the employees of the city and the tax paying citizens of Milmore?

The Mayor wanted my final analysis on his desk by the end of the day and my perception was “make certificate pay happen.” I went into my office and shut the door, which I never did. I needed some alone time to sort this out.
References
