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## City, fire union reach deal

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After years at the bargaining table, Mayor Jim Suttle announced Tuesday that he's reached a tentative labor agreement with the Omaha fire union.

The mayor hailed the deal as putting an end to pension spiking and putting the city's troubled police and fire pension fund on the path to solvency.

"We really rolled up our sleeves and have been hard at it," Suttle said.

Both sides emphasized that they made compromises to arrive at the deal.

"There are concessions," said Steve LeClair, fire union president. "I'm not shying away from that."

The City Council must sign off on the proposal. A final vote could come in mid-July.

If the police contract is any indication, that vote will be contentious. The council rejected the first version of the police contract before ultimately approving a revised agreement in August 2010.

The city has been negotiating with the fire union since 2007, when former Mayor Mike Fahey was at the city's helm.

Suttle has been working on the deal since he took office nearly two years ago. Dissatisfaction with union contracts was an issue in a failed recall effort against the mayor.

The proposed four-year fire contract includes wage freezes for 2010 and the first half of 2011, and pay increases for the last half of this year and all of 2012 and 2013.

The contract comes as the Nebraska Legislature considers a bill to overhaul the state labor court, the Commission of Industrial Relations. One impetus for Legislative Bill 397 has been the unfunded pension liabilities faced by the City of Omaha.

The CIR bill, which is expected to receive final approval, would give public employers more ability to control labor costs. In part, it would require that pensions and other benefits be considered when deciding wage disputes.

The bill would take effect for local governments and the state Oct. 1.

City Councilwoman Jean Stothert, a critic of Fire Department finances, said Tuesday that the city should hold off on the fire agreement until the new CIR rules take effect.

"With all of the attention the Nebraska Legislature paid to meaningful CIR reform this year, it would be irresponsible to ignore their progress," she said. "If the new CIR reform bill is approved, it will provide a more fair system to all of Nebraska. Why would we not give it a chance to work?"

The Suttle administration, though, says the city would get a better deal now than if the agreement was postponed until fall.

City Finance Director Pam Spaccarotella said that if the city were to wait, it would put in jeopardy the negotiated wages freezes, which are estimated to save the city nearly \$3.9 million.

And the longer the city waits to address the pension fund shortfall, the more expensive it becomes to deal with it, the Suttle administration says.

In addition, Suttle Chief of Staff Steve Oltmans said, the real benefits from the CIR will come in future years, for future contracts.

He said the new CIR rules do not address the shortfall in the pension fund. That problem is still the city's to solve, he said.

Speaking Tuesday morning, City Councilman Ben Gray said he trusted the professionals who arrived at the proposed deal. He discouraged the council from getting into a political debate about the contract.

"I'm not going to engage in the politics of no," Gray said.

On Monday, fire union leaders endorsed the tentative deal and agreed to send the contract to their members, who also would have to approve the agreement for it to take effect.

The proposed fire contract mirrors the police contract in some ways. For instance, it raises the retirement age for new hires if they want to receive full pension benefits.

For current firefighters, the retirement age remains 45. However, Spaccarotella said those with fewer than 20 years on the job would have to give up a portion of their pension benefits.

In addition, since the department's average age of hiring is now 31 and the minimum years of service to retire is 20, most firefighters won't be eligible to retire until at least age 51, she said.

The proposed fire contract leaves in place a controversial minimum staffing rule dictating four firefighters on trucks that are in service.

However, the deal also includes union concessions on other staffing issues. The new contract includes no minimum requirements for fire equipment, giving the city discretion to take rigs out of service. Captains also are no longer required on medic units. The city estimates those staffing changes will save \$3.64 million a year.

Fire staffing mandates have been the subject of lawsuits between the city and the fire union in recent years.

In August 2009, the City Council repealed a city ordinance that mandated four firefighters per truck. At the time, council members hoped that repealing the ordinance would give city negotiators more freedom to take the rule out of the contract. The CIR, however, ruled that the city needed to keep four firefighters on a rig.

As was the case with the police contract, the city would be required to contribute more to the pension fund.

The city's share of those contributions — for both police and firefighters — would total \$13.5 million. The money would come from Omaha's 2.5 percent restaurant tax, which kicked in Oct. 1.

Firefighters also would give up benefits and put more of their paychecks into the pension fund.

However, the size of those contributions is lower than under the police contract. Spaccarotella said that's because there are fewer firefighters than police officers, and because firefighters did not spike their pensions as often as police.

Spiking has contributed to a long-term shortfall in the pension fund, which is currently estimated at \$594 million.

Spaccarotella said that the city is getting indications that the shortfall is decreasing because of the changes in the police contract.

She said a new estimate of the size of the shortfall should be available this summer.

**World-Herald staff writer Jeffrey Robb contributed to this report**

**Watch the press conference**

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