

Fire GUARD

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A Publication of the Northern Illinois Alliance of Fire Protection Districts

Spring 2018

Letter from the President



Well, it just might be spring. At least that's what my calendar tells me.

As you will read about in Ron Kubicki's report, Illinois sent a delegation of 19 fire service representatives to Washington D.C. to participate in the Congressional Fire Services Institute in April. Of those in the state delegation, 3 represented the NIAFPD; Executive Director Kathy Haage, Legislative Liaison Ron Kubicki and myself as NIAFPD President. This is an important effort that the NIAFPD co-sponsors every year with the IAFFPD and IFCA.

I have to say that I was awed by the participation and organization of our team and the access we were granted to our congressional representatives' and senators' offices.

We were in continuous motion and were able to pack in visits with Senator Durbin and 6 congressmen in person. We also met with the staffs of Senator Duckworth and 9 other congressmen and congresswomen. We presented each legislator with a hot-sheet of pressing bills and initiatives that would greatly benefit and help to protect emergency responders and the public we serve.

We also urged all of the Illinois legislators whose offices we visited to join the Congressional Fire Services Caucus if they were not already members. This bipartisan caucus is one of the largest on Capitol Hill and serves as a forum for education and discussion on a broad range of issues that impact the readiness and response capabilities of our nation's first responders to all forms of hazards.

I want to send a huge thank you to Ron Kubicki for his organizational skills and for making this a powerful and highly influential exercise for not only the NIAFPD but for all of the Illinois Fire Service.

It is activities like this that make it clearly evident that the NIAFPD is truly an important and influential organization for the Illinois Fire Service and I am always humbled to represent all of you.

Nick Kosiara

Letter from the Executive Director



Here are the three questions I am asked most often.

When will there be Advanced Trustee Training?

The IAFFPD Conference in June, 2018 in Peoria will offer all three parts of the training. For more information contact the IAFFPD directly at 800-524-6620 or info@iafpd.org.

Trustee Training CEU Hours - Trustees can receive CEU hours during the Annual NIAFPD Conference and Annual Fall Seminar.

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Hot Issues in Collective Bargaining

by Karl R. Ottosen, Ottosen Britz Kelly Cooper Gilbert & DiNolfo, Ltd.

What's old is new again. The current “hot issues” in collective bargaining are the same ones addressed for years: wages, health insurance, and time off. The blunt version of negotiations remains: “More pay for less work, and no changes to my fantastic health insurance benefits or my share of the cost!” Other recurring issues are manning, layoffs, and fitness. With nearly a decade of negotiation experience following the 2008-2009 recession, the national economy has kept wage increases modest. Early this year, reports showed that low unemployment has caused wage inflation in many sectors of the nation’s work force. Businesses celebrating tax reform paid out higher bonuses and wages. However, this trend has since been tempered by fears of trade wars and concern over steeper increases in interest rates. So far, we are not seeing significant wage increases in Illinois firefighter negotiations, as annual pay increases of 1.5% to 3.0% are the general range of recent settlements.

The past decade, and even the past few months, should tell us that there will always be good and bad economic times, and contracts should be written to withstand economic fluctuations. About 90% of fire district revenues are derived from property taxes. There remains staunch support for property tax freezes among members of the Illinois General Assembly. The possibility of a property tax freeze must be considered when negotiating union contracts. A property tax freeze will adversely impact all fire districts, especially those that have contracts granting higher wage and benefit packages. The longer the contract’s term, the higher the risk to the district’s finances.

Health insurance costs have outpaced inflation for many years, and there are no smoke signals indicating correction. The uncertainty in the health insurance marketplace contributes to higher costs. Insurance companies have been reducing the generous benefits to which employees have become accustomed. Many private sector group policies provide fewer benefits with higher employee premium contributions than typically found in the public sector. District boards have increasingly sought to reduce health insurance costs through higher employee premium contributions. However, one must consider that an arbitrator may require a quid pro quo from the district to offset the increased employee premium contributions, reduced benefits, or both. Often districts pay more in wages in order to gain union acceptance of increased employee

contributions or reduced health plan benefits. The question is whether the cost to the district exceeds the benefit gained.

Before agreeing to provide increased wages to offset the anticipated employer savings in health insurance costs, be sure to consider the actual and compounding cost of any wage increase. Employer costs of pension contributions, worker’s compensation insurance, payroll taxes, unemployment insurance, overtime, and any additional pay based on a percentage of base pay cause every \$1.00 added to salary to actually cost the district about \$1.50. The cost of adding \$1.00 to the employer’s share of the health insurance premiums is only \$1.00. Be careful not to spend \$1.50 in order to save a buck.

Labor’s push for increased manning levels remains strong. While many employers would like to have additional staffing at all times, that may not be financially prudent or even possible. It is recommended that the union contract reserve staffing levels to management, but if minimum manning makes its way into the contract, it should be lower than the desired operational minimum. If it is desired that 15 firefighters be on duty, the contract can state the minimum is 13, as insurance to the district during periods of reduced revenue. Once a higher staffing level is in the contract, it is very difficult to reduce it in the future. Or as one chief says, “when it’s all burnt, there’s nothing left.” Often, this issue creates internal conflict amongst the management team due to competing interests between the chief officers and the boards of trustees. Before agreeing to any minimum manning level in a contract, thoroughly consider the long-term impact to the district’s financial health.

About nine years ago, the previously unheard-of subject of firefighter layoffs was the hot topic. Before the recession, the typical layoff provisions in union contracts granted employers broad discretion in determining employee reductions in force. Since then, there have been many revisits to the language. Unions seek to prohibit layoffs unless there is agreement by the union or approval by an arbitrator. Further, a common union proposal is for all non-union firefighters and personnel to be laid off before any firefighter may be laid off. It may be tempting to agree to these proposals in order to settle the contract, given the improved economy. Rather, employers should hold the line and seek to maintain the authority

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Springfield Legislative Update

By: Liz Brown-Reeves, NIAFPD Lobbyist



On April 11th- The Northern Illinois Alliance of Fire Protection Districts joined with the Illinois Fire Chiefs Association and the Illinois Association of Fire Protection Districts for a lobby day in Springfield.

Below are the legislative issues that the membership discussed with legislators and their current status.

SUPPORT

HB 4390 (Willis/ Sandoval) – Support

Creates the offense of first responder endangerment. Provides that a person commits the offense when he or she knowingly creates a dangerous condition and intentionally conceals the dangerous condition in a commercial property under his or her management or operational control and the dangerous condition is found to be the primary cause of the death or serious bodily injury of a first responder in the course of his or her official duties.

Current Status: Passed House 107-000-000/ In Senate Assignments

HB 4477 (Caveletto)/ SB 2471 (Holmes) – Support

Expands the definition of "volunteer emergency worker" to mean a person who serves as a member of a fire department of a fire protection district, municipality, or other unit of government on other than a full-time career basis and who meets the requirements for volunteer status under United States Department of Labor.

Current Status: House Labor & Senate 2nd Reading

HB 4661 (Martwick) – Support

Provides that for an elected or appointed trustee under the Downstate Police or Downstate Firefighter Article of the Code, fulfillment of certain trustee training requirements satisfies certain ethics training requirements.

Current Status: House 2nd Reading

SB 2466 (N. Anderson) – Support

Provides that, if the temporary total incapacity for work of a volunteer, paid-on-call, or part-time firefighter, emergency medical technician, or paramedic continues for a period of 14 days or

more from the date of the accident, worker's compensation shall commence on the day after the accident.

Current Status: Senate Assignments Committee

SB 2629 (T. Cullerton) – Support

Provides that an elected or appointed member of the board of trustees of a fire protection district may satisfy the training requirements of the Act by participating in a course of training sponsored or conducted by an organization that represents fire protection districts created under the Fire Protection District Act. Provides the required subject matter for the course of training. Provides that if an organization that represents fire protection districts organized under the Fire Protection District Act provides a course of training, it must provide a certificate of course completion to each elected or appointed member of a board of trustees who successfully completes that course of training.

Current Status: Passed Senate 55-0, Currently in the House

SB 2638 (Clayborne) – Support

Governmental Account Audit Act, provides that audit reports shall be prepared on financial statements consistent with either the accrual or cash basis of accounting and gives the Fire Districts the choice of which option to use.

Current Status: Senate 3rd Reading

SUPPORT- STATE BUDGET FUNDING- ILLINOIS STATE FIRE MARSHAL & ILLINOIS FIRE INSTITUTE

We strongly support a state budget that fully funds the FY 2019 Budget for the Illinois State Fire Marshal, and the Illinois Fire Institute and the training programs they administer.

OPPOSE

HB 5630 (Severin) / HB 5637 (Welter) – OPPOSE – EXPANSION OF FIREWORKS SALES

Fire Service adamantly opposes any expansion of the sale of fireworks. Any increased revenues will mean a huge increase in injuries and even deaths, not to mention increased cost for first responders, Medicaid and insurance. Fireworks also have a horrible impact on our combat vets suffering from PTSD and in this heightened state of homeland security, we don't want to make it easier for the wrong people to have access to explosives. Fireworks should be left in the hands of trained professionals.

Current Status: Both Bills in Rules Committee

Continued on Next Page

3 QUESTIONS

Continued From Page 1

Does the NIAFPD have a salary survey?

Please take a minute to go on our website www.niafpd.org and complete the salary survey you will find under the “members only” tab. I will send out a salary survey results through email and post on the website. In order for this survey to be an effective tool we need every district to complete the survey and promptly return the survey.

How did you get involved in the NIAFPD?

I was the Administrative Manager for the Deerfield-Bannockburn FPD and the President of the Board of Trustee was Stanley Rundell. Stanley served as the President of the NIAFPD from 1990 to 2000. It made sense for me to attend meetings to learn and stay current in the responsibilities of a fire district board of trustees. I believe it was in 1992 I attended a meeting of the NIAFPD and volunteered to take the meeting minutes in the absence of the secretary. I've been taking the minutes ever since.

I am happy to answer any questions you may have or direct you to someone who can, regarding the NIAFPD.

Kathleen Haage, Executive Director

SPRINGFIELD

Continued From Page 3

HB 4474 (Walsh) – OPPOSE- LOGOS

Provides that a nongovernmental entity with which a county, township, municipality, or fire protection district contracts to furnish fire protection services that displays a logo of the unit of local government on the entity's vehicles or uniform shall conspicuously display on all vehicles and uniforms a disclosure with specified information

Current Status: House Rules Committee

OPPOSE – PROPERTY TAX FREEZE, TEMPORARY & PERMANENT

We strongly oppose any type of property tax freeze whether it be temporary or permanent. Because of the financial responsibility that our fire districts are obligated to perform in our communities, we believe that any type of property tax freeze is catastrophic.

Currently Status: House Rules Committee

HOT ISSUES

Continued from Page 2

to determine when layoffs are necessary. Employers can also agree to provide notice to the union of any proposed layoffs, giving the union the opportunity to offer input into the decision, as well as the ability to negotiate the impact.

Unions have become more agreeable to the inclusion of fitness provisions in contracts. This is a positive change that should be encouraged. Wellness and fitness programs can reap long-term benefits for employees and employers. Cautiously review all language for long-term implications. What are the initial and ongoing costs of the programs? What are the consequences for failing a fitness test? How much time is reasonable to permit the employee to pass after initially failing? How many attempts do employees get to pass? What are the risks of allowing employees who do not pass a fitness exam to continue to perform their regular duties? What are the risks in allowing employees to perform their duties when they are not fit to do so, and in not taking any action to determine whether they are fit to perform the essential work functions? Therefore, it is recommended these issues be explored at the negotiating table with all parties focused on the goals of improved workforce health and fitness, and reduced risks of injury and illness.

While the demands for more pay, less work, and greater benefits will continue to be the hot topics in labor negotiations, there are several other areas that can have significant long term financial consequences and other impacts. Employers need to be mindful of the short-term and long-term consequences of each proposed change in contract language. Don't burn the future health of the district by only putting out a short-term fire.





Legislative Update

By: Ronald Kubicki – Legislative Liaison

The Illinois Fire Service Legislative Day was held on April 10 and 11 in Springfield. It was one of the most attended legislative days in recent history. We had over 60 Fire Chiefs, Deputy Chiefs and Trustees in attendance this year. We started our day at the capitol on Wednesday morning with welcome remarks from Representative Carol Sente, Representative John Caveletto and Representative Kathleen Wills. After explaining the Legislative Hot Sheet, we sent everyone on their way to meet with their legislators. Governor Rauner took time out of his busy schedule to meet with the whole group in the afternoon to hear our concerns and to go over the issues that are impacting the fire service. Wednesday evening we hosted a legislative reception at the Abraham Lincoln Hotel. I am happy to report that it was a huge success, with over 40 Senators and Representatives stopping by to talk with our members. In all

I feel it was one of our very best Legislative Days. I would like to thank the NIAFPD Lobbyist Liz Brown, IFCA Lobbyist John “Chip” Humes and IAFPD Lobbyist Chuck Vaughn for their part in making this day so great. I would also like to thank Cheri Breneman from the IAFPD office for all she did to help make this legislative day a success. Liz will be reporting on the bills from the hot sheet and their status in her report.

In closing I want to remind you that if there is anything you need to discuss legislatively please don't hesitate to give me a call.

Ronald Kubicki, Legislative Liaison, NIAFPD

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2018 NIAFPD Board of Directors with Legislative Liaison

Left to Right: Marshall Gray Jr, Ronald Kubicki, Bill Hoffmeister, Marianne DeBoer, Nick Kosiara, Brent Frank, Bonnie Bayser, and Juan Giron



21st Annual Fire Service Legislative Day

Upcoming Event

NIAFPD Fall Seminar • Lisle-Woodridge FPD October, 2018



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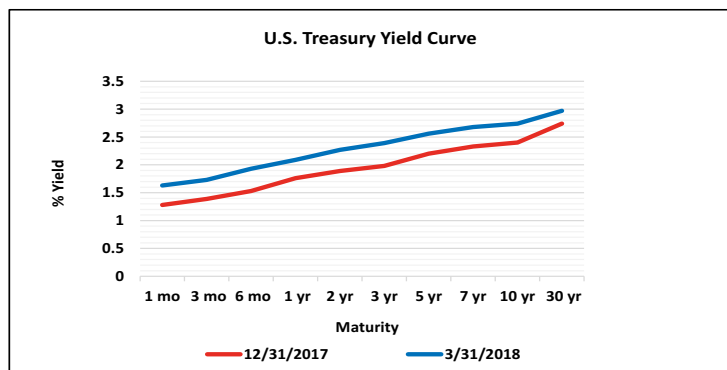


Interest Rates Shift Higher

By: Thomas S. Sawyer, Managing Partner, Sawyer Falduto Asset Management, LLC

As expected, the Federal Open Market Committee (FOMC), at its March meeting, raised its benchmark interest rate by another 0.25% bringing the target range 1.5% to 1.75%. Additionally, the Fed is sticking to prior guidance of three rate increases for the year. Labor and employment data remain strong with unemployment at 4.1%. Inflation remains below the Fed's 2.0% target level giving equity markets some comfort that the pace of interest rate increases will remain slow and steady.

FOMC initiated its program of shrinking the \$4.5 trillion balance sheet in October 2017. The "runoff" will be slow as the Fed initially will reduce positions in U.S. Treasuries, agencies and mortgage-backed securities at a rate of \$10 billion monthly with subsequent increases of \$10 billion quarterly over the next year. It's worth noting that the bond market has, thus far, absorbed the runoff comfortably.



Looking at intermediate and longer maturities, yields moved higher over the first quarter in parallel shift. Yields across the maturity spectrum moved higher by 30 to 40 basis points. That said the yield on the 10-year Treasury remains stubbornly below 3%. We reiterate our position that there remains enough uncertainty arising from unforeseen event risk (political and otherwise) to support a healthy appetite for the safety of U.S. debt. While forecasts once again point to higher bond yields during 2018 as economic activity and inflation potentially heat up, there is still plenty of room for recurring "flights to safety" observed during the years following the financial crisis.

The yield on the 10-year U.S. Treasury Note finished the first quarter with a yield of 2.74%, an increase of 34 basis points (.34%) from year-end. The yield spread between the 3-month U.S. Treasury Bill and 10-year U.S. Treasury Note held steady

during the quarter at 101 basis points. We would not be surprised to see additional flattening of the yield curve this year. We continue to hold durations somewhat short of the benchmark (slightly conservative) and place a premium on quality.

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25th ANNUAL NIAFPD CONFERENCE

The 2018 annual conference came to a close on January 28th with another highly attended conference. If you were unable to attend you missed some outstanding presentations that may have assisted you in managing your district's business more efficiently. However, when you think about it, the 2019 annual conference is really not that far away and now is the time to start discussions about attending the most informative and very worthwhile conference directed solely to northern Illinois fire districts. Please start discussing it now so you'll be prepared to complete everyone's registration once registration opens later this year.

Shortly, your conference committee will begin planning 2019's programs that will include informative sessions for district trustees, commissioners, chief officers, administrative staff and pension board trustees. All of our selected sessions provide continuing education hours that qualify for annual trustee and/or pension board trustee required training. We would like to hear from you with any ideas or suggestions for programs to be presented. If you have any program suggestions please forward them to the NIAFPD office via e-mail at khaage@comcast.net. If you wish to share your thoughts directly with our Executive Director Kathleen Haage, you may contact her at 224-355-9778.

The 2019 conference will once again be held at the Hilton/Oak Brook Hills on January 24 – 27, 2019. Feedback from our 2018 attendees show that this facility is very favorable based on larger and improved meeting spaces to allow for more comfortable accommodations for our training sessions. The Hilton has recently completed a total renovation of the lobby and restaurant areas. Additional renovation and upgrades to sleeping rooms are scheduled for this summer and we're sure you will find this location to be an excellent facility for your annual conference.

It's not too early to start your discussions for attending the 26th Annual NIAFPD Conference with all your board members, chief officers, administrative staff, commissioners and pension board trustees. Watch future issues of the Fire Guard for additional information on conference programs and registration.



President Nick Kosiara presents Past President Bill Hoffmeister with the Karl Roscher Award



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