

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **Fitch Rtgs: Binding Arbitration Resolves Impasse over San Antonio, TX Firefighters CBA**

Fitch Ratings-Austin-26 February 2020: A new collective bargaining agreement (CBA) for the fire fighters of San Antonio, TX (Issuer Default Rating AA+/Stable) has been established through a final arbitration award announced on Feb. 13, according to Fitch Ratings. The new CBA is a five-year agreement that extends through Dec. 31, 2024 and provides a total of 17% in pay increases (7% in lump sum and 10% in recurring wages). The agreement includes two healthcare plans, one of which is a PPO plan that requires firefighters pay healthcare premiums for their dependents (firefighters previously did not pay any premiums for dependent coverage). The other healthcare plan is a high-deductible consumer driven plan. The new CBA also reduces the evergreen period (during which employee benefits remain in place after the CBA expires and a new CBA is approved) to five years from 10 years. Employee contributions to the PPO plan will increase by 10% annually during both the term of the CBA and the evergreen period.

The option to pursue binding arbitration was imposed by the International Fire Fighters Union as allowed by Proposition C, which voters approved in November 2018. In the event of an impasse during CBA negotiations, Proposition C provides the local firefighter union the authority to require the city to participate in binding arbitration on issues selected by the parties. There are no provisions in the CBA for annual reopeners in the event of economic declines. The previous CBA for firefighters expired in September 2014 and negotiations had stalled as the city attempted to realign the costly benefits for fire employees and their dependents. The city estimates that the firefighters' new healthcare options will result in significant cost avoidance. Inclusive of the pay raises, the incremental cost of the new contract is estimated at approximately \$23 million over the five-year term, a modest amount relative to the city's fiscal 2020 general fund budget of \$1.3 billion.

Contact:

Jose Acosta  
Senior Director  
+1-512-215-3726  
Fitch Ratings, Inc.  
111 Congress Avenue, Suite 2010  
Austin, TX 78753

Nancy Rocha  
Director  
+1-512-215-3741

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email:  
sandro.scenga@thefitchgroup.com

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

