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Summary of City of Reno v. Int'l Ass'n of Firefighters, 130 Nev. Adv. Op. 100

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City of Reno v. Int'l Ass'n of Firefighters, 130 Nev. Adv. Op. 100 (Dec. 31, 2014)[1]

LABOR LAW

Summary

The Court concluded that the International Association of Firefighters' (IAFF) grievance was not arbitrable under the parties' collective bargaining agreement (CBA) because the CBA explicitly stated the City of Reno's statutory right to lay off any employee due to a lack of funds. Thus, the district court did not have authority under NRS Chapter 38 to grant injunctive relief.

Background

In May 2014, the City of Reno laid off 32 firefighters. The City based its decision on a "lack of funds" and the need to allocate resources elsewhere. Article 2 of the CBA between the City and the IAFF lists certain rights, including the right to lay off any employee due to a lack of funds, which are not subject to mandatory bargaining. The IAFF filed a grievance claiming there was no actual shortage of funds to support the City's decision. The grievance was denied and the IAFF requested that the issue be submitted to arbitration.

The IAFF filed a complaint in the district court setting out four claims for relief: anticipatory breach of contract, breach of the implied covenant of good faith and fair dealing, injunctive relief, and declaratory relief. The IAFF claimed that the layoffs violated the CBA and that the City had enough funds to continue paying the firefighters. The IAFF filed a motion for injunctive relief under NRS Chapter 38.

The district court concluded that the court had authority under NRS 38.222 to rule on the request for injunctive relief. The district court granted the IAFF's request for a preliminary injunction and enjoined the City from laying off the firefighters. The City appealed.

Discussion

The Court first analyzed the district court's conclusion that the court had authority under NRS 38.222 to grant a preliminary injunction while the IAFF pursued arbitration. NRS 38.222 allows the district court, before an arbitrator is able to act in a dispute, to, "enter an order for provisional remedies to protect the effectiveness of the arbitral proceeding to the same extent and under the same conditions as if the controversy were the subject of a civil action."[2] In order to determine whether the district court acted properly in granting the injunctive relief, the Court had to determine whether the City's layoff decision was subject to arbitration under the terms of the CBA.

The Court explained that while arbitration is the favored means of resolving labor disputes, "labor arbitration is a product of contract, and, therefore, its legal basis depends entirely upon the particular contracts of particular parties."[3] Therefore, the arbitrator's jurisdiction is

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2 NEV. REV. STAT. § 38.222(1) (2013).

3 *Port Huron Area Sch. Dist. V. Port Huron Educ. Ass'n*, 393 N.W.2d 811, 814 (Mich. 1986).

limited to disputes over the terms of the collective bargaining contract. Thus, the Court turned to the language of the CBA to determine whether the dispute was subject to arbitration.

The Court found that the parties expressly agreed in Article 2 of the CBA to reserve for the City the, "right to reduce in force or lay off any employee because of lack of work or lack of funds, subject to paragraph (v) of subsection 2, of NRS 288.150." The Court said this express agreement was the "most forceful evidence" that layoffs due to lack of funds are not subject to mandatory bargaining and therefore, "falls outside the scope of the CBA". Thus, the language of the CBA provides evidence of the parties' intent to exclude the City's layoff decision from arbitration.

Furthermore, the Court observed that layoffs due to lack of funds are excluded from mandatory bargaining and reserved to local governments by law. NRS 288.150(3)(b) reserves to local governments, "the right to reduce in force or lay off any employee because of lack of work or lack of money, subject to paragraph (v) of subsection 2."[4]

The Court then examined the district court's claim that allowing these layoffs would mean public employees would have no ability to bargain over the procedures for reduction in workforce. This was erroneous because the *procedures* for reducing the workforce do require mandatory bargaining.[5] It is only *the right* to reduce workforce that is protected from mandatory bargaining. Here, the IAFF did not allege that the City violated the bargained for procedures for reducing workforce; only that their underlying claim of lack of funds was erroneous.

The Court rejected the IAFF's argument that the question of arbitrability should be left to the arbitrator. The Court said that the issue of arbitrability is generally an issue for judicial determination. Furthermore, it was clear from the language of the CBA that the issue of budget-related layoffs was excluded from mandatory bargaining and thus, was not subject to arbitration. Thus, the Court declined to defer to the arbitrator to determine arbitrability.

Conclusion

The Court held that because the issue of budget-related layoffs was not arbitrable, per the parties' agreed upon CBA and NRS 288.150(3)(b), the district court lacked authority under NRS 38.222 to rule on the request for injunctive relief. As such, the preliminary injunction was wrongly entered. The Court reversed the district court's order.

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[4] NEV. REV. STAT. § 288.150(3)(b) (2013).

[5] NEV. REV. STAT. § 288.150(2)(v) (2013) (the scope of mandatory bargaining is limited to procedures for reduction in workforce consistent with the provisions of this chapter).