

IN THE MATTER OF FACT-FINDING

2021 OCT 22 P 12: 27

BETWEEN

THE CITY OF CANTON

AND

CANTON POLICE PATROLMAN'S ASSOCIATION

BEFORE: Robert G. Stein

SERB CASE NO. 04 MED 04 0517

PRINCIPAL ADVOCATE (S) FOR THE UNION:

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and

PRINCIPAL ADVOCATE (S) FOR THE CITY:

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INTRODUCTION/RATIONALE FOR RECOMMENDATIONS

The bargaining unit is comprised of approximately 125 patrol officers employed with the City of Canton's Police Department (herein "bargaining unit members" or "Union") and the City of Canton (herein "Employer" or "City"). The City and the Union have had a long bargaining history of multi-year contracts. However, during the last two years the parties have agreed upon two one (1) year contracts that provided no wage increases. The City has been hit particularly hard by the national recession and has suffered as a result of layoffs by major local employers, ten of which represent almost 32% of the City's income tax proceeds.

The unemployment rate in the City hovers between the high single digits and 10 percent, nearly twice the national and state of Ohio average. The most recent dire financial prediction comes from the Timken Company, which is Canton's premier employer and community supporter. It announced in May of 2004 plans that may result in plant closings and the loss of 1300 jobs. As of this writing the plants have not been closed and jobs have not been eliminated.

Each year the parties hoped the City's deteriorating economic condition, which has been marked by six consecutive years in which spending exceeded revenues, would level off and hopefully reverse itself. Fund reserves, which appeared to have been exhausted at this point in time, have buoyed the City during the last six years of deficit spending.

During the past two contracts the members of the bargaining unit, as well as other city employees have paid a severe price for the City's financial condition; i.e., many of them received no raises. Fact-finders and conciliators, Rimmel, Byrne, and Jaffe have cited the City's economic plight as a basis for their recommendations for no wage increases, yet have warned that a continued course of no increases in wages would lead to problems of retaining quality employees. In March of this year, the undersigned fact-finder provided recommendations to provide a modest change in the differential for the FOP unit that is triggered by increases for the patrol unit.

The City is again proposing a third year of no wage increases. The Union, in addition to proposing salary increases, is seeking base wage-parity with the firefighter bargaining unit. It is proposing wage increases of 1.9% (July 1, 2004) and 3% (January 1, 2005). The Union argues that police officers are first responders and are relied upon by the citizens of Canton. It contends the City's future growth in part depends upon the public's perception that the City of Canton is a safe place to live, do business and

to engage in social activities. The Union points out that the wage increase it is proposing, 1.9% and 3%, are the same as the City proposed and eventually pulled off the bargaining table following Timken's announcement of possible plant closings and significant employment reductions.

The parties reached impasse and went to fact finding September 1, 2004. During the two days of hearing the parties narrowed the number of issues to four. They are wages, duration, specialty and physical fitness pay, and bonus days.

Both Advocates represented their respective parties well and clearly articulated the position of their clients on each issue in dispute. In order to expedite the issuance of this report, the Fact-finder shall not restate the actual text of each party's proposals on each issue but will instead reference the Position Statement of each party. The Union's Position Statement shall be referred to as UPS and the Employer's Position Statement shall be referred to as EPS.

CRITERIA

OHIO REVISED CODE

In the finding of fact, the Ohio Revised Code, Section 4117.14 (C)(4)(E) establishes the criteria to be considered for fact-finders. For the purposes of review, the criteria are as follows:

1. Past collective bargaining agreements
2. Comparisons
3. The interest and welfare of the public and the ability of the employer to finance the settlement.
4. The lawful authority of the employer
5. Any stipulations of the parties
6. Any other factors not itemized above, which are normally or traditionally used in disputes of this nature.

These criteria are limited in their utility, given the lack of statutory direction in assigning each relative weight. Nevertheless, they provide the basis upon which the following recommendations are made:

ISSUE 1

WAGES

Union's position

See UPS.

Employer's position

See EPS.

Discussion

The Union claims the bargaining unit is the lowest paid of similar sized cities in Ohio. The Union argues the City is being revitalized, and new businesses are being attracted to the City. These businesses include new Wal-Mart stores. However, the City points out that tax revenue from these new businesses will not be realized for some time.

The City does not disagree that the bargaining unit has tremendous responsibility, but argues it does not have the financial means to agree to any salary increases. Tad Ellsworth, Director of Management and Budget and Service Director, stated a deterioration in the City's manufacturing base has resulted in a significant loss of income tax revenue. Ellsworth also stated that the Timken Company may close three plants in the area and lay off as many as 1300 employees. If this comes to pass, it will have a ripple effect and will impact other related businesses.

From the evidence and testimony it appears that at least half of these 1300 jobs may directly impact the income tax revenue of the City. The Timken Company is a worldwide competitor, and if they close even one section of their operation, it seriously impacts the City's finances.

The housing stock is another factor impacting the City's finances. More than half the houses in the City cost less than \$66,000 and are aging. However, there was evidence submitted by the Union of new, more expensive housing being built, and the City is aggressively acquiring more land. The Union's view of the City's tax revenue is decidedly more optimistic than is the City's. The City argues it needs a 2 to 3% growth in income tax just to keep even because of deficit spending. This is the sixth consecutive year of budget deficit with 86% of budget earmarked for personnel costs. Seventy-seven percent (77%) of the personnel cost is generated by five unions. Approximately 1/5th of the personnel budget is for police officers.

Between 2006 and next five years the DROP program is expected to impact the City to the tune of \$50,000 per employee. CPPA healthcare began June 1, 2004, and for the firefighter unit it will begin on October 31, 2004. The CPPA clearly made sacrifices in paying a greater portion of their health coverage without any increase in wages. All employees of the City have made sacrifices in paying a greater portion of their health care. However, some city employees have received some offset by

receiving wage increases or lump sum payments. The City is down 20 police officers, which has been accomplished by attrition and not layoffs. The City claims the police-fire parity issue, cited by the Union, is a non-issue based on W-2 comparisons of CPPA vs. CPFFA.

It appears the City needs more time to get to a point where its revenues and expenses are in line. However, three years in a row of no increases takes a considerable toll on the morale, retention, and recruitment of a workforce. As was pointed out by previous neutrals, a continuation of no wage increases will erode the City's ability to retain and recruit dedicated police officers. Can the City afford to lose trained and experienced police officers, given the serious law enforcement issues that exist in a city the size of Canton?

Even a modest rate of inflation (of 1 to 2%) over a three year period will take its toll. In 2004 the cost of energy, including gasoline and natural gas will alone have a dramatic effect on an employee's budget. Some modest remuneration is in order, even if the City has to downsize its police force at some point to make sure it retains more senior experienced officers. The Union makes an important point regarding the safety and security dimensions that a police department brings to a municipality. Certainly, the safer a city is the more attractive it is to prospective employers. The role played by a professional police force, particularly in a post-9-11 world, cannot be underestimated.

A central focus of the presentations from both parties centered upon the future of Timken. There is no doubt this Timken's future is critical to any financial decisions of the City. According to the Union the City was prepared to offer salary increases similar to what the Union is proposing prior to Timken's announcement of potential layoffs. The City did not refute this assertion, and it underscores the relationship of Timken's future and that of the City.

Recommendation

An eighteen (18) month contract is recommended during which a \$500 dollar bonus shall be paid upon ratification of the collective bargaining agreement.

An additional 3% salary increase, effective July 1, 2005, shall be contingent upon two events:

- 1. A 3% or greater increase in income tax revenues as of June 30, 2005, above the level certified through June 30, 2004, and**
- 2. No plant closings within the City of Canton by the Timken Company.**

If tax revenues do not increase by 3% or greater, and/or the Timken Company certifies by June 30, 2005 that it will close a plant within the City of Canton in calendar year 2005, a second lump sum payment of \$500 shall be provided to all bargaining unit members on July 1, 2005, in lieu of a 3% increase in salary, providing income tax revenues for the period of January 1, 2005 through June 30, 2005 have not declined from the same period in 2004.

ISSUE 2 DURATION

Union's position

See UPS

Employer's position

See EPS

Discussion

An eighteen (18) month contract is recommended in order to give the parties the opportunity to take a break from bargaining. In addition, it is hoped that a period of 18 months shall be enough time to allow the City to begin to recover financially and realize some new revenue from the businesses that will be opening in Canton, such as Wal-Mart.

Recommendation

The Contract shall run from July 1, 2004 through December 31, 2005.

ISSUE 3, 4 SPECIALTY AND PHYSICAL FITNESS PAY AND BONUS DAYS

Union's position

See UPS

Employer's position

See EPS

Discussion

Given the City's financial condition, no new monetary benefits are recommended at this time. Any financial enhancements should be placed into salary increases due to the fact the bargaining unit has gone without raises for over two (2) years.

Recommendation

No additional benefits are recommended at this time.

TENTATIVE AGREEMENTS

During negotiations the parties reached tentative agreement on several issues. These tentative agreements are part of the recommendations contained in this report.

The Fact-finder respectfully submits the above recommendations to the parties this 20th day of October, 2004 in Portage County, Ohio.



Robert G. Stein, Fact-finder