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STATE EMPLOYMENT  
RELATIONS BOARD

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**PURSUANT TO O.R.C. 4117.14(C)**  
**UNDER THE AUSPICES OF THE**  
**STATE EMPLOYMENT RELATIONS BOARD**

<b>IN THE MATTER BETWEEN</b>	)	
	)	
<b>THE CITY OF OREGON</b>	)	
<b>POLICE DIVISION</b>	)	<b>FACTFINDER'S REPORT</b>
<b>and</b>	)	
<b>FRATERNAL ORDER OF POLICE,</b>	)	<b>SERB CASE NO.</b>
<b>OHIO LABOR COUNCIL, INC. -</b>	)	<b>05-MED-04-0391</b>

**This Factfinding arises pursuant to Ohio Revised Code Section 4117.14(C). The Parties, the City of Oregon's Police Division ("the City") and Fraternal Order of Police, Ohio Labor Council, Inc. ("the FOP"), selected Susan Grody Ruben to serve as sole, impartial Factfinder, whose Recommendations are issued below.**

**Hearing was held July 1, 2005 in Oregon, Ohio. The parties were represented and were afforded full opportunity for the presentation of**

**positions and evidence. Pre-hearing submissions were submitted by both parties.**

**APPEARANCES:**

**for the City:**

**Paul S. Goldberg, Esq., Law Director, 6800 W. Central Ave., Unit F-3, Toledo, OH.**

**for the FOP:**

**Jackie Wegman, Staff Representative, Fraternal Order of Police, Ohio Labor Council, Inc., 4854 Waterbury Lane, Maumee, OH 43537.**

**FACTFINDER'S REPORT**

**Current Agreement**

**The Agreement between the Parties expires on June 30, 2006. On wages, the Agreement provided a 1% increase from July 1, 2003 through June 30, 2004 ("Year 1"); a 1.5% increase from July 1, 2004 through June 30, 2005 ("Year 2"); and a wage re-opener for July 1, 2005 through June 30, 2006 ("Year 3").<sup>1</sup>**

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<sup>1</sup> In 2003, the Parties went to factfinding on the current Agreement. On wages, the Union proposed 1.25%/3%/re-opener, and the City proposed 0%/0%/2%. The factfinder recommended 1%/1.5%/re-opener, which the Parties accepted.

**Issue**

**The Factfinding solely involves the wage re-opener for Year 3.**

**Statutory Criteria**

**In reaching the Recommendation on the wage re-opener, the Factfinder has reviewed the Parties' pre-hearing submissions and the evidence and positions presented at the Factfinding Hearing. The Factfinder has analyzed this information in the context of the statutory criteria found in Ohio Revised Code Section 4117.14(G)(7):**

- a) Past collectively bargained agreement[s] ... between the parties;**
- b) Comparison of the issue[s] submitted to final offer settlement relative to the employees in the bargaining unit involved with those issues related to other public and private employees doing comparable work, giving consideration to factors peculiar to the area and classification involved;**
- c) The interests and welfare of the public, the ability of the public employer to finance and administer the issues proposed, and the effect of the adjustments on the normal standard of public service;**
- d) The lawful authority of the public employer;**

- e) **The stipulations of the parties; and**
- f) **Such other factors, not confined to those listed ... which are normally or traditionally taken into consideration in the determination of the issues submitted to final offer settlement through voluntary collective bargaining, mediation, fact-finding, or other impasse resolution procedures in the public service or in private employment.**

### **Bargaining Unit**

**The bargaining unit consists of approximately 11 command officers - 2 Lieutenants and 9 Sergeants.**

### **Wages in Year 3**

#### **City's Proposal Regarding Wages in Year 3**

**The City proposes a 2.5% increase in wages for Year 3.**

#### **FOP's Proposal Regarding Wages**

**The FOP proposes a 4% increase in wages for Year 3.**

#### **Factfinder's Recommendation Regarding Wages**

**Taking into account the relevant statutory criteria, the proposals made by the Parties, as well as the evidence presented by the Parties,**

**the Factfinder recommends a 2.5% increase in wages for Year 3. This recommendation is based on the following:**

**Comparable Communities**

**Historically, the bargaining unit has been the highest paid in the surrounding communities. A 2.5% increase would keep the unit in the top 3 of the group of 9 similarly-sized cities in Northwest Ohio.<sup>2</sup>**

**The Union has noticed a drop-off in the number of applicants recently, and attributes this to eroding wages. The City attributes the drop-off to changing demographics. Given that wages have remained relatively high in the unit, the Factfinder finds the demographic explanation more compelling.**

**Funding Sources**

**Income tax revenue in the City accounts for approximately 60% of total General Fund revenues. The unit's wages are funded by the General Fund. 2005 income tax collections are approximately 0.1% ahead of 2004 collections. The current income tax rate is 2.25% and**

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<sup>2</sup> The 9 cities are Oregon, Sylvania, Bowling Green, Perrysburg, Maumee, Fremont, Tiffin, Findlay, and Defiance. Though contracts are expiring in 2005 in 6 out of the 8 other communities, the much lower wages in many of those communities ensures Oregon will still be in the top tier.

**is not projected to go any higher.**

**Property taxes account for approximately 8% of General Fund revenues. Property tax revenues have been flat since 2003.**

### **General Fund Budgeting Trends**

#### **Percentage of General Fund**

**In 1993, personnel costs accounted for 67% of General Fund expenditures in the City. In 2004, this increased to 74%.**

**In 1993, capital improvement costs accounted for 8% of General Fund expenditures. In 2004, this decreased to 1%.**

**Though the City has made capital expenditures from the General Fund during the period 2003 to present, these expenditures have been relatively modest. The trend shows wage increases have come at the expense, partially, of capital improvements, a trend the City cannot continue indefinitely, while maintaining the infrastructure of the City.**

#### **Interest Earnings**

**As with all municipalities, interest earnings have decreased. While of course interest earnings depend on amount of principal on hand, it still is informative to see the interest earnings figures in the**

**General Fund:**

<b>2001:</b>	<b>\$ 1,335,618</b>
<b>2002:</b>	<b>\$ 743,302</b>
<b>2003:</b>	<b>\$ 586,945</b>
<b>2004:</b>	<b>\$ 370,940</b>

**Interest earnings are not expected to increase in 2005.**

**Unencumbered Carryover Balance**

**Unencumbered carryover balances also have decreased as**

**follows:**

<b>2001:</b>	<b>\$ 3,051,667</b>
<b>2002:</b>	<b>\$ 2,146,359</b>
<b>2003:</b>	<b>\$ 2,202,923<sup>3</sup></b>
<b>2004:</b>	<b>\$ 1,880,171</b>

**The City projects the 2005 year-end carryover to mirror 2004.**

**The City has approximately \$ 2.5 million in its Reserve Fund.**

**Such Reserve Fund and carryover figures are prudent for a**

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<sup>3</sup> In 2003 and in 2004, \$600,000 was allocated to the General Fund that in years past had gone to the Capital Fund; i.e., General Fund carryover figures for these years would have been \$600,000 less but for the reallocation.

**municipality of this size (approximate population is 20,000).**

### **Health Insurance Costs**

**In 2004, there was a 15% increase in health insurance premiums. These costs are projected to rise at a similar rate during the next few years. Approximately 5 years ago, the monthly family premium cost was approximately \$ 400; the cost now is approximately \$ 1,000.**

**Bargaining unit members pay a steady 10% of the premium costs; the City bears the majority of the approximate 15% annual increases.**

### **Economic Development**

**The City is well aware it needs to find additional sources of funding. The City's 28 square miles is large for its population. The City has been working diligently to attract more industry. In large part, these efforts have not yet panned out.<sup>4</sup>**

### **Other Personnel Raises**

**Unionized employees in the City historically have received similar wage increases annually. Annual increases have been in the**

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<sup>4</sup> Due to a 2004 change in state law, the City will now be able to charge prisoners for the costs of jail time. The City expects a maximum of \$50,000 to be able to be collected annually.

**low single digits.**

**Recently, however, the Mayor and City Council members received a 25% wage increase. The City justifies the large percentage increase on the basis that these wages had been the lowest in the area.**

**Conclusion**

**But for the large percentage increase in wages recently given to the Mayor and City Council members, all signs point to a 2.5% wage increase to the bargaining unit in Year 3 being appropriate. The Factfinder is convinced that the City has worked hard to reducing its operating expenses in many areas. Further, the justification for the Mayor and City Council member raises is sensible. While that decision may not be popular, it does appear justified.**

**Accordingly, for the reasons set out above, the Factfinder recommends a 2.5% wage increase in Year 3 of the Agreement.**

**DATED: August 29, 2005**

  
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**Susan Grody Ruben, Esq.  
Factfinder**