

STATE OF OHIO
STATE EMPLOYMENT RELATIONS BOARD

STATE EMPLOYMENT
RELATIONS BOARD

2005 SEP 29 A 11:49

IN THE MATTER OF
FACT-FINDING BETWEEN

CITY OF VANDALIA
AND

CASE NO. 04-0424 & 04-0425

OHIO PATROLMEN'S
BENEVOLENT ASSOCIATION

JERRY HETRICK
FACT-FINDER

FACT-FINDING REPORT
AND
RECOMMENDATIONS

APPEARANCES

FOR THE CITY

DANIEL G. ROSENTHAL, ATTORNEY
DOUGLAS KNIGHT, CHIEF
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CHARLES REBOULET, AD. LT
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FOR THE UNION

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TODD FLYNN
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BACKGROUND

This matter came up for hearing on September 1, 2005 before Jerry Hetrick, appointed as fact-finder pursuant to Ohio Rev. Code Section 4117.14. The hearing was conducted between the City of Vandalia and the Ohio Patrolmen's Benevolent Association. The bargaining unit consists of twenty one (21) non-supervisory patrol officers, eight(8) public safety specialists and one (1) clerk typist.

While this is a successor agreement, the OPBA replaced AFSCME as the bargaining unit representative through the SERB certification process on January 13, 2005. Issues with the unit resulted in a delay in issuance until April 22, 2005.

The unresolved issues set forth in the respective briefs and discussed at the hearing are as follows:

1. Article II Recognition (Work Schedule)
2. Article VII Disciplinary Action & Appeals
3. Article VIII Grievance Procedure
4. Article X Holidays
5. Article XV Health & Welfare Plan
6. Article XVII Other Compensated Time
7. Article XX Compensation

Three issues were resolved at hearing. The parties reached tentative agreement on the Uniform and Promotion Articles as well as the termination date of the proposed collective bargaining agreement, December 31, 2007. The fact-finder incorporates by reference into this report all tentative agreements reached and all Articles and provisions unchanged into the successor agreement.

In making the following recommendations, the fact-finder has reviewed the arguments and evidence presented by the parties in their position statements and at the hearing. By

mutual agreement, the parties requested the fact-finder proceed directly to fact-finding, although discussions resulted in resolution of the Uniform and Promotion issues.

FACT-FINDING CRITERIA

In the determination of facts and recommendations, the fact-finder considered applicable criteria required by Ohio Rev. Code Section 4117.14 (C) (4) (e) as listed in 4117.14 (G0(7)(a-f) and Ohio Administrative Code Section 4117.9-05 (K)(1-6) as follows:

1. Past Collective Bargaining Agreements, if any, between the parties.
2. Comparison of the unresolved issues relative to the employees in the bargaining unit with those issues related to other public and private employees doing comparable work, giving consideration to factors peculiar to the area and classifications involved.
3. The interest and welfare of the public, the ability of the public employer to finance and administer the issues proposed, and the effects of the adjustments on the normal standard of public services.
4. The lawful authority of the public employer.
5. Any stipulations of the parties.
6. Such other factors, not confined to those listed above, which are normally or traditionally taken into consideration in the determination of issues submitted to mutually agreed upon dispute settlement procedures in the public service or in private employment.

FINDINGS OF FACT AND FINAL RECOMMENDATIONS¹

ISSUE NUMBER 1-WAGES

ISSUE NUMBER 2-HEALTH CARE

The issues of wages and health care are significantly intertwined and cannot be separated in the Fact-Finders opinion. Comparable groups that earn more in terms of hourly wage rates may also have their overall compensation reduced by health care premiums as indicated by Employer Exhibit #9.²

¹ Issues are addressed in the order presented by the parties at hearing.

² Premiums as a percentage for the Employer's comparables was 11.45%. See SERB 13th Annual Report places the Dayton Region at 13.7% for Family Coverage.

The City does not raise ability to pay as a determining factor in the Fact-Finder's recommendation. It does not even argue that it cannot meet the Union's wage proposal. The City contends the Patrol Officers are paid above the comparables cited by the City and that the Union seeks an increase above that granted its non-represented employees. The City argues this takes greater significance as its non-represented employees as well as the FireFighter's pay more for health insurance.

Usually in collective bargaining both parties look at the labor market as well as internal comparisons. The Union seeks to be paid favorably in comparison with other similarly situated police units. There are occupational factors that make law enforcement unique, particularly in comparison with the City's non-represented work force. Patrol officers must make life and death decisions as well as a denial of freedom that other City employees do not make. It notes that unlike comparables, they have first responder and EMT responsibility. The City responds that its survey of comparable cities (City Ex.7) shows Vandalia at the top for base pay and its proposed increase of 2.5% does not jeopardize the relative position. The City bases its comparables on the size of the city, 10,000 to 30,000 and does not include Centerville, Kettering and Oakwood.³

The Union seeks a four percent wage increase in each of the three years of the labor agreement while the City proposes a 2 ½% wage increase. The Union proposes that its wage increase be retroactive to January 1, 2005 when the current agreement expired while the City opposes retroactivity.

This is the first negotiations between this Union and the City so it is not surprising that only four of the City's comparables are shared comparables. Comparables cited by the Union places Vandalia's patrol officers at essentially the average for base rates and slightly less than average (97.16%) in terms of total compensation. Rank wise using the Union's comparables, Vandalia ranks 5th of 13 in terms of base rates and 7th of 13 in total compensation. SERB's Benchmark Report (Union Exhibit 13) places Vandalia above the average and 6th of 14 employers. The SERB Annual Wage Report indicates Police Units

³ Oakwood is a combined police/fire unit per testimony presented at hearing.

bargained for an average increase of 2.99%. By contract year, first year settlements averaged 2.65%, second year settlements averaged 2.98% and third year settlements averaged 3.22%. Dayton area settlements averaged 2.83%. Montgomery County gross wage increases (Union #9) averaged 3.5%. If the Fact-Finder considered the traditional factors, it would be clear that the Union's proposed increase is too high, even among its comparables, while the City's is insufficient. The wage increase takes on added significance when considering the City's proposal for a significant increase in health care premiums and plan design changes which the City estimates will produce \$300,000 to \$400,000 savings for the employer.

As Fact-Finders have noted since the Statute's inception, the concept exists that parties seeking a significant change need to be prepared to "pay for it." In the instant case, the employer not only seeks a higher premium contribution but the open ended flexibility of future plan design and contribution changes. The Fact-Finder adopts the view of Interest Arbitrator Frank Keenan⁴ "the other factors" statutory criteria strongly leads to the conclusion that the appropriate resolution for these two issues is that the patrol officers participate in the basic health insurance plan with an increase in premiums changes in the future health care plan design changes and the City pay for it by way of its wage increase." If it is unfair for other City employees to subsidize the patrol officers health care plan, it is equally unfair for the Patrol Officer's to be expected to accept a lesser wage increase than that offered to the City's non-represented employees as well accept an increase in their health care premiums which further reduces their "take home compensation." This is particularly true as a comparison of law enforcement officers to the City's work force, other than firefighters, may not be a fair measure. Patrol officers may life and death decisions as well as decisions affecting the rights and freedom of the public that the City's other employees do not. In this case there is a lesser reliance on internal comparables of non-represented City employees, especially as there is no evidence that all city employees have traditionally received the same wage/benefit package. The "other factors", in the fact-finder's view, neutralizes the internal comparison with the 3% wage increase granted other city employees given the drastic changes in plan design, premium contributions and projected savings.

⁴ City of Oakwood Interest Arbitration, Union Exhibit # 5.

If the city does not “pay for its plan changes and premium increases now, this unit is not likely to be paid for the changes at all. The appropriate resolution, based on the “other factors” statutory criterion is that the Patrol Officers contract provide for the plan design changes accepted by the FireFighters and City employees, pay an increased premium contribution and the City pay for this provision with its wage increase.

The issue of the effective date of increase, both of the wage increase and premium contributions remain to address. The Union seeks retroactivity to the expiration date of the previous agreement. In their position statement the City indicated retroactivity discourages prompt settlement. In the Fact-Finder’s view, retroactivity to January 1, 2005 is unwarranted and a penalty on the employer. Any delay in terms of reaching agreement starts first with the employee desire to change bargaining representatives which delayed the start of bargaining until the OPBA was certified on April 22, 2005. This is the first agreement between these two parties. There is no showing that there has been either delays in arranging meetings, an abnormal number of meetings or a dragging of “feet”. Any delay in reaching agreement has been a joint effort, except for the City’s request to delay the Fact-Finder’s report to September 28, 2005 due to the absence of City Council members. The Fact-Finder does not recommend retroactivity to January 1, 2005 for either the wage increase or changes in the employee health care premiums. The Fact-Finder recommends as follows:

RECOMMENDATIONS-ARTICLE 20 COMPENSATION

20.01 2005, 2006 and 2007 Pay Schedule-2005 Wages will be increased by 4% over 2004 wages, effective September 19, 2005⁵ and by 4% on January 2006 and January 1, each year thereafter during the life of the agreement. See attached schedule. All other provisions of Article 20 remain unchanged and incorporated into the successor collective bargaining agreement.

⁵ Assumes ratification two weeks after the hearing which does not penalize the Union for the City’s request for a two week delay on issuance of Fact-Finder’s report.

ISSUE NUMBER 2 HEALTH CARE

Currently patrol officers have the same health care plan as all other city employees but contribute less. The City's non-represented employees contribute 5% of the City's monthly per employee health care premium based on Cobra rates which the City estimates at \$1796 per month. (Union Ex.21).

The firefighters pay 7.5% while the patrol officers contribute 1.6% per period. The City proposes to provide the same plan provided all other city employees, at the same contribution rate, including any changes in benefits and contribution rates. Additionally the City proposed plan increases out of pocket maximums, deductibles and family out of pocket maximums, and adds a working spouse provision.⁶

RECOMMENDATION-Article XV

15.04 Medical Insurance. All full time and permanent part time employees are eligible to enroll in a City-furnished health care program to include medical, dental, vision, and prescription drug coverage. The program will be consistent with that provided to employee in the City Manager's Office. Beginning September 19, 2005 the employee premium will be **5 percent of the City's monthly per employee health care premium, single or family as applicable, based on COBRA rates**. Beginning January 1, 2006, the employee premium will be **7.5 per cent** of the City's monthly per employee health care premium, single or family as applicable, based on COBRA rates. Beginning on January 1, 2007, the employee premium **will be not greater than 10%** of the City's monthly per employee health care premium, single or family as applicable, based on COBRA rates, provided all City employees participate at that premium contribution level.

Premium payments will be deducted from the employee's bi-weekly wages. If the employee elects not to participate in the health care plan they will receive an annual lump sum payment of \$1,000. Payment will be made on or before March 1 of each year. A deceased City employee's family will be provided this insurance at no cost for six(6) months from the date of the employee's death , or until insurance protection is provided through the employee's retirement system, whichever comes first.

All other provisions of Article XV remain unchanged and incorporated in the successor agreement.

⁶ The Fact-Finder notes the City has indicated these changes are not finalized.

ISSUE NUMBER 3- DISCIPLINE/DISCHARGE

Article VII of the current collective bargaining agreement provides forth the provision for disciplinary action and appeals. The Union recommends adoption of its proposal that represents a complete overhaul of the Article. Key revisions deal with disciplinary investigations flowing from citizen complaints, a requirement that discipline be applied in a corrective, progressive, and uniform manner, that discipline be for just cause with certain procedural requirements, issues relating to disciplinary records maintained in employee files, requirements for expunging various disciplinary action and time limits for initiating disciplinary action.

Tied to the Union's proposal on Article VII-Disciplinary Action and Appeals is a proposal that the City's disciplinary action be subject to the provisions of Article IX-Arbitration.

The Union's provision would impose on the City, a pre disciplinary conference requirement to be held within twenty-four hours of notification with representation rights, placement on paid administrative leave, a procedure dealing with the investigation process involving citizen complaints, establishes review rights of employee discipline records, establishes time tables for removal of disciplinary action records based on the penalty imposed, and a requirement that disciplinary action be taken within the earlier or thirty (30) calendar days or sixty(60) calendar days from the date the issue becomes known to police officials beyond the rank of sergeant.

In its brief, the City suggests that a simple commitment to discharge only for just cause would adequately address the Union's proposal. It argues the changes are restrictive, unusual in police or public service contracts. It also points out that all city employees are covered by Civil Service Commission as a final avenue of appeal from the City's disciplinary action. It does not wish for its decisions to be subject to the Arbitration process.

RECOMMENDATION

Fact Finders should be reluctant to impose contract language as their role is to supplement the bargaining process rather than to supplant it. The burden is on the party

proposing the change to show the present contract language has given rise to a condition that requires change and will not impose an unreasonable burden on the other party.

Both parties have a vital interest in the disciplinary process. The Union requires the employer's disciplinary decisions to be basically fair and administered with certain essential due process requirements. Without essential due process requirements, the Employer can discipline or discharge its workforce at its whim and render meaningless all seniority and other rights flowing from the collective bargaining agreement.

The Employer must not be burdened with administrative hurdles that prevent it from taking timely disciplinary action if it is to meet its responsibilities to direct and control the work force.

The Union has not shown that the contract provisions relating to Disciplinary Action and Appeals has resulted in placing the Union at an unfair advantage in providing adequate protection to members who have been disciplined by the Employer. The Union has not met the burden of proof sufficient to warrant adoption of its position. There is no indication from the record that citizen complaints are not handled without due consideration of the member's rights, or that disciplinary action is not taken in a timely manner. Adoption of an artificial time limit to complete investigations works against the interest of both the employee and the City. This is particularly the case where an undercover investigation into alleged misconduct is involved. Additionally ten of the eleven collective bargaining agreements contain no time limits for taking disciplinary action (City #15).

The Fact-Finder agrees with the Union's premise that disciplinary action should not be held over its member's heads forever but notes the current provision requiring removal of written warnings after eighteen (18) months provides an opportunity to demonstrate improvement. The City proposes deletion of the requirement to remove written warnings after eighteen months. The concept of just cause provides the employee with an opportunity to demonstrate that disciplinary action has corrected the improper conduct. Where the employee has demonstrated that he/she has done so, removal after eighteen months is not an artificial form of amnesia, it insures the employee that stale discipline will not serve as a basis for an increased penalty.

Based on the foregoing, the Fact-finder recommends that Article VII be modified to provide :

Section 7.01 No employee shall be disciplined or discharged without just cause.

All other provisions of Article VII are to be renumbered and remain unchanged in the successor collective bargaining agreement.

ISSUE NUMBER 4- GRIEVANCE/ARBITRATION PROCEDURE

Closely allied to both parties' proposals is the City's proposal to remove the default provision of Paragraph 8.04 and the Union's proposal to provide for arbitration as the terminal point of the grievance procedure. The City argues that the default provision could result in the most extreme consequences. Currently that consequence can occur but only to that instant case and does not result in a precedent setting grievance. That consequence can be avoided simply by seeking an extension or providing that where the City does not provide an answer by the City Manager within the prescribed time limits, the Union appeal the grievance to the final step of the grievance procedure. Time limits for raising and processing grievances condition the eligibility of a grievance to its review.

The Union's proposal would provide for arbitration rather than the Civil Service Board as the terminal step for grievances involving suspensions or terminations. While one occurrence where delays in establishing a hearing date without a quorum was cited does not necessarily provide the necessary burden of proof for the Union's proposed change, the City has not demonstrated that it cannot administer a grievance procedure that subjects its disciplinary action to arbitrable review.

On this issue both parties have proposals for change. Neither have offered a quid pro quo for change. One applicable criteria for consideration by the fact-finder is a comparison of grievance procedures found in other public and private employers and traditionally taken into consideration in the determination in the public and private sectors. A review of this issue as found in public sector grievance procedures, City Exhibit 16, indicates that typically where the City has not responded timely, the Union may appeal the grievance to the next step, which is either the Civil Service Board or arbitration. The Ohio Supreme Court in the Batavia case held that where employees are afforded statutory rights, those

rights are not superseded by general contractual language. Rather the language of a collective bargaining agreement must be specific to the situation referred to in the statute in order to supersede statutory language, in this case a review of the employer's discipline & discharge actions. Union Exhibits establish that in the public sector, an element of just cause is a review of a public employer's disciplinary action, including discharge, by an arbitrator. Clearly the private sector overwhelmingly utilize the arbitration process as the terminal point for review of suspensions and discharges.

RECOMMENDATION –The Fact-Finder recommends adoption of the employer's proposal regarding the default provision with the quid pro quo of including arbitration of disciplinary suspensions and terminations. Based on the foregoing, the Fact-Finder recommends modification of Article VIII as follows:

Article VIII Grievance Procedure

8.01-Grievance Defined A grievance, under this Agreement, is a written dispute, claim, or complaint arising under or during the term of this agreement and filed by either an authorized representative of or an employee in the bargaining unit. Grievances are limited to matters of interpretation or application of express provisions of this agreement, including wages, benefits and working conditions. Grievances involving disciplinary action shall be handled in accordance with Article VII of this agreement. Grievances involving disciplinary action, suspensions, demotion, discharge or termination are subject the Grievance and Arbitration Procedure.

8.02. Notification-No Change from the current agreement and is incorporated in the successor agreement.

Step 1 No Change from the current agreement and is incorporated in the successor agreement.

Step 2 Within ten working days after receipt of the grievance, the City Manager will schedule a meeting mutually convenient between himself, the grievant, his/her steward and Staff Representative. Both the city and Union shall have the right to have witnesses necessary to the grievance to appear at the meeting. The meeting is to provide an opportunity for the grievant to fully present the facts surrounding the filing of the grievance. Within ten (10) working days, the City Manager will respond, in writing, answering the grievance. A copy will be provided to the grievant, his/her steward and the

Staff Representative. If at this step the grievance remains unresolved those matters, other than disciplinary action, suspensions, demotions, and discharge, that are covered by the City Charter as being within the jurisdiction of the Civil Service Board may led to the Civil Service Board. All other grievances may be appealed to arbitration as hereinafter provided for in this agreement. Notice of appeal, either to the Civil Service Board or to arbitration, shall be filed with the City Manager within ten (10) working days after receipt of his answer.

8.03 No change from the current agreement and is incorporated in the successor agreement.

8.04. Grievances shall be processed from one step to the next within the time limit prescribed in each of the Steps. Any grievance upon which a disposition is not made by the City within the time limit prescribed or any extension, which may be agreed to will automatically be referred to the next Step in the Grievance Procedure., except if the answer is not provided by the City Manager within the time prescribed in Step 2, the grievance will automatically be appealed to arbitration or the Civil Service Board. The time limit is to run from the date when the time for disposition is expired. Any grievance not carried to the next Step by the Union within the prescribed time limits or such extension which may be agreed to shall automatically be closed on the basis of the last written disposition.

8.05. No change from the current agreement and shall be incorporated in the successor agreement.

ISSUE NUMBER 5-HOLIDAYS

Currently the collective bargaining agreement provides for payment at time and one half where the employee works on one of the designated holidays. The City seeks to limit this provision to patrol officers and public safety specialists, eliminating detectives and the clerk typist from coverage. The City's principal argument is that the latter are not supervised at such times and it is not an efficient use of time/money.

The Union points out that such days are used by detectives for interviews, catching up on paper work and arrests and that working has become an employee option. As such the City gains benefit from such work, it is not idle time.

RECOMMENDATION In reviewing the nine designated holidays, while the detectives and clerk typist may be unsupervised by a command officer, it is doubtful that these individuals will forgo time with families simply to work and obtain premium pay. The nature of the work is of the type that requires minimal if any supervision and allows detectives/clerk typist to make public contacts that might otherwise be difficult to do with a working public as well as keep case loads current. The Fact-Finder recommends no change in the Holiday provision and recommends incorporation of the current contract language.

ISSUE NUMBER 6-RECOGNITION

Police officers assigned to Patrol Work normally work a 6/3 schedule with an 8.5 hour workday. Patrol Section officers may be assigned to a 5/2 schedule for one consecutive year. All other City employees normally work a 5/2 schedule. The 6/3 schedule results in patrol officers working 2068 hours annually as opposed to the 2080 hours worked by other police and city employees. In recognition of the difference in hours worked, the patrol officers do not receive extra compensation for their first twelve hours of overtime duties each year. The City proposes placement of all police officers on a 5/2 work schedule. Such a work schedule provides a gain to the City of eight hours of patrol every 28 day cycle, simplifies the bookkeeping requirements, and eliminates the twelve hour deficit payback. The City argues it is not a common work schedule citing its comparables and has taken the dispatchers off a 6/3 schedule because of FLSA issues.

The Union notes it has functioned on a 6/3 schedule for patrol officers for some seventeen(17) years and several collective bargaining agreements. In exchange for that schedule patrol officers have agreed to pay back the twelve hour deficit before receiving time and one half. The Union notes all employees receive some weekends off that would not be enjoyed under a fixed 5/2 work schedule.

RECOMMENDATION-Based on the evidence presented, it is the Fact-Finders recommendation that the 6/3 work schedule for patrol officers be retained in the successor agreement. Work schedules must be tailored to the requirements of specific departments. The requirements needed to provide service are not identical in all City Departments. The need to provide a 6/3 work schedule for one department may not be

present in other departments. Retention of the current work schedule has not been shown to be detrimental to the City's ability to provide for the public safety. While the City would enjoy a slight gain in patrol officers assigned to the streets, it would be expected in a free collective bargaining environment that the Employer would pay a price for the change. In this case none is offered for a long standing work schedule favorable to the patrol officers which offers all patrol officers an opportunity for off weekends. This is particularly where the City has the flexibility to meet short term needs on a 5/2 schedule for up to one year. As the Fact-Finder does not adopt the employer's proposal for a 5/2 schedule, Article XVII Shall be incorporated in the successor agreement without change.

ISSUE NUMBER 7-LONGEVITY

The Union proposes a new provision to Article XX-Compensation providing for additional compensation in the form of longevity payments. Specifically the Union has proposed a longevity payment schedule as follows:

SCHEDULE	LONGEVITY
After 5 years service	1.5% of Total Rate
After 10 years service	2.0% of Total Rate
After 15 years service	2.5% of Total Rate
After 20 years service	3.0% of Total Rate

In support of its position, the Union notes that while Police Officers reach the top of their pay scale at Step F, other City employees have additional pay steps G-H-I-J as well as noting that longevity pay must be considered as part of total compensation and not unreasonable. Six comparables of the Union, Centerville (\$330), Dayton (\$517), Moraine (\$250.01), Riverside (\$416), and Trotwood (\$520) (Exhibit 9) provide longevity pay. In computing gross wage income for Trotwood, Dayton, and Moraine, the Union included the Uniform allowance but did not do so for Vandalia. No distribution of length of service was provided the Fact-Finder.

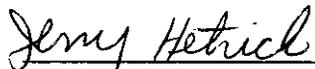
The City argues that Steps G-H-I-J for other City employees represent merit steps.⁷ Longevity pay is not contained in the Fire Department Agreement. It argues that longevity payments are uncommon and only in five of 11 comparables offered by the

⁷ This is the first year of the merit program. No indication introduced regarding numbers granted or denied.

City. It notes that without longevity payment as part of gross wage income, the base wage for Vandalia Police Officers exceeds that of Trotwood, Sidney, Lebanon and Englewood.

RECOMMENDATION- When a comparison of base rate is made using the Union's comparables, (Union # 9), Vandalia ranks 5th out of 13 comparables and its base compensation is 99.8% of the average. When comparisons of total compensation is made using the Union's comparables, Vandalia's ranking moves to 7th out of 13 comparables. The absence of longevity pay in the City's compensation package does not materially alter the City's ranking using the most favorable comparisons recommended by the Union. As longevity pay ultimately affects the entire bargaining unit, such a change should result from mutual agreement or have overwhelming support from comparisons of total compensation with external units. There is no such findings in this case. Based on the foregoing, the Fact-Finder does not recommend inclusion of a longevity payment schedule in the successor collective bargaining agreement.

Respectfully:

 _____, Fact-Finder

Dated: September 27, 2005

ATTACHMENT

COBRA PREMIUM CONTRIBUTION AT 5%-EFFECTS

1796/MO X 12 MONTHS = 21552 X .05 = \$1077.60 /26/WK = \$41.45 PER PAY PERIOD LESS \$13.81 (CURRENT FAMILY RATE)=\$27.64 PER PAY PERIOD INCREASE.

BASED ON CURRENT \$54,02.48 THE PREMIUM INCREASE REPRESENTS A 1.33% DECREASE IN TAKE HOME COMPENSATION WHICH REDUCES THE EMPLOYER OFFER FROM 2.5% TO ESSENTIALLY 1.2% WAGE INCREASE.

CALCULATION OF WAGE INCREASE

\$54,020.48 x .04 = \$56,180.56 Effective September 19, 2005

\$56,180.56 x .04 = \$58,427.78 Effective January 1, 2006

\$58,427.78 x .04 = \$60,764.89 Effective January 1, 2007

2005

54,020.48 X .04 = \$2160.08 LESS HEALTH CARE PREMIUM @ 5%, LESS CURRENT PREMIUM PRODUCES WAGE INCREASE OF \$1441.44 OR 1441.44.

DIVIDE BY 54020.48 = 2.67% Net Wage Increase

2006

54,020.48 + 2160.08 = 56180.56 X .04 = \$2247.22 LESS HEALTH CARE PREMIUM.

1796 X 12 X .025 (7.5-5=2.5) = \$538. \$2247.22 - \$538 = \$1709.22 NET WAGE INCREASE

DIVIDE BY 56180.56 = 3.04% NET WAGE INCREASE

2007

56180.56 + 2247.22 = 58427.78 X .04 = \$2337.11 LESS HEALTH CARE PREMIUM.

1796 X 12 X .025 (10-7.5) = \$538. \$2337.11 - 538 = 1799.11 NET WAGE INCREASE. DIVIDE BY 58427.78 = 3.08% NET WAGE INCREASE.⁸

⁸ ASSUMES COBRA INCREASE REMAINS SAME AND EMPLOYEE CONTRIBUTION INCREASED IN THIRD YEAR OCCURS. IF 0 INCREASE IN PREMIUM, WAGE INCREASE = 3.49%