

**STATE OF OHIO
STATE EMPLOYMENT RELATIONS BOARD**

STATE EMPLOYMENT
RELATIONS BOARD

2006 JUN 14 A 9 12

In Regard to the Matter of the Fact-Finding Between:

City of Bellefontaine]
Employer]

And]

International Association of]
Fire Fighters, Local 351]
Union]

**SERB CASE NO:
05-MED-09-0853**

APPEARANCES:

For the City:

Rufus B. Hurst,
Garon C. Carmean,
Tim Decker,

Attorney, Downes, Hurst & Fishel
Service Safety Manager
CPA, City Auditor

For the Union:

Henry A. Arnett,
Michael A. Wisner,
Donald W. Jones,
Donald W. Jones,
Andrew Fissel,
Roy Hollenbacker,

Attorney, Livorno and Arnett Co., LPA
Firefighter, Para Medic, Representative IAFF, Local 351
State Representative, IAFF

BEFORE RICHARD J. COLVIN, FACT-FINDER

MAY 25, 2006

Bellefontaine City Building
135 North Detroit Street
Bellefontaine, Ohio 43311

BACKGROUND:

The Hearing:

The Fact-Finder received his appointment in compliance with ORC Section 4117.14 (C) (3) on April 27, 2006. Pursuant to OAC Rule 4117-9-05 (G), a time-stamped Extension Agreement was received on May 10, 2006 under which the parties mutually agreed to extend the date for the Fact-Finding Report to June 15, 2006.

At the direction of the parties, a hearing was convened on May 25, 2006 in the City of Bellefontaine, Ohio, and County of Logan at 10:00 AM and was adjourned at 11:30 AM. Timely, and in advance of the hearing the parties provided the Fact-Finder with the Fact-Finding Briefs required by Ohio Administrative Code Section 4117-9-05 and Ohio Revised Code Section 4117-14. All witnesses testified under oath.

The Employers' Position:

There is one bargaining unit. The parties have engaged in good faith bargaining. The bargaining unit consists of full-time firefighters, Fire Prevention officer, and Assistant Chief. There are approximately 17 employees in the bargaining unit. The Employer provides fire prevention services and emergency response services for the City.

There are two outstanding issues. These are wages, (Article 30), and sick leave purchase on retirement, Section 21.09 of Sick Leave and injury, (Article 21).

In reviewing these issues, the Fact-Finder must be mindful of the economic condition of the City. Ohio Revised Code §4117.14(G) (7) (C) requires the Fact-Finder to consider ability to pay. The Employer has a limited ability to pay in this matter. As with numerous other municipalities throughout the State, Bellefontaine has not fared well economically over the past several years. Since 2002, the City has faced layoff measures and a reduction in the work force from 160 employees in December of 2002 to 129 employees in December of 2005. During this same period, the current bargaining unit had, with some vacillation, a net work force reduction from 22 employees to 18 employees. It is currently at 17 employees.

The Fire Department is funded predominately from the General fund¹

¹ In 2005, one firefighter was paid from the Ambulance Fund. In 2006, 4 firefighters will be paid from the Ambulance Fund. The 2006 General Fund for the Fire Department is \$1,258,430.75 while the 2005 General Fund for the Fire department was \$1,262, 625.00. The Ambulance Fund total for 2006 is projected at \$635,652.00 while in 2005 it was \$257, 146.00.

That fund must also sustain the operations of the Police Department and the other general fund expenditures of the City. During the past several years, the general fund has not fared well, necessitating reductions in expenditures and personnel both within the Fire Department and the City. Between 2003 and 2005, general fund receipts decreased by approximately 4% with total general funds available decreasing by 16%. In 2006, it is currently anticipated that total funds available for general fund purposes will increase by 5.5% over those amounts available in 2005. This amount is 89% of the total available in 2003. In 2003, this amount is estimated to be 27.23%. While there clearly has been a vacillation in the overall budget of the Fire Department during this time, with a dip in 2004 and 2005, there has been an actual increase in the percentage of the general funds allocated to the Department and a net increase in actual amounts allocated to the Department as compared to previous periods.

The Employer has proposed a wage increase of 3% in each year of the Agreement. It is the Employer's understanding that this would have been acceptable to the bargaining unit were the City to have agreed to the proposal of the bargaining unit to modify the provision of Section 21.09 of Article 21. That modification would require the City to agree to increase the maximum number of hours for sick leave buy-out upon retirement for the current number of 480 to a number equal to 600 in the final year of the Agreement. The City is very much apposed to any such modification.

The City believes that the wage proposal is more than competitive. The analysis to surrounding or comparable jurisdictions suggests that the City, in spite of the economic uncertainties, has presented a proposal that compares quite favorably to others. This proposal represents a continued commitment to competitive wages even in the face of a declining overall general fund. The wage proposal is consistent with the proposal established through fact-finding between the City and the Ohio Patrolmen's Benevolent Association for the Agreement with the Police Department. It is, in addition, greater than those wage increases provided to non-bargaining unit employees within the City.

The Employer's proposal is reasonable. It is, as noted by Fact-Finder Michael Paolucci, "reasonable in light of the circumstances and in light of the comparables that support the proposal even if the financial condition were not considered". The Employer's proposal should be adopted.

It is clear that the Employer has a limited ability to fund wage increases. Any increases have an impact on an already strained general fund. The ability to fund an increasing Fire Department budget in terms of its percentage of the general fund is at the expense of a substantially reduced overall workforce. The City has experienced significant economic problems. The wage proposal as presented by the Employer is most reasonable under any analysis and is particularly appropriate under the current economic climate.

Sick Leave Buy-Out:

The City has proposed to maintain the current language as to the maximum number of hours subject to buy-out computation on retirement while the bargaining unit proposes, at a minimum to increase this number to 600 hours in the third year of the Agreement.

The bargaining unit already has more hours utilized for buy-out computation than any other hourly employees within the City. The Police Department bargaining unit computation maximum is 320 hours. All other hourly employees with the City likewise have a buy-out maximum of 320 hours. In short, the current bargaining unit already has a computation maximum that is 150% of that provided to others. A further increase in this is not appropriate when viewed as to the cost within the unit or the impact that such an increase will have relative to others, in terms of both cost and fundamental fairness.

The Unions' Position:

Unresolved issues and Summary of Position of Local 351:

Two Articles remain outstanding. Those Articles are as follows:

Article 21, Sick Leave and Injury Leave
Article 30, Wage Schedule

A number of factors support the position of the Local. While the City has had financial problems in the past, those problems have now eased and the general fund balance has improved considerably from the last few years. Even the City admits that it now has the ability to pay a wage increase.

Even though members of the bargaining unit already lagged behind comparable firefighters in terms of their wages, the members took a wage freeze last year to help the City ameliorate its financial problems. And, while the number of bargaining unit employees has actually decreased, the number of fire and EMS runs for the Department has increased, resulting in an increase of members' workloads.

As noted, when comparing members to firefighters in comparable jurisdictions, Bellefontaine firefighters lag behind those in other jurisdictions, and a 3% wage increase will only exacerbate that disparity. Most other comparable jurisdictions are granting wage increases that are in excess of 3% a year.

These factors, along with other factors to be discussed at the Fact-Finding Hearing, have led the Local to make the following proposals.

Article 21, Sick Leave and Injury Leave

During negotiations, the City offered to increase the number of maximum hours for sick leave payout at retirement to 600 hours from its current 480-hour limit, (Section 21.09). Although this offer was subsequently withdrawn by the City, the Local proposes that the maximum payout be increased to 600 hours.

Article 30, Wage Schedule

The Local proposes that the wage structure be increased by 4% each of the contract years.

The Fact-Finder's Analysis and Recommendations:

In making these recommendations upon the two unresolved issues, the Fact-Finder has been guided by the factors set forth in Ohio Revised Code Section 4117.1 (C) (4) (e) and Ohio Administrative Code 4117-9-05 (K):

- “ (a). past collectively bargained agreements, if any, between the parties;
- “ (b). comparison of the issues 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 interest 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 stipulation of the parties;
- “ (f). such other facts, not confined to those listed in this section, 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 proceedings in the public service or private employment”

A. ISSUE ONE

Article 21, Sick Leave and Injury Pay

Both parties presented well-reasoned arguments in support of their respective positions on this issue. In reviewing their collective bargaining history and their attempt to reach an Agreement effective January 1, 2006, the Employer stated and the Union acknowledged that the Employer's offer to amend 21.09 to provide for a maximum payment not to exceed 600 hours effective in the third year of the Agreement was withdrawn and not presented to final offer settlement. The Employer stated in its Fact-Finding Brief that it understood that the Union would have accepted its wage offer of 3%, 3%, and 3% had the Employer kept its offer on the table. I have no history before me of the actual bargaining process, on this issue, and from the testimony received at this hearing, that assumption is not conclusive.

The Union, in support of its position, has presented a table listing the four employees in the bargaining unit who now have more than 1440 hours of sick leave accumulated:

John Schulz	1796 hours
Tom Weikart	1913 hours
Russ Froust	2262 hours
Dave Crissman	2052 hours

No bargaining unit employee, it was suggested, would retire soon, possibly in two or three years, and therefore there is no cost to the City for this proposal. Other than testimony that this proposal would be a nice thing to have, the Union presented no other compelling argument for the Fact-Finders' consideration.

A table of Sick Leave Payout Comparables was also presented:

JURISDICTION

MAXIMUM SICK LEAVE PAYOUT

Bellefontaine	480 hours
Delaware	800 hours
Marion	900 hours
Marysville	480 hours
Piqua	2016 hours
Sidney	No limit
Troy	1040 hours + \$2.75 for all hours between 1040 and 2080

<u>JURISDICTION</u> ²	<u>POPULATION</u>	<u>BU SIZE</u>
Bellefontaine	13,069	16
Delaware	25,243	31
Marion	53,318	62
Marysville	15,942	26
Piqua	20,738	21
Sidney	20,211	32
Troy	21,999	38

There may be some comparability between Bellefontaine and Marysville but lacking other significant, relevant financial data, I am unable to give the above statistical information much credence. The hours of maximum sick leave payout, we note, are the same in the two communities, Bellefontaine and Marysville. The other communities presented are not comparable to either Bellefontaine in the size of the City cited or the size of the bargaining unit.

The City argues to maintain current language for the maximum number of hours subject to buy-out computation on retirement and submits that the bargaining unit already has more hours utilized than any other hourly employees within the City do.

The Police bargaining unit computation maximum is 320 hours. All other hourly employees within the City likewise have a buy-out maximum of 320 hours. In short, the current bargaining unit already has a computation maximum that is 150% of that provided to others. A further increase is not appropriate when viewed in terms of both cost and fundamental fairness.

What the City is saying is that it anticipates a “chain reaction”, a plausible assumption under the circumstances. This is not the time for the parties to make this bargain. The cost attached to such a proposal should be studied by the parties during the term of this Agreement and then brought to the bargaining table for resolution at a more appropriate time.

For the foregoing reasons your Fact-Finder does find it appropriate and does recommend: that the City’s proposal be adopted. The current hours, 480, as set forth in Article 21, to be maintained without modification, for the duration of the Agreement.

² State Employment Relations Board Clearinghouse Benchmark Report April 05, 2006

B. ISSUE TWO
Article 30, Wage Schedule

The Employer argues that it has a limited ability to pay and fund wage increases and cautions the Fact-Finder to be mindful of the economic condition of the City. There is no dispute that the City has suffered economic reverses over the past several years. To its credit, and to the credit of the Union, and to the credit of the members of the bargaining unit measures, some joint, were taken to address those problems. In the year of 2005, all City employees endured a wage freeze. There was a reduction in the City work force from 160 to 129 employees in the period from December 2002 to December 2005. The bargaining unit was reduced from 22 employees to 18 employees. Surely, other measures were also taken. Through dedication and cooperation, the City recovered. As Mayor Lentz reported in February of 2006³: “Things look very promising as we look forward to 2006. On the financial side, the budget for 2006 has spending far below revenues to further create a solid financial foundation” On the other hand, as His Honor wisely pointed out, the effect of any sudden, natural catastrophe, by way of example, the ice storm of January 2005, can be devastating in terms of damages and costs. Consider too the loss of one or two industries, unexpected layoffs, a recession, inflation all of which a prudent city administration must anticipate. The City concedes, the evidence and the testimony supports and the Union concurs the economic position of the City has improved. Neither party has argued or inferred that “happy days” are here again, rather there is a spirit of cautious optimism, The more cautious position naturally is being taken by the City: The City has the burden of management and the ultimate responsibility to provide for the health and welfare of all of its citizens.

This is not a case of the City claiming inability to pay but rather a limited ability to pay and the City submits that its wage proposal is more reasonable under any analysis and is particularly appropriate under current economic conditions. In support, the City has presented a table showing firefighter wages⁴ of 11 municipalities presumably deemed comparable to Bellefontaine. The effective dates of the annual or hourly wages range from 9/17/04 through 4/1/06 with five being effective on January 1, 2006. The proposed 3% increase has been factored-into the figures for Bellefontaine. Fostoria is highlighted so we will use it for the purpose of this comparison.

<u>Employer</u>	<u>Population</u>	<u>Effective Date</u>	<u>Hourly Min</u>	<u>Wage Max</u>
Bellefontaine	13,069	1/1/06	\$11.76	\$15.38
Fostoria	13,485	6/1/05	\$14.16	\$20.55

³ Bellefontaine Examiner, February 17, 2006

⁴ Information obtained from SERB 04/12/2006. Bellefontaine Fire Wage Comps updated 05/15/06

All of these statistics appear to indicate that Bellefontaine has the lowest annual and hourly wage of the 11 municipalities to which it has been compared. Firefighters in the City of Bellefontaine are, from the testimony and evidence received, highly motivated, and skilled. They perform a valuable public service in working with the local schools and, out of the present work force of 20, which includes the Chief and Assistant Chief, 19 are Para Medics. The cost attached to such training, as the City pointed out, is provided for by the City. The value to the City of employing and retaining a skilled and dedicated group of Firefighters is obvious.

The Fact-Finder has reviewed the financial data submitted by the parties as that data affects the Employer's ability to finance the wage request proposed by the Union. Even though the City has recently experienced an improvement in its finances, I find no justification for a 4%, 4%, and a 4% increase in wage rates in the reported wage settlements, at this time.⁵ I find, from the testimony and the evidence presented, that there does exist a disparity between Bellefontaine bargaining unit employees and employees in comparable jurisdictions doing similar work. To prevent an exacerbation of this disparity, some adjustment, as called for by the Union, a reasonable adjustment, is required in the best interest and welfare of the public and the parties.

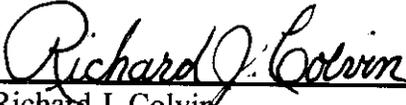
Projected surpluses can vanish in an instant. A reliable source of new revenue has not been identified at this time and under inflationary pressure, expenses will rise. Employees on lay-off will be returned to active employment; new employees will be added where necessary to compensate for more runs and other departmental concerns.

For the foregoing reasons your Fact-Finder does find appropriate and does recommend:

- 1. The City's proposal for a 3% wage increase effective January 1, 2006, be adopted.**
- 2. The City's proposal for a 3% wage increase effective January 1, 2007, be adopted.**
- 3. The Union's proposal for a 4% wage increase effective January 1, 2008, be adopted.**

Fact-Finding Report signed, dated and issued at Mason, Ohio this 9th day of June, 2006.

Respectfully submitted,


Richard J. Colvin

⁵ STATE EMPLOYMENT RELATIONS BOARD ANNUAL WAGE SETTLEMENT REPORT Wage Settlement Breakdown (1996 – 2005)



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