



STATE EMPLOYMENT RELATIONS BOARD  
FACT-FINDING REPORT

STATE EMPLOYMENT  
RELATIONS BOARD

2006 FEB 28 A 10: 52

**West Carrollton Independent, Employees Association**

**and**

**City West Carrollton**

**SERB CASE NO: 05-MED-09-0884**

Fact-Finding Hearing: January 23, 2006

Fact-Finding Report: February 10, 2006

Employer Representative: Janet K. Cooper - Copper & Gentile, 118 West First Street, Talbot Tower, Suite 850, Dayton, Ohio 45402

Union Representative: Susan D. Jansen, Esq. - Doll, Jansen & Ford, 111 West First Street, Suite 1110, Dayton, Ohio 45402-1156

Fact-finder: Ann C. Wendt, Ph.D., SPHR

**STIPULATION 1**

The parties stipulated that the instant dispute is properly before the Fact-finder.

**STIPULATION 2**

The parties have agreed to the following issues in their tentative agreement of January 18, 2006. The tentative agreement of these issues will not be effected by the Fact-Finding outcome.

Article 10 - Layoff and Recalls, Section 1 - Other Groups of City Employees

Article 10 - Layoff and Recalls, Section 2 - Layoffs

Article 11 - Vacancies and Promotions, Section 1

Article 15 - Overtime, Section 6 - Meal Allowance

Article 16 - Vacations, Section 2 - Vacation Year

Article 19 - Injury Leave, Section 5 - Light Duty

Article 21 - Clothing, Section 1 - Protective Clothing

New Provision - Training

The parties stipulated that all tentative agreements concluded during their negotiations and/or through mediation shall continue if either party rejects the Fact-finder's Report. The following five (5) issues were presented by the parties:

- Article 13 - Wages, Section 1 - Step Increases
- Article 13 - Wages, Section 2 - Stand-by Pay
- Article 20 - Insurance, Section 1 - Coverage
- Article 20 - Insurance, Section 1 - Coverage, D. Committees (New Provision)
- Article 32 - Duration

### **STIPULATION 3**

The parties stipulated that all SERB reporting requirements have been fulfilled.

### **CRITERIA**

Pursuant to 4117-9-05(J) State Employment Relations Board, the Findings of Fact and Recommendations presented in this Fact-finding Report are based on reliable information relevant to the issues before the Fact-finder.

### **BACKGROUND**

The City of West Carrollton, Ohio is located in Montgomery County, eight (8) miles south of Dayton. West Carrollton is part of the Dayton-Springfield "Metropolitan Statistical Area" (M.A.) of over one million people. The official population count in 2000 was 13, 818 residents in the City of West Carrollton. The community has a reputation for friendliness and hospitality. Residents are supportive of community improvements and the school systems, as well as business retention programs. The government takes a proactive approach in delivering a full range of support services including police, street, and water.. An ongoing capital investment program ensures continual improvement of utilities and services throughout the city. It is an attractive community and the "city beautiful" efforts are shown throughout the parks, the entrances to the city and the tree-lined streets. ([www.westcarrollton.org](http://www.westcarrollton.org))

### **ECONOMIC AND FINANCIAL CONDITIONS OF WEST CARROLLTON**

The City of West Carrollton is currently experiencing financial strain due to: the loss of three top-ten taxpayers, the Ohio economic downturn, reduction in State funding with more cuts budgeted, a declining balance and low interest rates clause, and sharp declines in investment income. As the revenue decreases, the City's expenditures continue to rise. Therefore, the City of West Carrollton has begun to decrease expenditures through the cutting of several positions and a reduction in hours for some full-time employees. A five year income tax increase passed during the election in 2005 and this has kept the City functioning at a normal level. However, with the tax base declining and employee health care costs increasing, the City of West Carrollton will find themselves with approximately one half the general fund balance they currently hold in 2009. If the City continues at this rate, they will be unable to function.

## ISSUES

### Article 13 - Wages, Section 1 - Step Increases

#### *UNION'S POSITION:*

The Union proposed adding a paragraph to Section 1 of Article 13 which would provide for all employees to receive a four percent (4%) wage increases effective at the beginning of the first pay period in November 2006, and four percent (4%) wage increases effective at the beginning of the first pay period in November 2007.

The Union believes this wage increase is necessary for the members in the bargaining unit to maintain a current comparable ranking with similar departments in other cities in Ohio. Employees' pay is below that of other comparable cities in Ohio and other non-bargaining unit employees in the City received a higher wage increase effective January 1, 2006. Wage increases have been contained in all of the previous agreements made between the City and the Union. The Union feels that the wage increase when taken in conjunction with the City's proposal for medical insurance, the Union's proposal is fair and reasonable.

#### *CITY'S POSITION:*

The City has proposes to increase wages of bargaining unit employees by 3.5% the first year of the agreement, and by 3% each of the second and third years of the agreement. The employees of this Union have consistently received raises above the consumer price index. According to Tom Riley, Finance Director of West Carrollton, these employees have been given compensation fifty percent (50%) higher than the inflation rate. Now, the City of West Carrollton is experiencing financial difficulty. West Carrollton has called on other employees within the City to work within the financial restraints placed upon them. The City of West Carrollton cannot pay a four percent (4%) increase every year of the three year contract and meet the Union on its proposal for medical insurance.

#### *ANALYSIS:*

The issue of wages and medical insurance is closely linked. The proposed increase cost and reduced benefit of the core medical insurance plan has financial implications for the employees. Although other City employees have previously agreed to the City's wage proposal and the revised medical insurance proposal, the employees of this bargaining unit are substantially less able to pay the additional medical insurance costs and be subject to 3.5% increase in year one and 3% percent in years two and three.

Council for the bargaining unit submitted analysis of jobs relative to external comparable. The external comparable are weak at best, because there was substantial deviation between job in the various comparable cities and those in this bargaining unit. Furthermore, the sample for each job is very small. The Fact-finder believes that internal comparable are a substantially better indicator of equity between the City's employee groups. The City entered the FOP contract effective September 1, 2005. Interestingly, the lowest paid Sergeant in the FOP bargaining unit earns \$27.46 per hour compared to the highest paid employee in this bargaining unit who earns \$19.09 per hour. The Fact-finder recognizes that these are different jobs with different responsibilities. However, the core medical insurance is universal

for all employees. Therefore, a higher wage increase during the first year of the new medical insurance is appropriate for this bargaining unit.

RECOMMENDATION:

November 1, 2005 - 4%  
November 1, 2006 - 3%  
November 1, 2007 - 3%

Granting the employees of this bargaining unit an additional one percent (1%) increase the first year of the contract cushions the change in the medical insurance. This is consistent with internal equity.

Article 13 - Wages, Section 2 - Stand-by Pay

UNION'S POSITION:

The Union proposes that Stand-by Pay be increased by four percent (4%) in each of the years of the contract. Historically, the Stand-by Pay has been tied to the wages in the sense that the Stand-by Pay in each of the years of the contract has increased by the same percentage that the wages have increased.

CITY'S POSITION:

The City has proposed to increase Stand-by Pay to \$3.01 per hour the first year of the agreement, to \$3.10 per hour the second year of the agreement, and to \$3.20 the third year of the agreement.

ANALYSIS:

The practice of the City has been to increase Stand-by Pay by the same increment as the annual wage increase. The City proposed a lower increase during year one of this contract. Therefore, proposing a lower increase in Stand-by-pay. For reasons discussed in Article 13 - Wages, Section 1 - Step Increases, no evidence was presented that support changing the practice regarding Stand-by Pay to the amount recommended by the City.

RECOMMENDATION:

The first year base rate is \$2.82 per hour, increasing to \$2.90 per hour for the second year and \$2.99 in the third year of the contract.

Article 20 - Insurance, Section 1 - Coverage

UNION'S POSITION:

The City is required by the terms of its contract to make available to employees a group health care program, which is the same or similar to the health care program to which the employees previously subscribed. Under the current program, the bargaining unit employees contribute ten percent (10%)

toward the applicable premium and the City contributes ninety percent (90%). In the event of an increase, the employee contribution shall not exceed twelve percent (12%) of the total monthly premium with the City contributing the remainder.

The City's contract for health insurance expired on September 1, 2005 whereupon the City proposed to implement major changes to plan design for all City employees. Because the current contract language with this bargaining unit requires the City to pay no less than eighty-eight percent (88%) of the monthly premium for either the current plan or a similar plan, to-date the City has maintained its premium contribution and the existing health plan benefit.

In these negotiations, the City proposes the bargaining unit will have three (3) options for group health care: 1) a high deductible health plan with a health savings account; 2) a "core plan" known as Blue Access Option #63 (BAO#63); and 3) a "traditional" plan known as Blue Access Option #48 (BAO#48). BAO#48, the most expensive, is a similar health care plan to what the bargaining unit employees currently subscribe. The City has proposed to pay eighty-eight percent (88%) of BAO#63, the core plan, and suggests that those employees interested may pay the difference to subscribe to the more expensive plan, BAO#48.

The Union agrees to change the health care coverage to a three (3) option proposal for employees to choose what best fits their needs. However, the City is to pay eighty-eight percent (88%) of the monthly premium for both BAO#63, the core plan, and BAO#48, the traditional plan, since BAO#48 most closely resembles the current design plan. The Union also wishes to maintain the language in the contract stating that the City must maintain the traditional BAO#48 or a similar plan for the life of the contract.

#### CITY'S POSITION:

All employees of West Carrollton have enjoyed the same health care benefits with no changes between 1993 - 2003. This has been drastically out of touch with the times, because the employees have enjoyed the same benefits for the same pay and the City has been paying drastically more each year. This has been one of the top causes for the City of West Carrollton finding themselves in financial difficulty.

Marcy Abner an Associate of McGowan and Bartender, a firm that works with over 1200 employer groups and the Ohio Benefit Cooperatives, stated that insurance premiums have increased about twenty percent (20%) annually between 2001 and 2005. Due to these increases in coverage, many organizations have changed the benefit plans unlike the City of West Carrollton. However after feeling financial strain and seeing over \$1.2 million paid annually to employee health coverage, the City of West Carrollton met with Ms. Abner in order to find a better economical solution. With the old plan phased out and the City in financial restraints, the next best health coverage plans were chosen. These three (3) options were the High Deductible Health Plan, the Core Plan (BAO#63) and the Buy-up Plan (BAO#48). These three options are competitive to what other cities around Ohio are offering their employees.

The City chose BAO #63 as the plan they will pay eighty-eight (88%) of the total monthly premium and the employees must pay the difference if electing to go to BAO#48, the buy up plan. The reason is because BAO#63 is considered the standard plan among public organizations and is still considered a very good plan among the private industry. This plan offers higher deductibles enabling employees to take a greater responsibility when deciding on medical treatment.

The City cannot emphasize enough that they are experiencing a large gap between their revenues and expenses. One of the top expenses the City of West Carrollton has experienced is health care increases. Tom Riley, the City Finance Director stated that the City is trying to maintain current employee positions by cutting insurance costs. Therefore, the City has probatively negotiated with all employees except this bargaining unit. This has lead to a savings of approximately \$110, 000. Agreement to the new health plan by this unit will save one more position within the City of West Carrollton.

ANALYSIS:

- A. The City of West Carrollton must make drastic changes to the employee health care coverage to reduce financial strain. If these changes do not take place, the City government will not be able to fully serve the residents of West Carrollton.
- B. Both the City and the Union are in agreement that the bargaining unit employees are to be offered a three (3) option proposal consisting of: (1) a high deductible health plan (CDPD) with a Health Savings Account, (2) a core plan known as Blue Access Option #63 (BAO#63), and (3) a traditional/buy-up plan, known as Blue Access Option #48 (BAO#48).

The Union and the City are in agreement that the City will pay eighty-eight percent (88%) and the bargaining unit employees are to pay twelve percent (12%) for one of the health care plans. The Union proposes that the City pay eighty-eight (88%) of both BAO#63 and BAO#48, whichever the employee chooses. The City proposes that BAO#63 be the core plan which they will pay eighty-eight percent (88%) of and the employees will pay twelve percent (12%) plus the additional costs for BAO#48.

Current Plans	Premium	Employee	Employer
<u>POS</u>			
Family	\$997.38	\$119.99	\$877.69
Single	\$354.81	\$ 42.58	\$312.23
<u>PPQ</u>			
Family	\$974.40	\$116.93	\$857.47
Single	\$346.83	\$ 41.62	\$305.21
Union Proposal	Premium	Employee	Employer
<u>BAO#63</u>			
Family	\$820.56	\$98.47	\$722.09
Single	\$291.73	\$35.01	\$256.72
<u>BAO#48</u>			
Family	\$921.98	\$110.64	\$811.34
Single	\$327.79	\$39.33	\$288.46
City Proposal	Premium	Employee	Employer
<u>BAO#63</u>			
Family	\$820.56	\$ 98.47	\$722.09
Single	\$291.73	\$35.01	\$256.72
<u>BAO#48</u>			
Family	\$921.98	\$199.89	\$722.09
Single	\$327.79	\$71.07	\$256.72

The Union and City both propose options that are less expensive for the City than the current plan. All other employee groups within the City have contractual agreements similar to the City proposal. The Fact-finder believes it is important for the City to offer the same health care coverage to all employees.

- D. The main issue raised by the bargaining unit employees is the difference in deductibles between the current plan and the proposed options.

*(Chart is a comparable to network office visit deductibles only)*

<u>Plans</u>	<u>Deductible</u>
POS	\$5 Co-Pay
PPO	\$10 Co-Pay
BAO#63	\$20 Co-Pay
BAO#48	\$15 Co-Pay

The Fact-finder believes that internal comparable are an indicator of equity between the City's employee groups. The City entered the FOP contract effective September 1, 2005. Interestingly, the lowest paid Sergeant in the FOP bargaining unit earns \$27.46/hour compared to the highest paid employee in this bargaining unit who earns \$19.09/hour. The Fact-finder recognizes that these are different jobs with different responsibilities. However, BAO#63 is universal for all employees. Therefore, the high wage increase of four percent (4%) during the first year of the new medical insurance has been put in place to offset the high deductibles for this health care plan.

**RECOMMENDATION:**

- A. The City shall continue through February 28, 2006 at 11:59 p.m., the employee's current group health care program. Effective at 12:00 a.m. on March 1, 2006, the City will make available to employees covered hereunder three options for group health care - (1) a high deductible health plan (HDHP) with a Health Savings Account, (2) a core plan known as Blue Access Option #63, and (3) a buy-up plan, known as Blue Access Option #48. The City will contribute eighty-eight (88%) of the monthly premium for the core plan to any option selected by the employee. The City will contribute to an employee's Health Savings Account the difference between the premiums for the core Savings Account deductible health plan. The employee will pay the difference between the premiums for the core plan and the buy-up plan.
- B. Each employee must elect to subscribe to one of the plan options before insurance payments for same will be made by the City. In the event the employee should elect not to subscribe to a plan, additional compensation shall not be paid to the employee. Employees not electing to subscribe to the plan must sign a waiver form. An employee shall become eligible for said insurance upon being hired in a full time non-temporary status.
- C. The core plan Blue Access Option #63 will require the employee to make deductible, co-insurance, out-of-pocket, prescription drug, and other contributions no greater than those presented in the Insurance Contribution Analysis - "Option Plan" Anthem Blue Cross Blue Shield ABD Package "Core" Blue Access Option #63 V02 on January 23, 2006. During the term

of the Agreement, the City shall make available to employees covered hereunder a group health care program which is the same as or similar to the core plan Blue Access Option #63.

- E. The City shall provide, at no cost to the employee, \$25, 000 Life Insurance and \$20,000 Accidental Death and Dismemberment Insurance.
- F. The life insurance amount may be decreased up to the limits on the following schedule as allowed under the Age Discrimination in Employment Act:

At age	65 - 35%
	70 - 25%
	75 - 12%
	80 - 8%

Article 20 - Insurance, Section 1 - Coverage, D. Committees (New Provision)

UNION'S POSITION:

The Union believes that the employees as well as the City have an interest in maintaining low cost health insurance that offers the same or similar benefits to the current health coverage. Therefore, the establishment of an Insurance Committee is in the best interest of both parties.

CITY'S POSITION:

The City and the Union have a mutual interest in maintaining the lowest possible costs for health care coverage. Therefore, the establishment of an Insurance Committee is in the best interest of both parties.

ANALYSIS:

The Fact-finder believes that the Union and the City have a mutual interest in maintaining the lowest possible costs for health care coverage. Therefore, the establishment of an Insurance Committee is in the best interest of both parties.

RECOMMENDATION:

The following language is recommended under Article 20 - Insurance, Section 1 - Coverage:

- D. With each sharing in costs, the Union and the City have a mutual interest in maintaining the lowest possible costs for health care coverage. In order to consult on reducing costs without loss of benefits, to share research, and to consider cost saving alternatives on future plan changes during the term of this Agreement, the parties may form an Insurance Committee comprised of members from various segments of City Service including the Union, or may use the Labor Management Committee established in Article 37 of this Agreement. Recommendations following consultation may be submitted to City Council for consideration.

Article 32 - Duration

UNION'S POSITION:

The Union proposes a three (3) year agreement effective from November 14, 2005 through November 14, 2008.

CITY'S POSITION:

The City proposes a three (3) year agreement effective on the date of ratification by the City and the Union, with wage increases effective on the date of ratification and annually thereafter.

ANALYSIS:

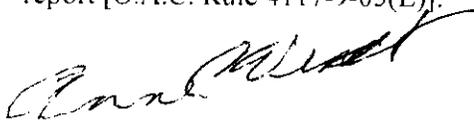
The tentative contract settlement that was rejected by the bargaining unit contained retroactive wage payments to November 14, 2005. To deny the bargaining unit retroactivity would be a punitive action for their rejection of the tentative contract settlement. Therefore, the Fact-finder recommends that the contract be retroactive to November 14, 2005.

RECOMMENDATION:

This agreement is effective from November 14, 2005 through November 14, 2008.

**CONCLUSION**

The Fact-finder has attempted to resolve the difficult issues presented with a thorough review of interrelated contract provisions and with careful attention to all the evidence and argument presented. If the parties find any substantive error in this report needing correction, a conference call should be arranged to discuss the concern, and a request may be filed with -SERB for authorization to adjust the report [O.A.C. Rule 4117-9-05(L)].



Ann C. Wendt, Ph.D., SPHR  
Fact-finder

2/10/06

Date