

**ALAN M. WOLK
IMPARTIAL FACT-FINDER
STATE EMPLOYMENT RELATIONS BOARD**

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RELATIONS BOARD

2005 DEC 29 A 10: 55

IN THE MATTER BETWEEN:

International Association of Machinists and Aerospace Workers Local #244)	
)	
Union)	NO. 05-MED-10-1243
)	
and)	FACT-FINDER'S
)	RECOMMENDATIONS
CITY OF ROCKY RIVER, OHIO)	
)	
Employer)	

APPEARANCES:

FOR THE UNION:

T. Dean Wright, President and DBR District Lodge 54

FOR THE EMPLOYER:

David J. Matty, Esq., Wm. F. Knoble, Mayor

History of the Proceedings

Pursuant to Ohio Revised Code Chapter 4117, Section 4117.14(C), and by letter issued by SERB, the undersigned was selected by the parties through the State Employment Relations Board of Ohio [SERB] to serve as impartial neutral Fact-Finder to hear and decide issues presented pursuant to Ohio law.

Except to the extent that parties mutually agree otherwise, or wish to pursue mediation first, in compliance with Ohio Administrative Regulations, particularly 4117-9-05, position statements and other required documentation were timely submitted to the opposing party and to the Fact-Finder prior to the hearing.

Hearings commenced at 10 a.m. at Rocky River City Hall, 21013 Hilliard Road, Rocky River, Ohio 44116, Wednesday, December 21st, 2005. A court reporter was not present.

SUBMISSION

I. Parties

The Union is the International Association of Machinists and Aerospace Workers, [IAM & AW] Local #244, District 54.

The Union's principal representative is T. Dean Wright, 2906 Euclid Avenue, Cleveland, Ohio 44115; 216-241-0290; FAX: 216-241-0290.

The Employer is the City of Rocky River, Ohio; Rocky River is located in Cuyahoga County, Ohio approximately 4.1 square miles, with approximately 21,000 residents. The City of Rocky River is located at 21013 Hilliard Road, Rocky River, Ohio 44116 c/o Hon. Wm. R. Knoble. Phone: 440-331-0600.

The City of Rocky River is located in western Cuyahoga County abutting Lake Erie on the North, and surrounded by the cities of Bay Village, Westlake, North Olmsted, Fairview Park and Lakewood.

The Employer's principal representative is David J. Matty, Esq. 1775 Illuminating Building, Cleveland, Ohio 44115, Phone 216-621-6570; FAX: 216-621-1127.

II. Description of the Bargaining Unit

The bargaining unit consists of approximately 45 full-time service workers.

The Union became exclusive representative in 1991. The employees are responsible service functions in Rocky River, Ohio.

III. Current Collective Bargaining Agreement

The current Collective Bargaining Agreement expires 12/31/05.

The parties did *not* agree that the Recommendations herein would be effective retroactively beginning January 1, 2006.

IV. Current negotiation history

Negotiations for the parties contract commenced in 11/23/05 and the parties met at least a total of six (6) times prior to the hearing.

Issues

**ARTICLE 14(e) SALARIES AND HOURLY RATES
ARTICLE 23 HEALTH BENEFITS INCLUDING DENTAL
ARTICLE 27 DURATION OF AGREEMENT**

FINDINGS

In making these determinations, testimony was received, exhibits were admitted, arguments were heard, and full consideration to the statutory criteria served as guideline.

Criteria

The FACT-FINDER, in making recommendations, shall take into consideration all reliable information relevant to the issues, including, but not limited to:

- (1) Past collective bargaining agreements, if any, between the parties;**
- (2) Comparison of unresolved issues related to other public and private employees doing comparable work, giving consideration to factors peculiar to the area and classification involved;**
- (3) The interest and welfare of the public, and 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;**
- (4) The lawful authority of the public employer;**
- (5) Any stipulations of the parties; and**
- (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 agree upon dispute settlement procedures in the public service, or in private employment.**

Discussion and Findings

The City presented three witnesses, including the Mayor, the Finance Director and the City consultant who worked with a city-wide joint-labor management health insurance committee. The Union did not present witnesses or exhibits, but raised relevant questions in cross-examining witnesses. The past collective bargaining agreement was reviewed.

According to the evidence, I find that the City has limited ability to finance and administer the wages and health benefit issues proposed by the Union, although the Union proposal is reasonable.

Taxes

Rocky River has a comparably higher proportion of citizens on social security, whose dividends and interest income are not subject to income tax which has been flattening compared with several prior years. Personal property taxes have been eliminated as a source. Local government funds are being reduced. Real property tax values in Rocky River are not increasing at rates commensurate with increases in some western Cuyahoga County upscale communities, with the result that real property tax receipts (the bulk of which go to local schools) are also flattening.

Assets

City assets that might potentially be tapped were shown to be restricted, and cannot be used to pay employee compensation or benefits.

Future

In the future, there is a possibility that the Ohio legislature will eliminate the Ohio Estate Tax which can be a significant source of local funding. There was some speculative evidence that several top ten employers in the City and at least one other that is not in the top ten may be moving out of the City in the foreseeable future, with a corresponding loss or reduction in income tax receipts from their employees.

Accordingly, the evidence, to a large extent, supports the City's position of its inability to pay what the Union requests.

Despite the recent revenue weakening, Rocky River remains a highly viable and desirable community of some 21,000 residents living within 4.1 square miles. Although it has little land for brand new development, redevelopment has been and will likely continue to occur. Service employees are an integral part of providing citizens with their needs. While the future is uncertain, we read every day that the economy is improving at a satisfactory rate or better. Rocky River is a solid community and its revenues can reasonably be expected to grow with the economy over the next several years.

Compensation and Health Care provisions are financially intermingled. Medical costs are rising faster than the rest of the economy and a serious problem for government, commerce and workers. Allocating public funds is a particular challenge when resources are limited. The City proposes reasonably good coverage at no cost to the employees, which is represented to cost the City \$3,680 for a single and \$9,150 for a family in 2006. This represents a 5% increase in the cap compared to prior years.

The City encourages all City employees to select from one of the two other insurance plans offered. The evidence indicates that Plan II may be the most desirable choice, however, the employee premium would be \$309.27 (single coverage) or \$836.11 [family]. The rates are calculated as the difference above the Cap referred to above.

Note that individual premium payroll deductions reduce the taxable portion of income. However, if members of this bargaining unit receive the proposed increase of 2.5% in 2006, and they then take the recommended Plan II, they will take home approximately \$10 less per paycheck than they received in 2005.

The choice is between allowing the City to attain and/or maintain uniformity among all city employees with respect to medical-dental coverage. I believe the City's goal of having citywide uniformity with respect to health benefits is an acceptable goal. It can be helpful to all City employees as well as the City financial operations. Therefore, the only possible flexibility lies in the issue of wage increases.

The City's wage offer increases its approximate projected wage and health benefit cost including OPERS as follows:

Current	\$2.412 Million
2006	2.467 Million
2007	2.534 Million
2008	2.605 Million

This increase as offered will cost the City \$193,000 or eight (8%) over three years including the corresponding increase in the City contribution to OPERS which will rise 0.45% from 13.55% to 14% by 2008.

RECOMMENDATIONS

ARTICLE 14(e) SALARIES AND HOURLY RATES

City Position: The City's final offer is to increase wages 2.5% in 2006, 2% in 2007, and 2% in 2008. This amounts to 6.5% over three years.

The City asserts this is the maximum it can pay and that it does not have the financial ability to pay more. It provided evidence to support its position.

Union Position: The Union final offer seeks 0% in 2006, 4.5% in 2007 and 4.5% in 2008. The 0% the first year reflects the Union's cooperative attitude towards the City to enable the City to pay for improved medical-dental coverage. This amounts to 9% over three years.

There is no point to splitting the difference between parties in view of the foregoing, however, the City should be able to afford a larger increase in the second and third years of the contract as the economy grows. Each increase of one (1%) above the 2005 total of \$2,412,000 amounts to \$24,120 plus OPER 13.55+%. Certainly and additional ¼% in each of the latter two years will not unduly strain the City finances.

Accordingly, the following language is recommended and is to be calculated and charted as a part of the Agreement:

ARTICLE 14(e) SALARIES AND HOURLY RATES

Increase Effective January 1, 2006	2.5 %
Increase Effective January 1, 2007	2.25%
Increase Effective January 1, 2008	2.25 %

Over three years this amounts to a little over Seven (7%) percent.

ARTICLE 23 HEALTH BENEFITS INCLUDING DENTAL

City Position: The City offers to raise the annual CAP it will contribute for optional medical-dental polices almost 5.2%, from \$3,500 to \$3,680 for single coverage and from 8,700 to \$9,150 for family coverage to be raised in each subsequent year.

Union Position: The Union seeks to provide for a raise of the annual maximum the City will contribute for optional medical-dental polices over 30%, from 3,500 to \$4,800 for single coverage, and from 8,700 to \$11,400 for family coverage.

RECOMMENDATION

The City position is adopted.

ARTICLE 27 DURATION OF AGREEMENT

City Position:

The Agreement should take effect from the date of signing or 1/106, whichever is later, for the reason that the City budget must be presented to Council by 1/31/06 and prolonged negotiations would impede the budget process.

Union Position:

The Agreement, whenever signed, should be retroactive as of 1/1/06.

RECOMMENDATION

The differences between the parties are very narrow and delay in implementing the effective date is not warranted in this case. [This recommendation is not intended to allow the foregoing effective date to benefit a party that prolongs this matter].

Provided that neither party initiates further proceedings in this matter, the Union language is recommended:

This Agreement shall be effective as of the 1st day of January, 2006* and shall remain in full force and effect until the 31st day of December, 2008.



ALAN M. WOLK, Fact-Finder

**Made effective in Cuyahoga County, Ohio,
this 23rd day of December, 2005.**