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IN THE MATTER OF FACT-FINDING

BETWEEN

THE OHIO PATROLMEN'S BENEVOLENT ASSOCIATION

AND

THE CITY OF CANFIELD

BEFORE: Robert G. Stein

SERB CASE NO. 05-MED-11-1313, 1314,1315

PRINCIPAL ADVOCATE FOR THE UNION:

Jeffrey D. Perry, Business Agent
OHIO PATROLMEN'S BENEVOLENT ASSOCIATION
P.O. BOX 338003
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and

PRINCIPAL ADVOCATE FOR THE CITY:

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CITY OF CANFIELD
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INTRODUCTION

The three (3) bargaining units involved in this fact-finding are comprised of approximately seventeen (17) full-time employees holding the classifications of patrolmen, sergeant, and dispatcher. The Agreement expiration date is December 2005, and negotiations for a new contract began several months ago. The City, located in Mahoning County, Ohio, is a very attractive, well-maintained municipality with a population of approximately 7,400 people. At the start of the hearing the fact-finder, with the concurrence of the parties, attempted to resolve the remaining unresolved issues through mediation. The City informally proposed what it characterized as the only compromise settlement it could make, and the Union negotiating team caucused to consider it. The offer was not accepted by the Union's negotiating team and the parties proceeded to fact-finding. A total of four (4) issues were submitted to fact-finding.

The Advocates and the parties' representatives represented their respective parties well. They clearly articulated the position of their clients on each issue in dispute and provided considerable supportive data. In order to expedite the issuance of this report, the fact-finder shall not restate the actual text of each party's proposals on each issue but will summarize each party's position and make reference to their Position Statements. The Union's Position Statement shall be referred to as UPS and the Employer's Position Statement shall be referred to as EPS.

CRITERIA

OHIO REVISED CODE

In the finding of fact, the Ohio Revised Code, Section 4117.14 (C)(4)(E) establishes the criteria to be considered for fact-finders. For the purposes of review, the criteria are as follows:

1. Past collective bargaining agreements
2. Comparisons
3. The interest and welfare of the public and the ability of the employer to finance the settlement.
4. The lawful authority of the employer
5. Any stipulations of the parties
6. Any other factors not itemized above, which are normally or traditionally used in disputes of this nature.

These criteria are limited in their utility, given the lack of statutory direction in assigning each relative weight. Nevertheless, they provide the basis upon which the following recommendations are made:

ISSUE 1 COMPENSATION

Employer's position

The City argues that using comparables in a given geographic area, which were part of the Union's presentation at the hearing, are often limited in their value due to the fact that revenue sources are locally derived, and often vary based upon the will and ability of the constituents in the community to provide tax revenue. The revenue of the City, which has steadily grown in past years, has in recent years leveled off with little prospect for growth, contends the City. At the same time, costs continue to rise, contends the City. The City asserted that its overall concern is the community's future ability to pay the necessary ongoing costs to operate the City at the current level of service. See Employer Exhibits 5, 6, 8.

If Union increases would be implemented as proposed, the City argues that it will eventually have to develop new sources of revenue to pay the additional costs. If this happens the City argues it will be forced to spend part of all its carryover fund that currently equals approximately one (1) million dollars.

The City also pointed out that it has city residents who work at Delphi and General Motors, both of which are experiencing financial difficulties, with Delphi facing the most serious financial problems. These

are well paying jobs and if no citizens were paying taxes from Delphi and General Motors, revenue could shrink as much as $200,000, asserts the City. Most growth in the City appears to be residential growth. The City acknowledges that this residential growth has translated into additional income, but adds that along with growth comes a need for added services. The City points out that the growth in housing is slowing down as land becomes scarce. In 2000 and 2001, the City went from an annual average yearly growth of 60 to 80 family homes to the current pace of 30 to 35 homes per year. The City concedes that the Red Gate land, which is comprised of approximately 290 acres, could serve as a new area of development; however, at the present time there are still too many unanswered questions to firmly determine whether it will become a significant source of revenue during the contract period.

Upon questioning, the City pointed out that its income tax is 1%, which by comparison is lower than many municipal jurisdictions. In contrast, the City of Youngstown has a 2¾ % income tax, the City of Campbell has a 2.5%, and the City of Alliance has a 1.75% income tax. Other nearby communities are the City of East Palestine with a 1.5% income tax, Lordstown with a ½ % income tax, New Falls with a 1% income tax, the City of Niles with a 1.5% income tax, and the City of Warren is 2%. Five jurisdictions in the surrounding area also have a 1% income tax. The City points out that it is one of the communities that does not give full

credit for other communities. It gives ½ of 1% credit for its citizens who work in other communities. SEE EPS

Union's position

The Union takes a decidedly more optimistic view of the current and future economic condition of the City. It asserts that its wage position is very reasonable and was fashioned with the knowledge of the slow down in City revenue in recent years. The Union also contends that its position is consistent with the trend of salary increases in law enforcement in the state of Ohio. The Union argues that for several years it has been able to negotiate employee salary increases that have averaged four (4) percent each year. The Union points out that the Police Department has set a high standard of excellence for its police officers, which includes a minimum requirement of a four (4) year college degree along with extensive training. The Union asserts its bargaining units should be paid in accordance with these high standards. The City is "well off" when compared to other cities in the area, and its resident population has a high per capita income in contrast to many adjacent cities, argues the Union. The Union contends the City's financial condition is not leveling off as fast as it claims, and is in fact improving to the extent that the City is purchasing land in the surrounding township. The Union cites expenditures for the Red Gate property as an example. The Union also argues that the

City is seeking dramatic increases in the employee's share of the health premium, which would in effect reduce the value of any wage increase. SEE UPS

Discussion

In negotiations, the Union and the Employer have agreed upon wage settlements that were arguably above the going rate. It appears that above average increases were agreed upon in order to improve the bargaining unit's relative wage position with other comparable cities. In the last contract the bargaining unit and the City negotiated wage increases of four (4) percent each year of the contract. During the last several years SERB data reveals the average wage settlements have fallen from the mid to high 3% range to around three (3) percent. From the data presented it is clear the City is well managed and is fiscally sound at present. The City's caution is certainly not misplaced given the uncertainty that exists in the economy of northeast Ohio, particularly related to the auto industry. However, the City has also chosen to develop a very well educated and highly trained police department that would be a credit to any municipality. This is a difference with distinction. In order to retain highly trained officers for whom the City has already invested considerable resources, it needs to provide wage increases that are competitive. This is especially true in an economy in which inflation,

which was low in the 1990s, has been recently rising in part due to dramatic increases in energy costs. The City convincingly argued that it is not currently in a position to grant above average increases. The Union forcefully made a case for providing salary increases to its members that match the going rate.

Determination

The following wage structure is recommended:

1st year .....3% retroactive to January 1, 2006

2nd year..... 3 % across-the-board salary increase, eff: 1/1/07

3rd year.....3% across-the-board salary increase, eff: 1/1/08

ISSUE 2 INSURANCE

Employer's position

The City points out that it has been successful in keeping health care costs in relative check during the last couple of years by changing its policy in the areas of deductibles and out of pocket costs. In spite of these series of efforts at cost containment, the City still experienced substantial increases in premiums. The City contends that in order to "get in line with public and private sector trends," it was successful in the last

round of bargaining in establishing an employee share of the premium costs. This change was a result of a fact-finding award. Currently employees contribute a flat dollar amount toward their cost of health care. This amount approximately equals three (3) percent of the total premium. The Employer is proposing to do away with fixed dollar payments and desires to have employees pay a percentage of their health care premiums that rises each year of the contract to a maximum of 12%. See Employer Exhibit 7, 10, and 11. See EPS

Union's position

The Union asserts it is willing to agree to have employees pay a reasonable share of the premium, but does not wish to have bargaining unit employees unduly exposed to dramatic increases in health care premiums. The Union wishes to remain paying a flat dollar amount versus a percentage of the health care premium. In Union Exhibit 4, the Union outlines its proposed increases in the employee's share of insurance, which includes having employees pay larger dollar amounts each year of the contract. The Union asserts that very few places have only percentages applied to employee premiums without attending fixed dollar amounts. The Union asserted it was unaware of any nearby jurisdiction that required employees to pay more than 10% of their health care premium. See UPS

Discussion

Public employers in Ohio and practically everywhere in the country are struggling to continue to provide affordable healthcare for their employees. With the exception of outsourcing, the issue of healthcare has become, in many instances, the most difficult ongoing issue faced by unions and employers in negotiations. As stated above, the parties have been doing all they can to scrutinize their plan and to make adjustments in coverage in order to maintain good affordable coverage.

Currently the majority of Ohio public employees contribute toward the payment of their health care coverage. However, this shift of costs has not occurred suddenly, but in many cases has been phased in gradually. Employer sponsored health care plans have little by little gone from being 100% employer paid to a majority employer paid percentage, with employees sharing some of the costs. It is also noted that much of the cost shifting to employees began well before the current difficult times many public sector employers and their unions are facing in Ohio. During those more prosperous times, public sector employers in Ohio were often successful in negotiating increases in the employee's share of the premium in exchange for larger wage increases or other enhanced benefits. This fact-finder was involved in shifts away from 100% employer paid health care as early as the mid -1980s, in which negotiated "quid pro

quo" exchanges were made. It should also be remembered that when the 3%, 5%, 10%, or 15% phase-ins occurred in the 1980s and 1990s, the health care premiums were dramatically lower, wage increases were often higher, and in the 1990s inflation steadily remained low by historical standards. It is also a matter of conditioning and adjustment. The employees who have paid 5% to 10% over many years have had time and experience to adjust to the seemingly annual increases in premiums and have had time to adjust their family budgets according. A gradually conditioned and anticipated increase in premium is far different than suddenly thrusting upon employees significant monthly costs, particularly without any offsetting economic gains in other parts of the collective bargaining agreement. However, the reality is there are fewer and fewer public or private sector employers that provide full coverage, particularly for family coverage. And, that reality is what the parties are facing.

While it is clear that the Employer's position in having employees assume a greater share of the cost of health care is consistent with trends in the public sector in Ohio, there is no question that premium cost shifting will reduce the overall value of the financial increases provided to the bargaining unit over the next contract period. It is also noted that the bargaining unit contains highly educated and highly qualified employees when compared to the norm in law enforcement. It is a factor that distinguishes Canfield from many other municipalities. In spite of the

bargaining unit's qualifications, they are not among the leaders in pay when compared to their colleagues in comparable cities (see Union Exhibits 2 and 3). In some of these comparable jurisdictions in Mahoning County, as pointed out by the City, employees pay about 10% of the premium. As an example, the Employer cites the nearby comparable Boardman Township where employees will gradually pay more for their health insurance up to a maximum of 10% in the third year of their contract (2008). A similar increase in premium for dispatchers has been recommended by a fact-finder in Austintown, but was rejected by both the City and the Union for different reasons. Without finality, it is not a useful comparable. It is noted that Boardman Township, having negotiated a "graduated 10% employee health care premium payment," also provided wage increases of 12% over the next 3 years. Also in the Boardman Township a patrolman with ten years of service earns nearly $6000 more per year in compensation (including longevity, uniform allowance, differential) than does a comparable patrolman in Canfield. A lower employee premium payment amount for health care is one advantage currently provided to law enforcement officers, sergeants, and dispatchers in Canfield that offsets a substantial disparity in compensation.

Based upon the history of bargaining that established the last agreement and comparable trends in the public sector in Ohio, an

increase in cost sharing of insurance premiums in the form of percentages is supported. Percentage increases provide employees with a greater first hand understanding of the rising cost of maintaining this important benefit. However, to be consistent with the history of most other public sector jurisdictions and absent evidence of the city facing financial hardship, employee increases in health care premiums should be gradually imposed with temporary overall caps giving an employee time to adjust to new thresholds of cost sharing and protection against catastrophic increases.

Determination

ARTICLE 35 INSURANCE

Section 1. The Employer will continue to provide and pay the premiums on behalf of each Employee for comparable hospitalization, prescription, and medical service coverage for the Employee and family. The Employees shall contribute the **percentages** toward payment of the premiums **("P") with an overall per pay cap for each category of coverage** as follows:

	Effective 7/1/06	2nd year	3rd year	Cap per pay
Single	**5% of P**	**6% of P**	**7% of P**	**$25***
Employee/Child	**5% of P**	**6% of P**	**7% of P**	**$30***
Employee/Spouse	**5% of P**	**6% of P**	**7% of P**	**$35***
Family	**5% of P**	**6% of P**	**7% of P**	**$50***

***caps on health care premiums shall sunset (expire) at the end of the Agreement unless otherwise negotiated by the parties.**

Section 2. The Employer will provide each Employee with vision and dental insurance coverage at least equivalent to that, which was provided under the previous contract.

Section 3. The Employer will provide and pay the full premium for all Employees for a convertible term life insurance policy in the face value of Thirty-five Thousand Dollars ($35,000).

Section 4. The Employer shall provide professional liability coverage for all Employees of the bargaining units whose jobs may require such coverage as determined by the City Manager.

ISSUE 3 OVERTIME PAY

Union's positions

The Union points out that there is always a struggle between granting compensation time off versus paying overtime rates and that compensatory time is a financially effective way for municipalities to control overtime costs. The Union also argues that Canfield is one of the few places where the Police Chief can refuse compensation time if it causes overtime, and that the City has enjoyed the benefit of savings connected with compensation time for quite some time. Increasing compensatory time accumulation from 100 hours versus 120 hours will provide employees with "a little extra cushion in case they need time off," argues the Union. The Union points out that if the City was required by contract to use the FSLA standard, the cap for compensation time would be 480 hours. The Union argues that other employees in the City have accumulated as much as 8,000 hours. See UPS

Employer's position

Current language. The City contends there are always costs associated with compensation time. It contends that the costs associated with the time involved in scheduling fill-in people is one example. Moreover, it is difficult to tell someone they cannot have time off, argues the Employer. Another factor is in increasing the time from 100 hours to 120 hours. This is more than a 20% increase, argues the Employer. The Employer also points out that City Council has severely modified the policy on compensation time for all non-union employees (effective May 18th, 19th, and 20th, 2006) and has set the max accumulation at 100 hours. Any amount over 100 hours (the 8,000 hours referred to by the Union in its presentation) was wiped out for all employees through passage of the legislation by City Council.

The City does not deny it has benefited from compensation time versus overtime pay, but there are other issues to contend with in filling a schedule. The City points out that many younger employees value time off more than they do the extra money that may result if they are called into work to replace an employee who is off due to compensation time. This even occurs if the call-in time is at overtime rates, asserts the Employer. The City asserts that someone will put in for compensation time, and it usually has to go through the list for replacements two times before finding one employee who may accept it. The Employer also points out

that there is a secondary impact on vacation (use it or lose it) time. Employees get into a bind when they use compensation time off and do not allow themselves enough time to use all of their vacation. The Employer asserts it is not against compensation leave, but it wants employees to take their vacation time as provided in the Collective Bargaining Agreement. See EPS.

Discussion

There is insufficient data to support an increase in compensation time. The history of bargaining in the last contract provided the Chief of Police with the right to deny compensation time if it caused overtime. This indicates that the City was already struggling with scheduling and additional costs associated with compensation time. While the data does not demonstrate the City is currently facing economic difficulties, this type of change has future economic implications that are difficult to predict. Moreover, the data provided did not demonstrate a pressing need on the part of a majority of the bargaining unit's members to accumulate compensation time beyond the current 100-hour limit (see Union Exhibit 7). The data did not demonstrate that a majority of employees are at or near the current 100-hour cap.

Determination

Current language

ISSUE 4 LONGEVITY

Employer's position

The City asserts that an overall cost of compensation in any form is a continuing issue. The City points out that the history of longevity goes back to first contract in 1988, with improvements made in subsequent years. The City contends that increases in longevity are not something that should be done on a regular basis and that financial resources are better spent in the area of general wage increases rather than for longevity. The City argues the marginal increases being proposed by the Union, in additional to a new step of longevity, would make very little difference in terms of retention or recruitment. See EPS

Union's position

The Union asserts that longevity pay is a tool to reward employees for their experience. It is also a retention tool to keep employees who represent a valuable asset to the City. The Union argues that in order to continue to attract top quality applicants, the City needs to pay top wages and continue to reward employees for their experience, education, and expertise. The Union in its proposal particularly focuses on the current longevity schedule, which does not provide increases in longevity beyond twenty-five (25) years of service. The Union points out

that the twenty-five (25) year ceiling, except in the case of Dispatchers who must work thirty (30) years to retire, made sense for police officers prior to the institution of the DROP program. SEE UPS

Discussion

Based upon the data presented at the hearing, including the need for the City to look for ways to effectively manage costs in the future, there is insufficient data to support an increase in longevity in all but the last new step. Dispatchers must work thirty-(30) years to gain retirement and the DROP program has resulted in bargaining unit employees staying on the job longer. Moreover, sergeants, officers and dispatchers who have worked beyond twenty-five (25) years have earned recognition for their dedicated service, and if they remain productive employees their experience can be a valuable asset to a Police Department, particularly as it relates to mentoring new employees.

Determination

ARTICLE 32 LONGEVITY

Section 1. Effective January 1, 2006 all Employees shall receive longevity payments after the completion of the required length of continuous full-time service pursuant to the following schedule:

After five (5) years	$15.00 per month
After seven (7) years	$25.00 per month
After nine (9) years	$35.00 per month

After eleven (11) years	$45.00 per month
After thirteen (1 3) years	$55.00 per month
After fifteen (15) years	$65.00 per month
After seventeen (17) years	$75.00 per month
After nineteen (19) years	$85.00 per month
After twenty-one (21) years	$95.00 per month
After twenty-three (23) years	$105.00 per month
After twenty-five (25) years	$115.00 per month
After twenty-seven (27) years	**$125.00 per month**

Section 2. Longevity payments shall be added to the regular rate of pay. This adjusted regular hourly rate of pay shall be used only for purposes of computing overtime rate of pay and Holiday compensation. (Note: Adjusted regular hourly rate of pay means regular hourly rate of pay plus longevity).

TENTATIVE AGREEMENTS

During negotiations the parties reached tentative agreement on several issues. These tentative agreements are part of the recommendations contained in this report.

The Fact-finder respectfully submits the above recommendations to the parties this 29th day of June in Portage County, Ohio.

Robert G. Stein, Fact-finder