

**FACT FINDING REPORT
STATE OF OHIO
STATE EMPLOYMENT RELATIONS BOARD
April 2, 2007**

STATE EMPLOYMENT
RELATIONS BOARD

2007 APR -3 A 11: 20

In the Matter of:

**FRATERNAL ORDER OF POLICE
OHIO LABOR COUNCIL, INC.**

CASE NO: 06-MED-08-0831

Employee Organization

-and-

CITY OF SPRINGBORO (City)
Employer

APPEARANCES

FRATERNAL ORDER OF POLICE, OHIO LABOR COUNCIL, INC.

David L. Stanley, Staff Representative
Brian Stewart, Patrolman
Todd Pultz, Patrolman

CITY OF SPRINGBORO (City)

Joseph Wessendarp, Pickrel, Schaffer and Ebeling
Christine Thompson, City Manager
Chris Pozzuto, Assistant City Manager
Jeff Kruithuff, Police Chief
Robyn Brown, Director of Finance

Fact Finder: Howard Tolley, Jr., Professor, University of Cincinnati

Introduction

In six negotiating sessions for a three-year successor agreement to begin December 1, 2006, the parties agreed to extend the current language of 17 contract articles, and reached tentative agreement to changes on 4 others. The parties were unable to agree on Article 24 Wages and Article 17 Insurance, and FOP members voted to reject the city's final offer. They scheduled a March 8, 2007 fact-finding hearing and agreed to extend time for this report until April 2, 2007.

The Bargaining Unit includes 16 current patrolmen. The City of Springboro, with about 18,000 residents, employs over 70 individuals full time including 6 represented dispatchers, and 6 unrepresented sergeants. The Employer and FOP/OLCI have been parties to collective bargaining agreements since 1991 (95-REP-04-0130).

The parties exchanged and submitted pre-hearing position statements that summarized their proposals, and they prepared supporting documents for presentation at the hearing to address the criteria established by the Ohio Public Employees Bargaining Statute in Rule 4117-9-05:

- 1) Past collectively bargained agreements, between the parties
- 2) Comparison of 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 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 actors, 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.”

Fact Finding Hearing: March 8, 2007, Springboro City Building

The fact-finding hearing was conducted from 10 a.m. until 1 p.m. with presentation of evidence and argument on Article 17, Insurance and Article 24, Wages.

Article 24 Wages

FOP/OLCI Position:

The union seeks to:

- a) raise officers' wages to compensation levels in comparable local departments with raises exceeding 10% in the first year and 3% for each of the final years of the contract, and
- b) place all officers on an eight step single wage scale that eliminates lower hourly rates for four officers hired after December 1, 2003.

The FOP presented salary data from 10 comparable jurisdictions that paid an average 10% more at the top rate, as well as news reports of the city's excellent financial condition. Top management in Springboro were assumed to have received annual increases greater than 10% based on the extraordinary three years increases in the top rate authorized at the top two salary levels. The union noted that its members contributed more to their pensions than other city employees. As a result of the separate wage scales, experienced officers were no longer receiving equal pay for equal work.

City Position:

The city proposed retention of the two-tier wage scale with a 3.5% increase in the first and second year and 3.4% in the contract's final year. The city presented salary data from 10 comparable jurisdictions that paid on average slightly less than Springboro at the top rate, as well as general fund budget data illustrating inability to pay more due to financial difficulty. The comparable, neighboring jurisdiction of Franklin has a two tier system, other cities will provide three year wage increases below the 10.4% offered the FOP, and Springboro offers a superior health benefit plan with rapidly escalating costs.

As a result of a "grandfather clause" senior officers without college degrees receive an undeserved 3% educational incentive above the base hourly rate. With overtime and special duty pay, Springboro officers are paid disproportionately high compensation, higher than all other city hourly, salaried and supervisory employees, except top administrators who did not necessarily receive the increases authorized for top pay.

Discussion: Wage Scales, Top Hourly Rates and Entry Level Pay

1. Wage Scales:

The four step wage scale for officers hired prior to December 1, 2003 included increases above 11% after the first, third and fifth year of service. The separate wage scale for officers hired after December 1, 2003 provided for a 4% increase after the first and second year of service. As a result, by the end of the three year agreement the wages paid for the same number of years worked was at least 8% higher for officers hired before December 2003. Under the city's proposal to continue the second, reduced wage scale for another three years the 12 officers with more than five years service would each be paid nearly 23% more (over \$10,000 per year) than more junior officers with five years of service.

The Police Chief appeared to acknowledge at the hearing that following low entry-level wages with large steps, senior officers ought to receive comparable wages for the same work. There appears to be only one other jurisdiction with two wage scales for police -- Franklin. As noted below, continuing a lower tier for more recent hires would make Springboro fall significantly behind comparable jurisdictions. The fact finder concludes that a continuation of the two-tier system would unfairly divide the police force and not serve the public interest.

Wage Scale Recommendation: By the end of the three-year agreement, a single eight step wage schedule through seven or more full years for all FOP members, culminating in a top rate based on the salary paid the most senior officers with five years experience. As a result, four officers hired after December 2003 will over the course of three years receive catch-up increases greater than raises awarded to more senior colleagues.

2. Top Hourly Rates: Top Step for Five or more years: Exhibit A

The fact finder's analysis is based on comparable police wages from nine jurisdictions – seven used by both parties, plus one used only by the city and one used only by the FOP. Two other considerably smaller, low wage jurisdictions used by the city, and two other high wage employers used by the FOP from a different labor market were not included. The top pay rates were used for all jurisdictions. Twelve of the 16 represented officers will be paid at the top step.

Table I presents hourly rates rather than the annual total based on 2080 hours and used the most current hourly top step wage rate data provided by the FOP. In order to avoid distortion resulting from an outlier jurisdiction with unusually high or low wages, the fact finder used the median (\$26.04) rather than the average (\$26.17) current hourly wage in the nine comparable jurisdictions. The city's proposal of 3.5% in the first year would raise Springboro officers' wages to \$25.05, per hour, 96.2% of the comparable median. The FOP proposal of \$26.75 for current wages is 102.7% of the comparable median. For the final year of the agreement, the city's proposed second and third year increases of 3.5% and 3.4% would raise Springboro officer's wages to 97.1% of the projected comparable median (based on FOP projection of 3% annual raises in other jurisdictions) and the FOP proposal would remain 102.8% above the comparable median.

I. ANALYSIS OF 9 COMPARABLE JURISDICTIONS

<u>City</u>	<u>Top Hourly Rate*</u>	<u>Annual Entry</u>
Urbana	\$24.86	
West Carrollton	\$27.96	47,382
Englewood	\$26.04	42,411
Vandalia	\$28.66	44,725
Clearcreek Twp.	\$24.41	42,052
Miamisburg	\$27.62	43,637
Franklin	\$23.31	36,920
Lebanon	\$27.33	42,931
Clayton	\$25.40	39,575
MEDIAN**	\$26.04	\$42,200

*Current Top Hourly Rate From FOP Hearing Exhibit response to city's Exhibit A.

**Used instead of average (\$26.17) to avoid distortion of extreme high or low.

In order to raise Springboro officers to the comparable median, a 7.6% increase would be needed in the first year of the agreement, or a total increase of 14% spread over the three-year term of the contract. The city has proposed an increase of 10.4% over the term of the agreement that will partly close the gap with comparable jurisdictions that are projected to provide no more than a 9% increase over three years.

In addition to wages in comparable jurisdictions, the fact finder must also consider prior bargaining agreements between the parties, the public interest, and the employer's ability to pay. Springboro raised officers' wages 9% during the prior three-year agreement at a difficult time when unrepresented city employees experienced a one-year freeze and taxes were raised. In 2005 and 2006 Springboro revenues exceeded expenditures based on a tax increase that provided only a temporary reprieve from budget difficulties. The 2007 budget calls for expenditures that exceed revenues by \$740,000, future revenues are expected to fall short of increasing costs, and reserves are projected to decline.

The FOP documented an increasing workload indicated by service calls. Springboro was the fastest growing municipality in Ohio, and the workforce has not grown sufficiently to meet demand. The Police Chief testified that several additional officers were required, but that City Council had only approved one additional patrolman to be hired April 1, 2007. If pay was increased by the 10% proposed by the FOP rather than the 3.5% proposed by the City, there would be additional wage costs of \$45,000 for the 16 current officers. That increase would more than likely prevent the anticipated new appointment in April. The city's documented budget presentation on inability to pay was more compelling than the FOP's effort to demonstrate that Springboro could afford the union proposal.

The fact finder is unable to compare non-salary benefits because health care plans, educational incentives, special duty pay, pension contributions, etc. vary so greatly from city to city. Despite the city's concerns about undeserved educational incentives, in fact only four officers who enjoy the benefit lack college degrees. Despite the union's concern that the city pays more for other employees' pension benefits, only six comparably situated employees, sergeants, enjoy that benefit, and no information was provided on their salary level. The city's health care benefits appear very comprehensive and the out of pocket cost to employees quite low. It may well be that Springboro's salary plus benefits is above the average of comparable jurisdictions, even though salary alone is about 3% below. Salaries are so close to the median as to fall within the margin of error. The FOP proposes 3% annual increases contingent on the city raising base rates to those of comparable jurisdictions. The fact finder concludes that the city need not make any extraordinary raise to achieve comparability, has proposed annual increases well above 3%, and lacks the ability to do more at this time.

Attrition resulting from officers departing for greener pastures would indicate a need to improve wages and benefits. The most senior Springboro officer has been with the city for over 25 years, and there were no reported cases of transfers to other departments. Departures have been primarily from retirement. The city's proposed increases of 3.5%/3.5%/3.4% are higher than the 3% raises awarded in the prior contract, and generally exceed the raises negotiated by comparable unions as well as those paid to unrepresented employees.

Top Hourly Wage Recommendation:

Increases of 3.5% effective December 1, 2006 and subsequent annual increases of 3.5% and 3.4% to Exhibit A for Employees on Payroll 12/1/03

3. Entry Level: Starting Pay: Exhibit B.

The city favors a two tier A+B pay schedule with the same 10.4% across the board increases over three years for both. However, the city also included in its pre hearing statement a proposed single schedule B that provided equal hourly rates for all officers after 7 years but which provided only a 2.5% at the entry level over three years and 10.4% at the upper level. The union voted to reject that proposed Schedule B in December 2006.

The fact finder used annual starting wage data provided by the FOP from eight comparable jurisdictions to calculate the median starting pay. With a 3.5% increase to the first step, Springboro would be paying 96.5% of the comparable median. In the final year of the agreement if the across the board increases proposed by the city for senior officers were also applied to entry pay, Springboro would be paying 97.4% of the median. However, Springboro's alternative proposal to increase the starting pay by only 2.5% in the first year and no subsequent increases, would leave the city paying only 90% of the median by December 2008.

Recommendation for Entry Level Pay:

In order to prevent Springboro's starting wage from falling further behind entry pay in comparable jurisdictions, wage schedule B for employees hired after December 1, 2003 should be increased by 3.5%/3.5%/3.4% for the first three steps, through two or more full years.

The remaining five steps must provide larger annual increases for the four current employees covered by Exhibit B, in order to raise their wages by the end of seven years to the levels more senior employees receive after five under Exhibit A. Table II compares the fact finder's wage recommendations with the median from comparable jurisdictions and the wages proposed by the parties.

II. COMPARISON OF MEDIAN, PROPOSALS + WAGE RECOMMENDATIONS

Top Hourly Projections at City + FOP Proposals				
	<u>1st year</u>	<u>% of Median</u>	<u>3d yr</u>	<u>% of Median</u>
Median*	\$26.04		27.60	
Springboro	\$25.05	96.2%	26.81	97.1%
FOP	26.75	102.7%	28.38	102.8%
Fact Finder	\$25.05		26.81	

Entry Level Projections at City + FOP Proposals 1 Scale				
	<u>1st year</u>	<u>% of Median</u>	<u>3d yr</u>	<u>% of Median</u>
Median*	42,200		44,770	
Springboro B	40,360	95.6%	40,360	90%
FOP	41,720	98.9%	44,261	98.9%
Fact Finder	40,736	96.5%	43,595	97.4%

*Per 3% projected rate of increase used in FOP hearing exhibit

**Recommended Contract language and Exhibits for
ARTICLE 24 WAGES**

Section 24.1: Wage Schedules

Effective December 1, 2003 ~~2006, then currently employed bargaining unit employees shall receive wage compensation based on length of full-time service with the Springboro Police Department according to the schedule set forth in Exhibit A, attached hereto and incorporated herein. Employees hired or rehired after December 1, 2003 shall receive wage compensation based on length of full-time service with the Springboro Police Department according to the schedule set forth in Exhibit B, attached hereto and incorporated herein.~~ **any employee that reaches the top pay level on Exhibit A will move directly to the top pay level on Exhibit B. Exhibit A will be abolished when there are no more employees on Exhibit A**

Section 24.5: Term of Memorandum of Understanding Extended

EXHIBIT A – WAGE SCHEDULE FOR EMPLOYEES ON PAYROLL 12/1/03

<u>LENGTH OF SERVICE</u>	<u>EFFECTIVE 12/1/06</u>	<u>EFFECTIVE 12/1/07</u>	<u>EFFECTIVE 12/1/08</u>
3 OR MORE FULL YEARS	\$48,392.60 \$23.26/hr.	\$50,086.34 \$24.07/hr.	\$51,789.27 \$24.89/hr.
5 OR MORE FULL YEARS	\$52,118.46 \$25.05/hr.	\$53,942.60 \$25.93/hr.	\$55,776.65 \$26.81/hr.

EXHIBIT B – WAGE SCHEDULE FOR EMPLOYEES HIRED AFTER 12/1/03

<u>LENGTH OF SERVICE</u>	<u>EFFECTIVE 12/1/06</u>	<u>EFFECTIVE 12/1/07</u>	<u>EFFECTIVE 12/1/08</u>
LESS THAN ONE FULL YEAR	\$40,736.56 \$19.58/hr.	\$42,162.33 \$20.27/hr.	\$43,595.84 \$20.59/hr.
ONE OR MORE FULL YEARS	\$41,175.40 \$19.79/hr.	\$42,616.53 \$20.48/hr.	\$44,065.49 \$21.18/hr.
TWO OR MORE FULL YEARS	\$41,615.28 \$20.00/hr.	\$43,071.81 \$20.70/hr.	\$44,536.25 \$21.41/hr.
THREE OR MORE FULL YEARS	\$43,022.00	\$44,312.00	\$45,198.00
FOUR OR MORE FULL YEARS	\$45,932.00	\$46,520.00	\$47,340.00
FIVE OR MORE FULL YEARS	\$46,574.00	\$47,436.00	\$48,850.00
SIX OR MORE FULL YEARS	\$51,111.00	\$52,644.00	\$53,175.00
SEVEN OR MORE FULL YEARS	\$52,118.46 \$25.05/hr.	\$53,942.60 \$25.93/hr.	\$55,776.65 \$26.81/hr.

Article 17 Insurance

FOP Position:

The union seeks to maintain its contribution level at 85% of the health care premiums paid by other city employees. The FOP notes that its members pay 10% of their pension costs, while the city contributes 85% of other employees' pension expense. The FOP has accepted significant increases in health care premiums in prior agreements, and has gone four months without a pay raise since the contract expired December 1, 2006.

City Position:

The city seeks to raise the FOP members' contribution level to the same rate paid by other employees, 10% of the actual cost. The city notes that it contributes the employer's 20% share of the pension cost and that different employee groups under distinct plans have contribution requirements that vary. The city could reduce increased health care costs by reducing coverage, but has instead maintained a "Cadillac" plan while seeking only a minimal contribution from employees. The increased cost to officers needed to have a single contribution level for all employees would be about \$40, and their special discount should be ended.

Discussion:

At the conclusion of their negotiations in December, the parties appear to have been willing to compromise on a 90% contribution level but were unable to agree on wage increases with a single salary schedule. Since that impasse delayed a salary increase for the current year, the fact finder concludes that the health care premium gap between FOP members and other city employees should be narrowed in this contract starting in December 2007.

Recommended Contract language for

ARTICLE 17 INSURANCE

Section 17.1: Health Insurance

Each employee shall contribute, and the City is authorized to withhold and deduct from Employee's pay and other compensation, an amount equal to eighty-five percent (85%) of the then-current portion of the monthly cost of insurance premiums paid by all full-time non-union employees for the same coverage. **Effective December 1, 2007 the City is authorized to withhold and deduct from Employee's pay and other compensation, an amount equal to ninety percent (90%) of the then-current portion of the monthly cost of insurance premiums paid by all full-time non-union employees for the same coverage.**

Article 25 Duration of Agreement

FOP Position:

The union seeks to make pay increases retroactive to December 1, 2006 and assumed that the city had accepted when the parties agreed to extensions when a timely fact finding hearing could not be scheduled. The FOP submitted draft contract language in its pre hearing statement.

City Position:

The city argues that pay increases should only be retroactive to February 1, 2007 because of a December email exchange agreeing to a two month contract extension after December 1, 2006.

Discussion:

Discussion:

The city's pre-hearing statement included two exhibits proposing the effective date of the first 3.5% increase as December 1, 2006 and did not include any proposed contract language on Duration of Agreement or indication that it proposed an effective date of February 1, 2007.

Recommended Contract language for

ARTICLE 25 DURATION OF AGREEMENT

Section 25.1: Term

(A) This Agreement shall be effective as of December 1, ~~2003~~ 2006 and shall remain in full force and effect through November 30, ~~2006~~ 2009.

Recommendation on Remaining Articles

All articles unopened by the parties and those Articles tentatively agreed to -- 8.4, Grievance Procedure, 15.1 Intent, 15.4 Court Time, 16.1 Holidays, 16.2 Holidays Worked, 16.4 Accumulated time, and 19.2 Sick Leave – should be included in the successor agreement.

Conclusion:

The fact finder has attempted to resolve the wage and insurance issues presented 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)]. The Fact Finder appreciates the courtesy extended by all individuals involved in the process.

Professor Howard Tolley, Jr., University of Cincinnati
April 2, 2007

CERTIFICATE OF SERVICE

I hereby certify that an exact copy of the foregoing Fact Finding Report has been served via electronic mail and by regular mail to David L. Stanley, Staff Representative, Fraternal Order of Police, Ohio Labor Council, Inc., 5752 Cheviot Rd, Suite D, Cincinnati OH 45247 and Joseph Wessendarp, 2700 Kettering Tower, Dayton, OH 45243 on this 2d day of April, 2007. In addition an electronic mail copy was sent Christine Thompson, City of Springboro, 320 West Central Ave., Springboro, OH 45066. E-mail to pozzuto@cityofspringboro.com

Howard Tolley, Jr.

Howard Tolley, Jr