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STATE OF OHIO
BEFORE THE STATE EMPLOYMENT RELATIONS BOARD

STATE EMPLOYMENT
RELATIONS BOARD

In the Matter of the Fact-Finding Between

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The Fraternal Order of Police,
Ohio Labor Council, Inc.

Employee Organization

Case Nos. 2006-MED-10-1238

and

The City of Lima, Ohio
Division of Police
Unit A: Sergeants and Lieutenants

Fact-Finder: Jerry B. Sellman
Date of Report: January 7, 2008

The Employer

FACT FINDERS REPORT AND RECOMMENDATION

APPEARANCES:

FOR THE EMPLOYEE ORGANIZATION:

Ms. Jackie A. Wegman - Staff Representative for the Fraternal Order of Police, Ohio Labor Council, Inc.

FOR THE EMPLOYER:

Donald J. Binkley – Account Manager, Clemans, Nelson & Associates, Inc., Representing the City of Lima, Ohio

Steve Cleaves – Finance Director for the City of Lima, Ohio

Vince Ozier – Director Of Human Resources for the City of Lima, Ohio

INTRODUCTION

This matter concerns a fact-finding proceeding between the City of Lima, Ohio (hereinafter referred to as the “Employer” or the “City”) and the Fraternal Order of Police, Ohio Labor Council, Inc. (hereinafter referred to as the “FOP” or “Union”). The State Employment Relations Board (SERB) duly appointed the undersigned as Fact-finder in this matter. A Fact-finding hearing was held on November 20, 2007 at which time the Fact-finder invited the parties to enter into mediation pursuant to the Ohio Administrative Code and the Policies of SERB in an effort to find consensus on all remaining disputed provisions of the new Collective Bargaining Agreement. While both parties worked hard to find acceptable solution, they were unable to do so and a further Fact-finding hearing was held on December 20, 2007.

The open issues identified and discussed by both parties included:

Residency – Article 16
Wages – Article 18
Insurance – Article 25

The fact-finding proceeding was conducted pursuant to the Ohio Collective Bargaining Law as well as the rules and regulations of the State Employment Relations Board, as amended. During the Fact-finding proceeding, this Fact-finder provided the parties the opportunity to present arguments and evidence in support of their respective positions on the issues remaining for this Fact-finder’s consideration.

In making the recommendations in this report, consideration was given to all reliable evidence presented relevant to the outstanding issues before him and consideration was given to the following criteria listed in Rule 4117-9-05 (K) of the State Employment Relations Board:

- (1) Past collectively bargaining agreements, if any, between the parties;

- (2) Comparison of the 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, 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;
- (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 agreed-upon dispute settlement procedures in public service or in private employment.

I. BACKGROUND

The FOP represents employees holding the rank of Sergeant and Lieutenant, which is Unit A, in the City of Lima's Police Division. Excluded from current consideration are all other positions and classifications in the Police Department.

The City of Lima, Ohio is a municipality located in northwestern Ohio along Interstate 75 approximately 72 miles (116 km) north of Dayton and 78 miles (125 km) south-southwest of Toledo. The city has a population of approximately 40,000. It has a bargaining relationship with the Fraternal Order of Police, Ohio Labor Council, Inc. which represents fifteen (15) employees in the Unit A Bargaining Unit, which includes eleven (11) in the classification of Sergeant and four (4) in the classification of Lieutenant.

Negotiating sessions between the parties were held on the following dates in 2007: May 18, June 4, July 3, July 23 and September 17.

The current Collective Bargaining Agreement expired on December 31, 2006 and Extension Agreements have been executed by the parties to allow for Fact-finding on unresolved

issues. The parties tentatively agreed to language in all but three (3) negotiated articles in the new proposed Collective Bargaining Agreement prior to the Fact-finding Hearing.

II. UNRESOLVED ISSUES

1. ARTICLE 16: MISCELLANEOUS NON-ECONOMIC, Section 16.7, Residency

The Union's Position

Under the current contract between the parties, employees must maintain a primary and permanent residence within the City limits of Lima, Ohio within six (6) months after completion of the probationary period [currently eighteen (18) months]. The Union proposes to enlarge the area of residency to include Allen County and adjacent counties surrounding Lima, Ohio. It desires to enlarge the area in order to afford a wider selection of housing and to provide police officers with more personal security than would exist when living in the same neighborhood where they are enforcing the law. Lima is a small community with a high crime rate. Forcing officers to live in the City compromises their safety.

The Union points out that the Ohio General Assembly enacted S.B. No. 82 in May 2006, making residency requirements as a condition of employment invalid. The Union supports the law. It views its proposal to limit residency to adjacent counties to be a compromise.

It is noted that the City suspended its enforcement of its residency policy as a result of the legislation and at the same time appealed the issue of home rule to the courts. On December 3, 2007 the Third Appellate District of Ohio in *City of Lima v. State of Ohio*, 2007-Ohio-6419, held that the S.B. No. 82 was invalid and unconstitutional. As such, the current status of the law

is that cities have the legal authority to impose a residency requirement under its Home Rule authority. It is likely the decision of the Third Appellate District will be further appealed in that there are conflicting decisions among the Appellate Districts within the State of Ohio.

The City's Position

The City proposes to retain the current language. The current residency agreement was agreed to by the parties in 1999, subsequent to an identical clause being negotiated with the firefighters. Currently, all five collective bargaining agreements in the City of Lima contain the same residency clause.

The City believes it is reasonable to require its police officers to reside within the City. The City has exercised its Home Rule prerogatives because the response time is faster and there are other economic issues involved. The average income in Lima is around \$30,000. Police officers make from \$40,000 to \$50,000. Since they earn their money in the city they should also live there and pay their taxes there. It makes no sense to allow its employees to leave the City at a time that the City's employment base is dwindling.

Notwithstanding the above reasons for maintaining the current language, it submits that the residency requirement in this particular Collective Bargaining Agreement (CBA), which deals only with Unit A Sergeants and Lieutenants, is moot for sergeants and lieutenants, who all currently have a hire date before January 1, 2000 (the effective date of the residency requirement) have been grandfathered from the residency clause. In addition, to qualify as a sergeant and then a lieutenant, a police officer must have specified years of service under Civil Service Commission rules well beyond the eighteen (18) months to establish residency within the City. As such, even if a sergeant or lieutenant were hired subsequent to January 2000, he/she

would be required, under Civil Service rules, to have at least five (5) years of service to qualify for promotion and enter the Unit A Sergeant/Lieutenant classification. None of the members of Unit A would be affected throughout the duration of the proposed agreement.

Discussion, Findings and Recommendation

Both the City and the Union have cogent arguments for and against imposing a residency requirement within the City limits. The Fact-finder recommends that the current language be retained for a variety of reasons. First, the duration of the CBA will be through 2009 (the provisions of the CBA will be retroactive for the first year in 2007) and none of the Unit A bargaining unit members will be affected by any change in the language of the agreement regarding residency. Secondly, the state of the law concerning a city's right to require residency as a condition of employment is in legal limbo. The decision of the Third District Appellate Court of Ohio reversed the Allen County Common Pleas Court, which had upheld the recently passed law making a residency requirement impermissible. This decision will undoubtedly be appealed to the Supreme Court of Ohio, although there is no guarantee that the Supreme Court will hear the case. *If the Supreme Court were to find the law constitutional, the City could not enforce a residency requirement.* Under either scenario, the residency provisions in the CBA would not have any affect in regard to Unit A Sergeants and Lieutenants. There is, therefore, no reason to change the current contract provisions.

RECOMMENDATION

It is recommended that the current language contained in ARTICLE 16: MISCELLANEOUS NON-ECONOMIC, Section 16.7, Residency, be retained.

2. **ARTICLE 18: WAGES, Section 18.1, Wage Steps**

The Union's Position

The Union proposes a wage adjustment of three percent (3%) for each year of the agreement. The first year would be retroactive to January 1, 2007.

The Union offered comparables of other jurisdictions with comparable populations and believed that the 3% increase was necessary to stay competitive with those jurisdictions. Of the ten jurisdictions chosen (see *Appendix I*),¹ the average top pay (excluding Lima) for Sergeants was \$64,982 and the average top pay (excluding Lima) for Lieutenants was \$70,793.² Lima currently pays \$51,833.60 to its top Sergeants and \$58,760 to its top Lieutenants. While it admits that finding a city that is truly comparable with Lima is difficult, it believes that the City of Findlay (population 38,967) is probably the closest. It pays its top Sergeants \$57,095 and its Lieutenants \$63,960.

Internal comparables show that the recent Firefighter's Collective Bargaining Agreement provides for a 2.5% increase, but an increase in EMS pay per employee actually resulted in an increase of the percentage increase in the base pay over the life of their contract.

The Lima Police Department is down nineteen (19) employees since 1995. As a result *more responsibility falls on the Command and their wages should be increased as a result of the increased duties and demands.* In citing a comparison with Findlay, the Lima Police Department handles in excess of 10,000 more calls per year than Findlay.

¹ Massillon, Brunswick, Upper Arlington, N. Olmstead, Westerville, Lancaster, Marion, Huber Heights, Findlay and Beavercreek.

² The FOP Exhibit show the average wages for Lieutenants to be \$62,927.32, but that was a miscalculation. This average wage is what is actually reflected in the data on the Exhibit.

The Union believes the City has the ability to pay the proposed increases. The City revenues were increased in 2007 as a result of unspent money from a sewer upgrade project and wise investing. The City announced in December 2007 that as a result of the increased revenues it was considering lifting a hiring freeze, further demonstrating its ability to pay.

The City's Position

The City proposes a two percent (2%) increase for each year of the agreement. The first year would be retroactive to January 1, 2007.

The current agreement, which expired on December 31, 2006, was a one year agreement because of the City's poor financial condition. The expired Agreement provided that the parties were to again commence negotiations in February of 2006, but the Union asked not to commence negotiations until the City settled with the IAFF Union (that contract was approved by the City Council in May 2007). Now the City must consider the impact of any wage increases and the major impact of health insurance costs of the Police Department and the general fund budget.

The City has run a deficit for a number of years. In 2004 the deficit was \$238,110; in 2005 \$1,131,433; and in 2006 \$1,536,081. Recently, the Lima Correctional Institution was closed resulting in the loss of \$350,000 per year in City payroll taxes. In 2007 the downward trend of the budget was finally turned around and is expected to be balanced in 2008 as a result of cuts in manpower, hiring freezes (50 unfilled vacated positions resulted in a \$2.5 Million cash balance), changes in insurance carriers, reduced workers' compensation premiums due to lower injury rates, and investment revenues. The Police Department currently employs 79 officers, down from the authorized strength of 97.

As a result of sound fiscal management the city can increase the wages of its police officers, but it cannot pay more than the 2% increase and maintain a good health insurance plan. Revenues have not increased dramatically and expenses have been cut by reducing manpower by over 100 people in the last ten (10) years. During that same period of time attempts to raise city income taxes to balance the budget were rejected by the voters. The public recently rejected an income tax increase of .4 of 1%. The community's tax base is not growing. Lima's population has decreased by 12% since 1990, and by 2.5% since 2000. Unemployment is high.

In 2005 the City began a pattern of negotiating lower wage increases (instead of 3% increases or higher) with their unions, and put a freeze on hiring in order to balance the budget. For 2005-2007 AFSCME accepted a 2.5% increase. In 2007 the IAFF agreed to a 2.5% increase for three years. In June 2007 the Park Rangers agreed to a 2.5% increase over three years. The Police had received a 3.25%, 3.5% and 3% increase in the prior three years. The City believes the current increase is reasonable.

The City offered wage comparisons of sixteen (16) jurisdictions (see *Appendix 2*) that it believed to be an appropriate base for comparable data. These cities were located in counties contiguous to Allen County, plus an additional county.³ The City's comparables show a mean entry wage level of \$48,047 and a mean top wage level of \$51,512 for Sergeants and a mean entry wage level of \$54,607 and a mean top wage level of \$57,939 for Lieutenants. Without the proposed wage increase, the Sergeants are only .2 to .6 of 1% under the subject mean wages in the area and the Lieutenants are .2 of 1% higher than the mean wages of the other jurisdictions.

The City believes that, beginning in 2006, it can halt the hiring freeze and maintain a

³ Bowling Green, Northwood, Marysville, Findlay, Tiffin, Bellefontaine, Defiance, Fostoria, Sidney, Rossford, Perrysburg, Celina, St. Marys, Delphos, Denton and Ada.

sustainable budget in the years ahead , barring any recessions or other economic downturns, as a result of money saved from the hiring freeze, additional funds (\$200,000) due to investments in a sewer upgrade project and an increase (\$424,000) in general investment revenue . It intends to address safety concerns in the City by hiring four (4) new patrolmen and three (3) new firefighters beginning in 2008 and give some merit raises to city employees, who have not received increased in three out of the last four years. With these changes, it has the ability to pay the Sergeants and Lieutenants a 2% increase and maintain a balanced budget, but cannot afford to pay the 3% increase requested by the Union, particularly when the increase is coupled with the Health Insurance benefit program offered (discussed below).

Discussion, Findings and Recommendation

In assessing what is a fair recommendation on wages for employees in this bargaining unit, the Fact-finder considered the wages of public employees doing comparable work, the level of any wage increases over the past several years given to the bargaining unit, and the Employer's ability to pay and the welfare of the public, among other factors.

In considering external comparable wages in other jurisdictions submitted by the parties, the Fact-finder would have to agree with the comments submitted by both party representatives: it is difficult to find a city comparable with Lima. There are too many regional economic differences and size of communities is only one consideration of comparability. Lima has suffered an economic downturn that was only met by not filling vacancies in the workforce. While surrounding communities undoubtedly suffered similar downturns, Lima has a much larger population putting greater demands on public services.

The Union averaged wages of Sergeants and Lieutenants in cities of comparable size, but

most of the cities are not surrounded by low economic, rural communities as is Lima; they are near, or virtually are, suburbs of Cleveland, Columbus and Dayton, with the exception of Findlay. Not surprising, Lima paid its Sergeants and Lieutenants the lowest wages of those compared. The City set forth salaries of officers in cities in contiguous counties to rural Allen County, but the population of those cities, with the exception of Findlay, was dramatically smaller than Lima. In those cities the wages of Lima's Sergeants and Lieutenants were within 1% of the mean of the wages compared. There simply does not exist sufficient data in these comparables to offset any consideration of internal comparables paid to other employees of the City of Lima.

The provided data regarding internal comparables was in the form of percentage increases given to other bargaining units over the past several years and percentage increase reflected in recently negotiated contracts (*See Appendix 3*). Over the last six years, among the AFSCME, IAFF, FOP (combined) bargaining units, the average annual percentage increases have been fairly comparable. All averaged almost 3% per year, with the IAFF the highest at 3.333% and the FOP Unit A (Sergeants and Lieutenants) second at 3.16%. As noted above, all recently negotiated contracts reflect a 2.5% increase in 2007 and a 2.5% increase through 2009.⁴

Based upon sound fiscal planning in 2007, the City believes it is in a position in 2008 to increase wages and, all things being equal, hire new policemen and firemen. This is quite an accomplishment considering in prior years it ran a deficit budget and reduced its workforce by not filling vacancies. These projections appear possible as a result of the prior year reductions in the workforce, change in health insurance carriers, reductions of workers compensation

⁴ The AFSCME contract for 2008 has not been negotiated and the FOP B/C/D Units contract for 2009 has not been negotiated.

premiums due to a reduction in injuries, a \$200,000 transfer of funds into the General Fund due to investments in a sewer upgrade project and an increase of \$424,000 in investment revenue. While these financial improvements provide an avenue for increased wages, and in this instance increased wages for the Sergeants and Lieutenants on the Police force, they must also be used to hire needed personnel in the city, including new police officers and firefighters, pay for escalating health insurance premiums and produce a balanced budget. Addressing all of these needs is in the best interest and welfare of the public.

Based upon the internal comparables, the financial condition of the city, the need to increase the number of police officers and the health insurance costs (benefits recommended below), I recommend a 2.5% adjustment in each of the three years of the agreement.

RECOMMENDATION

It is recommended that ARTICLE 18, WAGES, Section 18.1 Wage Steps, be adjusted by 2.5% in 2007 retroactive to January 1; an additional 2.5% in 2008; and an additional 2.5% in 2009.

3. ARTICLE 25, INSURANCE

The City's Position

The City proposes to switch current health insurance coverage to Super Med Plus (network/non-network) under a Medical Mutual Insurance plan, change the prescription drug co-pays for employees, adopt a voluntary spousal "carve-out," and maintain the existing "COBRA" formula for determining the monthly employee healthcare contribution. The City also proposes

to include a free colonoscopy screening in each year of the contract. All other bargaining units, with the exception of the FOP, have adopted the proposed plan; even though the proposed plan has modified prescription co-pays. Under the expired collective bargaining agreement, the Employer was required to provide health insurance and group term life insurance for each bargaining unit employee as determined by the City of Lima Health Care Cost Committee. The committee no longer exists.

Employee premium contributions paid by the FOP employees are significantly higher under their current plan than as proposed under the City's health insurance plan. It is not the premium payments that are at issue, but other aspects of the plan.

Under the proposed plan, the employee would pay a \$20 co-pay for each visit to a provider. Beginning in 2008, single and family deductibles will be increased from \$100/\$200 to \$200/\$400 in network and \$400/\$800 out of network. Beginning in 2009 maximum out-of-pocket will be increased from \$400/\$800 to \$500/\$1000 in network and \$1000/\$2000 out of network.

Under the proposed prescription drug Plan, both under retail and mail, there would be no co-pay for a 90 day generic prescription; a non-generic-formulary prescription will have a 20% co-pay; and a non-formulary prescription will have a 30% co-pay.

Under the proposed voluntary spousal "carve-out" provision, the City would reimburse the employee for the spouse's cost to purchase single premium medical coverage at the spouse's place of employment upon proof of such premium cost not to exceed \$200 per month. Employees taking advantage of the reimbursement must provide the Employer with verification

of the spouse's eligibility and cost of premium payment.

Under the proposed plan, the Employer will contribute \$371.10 per month for a Single Plan and \$853.31 per month for a Family Plan toward the premium cost for health insurance. The first 10% of any increase in insurance premiums each calendar year above these limits shall be paid eighty percent (80%) by the Employer and twenty percent (20%) by the Employee. Any insurance premium increase each year above the first 10% will be absorbed by the City.

The Union's Position

The Union believes the City is seeking language that will allow it to raise premiums excessively, result in prescription co-pays that will absorb any wage increases in coming years and change benefits without negotiating with the Union. The Union prefers language that would mirror current contract language.

The Union submits that the current language is most appropriate for it was crafted by the Health Care Cost Containment Committee on which the Union participated with the City and other Unions. The Committee was disbanded in early 2007 when the City discontinued its participation. The Union reasons that, since the City has chosen not to participate in a committee, it is only reasonable to retain language in a collective bargaining agreement with the same benefits and co-pays as currently exist.

The Union is willing to accept the proposed formula used by the City to determine premiums, but desires a specific monetary cap on premium increases. In 2007 it proposes a \$20 Single/\$40 Family cap, in 2008 a \$25 Single/\$45 Family cap and in 2009 a \$30 Single/\$50 Family cap. It states that the Patrol Officers, Detectives, ID Officers, Communications

Operators, Technology Coordinator and Correction Officers all have specific caps on premium increases. If the City's proposal to use a percentage formula is used, the Union cannot predict future costs to its members and therefore cannot effectively negotiate a proper wage increase to cover such costs.

The Union is not opposed to a voluntary spousal "carve-out," but wants language incorporated in the City's proposal requiring an employee taking advantage of the reimbursement to provide evidence of the spouse's eligibility only "if available."

The Union proposes a prescription drug plan that would cost the employee \$0.00 for a generic prescription (90 day supply); \$10 for a formulary prescription at retail and \$0.00 for formulary prescription in the mail; and \$25 for non-formulary prescription at retail and \$15 for a non-formulary prescription obtained by mail. It argues that the City is attempting to dictate to the patient/physician relationship and what medicines to prescribe, when it places high percentage costs on non-generic prescriptions. Comparables of other public collective bargaining agreements throughout the State of Ohio demonstrate that no other employee groups in public safety are paying co-pay percentages; they are all paying specific co-pay amounts. See, *Appendix 4*.

Discussion, Findings and Recommendation

The cost of health insurance continues to escalate and it is encouraging to see the City and the FOP working together to find middle ground in tackling this economic problem. Neither can be faulted for either developing strategies to achieve fair cost sharing or proposing set levels of annual premiums and co-pay. In order to cope with the rising cost of healthcare, all employees

will be faced with either paying higher premiums or receiving fewer benefits, or both.

The Sergeants and Lieutenants are currently not on the basic Super Med Plus Plan as proposed by the City and they are paying higher monthly premiums as a result of that. This bargaining unit obviously has no objection to paying the current lower premium contributions and is willing to share future additional costs of any increase in the level of premiums, but it wants specific monetary caps on those increases, as opposed to being subject to percentage increases as proposed by the City. The Fact-finder does not understand the Union's position in rejecting the City's "COBRA" formula (sharing percentage increases with caps) when it already volunteered to be part of a COBRA formula in 2004. Nonetheless, under the City's proposal the employee will only be required to pay 20% of the first 10% of any increase in health care benefit premiums in each calendar year. Any premium increase each year above the first 10% is absorbed by the City. The Fact-finder finds that formula to be fair to the employee and affordable to the City.

The City and the Union agreed to adding a \$20 co-pay for each visit to a provider and increasing the amount of single and family deductible limits in 2009, although they disagreed about different levels for in and out-of-network, as well as the level of out-of-pocket deductibles. The Fact-finder herein proposes a compromise on the out-of-pocket levels at a level that both sides could agree to before negotiations came to an impasse.

The Union agrees with the City's proposal for a voluntary spousal "carve-out", but wants language that the employee must provide evidence of coverage and cost before reimbursement, only "if available." The Fact-finder does not find it unreasonable for the City to require proof of premium cost and coverage.

The City's proposed prescription plan is designed to encourage employees to leverage healthcare consumerism at point-of-service. That is a prudent approach to healthcare and a program that would reduce healthcare costs. The City's proposal would not require any co-pay for a 90 day supply of a generic prescription, but would require the employee to pay 20% of the cost of a non-generic formulary prescription and 30% of the cost of a non-formulary prescription. The City believes this plan design will encourage employees to use less expensive generic drugs, while allowing them to obtain the name brand of their choice if they are willing to pay more for it. The Union notes, however, this formula places unknown costs on the employee and could dramatically impact the negotiated wage.

While the City's approach to keeping health care costs down by encouraging the use of generic prescriptions and sharing the prescription costs on a percentage basis is laudable, it is not supported by any data showing the impact on the employee or City. Some studies show that an employer loses more than it saves when deploying a formula that increases out-of-pocket prescription costs because employees with too high out-of-pocket co-payments do not take their drugs and then do not report to work.⁵ In a case study cited by the Union, co-payments averaging \$26 per month for a thirty day supply was considered too high. Additionally, the Fact-finder is unaware of any public safety contracts that incorporate such a formula. Without more data on the subject, the Fact-finder must conclude that specific co-pay is more appropriate. Without any external comparables on prescription plans, the Fact-finder considered internal comparable prescription plans, particularly those recently negotiated in the IAFF contract and the Park

⁵ Study conducted by the Integrated Benefits Institute on 17 employers over a three year period. The Integrated Benefits Institute is a non-profit organization supported by insurers, drug companies and employers. The information on drug use came from health and disability claims data provided by UnitedHealth Group's Ingenix unit, which did not identify the 17 companies in the study. The Study was reported in the *New York Times* in an article written by Milt Freudenheim entitled "Scant Drug Benefits Called Costly to Employers" on June 27, 2007.

Rangers contract. My recommendation of \$0, \$10 and \$25 for retail prescriptions is based upon comparable co-pays in those contracts and a recognition that employees should be encouraged to use generic drugs, but not currently at the rates proposed by the City.

Health care benefits and wages must always be considered together when determining the cost of benefits received in any collective bargaining agreement. The City proposed lesser wages in consideration of what it perceived to be increased insurance benefits; the Union proposed higher wages and higher benefits. There must be a compromise in order to enable the public employer to meet expenses and at the same time keep the wages and benefits of the employees on par with other comparable communities or bargaining units. In this recommendation, the Fact-finder increased wages on a comparable basis and, at the same time, recommended benefits greater than exists under the expired CBA.

RECOMMENDATION

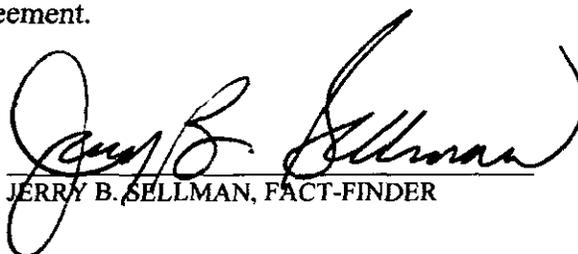
It is recommended that the language of Article 25 of the agreement be changed to provide for health care coverage as set forth in the Medical Mutual of Ohio Super Med Plus Plan; that a \$20 patient co-pay for each visit to a provider be added effective January 1, 2008; that effective January 1, 2009 single and family deductibles be increased from \$100/\$200 to \$200/\$300 in network/out of network; that effective January 1, 2008 one colonoscopy screening be added to the benefits of employees; that a prescription drug plan become effective January 1, 2008 providing for \$0.00 co-pay for generic 90 day supply, \$10 co-pay for retail non-generic formulary prescriptions, \$0.00 co-pay for mail non-generic formulary prescriptions, \$25 co-pay for retail non-formulary prescriptions and \$15 for mail non-formulary prescriptions ; that effective January 1, 2008 a voluntary spousal

“carve-out” with an employee premium cost verification be added as proposed by the City; that the City shall contribute up to \$371.10 per month for a Single Plan and \$853.31 per month for a Family Plan toward the premium cost for each bargaining unit employee’s health insurance coverage and the first 10% of any increase in insurance premiums each calendar year above the limits specified in the insurance plan shall be paid 80% by the Employer and 20% by the employee with any insurance premium increase each year above the first 10% to be absorbed by the City . For Details, See RECOMMENDED CONTRACT LANGUAGE FOR INSURANCE attached hereto as *Appendix 5*.

CONCLUSION

In conclusion, this Fact-finder hereby submits the above referenced recommendation on the outstanding issues presented to him for his consideration. Further, the Fact-finder incorporates all tentative agreements previously reached by the parties and recommends that they be included in the Parties’ Final Agreement.

January 7, 2008


JERRY B. SELLMAN, FACT-FINDER

Salary Comparisons of City Populations of up to 10,000 less than the City of Lima

City	Population	Sworn Officers	Annual Salary	Annual Top Pay for Sergeants	Annual Top Pay for Lieutenants
Mesaillon	21,200	47	\$7,000	\$9,725.88	\$ 64,183.40
Brunswick	23,500	40	\$4,100	\$1,750.80	\$ 84,281.50
Upper Arlington	27,000	48	\$4,400	\$3,200.00	\$ 70,000.00
N. Charleston	34,700	50		\$4,200.00	\$ 85,000.00
Westerville	35,000	70		\$5,000.00	\$ 88,000.00
Lancaster	35,000	67		\$5,000.00	\$ 88,000.00
Roanoke	38,000	61		See Notes*	\$ 88,000.00
Huber Heights	38,000	55		\$7,350.00	\$ 70,000.00
Wardley	40,000	70		\$7,000.00	\$ 88,000.00
Essexville	50,000	60		\$8,000.00	\$ 88,000.00
See Note*					
Average, 400 Inhabiting Lima	32,000	50	\$7,000	\$4,900.00	\$ 82,000.00
Lima	40,000	70	\$8,000	\$7,000.00	\$ 88,000.00

Figures from POLICE D. records, Internal Search, personal conversations with members of the noted departments.

* Essexville Police Department has eliminated the position of Police Lieutenant. In their reorganization their combined structure jumps from Sergeant to Captain. Captains duties are commensurate with the position of Major with the Lima Police Department.

** Major Police Department has eliminated the position of Police Sergeant. Their organizational chain goes from Police Officer to Police Lieutenant, then Major and Chief.

**COMPARABLE WAGE DATA
(CONTIGUOUS COUNTIES + ONE COUNTY)
CITY OF LIMA — FOP UNIT A
POLICE SERGEANT — SERB DATA**

City	County	Population	Entry Level	Top Level	# of Steps
Bowling Green	Wood	29,636	\$64,459.20	\$64,459.20	1
Marysville	Union	15,942	\$56,564.40	\$61,768.31	3
Northwood	Wood	5,471	\$52,802.00	\$52,802.00	1
Findlay	Hancock	38,967	\$52,769.60	\$57,096.00	2
Tiffin	Seneca	18,135	\$51,667.20	\$51,667.20	1
Bellefontaine	Logan	13,069	\$50,523.20	\$51,812.80	4
Defiance	Defiance	16,465	\$50,400.00	\$50,400.00	1
Fostoria	Seneca	13,931	\$50,335.58	\$53,184.77	2
Lima	Allen	40,081	\$47,923.20	\$51,833.60	6
Sidney	Shelby	20,211	\$47,860.80	\$57,179.20	5
Rossford	Wood	6,406	\$47,798.40	\$50,252.80	4
Perrysburg	Wood	16,945	\$46,571.20	\$62,420.80	12
Celina	Mercer	10,303	\$44,262.40	\$46,009.60	3
St. Marys	Auglaize	8,342	\$43,638.40	\$49,171.20	5
Delphos	Allen	6,944	\$38,459.20	\$38,812.80	2
Kenton	Hardin	8,336	\$35,963.20	\$42,036.80	6
Ada	Hardin	5,582	\$34,797.52	\$34,797.52	1
Mean:			\$48,046.79	\$51,512.04	
Variance:			-0.2 of 1%	+0.6 of 1%	

**COMPARABLE WAGE DATA
 (CONTIGUOUS COUNTIES + ONE COUNTY)
 CITY OF LIMA — FOP UNIT A
 POLICE LIEUTENANT — SERB DATA**

City	County	Population	Entry Level	Top Level	# of Steps
Northwood	Wood	5,471	\$73,065.46	\$73,065.46	1
Bowling Green	Wood	29,636	\$71,156.80	\$71,156.80	1
Findlay	Hancock	38,967	\$63,960.00	\$63,960.00	1
Tiffin	Seneca	18,135	\$56,368.00	\$56,368.00	1
Lima	Allen	40,081	\$54,704.00	\$58,760.00	6
Defiance	Defiance	16,465	\$54,682.00	\$54,682.00	1
Marion	Marion	35,318	\$53,268.80	\$58,572.80	10
Sidney	Shelby	20,211	\$52,728.00	\$62,899.20	5
Napoleon	Henry	9,318	\$46,571.20	\$53,747.20	4
Wapakoneta	Auglaize	9,474	\$44,241.60	\$45,884.80	2
Upper Sandusky	Wyandot	6,533	\$29,928.28	\$38,236.14	6
Mean:			\$54,606.74	\$57,939.31	
Variance:			+0.2 of 1%	+0.2 of 1%	

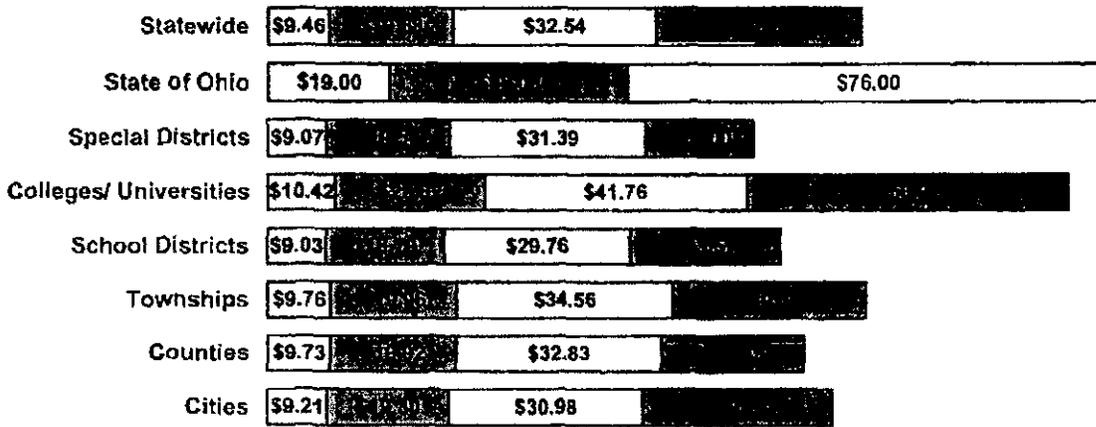
**CITY OF LIMA
WAGE HISTORY**

	AFSCME	IAFF	FOP — Units B/C/D	FOP — Unit A	FOP — PR	Annual CPI (All Urban Consumers)
1994	2.75%*	4.50%	4.50%	4.50%	1.50%	3.90%
1995	3.00%*	3.50%	3.50%	3.50%	2.00%	5.10%
1996	3.40%*	1.50%	1.50%	1.50%	2.00%	5.10%
1997	3.25%*	3.50%	3.00%	3.00%	2.00%	3.20%
1998	3.20%*	3.50%	3.00%	3.00%	2.00%	2.20%
1999	3.50%	3.50%	3.00%	3.00%	2.00%	3.40%
2000	3.25%	3.00%	3.00%	3.00%	2.00%	4.90%
2001	3.00%	3.00%	3.00%	3.00%	3.00%	3.70%
2002	2.00%	3.50%	3.00%	3.00%	2.50%	1.90%
2003	2.50%	3.50%	2.75%	3.25%	2.50%	3.50%
2004	3.00%	3.00%	3.00%	3.25%	3.00%	4.30%
2005	2.50%	3.50%	3.25%	3.50%	3.00%	3.40%
2006	2.50%	3.50%	3.00%	3.00%	3.25%	3.25%
2007	2.50%	2.50%	2.50%		2.50%	2.0% (Aug.)
2008		2.50%	2.50%		2.50%	
2009		2.50%			2.50%	

*Increases were expressed as a flat rate in the collective bargaining agreement. The percentage was arrived at by using the average wage of the bargaining unit positions.

The inflation rate is calculated using the current Consumer Price Index (CPI-U) published monthly by the Bureau of Labor Statistics.

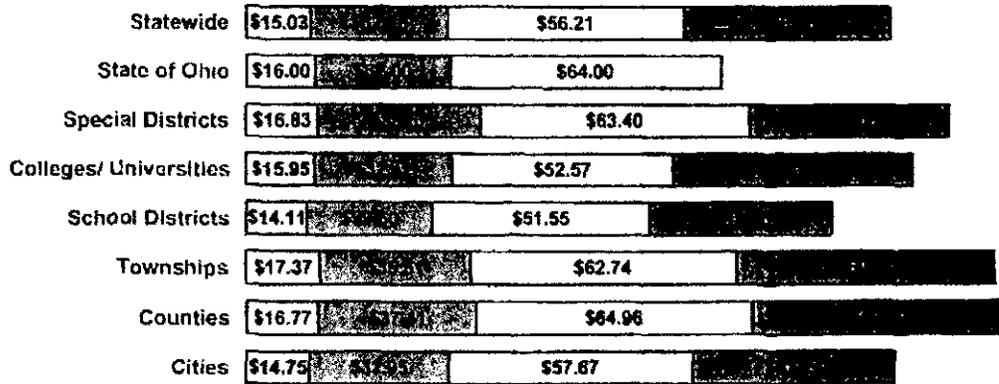
Average Co-payment for Retail Prescriptions by Jurisdiction



Generic Formulary Non-Formulary Brand Non-Formulary Brand/Generic Available

State of Ohio employees pay higher co-pays for retail prescriptions compared to average co-pays in other jurisdictions. School district employees' average co-pays are lowest for generic, formulary brand and non-formulary brand (no generic available). Special District employees pay the lowest of all jurisdictions for non-formulary brand prescriptions when generic is available.

Average Co-payment for Mail-Order Prescriptions by Jurisdiction



Generic Formulary Non-Formulary Brand Non-Formulary Brand/Generic Available

For mail-order prescriptions, State of Ohio employees are closer to the overall statewide average. Unlike retail co-pays, where State of Ohio employees pay the highest in all categories, the highest co-pays for mail-order prescriptions are more dispersed across jurisdictions. Townships pay the highest for generic and non-formulary brand when generic is available. Special District employees pay the highest for formulary brand mail-order prescriptions and Counties pay the highest for non-formulary brands when generic is available. School District employees pay the lowest co-pays on average for all mail-order prescription types.

Handwritten signature or initials.

RECOMMENDED CONTRACT LANGUAGE

**ARTICLE 25: REPLACE CURRENT LANGUAGE
WITH THE FOLLOWING:**

**ARTICLE 25
HEALTH CARE BENEFITS AND LIFE INSURANCES**

Section 25.1. Health Insurance. The Employer shall provide health insurance and group term life insurance coverage for each bargaining unit employee.

1. Effective January 1, 2008, the health care coverage plan will be set forth in the Medical Mutual of Ohio Super Med Plus Plan Document and Summary Plan Description with all deductibles, co-insurance, out-of-pocket maximums, network and out-of-network charges as described therein.

- a. Effective January 1, 2008, \$20 patient co-pay for each visit to a provider to be added not included in the deductible and out-of-pocket maximum.
- b. Effective January 1, 2009, single and family deductibles will be increased from \$100/\$200 to \$200/\$300 in network/out of network.
- c. Effective January 1, 2008 Colonoscopy screening will be added in accordance with recommendations of the American Cancer Society, that includes one (1) office visit. This benefit is only available through an Employer designated provider.

2. Prescription Drug Plan Effective January 1, 2008

Retail

\$0.00 for generic 90 day supply
\$15 for non-generic formulary
\$25 for non-formulary

Mail

\$0.00 for generic 90 day supply
\$15 for non-generic formulary
\$25 for non-formulary

3. Voluntary Dependent Eligibility — Effective January 1, 2008, the Employer will reimburse the employee for the spouse's cost to purchase single premium medical coverage at the spouse's place of employment upon proof of such premium cost not to exceed \$200.00 per month. Bargaining unit employees taking advantage of the reimbursement will provide the Employer with information about his/her spouse's

employer and about his/her spouse's eligibility for medical coverage and the cost of the coverage.

- a. A spouse eligibility incentive formula will be developed to reward employees 10% of the net savings of spouse's medical claims that exceed the reimbursement made to the employee for the cost to purchase the spouse's single premium. In no case will the incentive payment exceed 10% of the specific stop loss amount.

Example: Assume an employee chooses to participate in the spousal carve-out program and their spouse has access to health insurance for a cost of \$100 per month the City will reimburse the employee for the cost to purchase that coverage for their spouse (provided proof of coverage and cost is submitted to the City of Lima). At the end of the calendar year, if claims paid by the spouse's insurance plan (as determined by EOBs from the spouse's insurance company) for the spouse exceed the amount reimbursed to the employee for purchase of the coverage, in this case \$1,200, the employee will receive a check in the amount of 10% of the difference between what the City paid for the coverage and what the spouse's health plan paid for claims for the spouse. If the spouse had incurred claims paid by their health insurance of \$5,000, the employee would receive a check in the amount of \$380, or \$5,000 minus \$1,200 which is equal to \$3,800 times 10% or \$380. The maximum amount available to an employee is 10% of the specific stop loss amount.

Section 25.2. Health Insurance Premium. Effective January 1, 2004 the Employer shall contribute up to the following amounts each month toward the premium cost for each bargaining unit employee's health insurance coverage.

Single Plan	\$371.10 Per Month
Family Plan	\$853.31 Per Month

The first ten percent (10%) of any increase in insurance premiums each calendar year above the limits specified herein, shall be paid eighty percent (80%) by the Employer and twenty percent (20%) by the employee. Any insurance premium increase each year above the first 10% will be absorbed by the City. See Appendix B for examples (Omitted here).

The COBRA rate established by the City's third party administrator (TPA) shall be utilized to determine the above premium sharing. The Labor Council shall have 30 days following notification of the COBRA rate to request a second opinion from an independent industry recognized self-insured health insurance authority regarding the trend rate calculation. The parties shall meet to review the second opinion. If the parties are unable to resolve the trend rate calculation issue, the Labor Council may request an arbitration hearing to resolve the matter. The costs of the second opinion and/or arbitration shall be paid equally by the Labor Council and the City. Nothing herein shall prevent the City from implementing the rates established by the City's TPA pending the Labor Council's request for

a second opinion or appeal to arbitration. Any change in the COBRA rate resulting from such appeal will be properly credited to the affected employees.

CERTIFICATE OF SERVICE

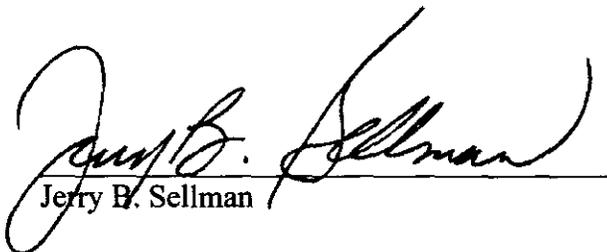
The undersigned certifies that a true copy of the Fact Finder's Report was sent by First Class Mail on January 7, 2008 to:

SERB
65 E. State Street
Columbus, OH 43215

Ms. Jackie A. Wegman
Staff Representative
Fraternal Order of Police
Ohio Labor Council
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Maumee, Ohio 43537

FOP/OLC
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Mr. Donald J. Binkley, Account Manager
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Jerry B. Sellman