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April 13, 2007

Walter J. Edwards
Staff Representative
Ohio Council 8, AFSCME, AFL-CIO
1213 Tennessee Avenue
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Paul R. Berninger
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RE: City of Reading -and- AFSCME
SERB Case Nos.: 06-MED-11-1338
Issue: Factfinding

To each,

Enclosed please find two (2) copies each of the report and recommendations and two (2) copies each of the Factfinders bill.

In the meantime, I thank both Parties for giving me the opportunity to serve you in this matter and, if the occasion should so arise, I look forward to working with you in the future.

Cordially yours,

Michael Paolucci

cc: SERB ✓

Administrative Law and Labor Relations Attorney

IN THE MATTER

OF

FACTFINDING

BETWEEN THE

CITY OF READING, OHIO

AND

AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES,
AFL-CIO

STATE EMPLOYMENT
RELATIONS BOARD
2007 APR 16 A 10: 51

Issue: Factfinding
Date of Hearing: March 26, 2007
Location: City of Reading Administrative Offices
Case No: 06-MED-11-1338
Date of Award: April 13, 2007

Union Representative: Walter J. Edwards
Staff Representative
Ohio Council 8, AFSCME, AFL-CIO
1213 Tennessee Avenue
Cincinnati, Ohio 45229-1097

City Representative: Paul R. Berninger
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REPORT AND RECOMMENDATIONS

Michael Paolucci
Arbitrator

Administration

By letter dated January 17, 2007, from Walter J. Edwards, the Representative for the Union, the undersigned was informed of his designation to serve as Factfinding in a factfinding procedure between the Parties. On March 26, 2007, a hearing went forward in which the Parties presented testimony and documentary evidence in support of positions taken. The record was closed at the end of the hearing and the matter is now ready for a factfinding report with recommendations.

Unresolved Issues presented

This factfinding was over a wage reopener. Therefore only one (1) issue was presented for factfinding:

1. Article XIII – Wages.

* * *

Under R.C. 4117.14(E) & (G)(7), a Factfinder is required to give consideration to certain factors in choosing between the Parties' proposals, on an issue-by-issue basis. That statute reads as follows:

(e) The board shall prescribe guidelines for the fact-finding panel to follow in making findings. In making its recommendations, the fact-finding panel shall take into consideration the factors listed in divisions (G)(7)(a) to (f) of this section.

* * *

(G)(7) After hearing, the conciliator shall resolve the dispute between the parties by selecting, on an issue-by-issue basis, from between each of the party's final settlement offers, taking into consideration the following:

- (a) Past collectively bargained agreements, if any, between the parties;
- (b) Comparison of the issues submitted to final offer settlement relative to the employees in the bargaining unit involved with those issues related to other public and private employees doing

- comparable work, giving consideration to factors peculiar to the area and classification involved;
- (c) The interests 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;
 - (d) The lawful authority of the public employer;
 - (e) The stipulations of the parties;
 - (f) Such other factors, not confined to those listed in this section, which are normally or traditionally taken into consideration in the determination of the issues submitted to final offer settlement through voluntary collective bargaining, mediation, fact-finding, or other impasse resolution procedures in the public service or in private employment.

* * *

The unresolved issue has been addressed giving consideration to all of the necessary statutory elements.

Factual Background

The City is a relatively small municipality that is in the surrounding area north of Cincinnati, Ohio; the Union is comprised of twenty-three (23) non-uniformed hourly staff that perform different city services. The bargaining unit members' job duties include plumbing and electrical maintenance, street and property maintenance, financial and payroll activities; and clerical and laborer duties.

The Parties entered into an Agreement made effective February 1, 2006 through January 31, 2009. However, the Parties only agreed to the wage rates for the first year of the Agreement. The remaining two (2) years of the Agreement have wage re-openers to determine the proper wage rate. This wage re-opener is for the second year of the Agreement.

The City focused on its financial situation in support of its claim that wage increases should be relatively small. It argued that the City is suffering from reduced population; that it is a small older population; that it has fewer college graduates than nearby communities; and that it

does not expect to have positive economic growth in the near future. While it is trying to improve its economic and demographic problems, such will not occur anytime soon. It asserts that in light of the poor economic condition, it must hold back on spending to insure good financial health.

The City has received some breaks in its financial condition. It was able to pass a 1/2% tax increase that helped generate new revenues. It was also able to achieve a 4% decrease in its worker's compensation premium costs. The Union claimed that it was partially responsible for the decrease, and asked that such justify a part of its wage increase. The Union also showed that certain members of the executive staff (Mayor, Auditor and the like) received a 9% wage increase over the last two (2) years. While the City conceded the point, they underscored the fact that those jobs are part-time and that their salary is tied to the CPI and adjusts automatically. The City argued that it is unfair to only cite this fact when the CPI increases since these same positions received virtually no wage increases in recent years when the CPI did not change. It doubts the Union would agree to tying their compensation to this index, and thus argued that it was not a valid measure against which to judge the bargaining unit wage rates.

Contentions of the Parties

1. Article XIII – Wages.

The City proposes a wage increase of 2%.

The Union proposes a wage increase of 7.5%.

Union Contentions

The Union argues that the proposed wage increase is justified since these employees

contributed a great deal to the success of the vote that gave the City the ½% tax increase. Since it was partially responsible for the success of the tax increase, it argues that it should get its fair share of the larger revenues. It provided evidence that the City received a savings in Worker's Compensation premiums. It argued that since the savings was partially as a result of its hard work, then such should be considered when determining the appropriate wage rates for these employees.

The Union argues that a wage increase similar to the 9% over two (2) years that the City paid its administrators is affordable by the City here. It argues that the City has sufficient funds to produce a Newsletter for its citizens, and it asks that such be considered proof that the City has extra funds. It contends that everyone else is getting additional income, and it argues that this bargaining unit should be treated similarly.

City Contentions

The City's position is that these bargaining unit members are well compensated in comparison with similar positions in other similar communities. It argues that it cannot afford to pay for more than a minimal wage increase.

The City claims that recent wage increases have been more than fair considering the City's financial condition. It points out that these employees have received 5% made effective in June 2004, 3% effective February 2005; and 3% effective in February 2006. Although it concedes that employees had to start contributing 10% of the cost of health insurance in January 2006, it claims that it is still comparable to other non-uniformed public employees.

The City claims that while these employees have continued to enjoy relative prosperity, the City has for most of this decade existed on the edge of insolvency. It points to the general

fund balance that fell from over 1 million dollars in the mid-nineties to less than \$2,000.00 at the end of 2005. It cites the fact that for years the City has had to hold back on paying year-end bills in order to have a sufficient reserve to make payroll for the first month of the new year.

The City contends that only because of the voter approval of a 1/2% increase in income tax can it afford a wage increase at all. It argues that this new source of revenue only allows it to meet current expenditures and to retain a minimal reserve. It asserts that an increase consistent with the Union's proposal would prevent it from having some financial stability as the increase tax was designed to do. It asserts that the unencumbered revenue for the current budget is only \$200,000.00 and it claims that such is too small based on the total general fund expenditures that exceed eight million dollars.

The City points to other bargaining units as evidence of what is fair. It contends that since the police received a factfinder's report recommending 3%, then such is valid to consider here compared against the Union's proposal. It claims that in light of all the facts, the City's proposal is appropriate.

Recommendation

It is recommended that the bargaining unit receive a 3% wage increase.

There is a sense that the bargaining unit believes that it earned the 1/2% tax increase and that because of that effort, along with other employees, it should receive most of the revenues from that effort. Such is not a valid belief and must be firmly rejected. The City proved that it is in poor condition, and that it was in worse condition prior to the tax increase. It showed that it needs some breathing room between its desperate financial condition from the previous years

and its current situation. To grant the Union's proposal would likely help throw the City right back into the situation it has just escaped. It is thus illogical.

Rather than adopt the Union's position, it is better to rely on the remaining statutory criteria that call for a comparative analysis between this bargaining unit and other similar employees in other jurisdictions and between other employees in the City. It was shown that the City is in a better financial condition than before and that a wage increase is justified. However, the wage increase that is justified is less than that previously paid, and certainly less than requested by the Union. In comparison to the police bargaining unit, this bargaining unit deserves a similar wage increase. In addition, a comparison between this bargaining unit and nearby jurisdictions show that they are more than fairly compensated. They make more than many jurisdictions that are in good financial condition. Because of this comparison, a modest increase is all that is justified. Based on the increased health care premiums; the expected wage rates to the police bargaining unit; and the other local jurisdictions, it must be found that the 3% wage increase is justified.

April 13, 2007
Cincinnati, Ohio



Michael Paolucci