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STATE EMPLOYMENT
RELATIONS BOARD

2007 NOV -2 P 12: 34

AFSCME Ohio Council 8,
Local 1260

(UNION)

- and -

CITY OF MARTINS FERRY

(EMPLOYER

CASE 2007-MED-01-0086

DRAFT

FACT - FINDER'S REPORT

October 12, 2007

Proceedings before Jared D. Simmer, Fact-Finder. The undersigned was selected by the Parties to serve in the role of Fact-Finder in the above-captioned case. Pursuant to the provisions of Section 4117-9-05 of the Ohio Revised Code, the Fact-Finder was officially appointed to this role by SERB on May 2, 2007.

I. APPEARANCES

FOR THE UNION:

Cynthia Michaels of ASCME, for the Union.

FOR THE AUTHORITY:

Mike Seyer of Clemens Nelson & Associates for the City.

II. BACKGROUND

This proceeding involves collective bargaining negotiations between AFSCME Local 1260 and the City of Martins Ferry, Ohio. This local has

approximately 49 full-time employees working in 35 different job classifications.

The current collective bargaining agreement ("Contract") expired on April 30, 2007. Prior to this hearing, the parties had negotiated and resolved most items, but were unable to reach agreement on a number of others.

A hearing was scheduled and held on July 19, 2007 in the City administration building. In advance of this hearing, both parties chose to file pre-hearing position statements which were duly received and considered by the Fact-Finder. Prior to the swearing in of witnesses, with the assistance of the Fact-Finder the Parties were able to reach a tentative agreement ("T.A.") that resolved all of the outstanding issues in the new contract. However, because the T.A. was not ratified by the Union, the Parties have now asked the Fact-Finder to issue a Fact-Finding Report.

It is important to note that while the Parties T.A.'d numerous open issues during the assisted negotiations on July 19, the only issue that held up ratification was the issue of health insurance (Article 30 of the Contract). Accordingly, except as to healthcare which will be discussed separately, my recommendations will reflect verbatim the agreed-to changes that the Parties had negotiated previously on all other issues. (And, any existing *Contract* provision that is not addressed in this Report, *infra*, should be considered carried over from the last Contract, unchanged).

FACT-FINDER'S RECOMMENDATIONS

Article 34 – Clothing Allowance

Union's original proposal: increase boot/shoe allowance from \$125/year to \$150/year.

City's original proposal: no change in amount of annual allowance, but add language requiring the wearing of City-provided uniforms while at work, with discipline for failure to do so.

T.A. as well as the Fact-Finders recommendation: the following rewrite of the article:

"The City will provide employees with 11 sets of uniforms (pants and shirts), 2 jackets with zip-out lining.

The City will provide, at the Service Director or supervisor's discretion, one (1) pair of coveralls. The City will provide employees with appropriate work gloves, waterproof overshoes, and appropriate rain gear. These items are considered Safety Personal Protection Equipment (PPE) and must be worn during inclement weather.

Clerks will purchase matching uniforms approved by management and reimbursed up to three hundred dollars (\$300.00) per year. Uniforms provided by the City shall be worn by the affected bargaining unit employee(s) while in the performance of their duties and responsibilities for the City. Failure to wear City-provided uniforms shall result in disciplinary action taken by the City. Each employee will be reimbursed up to one hundred twenty-five (\$125.00) boot or shoe allowance per year. The receipt must be presented to the Auditor for reimbursement. Effective 5-1-08, said amount shall be one hundred and fifty dollars (\$150.00) per year per employee.

The above-referenced language shall remain in effect until May 31, 2008. Thereafter, employees shall wear and maintain (including laundering) their own clothes and agree to a dress

code set up by a committee composed of equal numbers of Management and Union representatives.

Article 41 – Wages

Union's original proposal: 12% wage increase spread over three years, with \$500 signing bonus in the third year, and wage retroactivity back to May 1, 2007 (the day after the current contract's expiration date).

City's original proposal: 6% (2-2-2) spread over three years, with no retroactivity of wages.

T.A. as well as the Fact-Finders recommendation: nine percent (9%) increase over three years, with retroactivity, allocated as follows – effective May 1, 2007, \$.55/hour increase; May 1, 2008, \$.55/hour increase, May 1, 2009, \$.55/hour increase.

Letter of Understanding #1

T.A. as well as the Fact-Finder's recommendation:

"Bargaining unit employees shall receive the following lump sum payment:

- 5-1-08: \$150*
- 5-1-09: \$150*

Upon final payment (5-1-09) this Letter of Understanding shall become null and void."

Letter of Agreement #2

The T.A., as well as the Fact-Finder's recommendation, is to add the following language to the Contract:

"CDL Licensure:

During the term of this agreement, the Employer shall reimburse an employee who is required to maintain a CDL the difference between the cost of renewal of his regular driver's license and the renewal cost of the CDL. Eligible employees shall provide a receipt of payment to their immediate supervisor for such reimbursement; it is understood the reimbursement described herein is payable once during the term of this agreement."

Article 30 - Hospitalization

Because healthcare costs are rising inexorably, and employers have limited ability to negotiate moderation of these costs with providers, healthcare is consuming a growing and disproportionate share of employers' budgets. These benefits have begun to hasten the end of an era: public sector employers providing blue chip healthcare benefits to their employees at little or no cost. Predictably, the inevitable debate over the proper sharing of healthcare costs between employers and employees has made this one of the most contentious issues in current labor contract negotiations.

As long as the rise in premium costs continues, the options facing employers and employees are stark: limit coverage, increase employee co-pays and deductibles, change providers, tighten eligibility requirements, eliminate the benefit altogether or pass along a larger share of the costs to employees.

Understandably, municipal employees, such as those like Local 1260 who work at the lower end of the City's pay scale, have resisted attempts to have their members assume a greater portion of rising costs; they would prefer for the City to continue to provide the benefit at little or no cost to members, and for the City to continue to assume the risk of rising costs

going forward. However, this approach leaves cities like Martins Ferry with a number of untenable options:

1. Reducing or eliminating healthcare coverage for City employees.
2. Cutting back on essential services to City residents to in turn free up the funds needed to pay for employee coverage.
3. Passing the costs on to City taxpayers (raising taxes) who themselves don't enjoy the same level of employer-provided benefits, have no coverage at all, or devote a significantly larger share of their own take-home pay to healthcare premiums than do City employees.
4. Trying to draft a budget going forward where a significant component of that budget is not only rising unpredictably, but at many times the rate of inflation.

Faced with these unpalatable choices, municipal employers in Ohio have felt compelled to have their employees assume a larger portion of the costs of healthcare, as well as assume a greater share of the risk of increased premiums down the road. In Martins Ferry's case, this has meant putting all City employees, both union and non-union on the same healthcare plan, and, a desire to move all employees to a 90-10 City-employee percentage split on monthly costs. With the most recent police contract, to leave Article 30 unchanged would, effective 1-1-08, leave AFSCME Local 1260 as the only employee group in the City which would not be paying anything for its healthcare.

Because of the untenable choices that the City would be faced with were AFSCME's Article 30 - Hospitalization to remain unchanged, and because all other City employees have or will be receiving healthcare coverage under a 90-10 cost share arrangement, this Fact-Finder can find no compelling reason why AFSCME Local 1260 alone should receive free healthcare coverage, nor for that matter, why they alone should be exempt from the 90-10 cost share arrangement. Further, this Fact-Finder has been led to believe that to allow any other employee group to be exempted

from the 90-10 plan would permit the Police under their new contract to request and receive the same waiver. This would, of course, result in the City's modest healthcare cost control attempts to unravel.

After careful consideration to the Parties' pre-hearing position statements, the discussions with the Parties that took place during the assisted negotiations that led up to the prospective T.A., the healthcare benefits package currently being offered to other City employees, recent contract negotiations with the City's Police local, and this Fact-Finder's long-term experience with other Ohio municipal contracts, the Fact-Finder concludes that AFSCME Local 1260 should share the pain along with all other City employees, and so the language tentatively agreed to in the Parties' earlier T.A. providing for the 90-10 cost sharing should be adopted, all as more fully set forth in the attachment. **[we would append the Article 30 T.A. language here]**

Other recommended changes in Article 30 are set forth below:

Current monthly premiums:

- *Union's original proposal: no change.*
- *City's original proposal: all AFSCME employees pay a flat percentage of the City's healthcare costs.*
- *T.A. as well as the Fact-Finder's recommendation;*
"Bargaining unit employees who earn less than the following hourly rates shall not be required to pay more than one hundred and forty-five dollars (\$145.00) per month towards the monthly premium::
 - *Effective 1-1-08 \$15.00/hour;*
 - *Effective 1-1-09 \$15.50/hour;*
 - *Effective 1-1-10 \$16.00/hour.*

Eligibility of part-time employees for healthcare

- *Unions' original proposal: no change.*
- *City's original proposal: elimination of eligibility of part-time employees for City health care plan.*
- *T.A. as well as the Fact-Finder's recommendation: effective as of the execution of the new Contract, part-time employees will no longer be eligible for the City's health care plan.*

Reimbursement of Co-Pays

- *Unions' original proposal: no change.*
- *City's original proposal: elimination of reimbursement of co-pays for doctor visits, prescription medications, allergy testing/treatments, and diabetic supplies.*
- *T.A. and Fact-Finders recommendation - add the following language to Article 30 of the Contract:*
 - "Doctor's visits, prescription medications, allergy testing and treatments, and diabetic supplies will be reimbursed by the following method:*
 - *Effective 1-1-08, employees reimbursed at 50% off costs.*
 - *Effective 1-1-09, employees reimbursed at 50% of costs.*
 - *Effective 1-1-10, employees reimbursed at 25% of costs."*

Additional language

In an attempt to encourage the Parties' to work together to help manage healthcare coverage, the Fact-Finder also recommends that the Parties establish a healthcare committee composed of

representatives of both management and labor. To effectuate that objective, the Fact-Finder recommends that the following language be added to Article 30:

"Section 30.6 - Health Care Committee

The parties agree to establish a Health Care Committee (HCC) made up of two representatives from each of the City's labor unions, and equal number of members from management. Beginning on or about November 1, 2007 the HCC shall meet regularly and be charged with monitoring and evaluating the health insurance coverage provided to bargaining unit and non-bargaining unit employees of the City. The HCC will be chaired by the Mayor of the City, or his/her designate.

To carry out its tasks, the HCC will meet as needed with third party administrators, insurance brokers and others to carry out its charge to investigate and make recommendations relating to health insurance providers, costs, coverage and plan options, with a particular focus on feasible cost-containment and cost-reduction strategies.

Recommendations of the HCC will be formally submitted to City Council on an as-needed basis for its review and consideration. The HCC will make a good faith effort to maintain current levels and costs of coverage to employees and the City, or in the alternative, contain future costs to the extent practicable."

To the extent practicable, the City shall make a good faith effort to maintain health care benefit coverage levels."

While this Fact-Finder realizes that neither Party will be fully satisfied with these recommendations, this Report does meet the standard of both Parties being equally unhappy but cognizant that this may be the best that can be accomplished under the circumstances.

Issued: October 12, 2007

Respectfully submitted,

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a series of loops and a long horizontal stroke extending to the right.

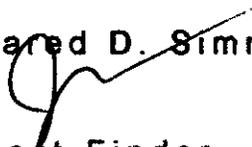
Jared D. Simmer, Esq.
Fact-Finder

Attach.

CERTIFICATE OF SERVICE

I hereby certify that the above Fact-Finder's Consent Report and Recommendations were served upon the following parties, to wit, AFSCME, Ohio Council 8, Local 1260 Ohio (via Cynthia Michaels) and the City of Martins Ferry, Ohio (via Michael L. Seyer) by United States Post Office overnight mail service, and upon the Ohio State Employment Relations Board (via the Administrator, SERB Bureau of Mediation) by first class mail, this 16 day of October, 2007.

Jared D. Simmer, Esq.


Fact-Finder