

STATE OF OHIO
STATE EMPLOYMENT RELATIONS BOARD

In the matter of
Fact Finding between

THE CITY OF NORTH ROYALTON)	
)	
-and-)	CASE NO. 2009-MED-10-1227
)	
OHIO PATROLMEN'S BENEVOLENT)	JEFFREY A. BELKIN,
ASSOCIATION)	FACT-FINDER

REPORT AND RECOMMENDATION

This matter was heard on December 6, 2010 at North Royalton, Ohio. The parties were represented as follows:

For the Union:

Kevin Powers, Esq.	Attorney
Pat Hardert	Dispatcher
Olivia Simic	Dispatcher

For the City:

Thomas A. Kelly, Esq.	Law Director
Donna M. Vozar, Esq.	Assistant Prosecutor
Bob Stefanik	Mayor
Patrick Jones	Human Resources
Karen Fegan	Director of Finance

I. BACKGROUND

The Union represents a unit of approximately eight dispatchers. The most recent Agreement between the parties expired December 31, 2009. In the almost one year that has elapsed since then, the parties have successfully negotiated every issue but the one involved herein. Clouding the negotiations, as well as those involving other represented units, has been the City's deteriorating financial position.

As of the hearing date all other represented units have settled on new agreements (albeit with factfinding for the patrol officers and sergeants). The crux of the impasse in this proceeding, as more fully described below, is the dispatchers' attempt to achieve the same dollar increase in "professional pay" achieved by the patrol officers.

II. FACTFINDER'S REPORT

In reaching the Findings and Recommendation on the sole issue at impasse, the undersigned has considered the parties' prehearing statements, oral presentations, exhibits and witness statements. Also taken into account were the factors mandated by statute:

Past collectively bargained agreements, if any, between the parties;

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;

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;

The lawful authority of the public employer;

Any stipulations of the parties;

Such other factors, not confined to those listed above, which are normally or traditionally taken into consideration in the determination of the issues submitted to mutually agreed-upon dispute settlement procedures in the public service or in private employment.

III. UNRESOLVED ISSUES

1. Eligibility for Overtime for employees assigned to Ten-hour Shifts

During an off the record discussion the parties resolved the issue according to the following language:

12.01 All employees while on active duty status, when performing assigned work in excess of forty (hours) per week, or in excess of their assigned shift of eight (8) or ten (10) hours per day, shall be compensated at the rate of one and one-half (1 ½) times the employee's regular hourly rate or compensatory time computed at the same rate for future use, as approved by the Chief.

Therefore the issue has been withdrawn from factfinding.

2. Amount of Professional Wage Supplement.

The Union has submitted the following proposal:

20.03 Employees shall be paid a annual professional wage supplement of One Thousand Dollars (\$1000). This professional wage supplement will be paid annually in the first pay period in February in a lump sum amount. In 2011 such supplement shall increase to One Thousand Three Hundred (\$1300). In 2012 such supplement shall increase to One Thousand Six Hundred (\$1600)

The City is agreeable to the aforesaid language, but would change the amount of the supplement to “One Thousand One Hundred Fifty (\$1150)” in 2011; and “One Thousand Three Hundred (\$1300)” in 2012.

Relevant Facts

1. The City presented ample evidence, not disputed by the Union, that it is currently in financial distress. As a “bedroom community” without a significant industrial or commercial tax base, the City must primarily rely on income tax receipts to fund its operations. A persuasive indicator of the City’s precarious position was the recitation of the City’s carryover totals and accompanying explanation:

“North Royalton’s finances have caused concern for the last several years. Since 2008, expenditures have outpaced revenue and North Royalton has been balancing its budget on reserves. North Royalton used its carry over balance to cover a \$3,123,985.96 deficit in 2009. The General Fund numbers are now at a critical point with the 2010 ending balance which is tenuous inasmuch as the current balance is \$39,132.

The recent unencumbered carryover totals for North Royalton are as follows:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 thru September</u>
General Fund Revenues	\$12,566,328	\$13,137,070	\$11,793,053	\$8,826,679
General Fund Expenditures	\$11,910,262	\$12,884,147	\$12,801,984	\$9,793,329
Total Revenues	\$44,889,853	\$50,624,345	\$36,641,861	\$31,097,193
Total Expenditures	\$36,357,730	\$52,693,111	\$39,765,847	\$32,333,081
 General Fund E-O-Y				
Unencumbered Cash Balance	\$1,707,073	\$1,967,403	\$953,377	\$39,312
 Number of Months of Expenditures Covered by E-O-Y General Fund Unencumbered Cash Balance				
	1.7	1.8	0.9	0.0

Unencumbered General Fund Cash Balance as Percentage of Total General Fund Expenditures	14.3%	15.3%	7.4%	.4%
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The purpose of the carryover is twofold; first, it helps to insure the City's ability to cover potential catastrophic events. Second, North Royalton, like all other cities, does not begin to receive revenues until the end of the first quarter of each year, and uses the carryover to meet the first four (4) to five (5) payrolls. Accordingly, the carryover should equal 15% - 25% of the General Fund total expenditures. Stated another way, the City should maintain an unencumbered balance equal to the amount of expenditures for the first three months of the year.

This amount of carryover is the truest indicator that the City can meet its financial obligations for purposes of securing a desirable bond rating. Many bonding companies look for a minimum four month reserve or a third of a year's total expenditures. The carryover should never be below 10% of the General Fund total. North Royalton's is projected to be less than 5% of General Fund by the end of 2010."

2. Equally relevant to the disputed issue is the series of measures taken by the City to reduce operating expenses. These include:

- Salary reductions of ten per cent (10%) accepted by the Mayor, members of Council, Department Heads, salaried employees, and contract employees, through the end of 2010.
- Ten (10) furlough days imposed by Administrative Order on all nonunion employees, through the end of 2010.
- Pay freezes for 2010 and 2011 accepted by all represented bargaining units. The Service Department unit (AFSCME) also accepted 10 furlough days in order to avoid layoffs.
- Elimination of nonessential expenses.
- Other items, such as outsourcing of plumbing and electrical inspections; and

elimination of positions through non-replacement following death or retirement.

3. The current agreement between the City and FOP Lodge 15, covering a unit of approximately 32 patrol officers and sergeants, includes the following increases in professional pay for patrolmen:

2010 - \$2200 (increase of \$300)

2011 - \$2500 (increase of \$300)¹

4. The total compensation, including professional pay, received by the City's dispatchers (\$43,189 after 10 years) is approximately nine per cent (9%) less than the average of similar represented dispatcher units in Cuyahoga, Medina and Summit Counties.

5. The aforesaid comparison of total compensation does not reflect the fact that the City continues to pay one hundred per cent (100%) of employee health care costs;² whereas other cities are currently requiring employee contributions (example: Strongsville - \$80/month), or are in the process of imposing similar participation.

Union Position

The dispatchers' objective is to match the increase in professional pay (\$300 in two consecutive years, total of \$600) achieved by the patrolmen. The Union points out

¹ These increases were recommended by Factfinder Stanley Wiener in Case Numbers 2008-MED-09-1000 and 2009-MED-09-1001 in his report dated September 15, 2010.

² "B Plan" only.

that the City has not claimed inability to pay, characterizing the differences in the two proposals as “fairly insignificant” and “pretty small change.” Moreover, the dispatcher unit, already underpaid in comparison to other cities, has accepted a two-year pay freeze. Thus the Union’s proposal represents parity with the patrolmen, at less cost.

City Position

The City states that its offer is in parity with those units receiving professional pay, namely an increase of approximately 30 per cent over two years. The City is struggling financially, and projections for 2011 look worse, not better. Given its precarious finances, the city has taken prudent cost-saving measures. While the difference between the Union and City positions on the amount of professional pay increases may not seem significant, the fact is that the employees in those units receiving professional pay – including the dispatchers – are the only City employees to receive any pay increase at all over the next two years. The City also disputes any claim that the dispatchers are underpaid, claiming that its fully-paid health care package brings the total compensation of the dispatchers in line with other cities.

Finding and Recommendation

At the hearing the parties both agreed that the proposal at issue does not involve “affordability,” in that the dollars involved are not significant in relation to all other costs of compensation. The basis of their disagreement is the concept of “parity.” To the dispatchers “parity” means the same dollar increases (a total of \$600, in two yearly

increases of \$300) achieved by the patrolmen in the FOP Agreement. To the City “parity” means that the increases in dispatchers’ professional pay, percentage-wise, should essentially equate with the patrolmens’ percentage (30%) increases in the FOP Agreement. Thus the City contends that its offer totaling \$300 is in parity with the increases provided to the patrolmen.

While the disparity in dollars between the parties’ position is indeed quite small, the City’s version of “parity” is more persuasive under the circumstances. First, the base amount of professional pay for patrolmen under the previous FOP Agreement (\$1900) was almost double that provided to the dispatchers (\$1000) under their prior agreement. Clearly the dispatchers have not been in “parity” with the patrolmen with regard to professional pay, and there was no compelling reason presented for closing the gap in the new agreement.

Next there is the matter of the City’s response to its deteriorated financial situation. While the City may be able to “afford” the Union’s proposal, the evidence established the City’s across-the-board effort to distribute the painful effects of its financial problems to all employees, represented and non-represented. The other units receiving professional pay have already accepted a thirty per cent (30%) increase over two years; and therefore, the sixty per cent (60%) increase sought by the dispatchers is very much out of parity. Therefore, the increases sought by the Union are not reasonable.

The City has countered the Unions’ proposal with an offer of two \$150 increases in professional pay, in 2011 and 2012, totaling \$300. This offer represents a percentage

increase of thirty per cent (30%), and would maintain percentage parity with the patrolmen. The undersigned finds that the offer of \$300 over two years is reasonable.

However, since the City has not argued inability to pay, there is no basis to hold back half of the increase until 2012. Accordingly, it is also found that the full increase of \$300 in professional pay should be granted in 2011, and that the amount of professional pay received by the dispatchers be \$1300 in both 2011 and 2012. This result, an increase of thirty per cent (30%), serves to maintain percentage parity, while providing the dispatchers an additional \$150 over the two years.

Recommendation

I recommend that §20.03 of the Agreement read as follows:

20.03 Employees shall be paid an annual professional wage supplement of One Thousand Dollars (\$1000). This professional wage supplement will be paid annually in the first pay period in February in a lump sum amount. In 2011 such supplement shall increase to One Thousand Three Hundred (\$1300), which amount shall remain in effect in 2012.

Respectfully submitted,

Jeffrey A. Belkin
Fact Finder

Beachwood, Ohio
December 21, 2010