

SUBMISSION

The Parties in the present negotiation have had an ongoing collective bargaining relationship culminating in an Agreement that became effective on January 1, 2008 and obtained through December 31, 2010. Mutually agreeing to an extension of the statutory deadlines, the Parties met in negotiations toward a successor contract on five occasions prior to reaching impasse on the issues enumerated below.

Having reached impasse, the Parties requested that the Fact-finder undertake mediation of the unresolved issues, and accordingly mediation was conducted between the Parties on July 27, 2011 at which a number of issues were resolved. However, mediation having failed to resolve all issues at impasse, an evidentiary hearing was convened on August 17, 2011. At hearing, the Parties were afforded an opportunity to present evidence and testimony, and to cross examine witnesses. The matter was declared closed as of the date of hearing.

ISSUES AT IMPASSE

The Parties identified and presented the following issues as unresolved:

- | | | |
|----------------------------|---|--|
| 1. Article XVII | - | Hours of Work** |
| 2. Article XX | - | Holidays/Personal Days |
| 3. Article XXII | - | Sick Leave |
| 4. Article XXVI | - | Compensation Schedule |
| 5. Article XVIII | - | Overtime Pay** |
| 6. Article XIX | - | Court Time** |
| 7. Article XXIX | - | Uniform Allowance and Maintenance |
| 8. Article XXX | - | Insurance |
| 9. Article XXXIV | - | Layoffs* |
| 10. Article XXVI | - | FMLA* |
| 11. Article XXVIII | - | Educational and Other Pays** |
| 12. Article XXXVIII | - | Duration of Agreement |

***Resolved by mutual agreement of the Parties**

****Withdrawn prior to hearing**

STATUTORY CONSIDERATIONS

In weighing the positions presented by the Parties, the Fact-finder was guided by the considerations enumerated in OAC 4117-9-05(K), *et seq*, specifically:

- 4117-9-05(K)(1)** Past Collectively bargained agreements, if any, between the parties;
- 4117-9-05(K)(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;
- 4117-9-05(K)(3)** 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;
- 4117-9-05(K)(4)** The lawful authority of the public employer;
- 4117-9-05(K)(5)** Any stipulations of the parties;
- 4117-9-05(K)(6)** 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.

BACKGROUND AND STATUTORY CONSIDERATIONS

Located in southern Cuyahoga County, the City of Seven Hills (City or Employer) has a population of 12,000 residents. The City's Police Department includes, in addition to a Chief and two Lieutenants, some eleven Patrol Officers (Patrol) and four Sergeants (Sergeants) represented in separate units by the Ohio Patrolmen's Benevolent Association (OPBA or Union). The Parties relate under the terms of a collective bargaining Agreement that became effective on February 24, 2009, and obtained through December 31, 2010.

As have most public employers in Ohio, the City's situation has been affected by the recessionary economic climate of the last several years. In 2008 Seven Hills enjoyed a modest \$500,000 excess of revenues over expenses, and its unencumbered balance at the end

of that year was \$4,800,000. However, real estate revaluations decreased the City's revenue from that source by 10.6% from 2009 to 2010; income tax revenues declined by 8.7% in the same period. As a result of revenue decreases, coupled with increases in operating expenses, the City experienced a deficit of some \$719,000. In 2010, the shortfall increased to \$1,214,000. As of July 1, 2011 the Employer's year-to-date expenditures had exceeded its actual year-to-date receipts by some \$500,000. Its unencumbered balance of \$1,403,000 represented only 16% of operating expenses, a figure below the 20%-25% thought prudent by other political subdivisions and bonding agencies.

Moody's Investors Service rates Seven Hills at Aa2, or very low risk. The City restructured its debt in mid-2011, issuing an additional \$10.7 in new obligations - including a \$2,850,000 note for rehabilitation of its Recreation Center - but increasing cash flow by some \$550,000 annually.

In January of 2010, the City engaged the Auditor of State's Office (AOS) to conduct a performance audit (Audit) of selected areas of City operations, and to analyze these operational areas in relation to peer cities, industry benchmarks and recommended practices. Among the regional communities the AOS utilized for comparative purposes were the cities of Cleveland Heights, Euclid, Fairview Park, Garfield Heights, as well as Barberton, Bay Village, Broadview Heights, Lakewood and Shaker Heights in certain specific instances. Relevant in these proceedings are the AOS recommendations regarding Citywide Administration contained in subsection A of the Internal Services Section, and subsection A, Police Department, of the Audit's Safety Services Section. Records indicate that the Performance Audit cost the City \$154,100.

Among the State Auditor's findings with regard to Internal Services, i.e. general administration, was a recommendation that the City negotiate a reduction in overtime pay rates for holidays and Sundays, as well as the number of holidays and personal days offered to City workers. The AOS also recommended regular rather than overtime pay rates for hours worked in excess of the minimum for call-ins.

The AOS's specific recommendations with regard to the Police Department included elimination of three fulltime equivalent employees (FTEs) should the City be unable to address its "financial difficulties" in another manner. However, the AOS cautioned that the FTE reduction should not be undertaken without ensuring that "such reductions would not

negatively impact crime rates and response times.” The Audit further recommended revision of a City ordinance dictating minimum levels for the Police Department, which at present are below the Code’s level.

Internally, the City has sought to control costs through a number of lay-offs and reductions through attrition. The Service Department has been reduced from 22 members to 17, clerical staff have been reduced and in some cases eliminated and a retired custodian position is not being filled.

The Audit found that the compensation of Seven Hills Police Officers and Sergeants was comparable to the peer communities with which the AOS compared the City. Likewise, the Audit indicates that Police Department vacation and sick leave accruals, retirement severance benefits, negotiated wage increases, employee retirement contributions, overtime, court time, holidays and personal days were all comparable to those of the reviewed peer communities. However, the AOS found the salaries of the Police Chief and of the Department’s two Lieutenants to be “significantly higher” than comparable municipalities, and the Audit recommended “immediate pay reductions, extended wage freezes, or some combination thereof” for the Chief and Lieutenants.

The OPBA presents a number of additional peer communities geographically focusing on suburban jurisdictions in Cuyahoga County. Among the political subdivisions proffered by the Union with populations of between 10,000 and 15,000, the average top wage for Patrol Officers in 2010 was \$67,172.10 as against \$64,031.00 – or 95.32% of average – for Seven Hills Officers. A comparison of total benefits for Patrol Officers indicated that Seven Hills Officers – at \$67,506.00 – were compensated at 94.33% of the \$71,560.06 average. A similar comparison of Sergeants’ rates and benefits with those of seven other Cuyahoga County suburban communities having populations between 10,000 and 15,000 indicates that Sergeants in Seven Hills – at \$72,675.19 top rate and \$76,150.19 total with benefits - are paid at 96.35% of the average \$75,425.36 top pay and 95.18% of the \$80,007.02 average total.

Police overtime expenditures in Seven Hills, at approximately \$3.25 per citizen according to the AOS, were substantially below those of Garfield Heights at \$11.14, Barberton at \$10.57 and Lakewood at \$8.21. Moreover, the Audit notes that some of the City’s overtime costs were recovered under State grants for sobriety checkpoints.

The Audit recommended elimination or reduction of a number of specialist premiums paid bargaining unit members under the Agreement, as well as elimination of life insurance coverage provided spouses and dependents. According to the AOS, reduction of the specialist premium pay to \$1,000 would result in a \$2,250 annual savings to the City; elimination of the spousal life insurance benefit would save some \$17,250 annually.

While the AOS found the uniform allowance paid to Union members to be comparable to that offered officers in peer communities, the Audit recommended that documentation of uniform purchases be required of bargaining unit members.

Additionally, the Auditor's Performance Audit recommended that the City "review, develop, and adopt strategies for improving the cost-effectiveness of its health insurance program." Comparing the City's health insurance premium costs to SERB benchmarks reported in its 17th *Annual Report of the Cost of Health Insurance in Ohio's Public Sector*, as well as those provided by a Kaiser Family Foundation study and adjusted for 2010 premiums, the AOS found that Seven Hills pays \$514 for single coverage and \$1,413.78 for family coverage, compared to SERB averages of \$438 and \$1,166.46 respectively for employers with 50-90 covered employees. That variance – amounting to 17.4% and 21.2% respectively – is reduced somewhat when compared to SERB figures for PPO plans such as that of Seven Hills which indicated an average of \$475 for single coverage and \$1,235 for family. The Kaiser figures likewise indicate the City's costs for health care coverage to be higher – by 8.5% and 16% respectively – than the average premium for state and local government PPOs.

Noting that the City does not require employees to pay co-insurance or a deductible for in-network service, and does not have an in-network out-of-pocket maximum, the AOS recommended a number of strategies for control of health care coverage costs. Among the Auditor's recommendations regarding health insurance were an increase in employee contributions; opt-out incentives to employees to waive coverage; audits of dependent eligibility to eliminate spouses and dependents not qualified for coverage; and competitive bidding and renegotiation of health care plans with carriers. The Audit also recommended establishment of a Citywide Joint Medical/Hospitalization Insurance Committee. Noting that each of the City's collective bargaining agreements provides for such a committee, the AOS Performance Audit asserted that such a Committee would both allow employees to share

their views with plan administrators and permit employee members of the Committee to educate and inform co-workers regarding health coverage issues.

In consideration of these findings, and other statutory factors discussed below, this Report & Recommendations is respectfully submitted.

FINDINGS AND RECOMMENDATIONS

Article XX - Holidays/Personal Days

Current Language

In lieu of paid holidays and personal days, employees shall be reimbursed for a total of thirteen days per calendar year at eight (8) hours per day at the prevailing straight time hourly rate. Such payment shall be made annually on the first pay period following the dates listed below:

<i>June 1st</i>	<i>Six and one-half (6 ½) days</i>
<i>December 1st</i>	<i>Six and one-half (6 ½) days</i>

In addition, each employee who actually works on the day on which any of the following holidays fall on shall receive eight (8) hours of comp time. These holidays include New Year's Eve, New Year's Day, Christmas Eve, Christmas Day, Martin Luther King Day, Easter, Memorial Day, Independence Day, Labor Day, Flag Day, Thanksgiving, the day after Thanksgiving and Columbus Day. Comp time is to be used within six (6) months of the date of the holiday for which it is received.

Employer's Proposal

Consistent with recommendations in the Performance Audit, the City proposes reduction in the number of paid holidays from the current 13 to 12, which the Audit found to be typical of police labor agreements. Under the Employer's proposal, bargaining unit members would receive ten national holidays and two personal days. Officers scheduled to work on the enumerated holidays would receive an alternative day off. Officers required to work on Memorial Day, Independence Day, Thanksgiving Day, Christmas Day and New Year's Day would be paid at a rate of time and one-half their regular rate. The City asserts that the reduction would result in some \$29,000 in annual savings.

Union Proposal

The OPBA characterizes the City's proposal as "Draconian" and labels it unprecedented and untenable. Accordingly, the Union urges retention of the current contract language.

Finding and Recommendation

The City proposes reduction in the total number of paid holidays from 13 to 12, as well as a reduction in holidays paid at premium for those that work from thirteen to five. While recommended by the AOS, and not fully rising to the level of Draconian, the proposal would rescind a substantial existing benefit in what is already a significantly concessionary Agreement in light of health care, wage freezes and other proposals of the City. Accordingly, retention of current contract language is recommended.

Article XXII - Sick Leave

Current Language

Section 13. For purposes of sick day situations only, full-time officers shall be called in first to replace full-time officers and part-time officers shall be called in first to replace part-time officers. In instances of sick day usage for more than 3 consecutive work days, the Employer reserves the right to either amend the schedule or utilize part-time officers.

Employer's Proposal

The City proposes elimination of §13. While the Employer concedes that overtime is not a “huge line item”, it maintains that 85% of overtime is the result of replacing Officers off duty for short-term illnesses, and contends that Chief estimates that the overtime budget could be reduced by approximately \$17,000 through use of part-time officers to fill vacancies resulting from sick leave usage by fulltime bargaining unit members.

Union Proposal

The OPBA maintains that the City's proposal would allow significant encroachment of part-time officers into bargaining unit work. There is no operational need for the Employer's proposal, and its intention here is to utilize more part-time officers in order to eliminate wages and benefits.

Finding and Recommendation

As with the Employer's proposal for reduction of holidays, the City's suggestion that §13's reservation of sick leave overtime of fewer than three days created by fulltime bargaining unit members be reserved to bargaining unit members is overly concessionary

in light of other City proposals, and in consideration of the minimal savings involved. It cannot accordingly not recommended.

Article XXVI - Compensation Schedule

Current Language

Section 1. The following base salary/hourly compensation schedule shall be effective for the members of the Seven Hills Police Department.

	<u>July 1, 2008</u>	<u>July 1, 2009</u>	<u>July 1, 2010</u>
<i>Ptl. 1st Year</i>	\$49,346	\$50,827	\$52,097
<i>Ptl. 2nd Year</i>	\$53,116	\$54,710	\$56,077
<i>Ptl. 3rd Year</i>	\$56,884	\$58,590	\$60,055
<i>Ptl. 4th Year</i>	\$60,649	\$62,469	\$64,031

Sergeant

There shall exist a fixed differential between the Department’s top paid Patrol Officer and the lowest paid Sergeant in the amount of thirteen and one-half percent (13.5%) effective July 1, 2008.

Section 2. Any Patrolman who is designated the acting shift commander or is otherwise placed in charge of a shift shall be paid an additional five percent (5%) of his regular hourly rate for all such time.

Section 3. Each bargaining unit employee who has successfully completed his or her probationary period shall be entitled to an annual law enforcement specialist premium of \$1,150. The law enforcement specialist premium shall be an entitlement for those skill sets of members and uniquely applicable to law enforcement functions including but not limited to radar operations, BAC certification, basic computer/LEADS training, firearm proficiency and CPR/AED. The premium shall be paid annually in the first pay period in December provided the employee has met the required annual law enforcement specialization the prior year (e.g. meeting the specialist requirement in 2008 entitles the employee to payment in December 2009). The first law enforcement specialist premium will be due in the first payday of December, 2009. In addition to meeting the law enforcement specialist requirements, a Member must be an employee on the date of the payment or have left the employment of the City during the calendar year of the payment in a manner other than termination for just cause.

Section 4. In accordance with current practice, the Employer agrees to continue the “salary reduction” method for “pick up” of the Employee’s share of the Ohio Police and Fire Disability Pension Fund (“OP&F”) provided the same is permitted by and in accordance with statutes, rules and/or regulations of the Internal Revenue Service and the OP&F. Under such salary reduction plan, the Employee’s gross pay will be reduced by the Employee’s share of the contribution rate which share shall be forwarded to the OP&F. It is the parties’ purpose of this provision to memorialize the current practice.

Union Proposal

The OPBA proposes an increase in base pay of 2.5% for 2011 and 3% in 2012 and 3% in 2013. The Union predicates this request on what it asserts is the necessity of correcting “historically low wages”.

The Union rejects the City’s proposal for eighteen furlough days in 2011, characterizing the Employer’s suggestion as “incredibly troubling”. The resulting loss in base wages for the majority of Seven Hills Officers would be \$4,432.90 and \$5,031.36 for Sergeants, according to the OPBA.

Likewise, the Union rejects elimination of rank differential for Sergeants, arguing that supervisory rank differentials are standard in law enforcement. The City’s proposal to eliminate two steps in the current compensation schedule would reduce the base salary of new hires by about \$10,000 per year, with an “insultingly low” rank differential of 8.5%.

Finally, the Union objects to the Employer’s proposal to eliminate annual law enforcement specialist premiums, which the OPBA contends rejects the bargaining history of the Parties.

Employer’s Proposal

Arguing that its current financial situation renders the increases sought by the Union impossible, the City proposes a number of changes to the wage provisions of Article 26. Among these are elimination of the Specialist Premium of \$3 for the duration of the successor Agreement; reduction of the Sergeant’s differential to 8.5% for Sergeants promoted in the future; imposition of 1.5 unpaid furlough days per month, beginning July 1, 2011 and continuing for the duration of the Agreement; and a new entry-level wage scale. The Employer maintains that its compensation proposals mirror the recommendations of the AOS in its Performance Audit.

The City suggests that its only option, other than elimination of the three fulltime equivalent positions recommended by the Audit, is to spread the savings to be achieved by that elimination throughout the Police Department by means of a Memorandum of Understanding providing for one and one-half furlough days per month for the duration of the Agreement. The savings from those furloughs is projected to be some \$81,000. A number of other municipalities have been forced to resort to imposition of furloughs

days, according to the Employer, and its intention is to implement the policy in all City Departments.

The proposed change in the Sergeant differential is likewise recommended in the Performance Audit, which suggests that it be reviewed to bring it in line with comparable communities. As the differential paid Sergeants affects the salaries of the Lieutenants and the Chief, the City argues, that differential must be kept reasonable. The Employer contends the proposal is intended as a long-term measure, rather than an attempt to affect the Department's current Sergeants.

Similarly, the City maintains that its proposal for an entry level wage scale is designed to control costs over the long term. While Seven Hills asserts that it is not intending to hire new Officers in the future, it maintains that it cannot ignore future costs. Moreover, the City points out that its wage scale applies to new hires for only two years, when Officers revert to the regular schedule.

Finding and Recommendation

Clearly, the wage increases sought by the Union here are unmanageable under the Employer's current economic circumstances, and cannot be recommended in Seven Hills. Externally the modest disparity between wage rates in peer communities and wages received by bargaining unit members is not sufficiently significant to justify increases in wage rates at this time. This is particularly so in light of internal reductions in other City Departments through lay-offs and attrition. Accordingly, the Employer's proposal with regard to wage freezes and a tiered wage scale for new hires will be recommended. Likewise, it is recommended that the Sergeant's differential for future hires be reduced to 8.5%, which the Performance Audit found to be comparable to regional standards.

However, the City also proposes elimination of Specialist Premiums for the duration of the Agreement, and imposition of a mandatory 1 ½ furlough days per month for members of the bargaining unit. Neither can be recommended. In most cases in which firearms proficiency, LEADS, BAC and other certifications are compensated, premiums have been negotiated in lieu of wage increases susceptible to annual percentage increases and as incentives to individual officers to maintain certifications necessary to the effective operation of the department. Consequently, the proposal that these Specialist Premiums be eliminated constitutes a reduction in bargaining unit members' actual

compensation levels. No evidence was presented by the City to indicate such reductions in current pay were exacted from other City employees, or imposed by peer communities in the area.¹ Moreover, while the measure may, in some small part, serve to relieve the Employer's financial situation, there is little basis for concluding that it will serve "the interests and welfare of the public."

Similarly, the furlough days sought by the Employer would seem adverse to the public interest and cannot be recommended. The number of Police Officers on duty at any given time necessary to maintain the security of Seven Hills residents would seem to be reasonably constant. Presuming that furloughed Police Officers will not merely be replaced through overtime – an additional expense, rather than a savings to the City - it is reasonable to conclude that furloughs will result in fewer Officers on duty at any given time, negatively affecting the public welfare.

Section 1. The following base salary/hourly compensation schedule shall be effective for the members of the Seven Hills Police Department.

<i>Ptl. 1st Year</i>	<i>\$52,097</i>
<i>Ptl. 2nd Year</i>	<i>\$56,077</i>
<i>Ptl. 3rd Year</i>	<i>\$60,055</i>
<i>Ptl. 4th Year</i>	<i>\$64,031</i>
<i>Sergeant</i>	<i>\$72,675</i>

Section 2. Notwithstanding Section 1 above, for those newly hired Patrolmen and those Patrolmen promoted to the rank of Sergeant on or after July 1, 2011, the following base/salary/hourly compensation rates shall apply in lieu of those set forth in Section 1:

<i>Ptl. 1st Year</i>	<i>\$42,500</i>
<i>Ptl. 2nd Year</i>	<i>\$48,500</i>
<i>Sergeant</i>	<i>8.5% above Patrolman 4th Year.</i>

Section 23. Any Patrolman who is designated the acting shift commander or is otherwise placed in charge of a shift shall be paid an additional five percent (5%) of his regular hourly rate for all such time.

Section 34 Each bargaining unit employee who has successfully completed his or her probationary period shall be entitled to an annual law enforcement specialist premium of \$1,150. The law enforcement specialist premium shall be an entitlement for those

¹ The Performance Audit found the salaries of the Seven Hills Police Chief and of the Department's two Lieutenants to be "significantly higher" than comparable municipalities, and the Audit recommended "immediate pay reductions, extended wage freezes, or some combination thereof" for the Chief and Lieutenants. Whether those reductions had been effected is unclear.

skill sets of members and uniquely applicable to law enforcement functions including but not limited to radar operations, BAC certification, basic computer/LEADS training, firearm proficiency and CPR/AED. The premium shall be paid annually in the first pay period in December provided the employee has met the required annual law enforcement specialization the prior year (e.g. meeting the specialist requirement in 2008 entitles the employee to payment in December 2009). The first law enforcement specialist premium will be due in the first payday of December, 2009. In addition to meeting the law enforcement specialist requirements, a Member must be an employee on the date of the payment or have left the employment of the City during the calendar year of the payment in a manner other than termination for just cause.

Section 45. *In accordance with current practice, the Employer agrees to continue the “salary reduction” method for “pick up” of the Employee’s share of the Ohio Police and Fire Disability Pension Fund (“OP&F”) provided the same is permitted by and in accordance with statutes, rules and/or regulations of the Internal Revenue Service and the OP&F. Under such salary reduction plan, the Employee’s gross pay will be reduced by the Employee’s share of the contribution rate which share shall be forwarded to the OP&F. It is the parties’ purpose of this provision to memorialize the current practice.*

Article XXIX - Uniform Allowance and Maintenance

Current Language

Section 2. *Effective July 1, 2008, Each employee shall be entitled to an annual uniform allowance in the amount of \$1,100. This amount shall increase to \$1,150 on July 1, 2009, and \$1,200 on July 1, 2010. Members of the Detective Bureau, SWAT team and bicycle unit shall be entitled to the annual uniform allowance plus \$155.00.*

Section 3. *The amounts as provided in this Article shall be paid directly to each employee in two (2) installments of one half of such amount each; the first installment to be paid on the employees [sic] anniversary date and the second installment to be paid six months thereafter.*

Section 4. *Employees who terminate for any reason shall have the annual [sic] amount contained in section 2 above prorated on a monthly basis.*

Section 5. *Any changes in uniform and/or equipment required by the Employer shall be provided by the Employer at its expense.*

Section 6. *All employees shall be given their duty weapon upon retirement.*

Section 7. *All employees shall be provided with new body armor of their choosing every five (5) years in an amount not to exceed \$900.00 per employee. Any uniformed patrol officer found not to be wearing such body armor while on duty shall forfeit his rights*

under this section and shall reimburse the City for the cost of his body armor.

Employer's Proposal

For the duration of the successor Agreement, the City proposes elimination of the uniform allowance. However, the Employer's proposal provides for replacement of damaged or worn uniforms at City expense when deemed warranted by the Chief.

The Employer also seeks elimination of the twice-yearly uniform allowance payments and provisions for pro-rating allowance amounts for bargaining unit members terminating their employment.

Additionally, the City proposes to modify the body armor provisions of Section 7 to provide for replacement of body armor at the expiration of the manufacturer's designated use life rather than every five years.

Union Proposal

The OPBA proposes retention of the current contract language.

Finding and Recommendation

It is inarguable that, in many cases, uniform replacements effected by means of cash allowances not tied to a "quartermaster system" are viewed by employees, employers and neutrals as compensation. Often, as with specialty premiums, such allowances have been bargained as minor wage adjustments in lieu of increases to base wage rates or other compensation. Such would seem to be the case here. The Performance Audit does not take this view of uniform allowances and, approaching the matter purely as a uniform replacement program, recommends a modified quartermaster system under which bargaining unit members would be compensated for individual replacement purchases. The City's proposal here, based loosely on the Audit's recommendation, would require the Chief to determine whether each article of each individual Officer's uniform was sufficiently worn or damaged as to require replacement. Not only does such a system demand considerable administrative effort on the part of the Chief, it effectively reduces the take-home compensation of bargaining unit members. Considering the wage freezes, insurance increases and other concessions also being imposed on bargaining unit members, the Employer's uniform proposal cannot be recommended.

However, the City's proposal with regard to body armor replacement based on the

manufacturer's use life is reasonable and is accordingly recommended.

Section 7. *All employees shall be provided with new body armor of their choosing every five (5) years in an amount not upon hire and shall be entitled to exceed \$900.00 per employee replacement of their body armor upon the expiration of the manufacturer's designated useful life. Any uniformed patrol officer found not to be wearing such body armor while on duty shall forfeit his rights under this section and shall reimburse the City for the cost of his body armor.*

Article XXX - Insurance

Current Language

Section 1. *Effective with the execution of this Agreement, the Employer shall offer each full-time Employee an opportunity to participate in a choice between one of two group hospitalization and major medical insurance plans as follows:*

Plan A. *This plan shall be comparable to coverage as provided in United Health Care Plan No. 04F – the plan in effect at the execution of this Agreement.*

Plan B. *This plan shall be comparable to the coverage as provided in United Health Care Plan 1AJ.*

Section 2. *The Employer shall pay the full cost of Plan B for those who elect to enroll in Plan B. Effective October 1, 2008, the Employer will pay 90% of the premium on behalf of each full-time employee who enrolls in Plan A (single or family coverage, whichever is applicable). The remaining 10% shall be paid by the employee through automatic payroll deduction, to a maximum of \$100 for family coverage and \$40 for single coverage. Effective October 1, 2009, the respective premium share for those enrolling in Plan A shall be as follows: The City will pay the actual cost of Plan A up to a maximum of \$1,375 per month for family coverage and \$500 per month for single coverage. The remaining cost shall be paid by the employee through automatic payroll deduction.*

Section 3. *To the extent possible, the Employer shall establish an Internal Revenue Service Section 125 Plan so that the foregoing employee paid premiums shall be on a pre-tax basis.*

Section 4. *The Parties agree that in an effort to reduce hospitalization/medical costs they will establish a Citywide Joint Medical/Hospitalization Insurance Committee with a representative from the Union and convened at least two (2) times a year to review alternative insurance coverages and plans and make recommendations to the Employer. As part of this process, the representatives shall have access to all non-confidential information. The Employer shall have a representative on the committee and the Employer will require the city insurance representative to actively participate with the*

committee if the committee so directs. The Committee will analyze cost containment measures, including, but not limited to deductibles, co-pays, out of pocket maximums, prescription drug coverage and possible changes in providers.

Section 3.[sic] *The Employer will provide and pay the full premium for all full-time employees for a group term life insurance and dismemberment policy in the face value of Twenty-Five Thousand Dollars (\$25,000) upon completion of probationary period and acceptance by the insurance carrier. In addition, the Employer shall provide a term life insurance policy for full-time employees' spouses in the amount of \$5,000 and dependents in the amount of Two Thousand Five hundred Dollars (\$2,500) upon completion of probationary period and acceptance by the insurance carrier.*

Employer's Proposal

The City points out that Article XXX of the predecessor Agreement capped the Employer's exposure for what it characterizes as "the traditionally provided and benefit rich Plan A" at \$1,375 for family coverage and \$500 for singles, with employees responsible for premiums above that level. In an attempt to induce employees into accepting Plan B, providing lesser coverage, it was offered with no employee contribution. However, premiums for Plan B have risen to only slightly under the City's cap, resulting in only illusory savings.

Moreover, the City contends that under the current contract provisions Employees pay only 2.7% of health care costs, as against what the Performance Audit asserts is the statewide average of approximately 11.4%.

For these reasons, the City proposes language permitting provision of a number of , two of which are to be "the same or comparable to the current Plan A and alternate Plan B to be discussed further with input from insurance consultant." The Employer also propose to reduce its own cap from the current \$1,375/\$500 to \$1,250/\$450, resulting in what the City asserts will be a \$20,000 annual savings when applied to the Police Department.

The Employer also proposes adoption of the Audit's recommendation to eliminate life insurance currently provided to wives and spouses, resulting in an annual savings of about \$2,800.

The City rejects the Union's proposal for a 90%/10% split of premium costs. Under the OPBA's proposal, Employees have no incentive to seek out or accept alternative plans that might provide a cost savings to both Parties.

Union Proposal

The OPBA proposes retention of the current insurance provisions, with the exception of a split of the premium cost, allocating 90% of the premium to the City and 10% to the Employee. The Union argues that such an allocation shares the risk of premium increases fairly and equitably between the Employer and OPBA bargaining unit members.

Finding and Recommendation

The City's desire to reduce and reframe its health insurance plans is not unreasonable. In its present circumstances it cannot continue to provide Plan A or its equivalent without greatly increased employee participation, or an ability to offer and incentivize alternative plans available at less cost. However, at the time of hearing, the City had done little to establish and support the Citywide Joint Medical/Hospitalization Insurance Committee provided for in Section 4 -to undertake exploration of alternatives to the Plans currently offered.

The Union's proposal to assume a flat 10% of health insurance premium costs does not adequately address this need to seek out alternative plans, including a high-deductible HSA plan likely to be benefit young, healthy bargaining unit members and their families.

The City's proposal to contain health insurance costs and to bear the cost of premiums under a cap reflecting the Employer's current rates will be recommended. So too will elimination of spousal life insurance for bargaining unit members hired after ratification of this Agreement.

Article XXX - Insurance

Section 1. Effective with the execution of this Agreement, and subject to the employee contribution provisions below, the Employer shall offer each full-time Employee an opportunity to participate in a choice between one of two group hospitalization, and major medical insurance plans, dental and prescription drug plan as follows:-

Plan A. ~~This plan~~, two of which offerings shall be the same or comparable to coverage as provided in United Health Care Medical Mutual of Ohio Plan [___] (current Plan A)

B. ~~This plan shall be comparable to the coverage as provided in United Health Care Plan IAJ.No. 04F — the plan in effect at the execution of this Agreement. and Medical Mutual of Ohio Plan [___] (alternate Plan B to be discussed further with input from insurance consultant and the Citywide Joint Medical/Hospitalization Insurance Committee).~~

~~Section 2. The Employer shall pay the full cost of Plan B for those who elect to enroll in Plan B. Effective October 1, 2008, cost of the group coverage but in no event shall the Employer will pay 90% of the premium on behalf of each full time employee who enrolls in Plan A (single or pay more than \$1,375 per month for hospitalization, major medical, dental, prescription drug and any and all other coverages for those employees eligible for and selecting family coverage, whichever and no more than \$500 per month hospitalization, major medical, dental, prescription drug and any and all other coverages for those employees eligible for and selecting single coverage regardless of what offering is applicable) chosen. The remaining 10% costs shall be paid by the employee through automatic payroll deduction, to a maximum of \$100 for family coverage and \$40 for single coverage. Effective October 1, 2009, the respective premium share for those enrolling in Plan A shall be as follows: The City will pay the actual cost of Plan A up to a maximum of \$1,375 per month for family coverage and \$500 per month for single coverage. The remaining cost shall be paid by the employee through automatic payroll deduction.~~

Section 3. To the extent possible, the Employer shall establish an Internal Revenue Service Section 125 Plan so that the foregoing employee paid premiums shall be on a pre-tax basis.

Section 4. The Parties agree that in an effort to reduce hospitalization/medical costs they will establish a Citywide Joint Medical/Hospitalization Insurance Committee with a representative from the Union and convened at least two (2) times a year to review alternative insurance coverages and plans and make recommendations to the Employer. As part of this process, the representatives shall have access to all non-confidential information. The Employer shall have a representative on the committee and the Employer will require the city insurance representative to actively participate with the committee if the committee so directs. The Committee will analyze cost containment measures, including, but not limited to deductibles, co-pays, out of pocket maximums, prescription drug coverage and possible changes in providers.

Section 5. The Employer will provide and pay the full premium for all full-time employees for a group term life insurance and dismemberment policy in the face value of Twenty-Five Thousand Dollars (\$25,000) upon completion of probationary period and acceptance by the insurance carrier. In addition, **for all employees hired prior to execution of this Agreement** the Employer shall provide a term life insurance policy for full-time employees' spouses in the amount of \$5,000 and dependents in the amount of Two Thousand Five hundred Dollars (\$2,500) upon completion of probationary period and acceptance by the insurance carrier.

Article XXXVIII - Duration of Agreement

Current Language:

Section 1. This Agreement represents the complete Agreement on all matters

subject to bargaining between the Employer and the OPBA and except as otherwise noted herein shall become effective upon its execution and shall remain in full force and effect until December 31, 2010.

Section 2. *If either party desires to modify, amend, or terminate this Agreement, it shall give written notice of such intent no earlier than one hundred twenty (120) calendar days nor later than ninety (90) calendar days prior to the expiration date of this Agreement. Such notice shall be by certified mail with return receipt.*

Employer's Proposal

The City proposes a two year Agreement in consideration of what it characterizes as the present volatile economic climate. However, it indicates that it would consider a three year Agreement that included reopening of negotiations after the second year. The Employer rejects the Union's proposal for a three year Agreement without re-opening provisions, which the City considers too extended a period, given its economic uncertainties.

Union Proposal

The OPBA proposes a standard three year Agreement, expiring on December 31, 2013. The Union also proposes addition of language to Section 3, providing for continuation of the terms and conditions of the Agreement until such time as a new Agreement is reached or imposed by a Conciliator.

Finding and Recommendation

The collective bargaining process is resource intensive for all Parties engaged in the process. Consequently, when possible, it is advisable for Parties to reach collective agreements that obtain sufficiently long to justify the effort. However, when, as here, employees are asked to take wage freezes and make other concessions, and employers have limited assurance of future economic conditions, it is often beneficial for Parties to reopen negotiations on a limited basis. Consequently, a three year Agreement is recommended, with reopening of negotiations limited to wages and benefits at the end of the second year.

Section 1. *This Agreement represents the complete Agreement on all matters subject to bargaining between the Employer and the OPBA and except as otherwise noted herein shall become effective upon its execution and shall remain in full force and effect until December 31, ~~2010~~ 2013.*

Section 2. *If either party desires to modify, amend, or terminate this Agreement, it shall*

give written notice of such intent no earlier than one hundred twenty (120) calendar days nor later than ninety (90) calendar days prior to the expiration date of this Agreement. Such notice shall be by certified mail with return receipt.

Section 3. Notwithstanding Section 3, above, either party may reopen negotiations with regard to wages and benefits for 2013 only by serving written notice of such intent no earlier than one hundred twenty (120) calendar days nor later than ninety (90) calendar days prior to December 31, 2012. Such notice shall be by certified mail with return receipt.

At Shaker Heights, Cuyahoga County, Ohio