

Before Louis V. Imundo, Jr., Fact Finder

In the matter of fact finding between

SERB Case Nos. 2010-MED-03-0283, 0284, and 0285

This matter was heard before Louis V. Imundo, Jr., Fact Finder, in Logan, Ohio, on July 7, 2011.

1.0 Introduction

1.1 Appearing For The City

- Kenneth L. Edsall, Account Manager – Clemans, Nelson & Associates, Inc.
- Michael J. Walsh, Mayor
- Kim M. Miller, Auditor

1.2 Appearing For The Union

- Mark J. Volcheck, Esq., Attorney, Ohio Patrolmen's Benevolent Association
- Scott Mingus, Lieutenant & OPBA Representative
- Mike Walton, Lieutenant & OPBA Representative

2.0 Unresolved Issues

Article 15 - Compensation

The Parties had previously agreed to a wage re-opener for 2011 and 2012 for the period June 1, 2011 and May 31, 2013. The bargaining units are composed of approximately five (5) Dispatcher/Clerks, ten (10) Patrol Officers, and three (3) Sergeants and Lieutenants.

During the negotiations that preceded the fact finding Hearing the Parties agreed to leave intact the language in Article 15, Section 15.1 B,C, and D, Section 15.2 A, B, C, D, and Section 15.3, that appears in the June 1, 2010 – May 31, 2013 Agreement.

The language that appears in Section 15.1 A, the last two paragraphs are no longer relevant. The sole Issue before the Fact Finder is the hourly pay rates for the Dispatcher/Clerk; Patrolman; and Lieutenant for 2011 and 2012. The wage rates are effective on June 1st.

3.0 Findings & Recommendations

The City proposed an across-the-board wage increase of one percent for the three bargaining units effective June 1, 2011 and an additional one percent effective June 1, 2012.

The Association proposed a general wage increase of three percent effective June 1, 2011 and an additional three percent effective June 1, 2012.

The City's position was based on one argument, inability to pay. The Association's position was based on two arguments. One was that such increases are supported by current and projected increases in the cost of living. The other was that bargaining units' members wages lag behind regional and State comparables.

It has been well documented that over the past 15 years, and arguably even longer, the average private sector workers' total compensation (wages and benefits) has not kept pace with the overall increase in the cost of living. Workers with the education, knowledge, and skills that are currently and have been in high demand have fared much better than the average worker. For a variety of reasons, until relatively recently the average public sector worker has fared better than his/her private sector counterpart with respect to total compensation. Like their counterparts in the private sector, public sector workers with the education, knowledge, and skill that are currently and have been in high demand have fared much better than the average public sector worker.

The result of the fact that for many years the average private sector worker, and more recently the average public sector worker has seen his/her standard of living decrease because their total compensation has not kept pace with the increase in the cost of living. When people have high expectations and enjoy their standard of living the last thing they want to see is for it to go down. Until the past four to five years the easy availability of credit coupled with peoples' desires to live the good life, which in our culture has been driven by materialism, or as the late comedian George Carlin used to joke about, the never ending drive to have more "things and stuff", motivated people to spend far more than they had the ability to pay for. The result has been an economic and financial apocalypse.

For a variety of reasons as stated, on average, public sector workers, until relatively recently, were financially better off than the majority of private sector workers. The near collapse of the American economy a few years ago and the slow pace of recovery has had a devastating effect on all Americans, except for the very rich, and has severely adversely impacted the public sector. High unemployment, downsizing of companies, declining property values have cut deeply into the revenue streams of municipalities. Because Ohio, more so than many other states, has seen its revenue drop significantly monies that the State has historically given to municipalities has been significantly cut.

For the public sector, improvement in the flow of revenue will likely be a long time coming unless the State's economy experiences a dramatic improvement. Improvement could be much sooner and better if businesses recognize the benefits, and there are many, of locating in Ohio, or expanding current operations in Ohio.

Currently, for reasons over which it had no control, the City of Logan has to deal with challenging financial conditions. Although revenue has been flat, something which, given what has happened to the State's economy, is remarkable, the expenditures have been going up, albeit, slowly. The result is that the reserve fund has been shrinking. Thankfully, the City's Management and the Commissioners have been fiscally very conservative and the City has avoided a financial disaster. However, the City's fiscal conservation has resulted in employees at large being paid less than their counter parts in comparable municipalities in the region.

The Association claimed that bargaining units' members are paid significantly less than their counterparts in comparable municipalities in the region and the State at large. The City, aside from the inability to pay argument, claimed that when its "Cadillac" healthcare insurance is taken into consideration along with the considerable overtime hours that they work is factored into their total compensation the disparity in total compensation is not near as much as the Association claims it is. Neither of the Parties provided the Fact Finder with comparables on overtime or healthcare insurance so that comparisons could be made between bargaining units' members total compensation, i.e., annual wages including overtime and benefits, and the total compensation of their counterparts in comparable regional municipalities. However, the Mayor's statement that Logan's employees are lower paid than employees in comparable municipalities in the region, something he wishes could be improved upon, coupled with the empirical data and anecdotal information leads the Fact Finder to conclude that the City's bargaining units' members total compensation is lower than their counterparts in comparable municipalities in the region.

At the Hearing, the Association made the point that the Police Department has very high turnover. It was argued that the principle reason is low pay. However, the point was also made that the common belief is that people seek employment with the Department so they can get a few years of experience and in so doing qualify themselves for jobs somewhere else. No information, such as formal exit interviews and three to six months after leaving surveys were provided to the Fact Finder by the Association to corroborate the claim that most of the high turnover is because of the low pay. In the Fact Finder's opinion, there are many reasons why people stay with employers and many reasons why they leave. Money is just one of the reasons why people stay with, or leave employers.

In the Fact Finder's opinion, employee turnover in organizations is inevitable and some turnover can even be desirable. However, unless there is a bottomless pool of available

workers who, with minimum training can be productive in a short period of time high turnover is costly to employers, and can easily become very, very costly. Costs of recruitment, screening, hiring, orienting, and training new employees can be very expensive. High turnover usually adversely affects morale, and where potentially dangerous work, which requires teamwork is involved high turnover, can become disastrous. In the Fact Finder's opinion, it is in the best interest of the City's officials, employees, and the community at large for Management to find out the real reason(s) for the high turnover in the Police Department and to take positive action, within its control and limited resources, to significantly reduce the rate of employee turnover. The potential and realized benefits will far exceed the costs if positive and timely action is taken.

At the Hearing, Management made the point that all of the City's other employees have either been given, or as a result of negotiations have accepted one percent increases in wages. It was strongly inferred that if the Fact Finder recommends more than one percent for the bargaining units' members it would not be well received by the Commissioners and if adopted would result in unintended adverse consequences for Management and between the different bargaining units within the City.

In the Fact Finder's opinion, both advocates and their respective teams' members made persuasive and compelling arguments to support their respective positions. In addition, they provided the Fact Finder with considerable, well organized, written information to review. The Fact Finder has given full and fair consideration of everything in the record.

In the Fact Finder's opinion, while the bargaining units' members are clearly deserving of a higher than one percent raise, all things considered, it is recommended that the one percent raise for 2011 be adopted and for such to be reflected in the wage rates memorialized in the current Agreement.

In the Fact Finder's opinion, given the turmoil in Congress and the uncertainty in business it is impossible to predict with certainty economic conditions in the country and State in 2012. Most knowledgeable people believed that by the middle of 2011 the economy would be in full recovery mode. Unfortunately, reality has not measured up to expectations. By the middle of 2012 the City's financial condition may end up being as bad as Management has projected it to be, it may be worse, or it may be much better.

In the Fact Finder's opinion, if the one percent proposed by Management is adopted and the City's financial situation has improved in 2012 employees are going to feel that they have been short changed. On the other hand, if the three percent proposed by the Association is adopted and the City's financial situation does not improve, or continues to deteriorate; the most likely outcome would be further reductions in expenses and layoffs.

As stated, the Fact Finder believes that City officials past and present have been very fiscally conservative. The Fact Finder believes that this fiscal conservatism has resulted in a reluctance to give larger pay increases to employees. There is no doubt in the Fact Finder's mind that non competitive wages has been a factor in the very high turnover in the Police Department. In the Fact Finder's opinion, a better balance needs to be struck between fiscal conservatism and competitive wages.

The Association argued that the benchmark for unreserved fund balances for municipalities is five percent of projected expenses. The City pointed out that the Association's position was based on an article published in 1990 and is too old to have any relevance to current economic conditions.

Based on his own research, the Fact Finder believes that currently the recommended unreserved, undesignated fund balance should be no less than 10 percent and no more than 20 percent. The midpoint is 15 percent. Based on the information shown in the City's Tab 7-1 the projected fund balance for 2011 is @ 21 percent. The projected fund balance for 2012 is @ 12 percent.

The Fact Finder proposes that the following language be adopted by the Association and the City and that it be memorialized in the current Agreement.

If the City's unreserved fund balance as of June 1, 2012 is 15 percent or greater than the actual and projected expenses for 2012 the bargaining units' members shall be given a four percent wage increase effective June 1, 2012. If the fund balance as of June 1, 2012 is below 15 percent of the actual and projected expenses for 2012 the bargaining units' members shall receive a one percent wage increase effective June 1, 2012.

July 12, 2011

Date

Louis V. Imundo, Jr.
Fact Finder