

**STATE OF OHIO**

**STATE EMPLOYMENT RELATIONS BOARD**

In the matter of	*	11-MED-09-1269
	*	
Fact-finding between:	*	
	*	Martin R. Fitts
City of Tiffin	*	Fact-finder
	*	
and	*	
	*	
AFSCME Ohio Council 8, Local 583	*	March 12, 2012
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**REPORT AND RECOMMENDATIONS OF THE FACT-FINDER**

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**APPEARANCES**

For the City of Tiffin (the Employer):

Thomas Rooney, Attorney  
 Aaron Montz, Mayor  
 Debra Reamer, City Administrator  
 Gwynn Reinhart, Director of Finance  
 Mary Thomas, Senior Account Clerk

For AFSCME Ohio Council 8, Local 583 (the Union):

Steve Kowalik, Staff Representative, AFSCME Ohio Council 8  
 Thomas Kosek, Staff Representative, AFSCME Ohio Council 8  
 Paul Klopp, AFSCME Local 583  
 Matt Coleman, AFSCME Local 583  
 Tim Palmer, AFSCME Local 583  
 Gary Guietta, AFSCME Local 583

## **PRELIMINARY COMMENTS**

The bargaining unit has approximately twenty-four (24) members and consists of all full-time employees in the following classifications: Department of Public Works (Street, Sewer) – Laborer, Timekeeper/Dispatcher, Mechanic, Street Motor Equipment Operator (MEO) I, Street MEO II, Forester, Assistant Forester, Street MEO III, Sewer MEO I, Sewer MEO II, Sewer MEO III, Dispatcher/MEO I, Electrician, Assistant Electrician; Department of Water Pollution Control Center – Electrician (W.P.C.C.), Operator, Laboratory Technician, Mechanic, Pretreatment Technician; and Department of Parks and Recreation – Recreation Coordinator, Groundskeeper, and Assistant Groundskeeper.

The current collective bargaining agreement expired on December 31, 2011. The parties began bargaining in September 2011 but have been unable to conclude an agreement. Numerous factors hindered their progress. Despite that, the parties continued negotiating up to the Fact-finding Hearing, and have reached tentative agreements on most issues.

This Fact-finder was appointed by SERB on February 10, 2012 and a Fact-finding Hearing was held on February 24, 2012. There was a single issue at impasse: Article 26, Health Insurance/Life Insurance. Specifically at impasse was: what should the employee contribution to the health care premium be? Both parties submitted pre-hearing statements, attended the hearing and elaborated upon their respective positions.

In rendering the recommendations in this Fact-finding Report, the Fact-finder has given full consideration to all testimony and exhibits presented by the parties. In compliance with Ohio Revised Code, Section 4117.14 (G) (7) and Ohio Administrative Code Rule 4117-9-05 (J), the Fact-Finder considered the following criteria in making the findings and recommendations contained in this Report:

1. Past collectively bargained agreements, if any, between the parties;
2. Comparison of 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;
3. The interest and welfare of the public, and 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;
4. The lawful authority of the public employer;

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

All references by the Fact-finder in this report to the Employer's proposal and the Union's proposal are references to their respective final proposals as presented to the Fact-finder at the February 24, 2012 hearing.

## **ISSUES AND RECOMMENDATIONS**

### **Issue: ARTICLE 26 – HEALTH INSURANCE/LIFE INSURANCE**

#### **Positions of the Parties**

The Union proposed that the employee contribution to the health care premium be 10% in the first year, 10% in the second year, and 10% in the third year. In addition the Union proposed the creation of a Health Savings Account for the employees.

The Employer proposed that the employee contribution to the health care premium be 15% in the first year, 17.5% in the second year, and 20% in the third year. The Employer was opposed to the mandated creation of a Health Savings Account at this time.

#### **Discussion**

As has been the case with most public employers in Ohio, the City of Tiffin has been dealing with financial difficulties. As with most municipalities, it is heavily dependent on its income tax to provide revenue for the general fund. The loss of the personal property tax and estate tax revenues, coupled with the substantial reduction in the local government funds received from the State of Ohio, has increased the reliance on the local income tax and greatly reduced the City's revenue. The result has been significant and steady declines in general fund revenues from 2007 – 2010, with a slight increase in 2011 and slight increase again projected in 2012. Even with the

2011 increase and the projected 2012 increase, revenues will still be substantially below those received in the years 2006 – 2009.

City Exhibit 9 showed a comparison of the wage increases received by the various city bargaining units, the non-bargaining employees, and the department heads. It showed that the pay increases received by the AFSCME bargaining unit members from 2001 through 2011 closely mirror those received by the other bargaining unit members and have been generally the same or better than those received by the non-union employees and department heads.

The City has recently reached new collective bargaining agreements with its three other bargaining units: the OPBA-represented police patrolman, sergeant and lieutenant unit; the OPBA-represented police communication technician unit; and the IAFF-represented firefighter unit. All three agreements were effective January 1, 2012 with three-year durations.

The City noted that the police and firefighter units agreed to wage freezes in the first year, and the communications unit, due to severe pay inequities, received a \$0.50/hour wage increase in the first year. All three agreements call for re-openers in years two and three for wages and health insurance plan design. Most significantly, all three agreements also call for each respective bargaining unit employee to pay for 15% of the health care premium in the first year, increasing to 17.5% in the second year, and to 20% in the third year. The first year wage freeze and the re-openers in years two and three for wages and health insurance plan design are identical to tentative agreements reached by the parties in the instant proceedings. The employee contributions to the health care insurance premiums provided for in those three agreements mirror the City's proposal to this bargaining unit as noted above.

The Employer argued that all City employees should equally bear the burden of dealing with the decline in the City's economic fortune. Certainly past history shows that this bargaining unit has borne a fairly equal share of the both good and bad economic times, and the argument that this parity should continue is fairly compelling.

The Union stated that most employees in the police and firefighter bargaining units make more than the members of the AFSCME bargaining unit, and thus are better positioned to absorb increases in contributions than the members of this unit. However, the Employer rebutted that argument by noting that the communications bargaining unit members, many of the non-

bargaining unit employees, and some of the patrol officers in the police bargaining unit make less than some (or many) of the members of this bargaining unit.

The Union further argued that the majority of the members of this bargaining unit are funded out of the City's sewer fund that, according to AFSCME's International Economist, is in a strong fiscal situation. The Employer, however, showed that the City is in the process of fulfilling costly long-term EPA-mandated updates that not only require the increased revenue generated by the recent enactment of fee increases, but will soon require additional subsidy from the general fund.

Lastly, the Union argued that SERB data indicates that the employee health care premium contribution being requested by the City is far greater than employees pay at comparable public employers. However, the Fact-finder notes that while the City did not claim to be in dire financial circumstance, it clearly is dealing with significant reductions in general fund revenue streams while at the same time properly anticipating an increased need in the future of using additional general revenue funds to cover some of the EPA mandate.

The City showed that all of its employees have been treated fairly equally over the years relative to pay increases and showed that all non-bargaining unit employees are paying the proposed increase in employee share of health insurance premiums, and that all other bargaining unit employees have agreed to do so for the next three years. Given the City's overall financial outlook, considering the EPA mandated updates, and the agreements reached with the City's other three bargaining units, the internal comparables have far greater weight in the instant proceedings than the results of collective bargaining in other public jurisdictions in Ohio. These internal comparables are obviously based upon an Employer facing the same financial condition, with the same tax-payers, and the same EPA mandates, and are also based upon three bargaining units that have received substantially similar treatment historically with respect to wage increases as has this bargaining unit. Certainly these internal comparables offer a compelling argument for the Employer's proposal. Conversely, no compelling argument can be found that this bargaining unit should be treated differently than the City's other employees or bargaining units with respect to health insurance premium cost-share.

The Union argued at the hearing that it had made a number of proposals that the parties jointly investigate things like the creation of Health Savings Accounts and various other wellness plans as a means to reduce the impact of the health care premium contribution made by the employees.

The Employer indicated a willingness to seriously study such avenues, however felt that these issues deserved a more careful study than the time limits of this Fact-finding proceeding would allow.

The Fact-finder notes that the issues tentatively agreed upon by the parties includes wage re-openers and re-openers for discussion of health care plan design in years two and three of the new agreement. Given the Employer's sincere concern for the minimization of health care costs for both the City and all the City's employees, the Fact-finder is convinced that the parties will undertake joint study of health insurance matters in the coming months and not wait until the first re-opener for such discussions to begin. Further, as the parties have tentatively agreed upon wage-re-openers in the second and third year of the agreement, should the City's financial picture significantly improve in the future, the parties would have an opportunity to agree to a wage increase that would off-set some or all of the increased health insurance premium costs paid by the employees.

In summation the Employer made a compelling argument that its proposals are reasonable and its internal comparables are of significant weight in the instant matter. The Fact-finder is satisfied that the Employer painted an accurate picture of the City's finances and future obligations.

**Findings and Recommendation**

The Fact-finder finds the City’s positions to be reasonable, compelling, and in the best interests of the public and the City, and finds them fair to the members of this bargaining unit as well.

Therefore the Fact-finder recommends the City’s proposal that the contract language in Article 26 provide for the employee contribution to the health care premium be 15% in the first year, 17.5% in the second year, and 20% in the third year.

Further, the Fact-finder does not recommend the addition of language in Article 26 mandating the immediate creation of Health Savings Accounts.



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Martin R. Fitts  
Fact-finder  
March 12, 2012

**Certificate of Service**

I hereby certify that an exact copy of this Fact-finding Report was transmitted this day by email to Steve Kowalik (AFSCME Ohio Council 8 Staff Representative), Thomas Rooney (Attorney for the City of Tiffin) and Mary Laurent (Bureau of Mediation, State Employment Relations Board).



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Martin R. Fitts  
Fact-finder  
March 12, 2012