



*Submission*

PARTIES

THE EMPLOYER: The CITY OF RAVENNA, County Seat of Portage County, OHIO; located some 40 miles west of Youngstown, 40 miles southeast of Cleveland and 21 miles west of Akron. In 2010, the City's diminishing population reflected that there were approximately 11,724 residents in some 4980 households with approximately \$35,650 median household income and \$46,090 family income. 6% of the families and 10.3% of the population live below the poverty line.

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Description of the BARGAINING UNITS

The bargaining unit consists of approximately 5 in the classification of Supervisors: (up to 3 Sergeants and up to 2 Lieutenants; 13 (or 16) in the classification of Patrolmen; 7 in the classification Dispatchers including 1 Secretary/Dispatcher. The employees are responsible *safety* functions in Ravenna, Ohio.

Current negotiation history

The parties met once on July 24, 2012 [Tab 19].

In making Recommendations full consideration to the statutory criteria served as the guidelines:

*Criteria*

The FACT-FINDER, in making Recommendations, shall take into consideration all reliable information relevant to the issues, including, but not limited to:

- (1) Past collective bargaining agreements, if any, between the parties;

- (2) Comparison of unresolved 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 agree upon dispute settlement procedures in the public service, or in private employment.

#### Unresolved Issues - Current Collective Bargaining Agreement

This reopener is in compliance with the recommendations [M-TAB 5] issued by Fact Finder Anna Du Val Smith, Ph.D. on February 11, 2011 to take effect October 11, 2011. Among other findings, she recommended:

“A term of January 1, 2011 through December 31, 2013;

“A reopener on October 11, 2011, to include all economic items (including those which have an economic impact) for the remainder of the January 1, 2011-December 31, 2013 contract.”

Thus, this matter is a wage re-opener per Article 4.3 provided in the current contract:

#### ARTICLE 40 WAGE SCALES [See: page 67] and Appendix A.

Section 43.3 Reopener: “The parties agree that should either party request, in writing, the parties shall reopen negotiations on October 1, 2011, for wages for the years 2012 and 2013. Additionally, employee *healthcare contributions* will also reopen as *an item of economic impact*, which will reopen for negotiations on October 1, 2011 or on October 1, 2012, for, the calendar year 2013.”

Pursuant to such a written request, this matter had remained at impasse since October 1, 2011.

As detailed below, amendments to two other Articles were proposed by the City of Ravenna for consideration at the hearing:

ARTICLE 26 INSURANCE – Health Care Plan Design

ARTICLE 27 Hours of Work and Overtime

## PROCEEDINGS

Representatives for both parties presented evidence and arguments in support of their respective positions, and agreed to submit and exchange briefs, and did so on or about November 19, 2012.

The City presented extensive relevant written information and one witness: the City Finance Director. The Union presented no witnesses but provided extensive relevant written information.

## POSITIONS OF THE PARTIES

**The Union** proposes a wage increase of 1.5% for the year 2012 and 2.0% for the year 2013. [Article 40, Appendix A]. Otherwise, the Union is seeks to retain the current contract language to remain unchanged.

**The City of Ravenna's** position is that the wage rates for *all* employees, frozen since 2009, should remain unchanged for 2012, and reduced by five (5%) percent from the rates received in 2010 for 2013. (Previously it had proposed such rates be reduced by five (5%) percent for 2012 as well as 2013). [Article 40, Appendix A].

It is significant that the other collective bargaining agreements, with the city and AFSCME and *IAFF*, contain so-called "me-too" covenants meaning their members are entitled to the same result that may be decided herein.

The City also proposes that the Fact Finder approve modifications to ARTICLE 26-INSURANCE regarding Healthcare Plan design for Health, Prescription coverage and Dental Plan Benefits. It seeks to modify the existing to enable it to make sound economic and financial decisions, and to have employees begin contributing twenty (20%) of the annual Fully Funded Premium rates however, fully compensating employees an equivalent twenty (20%) who opt-out of the City's coverage [Tab 21 and 24].

The City also proposes that the Fact Finder approve modifications to ARTICLE 27 Hours of Work and Overtime to limit overtime compensation only after a 40 hour work week and reducing the accumulation of compensatory time from 120 hours to 40 hours.

## CITY'S ARGUMENTS

The ability of the City to pay is determined by its available revenue and its expenditures. The City's financial evidence presented is on the cash basis (rather than Generally Accepted Accounting Practices (GAAP) per: Ohio Administrative Code 117-2-03, prepared for State audit purposes. This is a comprehensive *accrual* method of accounting by which all assets and resources and all debt and liabilities are considered, whether or not readily available.

(There is no prohibition on local governments that choose to *budget* for its own needs on the cash basis or cash and encumbrances. Most Ohio cities *budget* on the cash basis, including the City of Ravenna).

City funds are divided into three categories: governmental funds, proprietary funds and fiduciary funds. Proprietary (e. g sewer and water operations) and fiduciary funds are not normally available for other personnel expenditures.

Ravenna's income tax receipts and interest income has declined \$1,279,536, cumulatively - 23.71% [M-Tab 1], while the well-known severe recession lasted. Despite some favorable signs, economic recovery in Ravenna has been slower than in the county. The deficits reduce and will seriously risk exhausting the City's cash reserves by the end of 2013.

Furthermore, the City permanently lost fourteen major employers [M-Tab 2]. The City population has declined [M-Tab 4; -.4% between 2000 and 2010], and many citizens who remain live below the poverty line. Significantly, the State of Ohio has chosen to slash the Local Government Fund as well as other state support since the beginning of 2011.

In Ravenna, home ownership is 48.8% compared to 69.1% in Portage County, and average household income in Ravenna is \$33,523 compared to \$50, 447 in Portage County [M-Tab 4].

Some savings have been achieved thru attrition and by a City-wide reduction in force including elimination of two police department positions. Additional savings would be gained by adopting the proposed changes in employee contributions for health care and/or "opting-out." Additional savings adjusting overtime calculations may help reduce deficits.

Accordingly, the finance director's evidence is that the City's funds remain severely limited and it is unable to afford the Union's demands at this time. The *cash basis method of accounting* reflects the City's insufficient cash liquidity. Therefore, it cannot contract for higher wages nor continue to pay to the extent it has been paying health care premiums and current overtime rates for this union and the other bargaining units during 2013.

#### UNION ARGUMENTS

Even though its members understand and expect to contribute more for health care, the proposal: (for changes in healthcare design with significant increases in employee healthcare contributions) is not within the purview of the wage reopener primarily for 2012 and 2013.

The City's proposals represent a significant income cut. It is argued that four years of a wage freeze, after waiving a contractual 3% increase for 2010, without any increase now is unfair and unreasonable. It would return to 2006 pay levels.

The Union's proposal for an increase of 1.5% for 2012 and 2% for 2013 is fair and reasonable and affordable [UX-1].

The Union contends that the City has other means to fund increases for its employees.

It is argued that the City is over-staffed with supervisory and part-time employees in the Police Department. Approximately \$185,000 can be saved by eliminating full healthcare benefits to council members and part-time employees. Adding a safety offset to revenues generating funds can add to the general funds and is both allowed and common practice among Ohio municipal governments. Revenues from municipal utilities, such as Ravenna's countywide proprietary sewer and water, including its' multijurisdictional dispatching operations, could support wage increases. The Union also asserts that the Police Department consistently ended each year with a budget surplus.

## FINDINGS

In the seven months between the *prior* Fact Finder's Report and Recommendations there was no change in the economic impact of decreasing revenues. This Report will issue after an additional 14 months with little evidence of increased revenues. There was no evidence that the City obtained a qualified independent insurance consultant to develop its' new plan design but it is assumed the plan is appropriate and will be mutually beneficial. On the other hand there would be a greater negative economic impact on the individual employees if wages remain frozen *and* they must pay more for health care and reduce overtime provisions.

Asking bargaining unit members to pay 20% for healthcare insurance premiums is unreasonable. A reduction to 10% is sufficient in these circumstances and will initiate the plan. An equivalent reduction to 10% will then go to the employees who opt-out. But it is noted that this provides a net gain for the City without any arms-length advantage for the rest of the members of the bargaining unit.

The City also seeks to eliminate life insurance coverage for retirees, dropping previously promised coverage. Reducing overtime calculations (Article 27) is another "takeaway." Such demands require consideration a mutual exchange of equivalent benefits via a comprehensive negotiation, not appropriate through fact finding in these circumstances.

While the City may be commended for its very careful and conservative financial management, it relies too heavily on balancing its budget regarding staffing and non-staffing expenditures, which the Union considers to be "on the backs of its employees."

Furthermore, over the past 21 months the City has been somewhat inflexible i.e. no counter offers and no compromise. Some of the City's ignored choices are more clearly suggested by the Union without responses from the City. Failure to rethink its rationale could unnecessarily risk the loss of trained and experienced police. Security may very well be impaired. Many other City employees may consider leaving. The City's investment in training and experience could be lost to other public or private employers, who will be replaced by rookies or not at all.

Aside from the within reopener and recognizing the freeze at the negotiated 2009 wage rates, the previous Fact Finder recommended "no change" on any issue. I basically agree. Further delay on the wage issue remaining will serve no purpose. For 2013, the Union supporting evidence is that the cost will be around \$34,695 and the City will still remain near the salary bottom among cities with similar populations in Ohio [SERB's Clearinghouse dated September 7, 2012]. The Mayor and Council have limited discretion over expenditures. These are choices and I find it may and should choose its employees over other valid choices. The Union must also agree to face the healthcare insurance cost problem.

## RECOMMENDATIONS

The Fact Finder recommends adoption of the City's healthcare design plan in its' proposed revision of **Article 26** but limiting and substituting "**10%**" as the contribution, instead of "20%," of the annual Fully Funded Premium rate for Health Care, Prescription and Dental coverage.

Concurrently, **10 %** compensation is to be provided to those who opt-out of City-provided healthcare insurance.

The Fact Finder recommends no change at this time to Article 27, dealing with overtime computations.

The Fact Finder recommends that **Article 40 Appendix A** remain unchanged for the year 2012, but increased two (**2%**) percent across the wage scale **for 2013**.

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ALAN M.WOLK, J.D. Fact-Finder

Made effective in PORTAGE County, Ohio,  
this \_\_\_ day of \_\_\_\_\_, 2012.