

Karen Fegan, Human Resources Director Patrick Jones, Police Chief John Elek, and Safety Director Bruce Campbell.

At the outset of the hearing, the parties reached agreement on three issues: (1) They stipulated that the new agreement would be a three-year agreement, running from January 1, 2013 to December 31, 2015, with 2013 wages retroactive to January 1, 2013. (2) The OPBA withdrew its proposal for “mental health days.” (3) The City withdrew its proposal to modify sick leave (sick leave bank), and the parties agreed to retain current contract language for this provision. The remaining issues were submitted to the Fact Finder for his resolution, as follows: (1) Wages. (2) Health Insurance. (3) Subcontracting.

The Fact Finder has evaluated the proposals and evidence submitted by the parties. His recommendations for resolving each issue are fully explained in the Recommendations Section of this Report, infra. In making his recommendations, the Fact Finder has given consideration to the following criteria prescribed by the Ohio Collective Bargaining Law and listed in SERB Rule 4117-09-05:

- (1) Past collective bargaining agreements, if any, between the parties.
- (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.
- (3) The interest 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.
- (4) The lawful authority of the public employer.
- (5) Any stipulations of the parties.
- (6) Such other factors, not confined to those listed above, which are normally or traditionally taken into consideration in determination of issues submitted to

mutually agreed-upon dispute settlement procedures in the public service or in private employment.

“Other factors” referenced in criterion no. 6 may include the desirability of maintaining a uniform insurance plan throughout a public employer's workforce, and equitable treatment among the various groups of the public employer's employees.

FINDINGS OF FACT

A. Financial and Demographic Profile

The City is a predominantly residential community in southern Cuyahoga County. Its median household income, as reported in the 2010 census, exceeds the state median but is not as high as Cuyahoga County's more affluent suburbs.

A 2% income tax is the principal source of revenue for the City's General Fund. Other sources include property tax, Local Government Fund (LGF) payments, and fees for services. The City used to receive revenue from interest earnings, but current rates are so low that interest no longer is a significant income source. Similarly, estate tax revenues, which contributed between \$342,798 and \$774,722 per year during 2006-2012, have been abolished. Moreover, LGF revenue is declining due to state cutbacks. The City estimates that a loss of about \$870,000 will result from the combined impact of estate tax elimination and LGF cuts in 2013.

The 2008 national recession adversely affected the City's budget. In response, the City cut costs by reducing staff through attrition from 184 to 160 employees, requiring some furlough days, and adjusting some duties. The City is now participating in what appears to be a gradual national recovery, as income tax revenues increased in 2012. Increasing local tax revenues, however, will be at least partially offset by decreases in state funding and loss of estate tax revenues.

Due to the cutbacks and improving local tax picture, the City's unencumbered General Fund balance has rebounded since it bottomed in 2009. At the end of 2012, it was \$1.2 million, about 10%-11% of its total budget. While less than the 16%-25% targets recommended by the Municipal Finance Officers Association's "Best Practices," it is not dangerously low.

B. External Comparability Data

"Comparability" (factor no. 2) includes both comparisons to percentage wage increases being offered by other Ohio public employers and comparisons to the actual wages paid by comparable employers to employees doing similar work.

Regarding wage increases, SERB's most recent Annual Wage Settlement Report, which includes settlements reported through 2012, indicates that wage increases in Ohio police contracts negotiated in 2012 averaged 1.20%. This number, of course, reflects both lower and higher wages. Wage freezes are still the rule for cities which are not yet recovering from recession and/or have other financial issues. Conversely, 2% is not an uncommon increase for cities in which the economic recovery is taking hold.

Regarding wage rates, the Union presented a chart showing wage rates for dispatchers in 19 of Cuyahoga County's communities. It concluded that North Royalton dispatchers were paid almost 14% below the average for the nineteen communities listed. The City argued that most of the west and south suburbs included in the chart had pay rates much closer to North Royalton's rate. It also stated that the average was inflated by several wealthy suburbs included in the Union's chart.

Finally, the City emphasized that wage comparisons must also consider the benefits derived by North Royalton's dispatchers from a superior insurance program. Through 2012, North Royalton dispatchers have been able to obtain family coverage

through the City with no employee contribution. By comparison, the average monthly employee contribution for family coverage in the Cleveland region was \$134, per SERB's 2012 20th Annual Report on the Cost of Health Insurance in Ohio's Public Sector.

C. Other City Employees

In addition to Dispatchers, North Royalton's workforce includes patrol officers represented by the FOP, firefighters represented by the IAFF and service workers represented by AFSCME Local 3410. The City also employs non-union clerical and administrative employees. The non-union employees have been awarded a general wage increase of 2% for 2013. The FOP and the City have negotiated and are awaiting a Fact-Finding Report. The IAFF and AFSCME both have agreed to three-year contracts, January 1, 2013 – December 31, 2015, with annual increases of 2% in 2013, 1.75% in 2014, and 1.75% in 2015. These contracts also amend current insurance provisions to require employees to pay a share of premium contributions. Significantly, both IAFF and AFSCME settlements include a “me too” Memorandum of Understanding. The AFSCME MOU states, in pertinent part:

In consideration of the parties entering into the CBA, the parties have agreed to the following “me-too” agreement: In event the City's Patrolmen (represented by FOP Lodge 15) in SERB Case No. 12-MED-10-1078 receive more compensation in base pay percentage increases than does AFSCME, Ohio Council 8, and Local 3410 (Union) through its negotiations with the City for 2013-2015, then AFSCME, Ohio Council 8, and Local 3410 (Union) members will receive the same base pay percentage increase as the Patrolmen, FOP Lodge 15 members. Similarly as to the contract provisions relating to employee contribution to monthly insurance premiums, in the event that the Patrolmen obtain a more favorable arrangement (such as a small monthly premium amount) then in such event AFSCME members shall receive that same treatment and contribute at that same rate.

The IAFF MOU contains identical language, except it references both AFSCME and FOP contracts, both of which were still open at the time of the IAFF settlement.

RESOLUTION OF OPEN ISSUES

1. Wages

The City proposes wage increases of 2.0% effective January 1, 2013, 1.75% effective January 1, 2014 and 1.75% effective January 1, 2015. The Union proposes three consecutive 5.0% annual wage increases in 2013, 2014 and 2015.

The City's proposed increases are above the 2012 average for police wage increases but are not out of line with increases being granted by other Ohio cities in comparable economic circumstances. It also is reasonable for the City to offer a bit above the average increase since it's wage rates currently trail rates in many neighboring communities.

Equally persuasive are internal comparisons. IAFF and AFSCME have already settled for the same 2.0%/1.75%/1.75% wage package offered here. Nonunion employees similarly are receiving a general increase of 2% in 2013. However, the AFSCME and IAFF Agreements contain a "me too" on wages in event the FOP-represented patrol officers obtain a more generous wage settlement. The Dispatchers also should benefit from this protection.

RECOMMENDATION: Wages will be increased 2.0% effective January 1, 2013, 1.75% effective January 1, 2014, and 1.75% effective January 1, 2015. The parties shall also execute a "me-too" Memorandum of Understanding in the form attached hereto as Appendix A. New language for sections 20.01, 20.02 and 20.03 shall state:

20.01 Effective January 1, 2013, all dispatchers will be paid in accordance with the following base rates of pay:

| | | | |
|----------------------|----------------------|----------------------|----------------------|
| <u>Step 1</u> | <u>Step 2</u> | <u>Step 3</u> | <u>Step 4</u> |
| \$17.90 | \$19.20 | \$19.83 | \$20.44 |

20.02 Effective January 1, 2014, all dispatchers will be paid in accordance with the following base rates of pay:

| | | | |
|---------------|---------------|---------------|---------------|
| <u>Step 1</u> | <u>Step 2</u> | <u>Step 3</u> | <u>Step 4</u> |
| \$18.21 | \$19.53 | \$20.16 | \$20.60 |

20.03 Effective January 1, 2015, all dispatchers will be paid in accordance with the following base rates of pay:

| | | | |
|---------------|---------------|---------------|---------------|
| <u>Step 1</u> | <u>Step 2</u> | <u>Step 3</u> | <u>Step 4</u> |
| \$18.53 | \$19.87 | \$20.53 | \$21.16 |

2. Insurance

The City proposes to eliminate one of its two policies – a “Cadillac” no deductible plan; to impose employee premium contributions of \$90/month family and \$36/month single through 2013; to potentially require employees to share a portion of premium increases in 2014 and 2015; and to reduce vision and dental benefits. The Union opposes all changes.

The premium contributions in the City's proposal are the same as those now in effect for its nonunion employees and the same as the contributions to which the IAFF and AFSCME agreed. The resulting monthly premium would remain below the Cleveland area average (\$134 for family coverage in 2012) and the state wide average (\$173 for family coverage in 2012). The premium contribution proposal, therefore, is clearly supported by comparability data as well as the need to maintain uniform insurance within the City and assure equitable treatment of the City's various employee groups. Accordingly, it will be recommended, provided that the insurance premium provisions shall be subject to the same “me too” contingency as in the IAFF and AFSCME settlements.

The proposed vision and dental changes, however, were not accepted by the IAFFF and AFSCME. While the vision benefit regarding contacts does appear to be quite generous, it is not so burdensome as to justify departing from the City pattern. Therefore, they are not recommended.

RECOMMENDATION: Update description of coverage in Section 23.01 to reflect elimination of the Plan A option, and incorporate the City's premium contribution proposals into the Agreement. No change in vision and dental. New sections 23.01 and 23.03 (renumbered as 23.02) shall state:

23.1 The Employer shall provide each employee with either individual or family coverage, as appropriate. The Employer shall have the right to change insurance carriers, providing the insurance coverage is comparable to the existing coverage during the term of this Agreement.

23.2 Effective January 1, 2013, employees shall contribute toward health care premiums. The employee contribution for family coverage shall be \$90.00 per month. The employee contribution for individual coverage shall be \$36.00 per month.

Effective January 1, 2014, employees shall also contribute 50% of any premium increase, not to exceed an additional \$25.00 per month in employee contributions for family coverage (total premium of \$115.00) and an additional \$10.00 per month in employee contributions for individual coverage (total monthly premium of \$46.00 per month). However providing that at least 51% of all full time employees complete the online Health Risk Assessment Program before June 1, 2013, the stated increase shall be waived for the calendar year 2014.

Effective January 1, 2025, employees shall also contribute 50% of any additional premium increase over the previous year, not to exceed an additional \$25.00 per month in employee insurance contributions for family coverage (total maximum monthly premium of \$140) and an additional \$10.00 per month in employee insurance contributions for individual coverage. (Total maximum monthly premium of \$56.00 per month).

All employee insurance premium contributions shall be by payroll deduction. In the event that an employee is not receiving a paycheck said employee will be permitted to voluntarily pay his/her portion of the premium directly to the City for so long as said person is employed.

3. Contracting

The Union proposes adding the following new language:

During the life of this agreement, should the City decide to contract with another entity for dispatch services, it shall do the following:

- a) assure that all unit members are guaranteed full-time work with the contracting entity; or,
- b) provide one month of severance pay and medical benefits for each year or partial year of service to unit members who are not offered or who decline employment with the contracting entity.

The City opposes this change.

Both the City and the Union prefer to operate the dispatch function locally. However, the state is pushing cities to participate in one of four area dispatch centers to be established in Cuyahoga County. If this happens during the term of the new Agreement, the Union is concerned for its members' job security. The City shares this concern, but would not control hiring at a new facility. Therefore, the employees would be laid off unless the City could absorb them into its workforce. In the recent past, the City has been able to absorb displaced employees, but we cannot accurately predict that ability to do so in the future. In event layoffs are necessary, the affected employee or employees would have the same rights as any other laid off City employee. The question is whether these employees should have more rights than other similarly situated laid off City employees. There is no compelling evidence to show that they should. Therefore, the Union's proposal is rejected, and I recommend no change in the current agreement.

RECOMMENDATION: No additional language on “contracting” shall be added to the Agreement.

INCORPORATION OF AGREEMENTS

The agreements reached by the parties prior to conclusion of this Fact Finding proceeding are incorporated by reference and made part of this Report.

These Findings and Recommendations are issued this 2d day of May, 2013.

Shaker Heights, Ohio

s/John T. Meredith
John T. Meredith, Fact Finder

CERTIFICATE OF SERVICE

This is to certify that the foregoing Report was electronically filed with the State Employment Relations Board and electronically served upon the parties by e-mailing same to their representatives, listed below, this 2d day of May, 2013.

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Representative of the Employer

s/John T. Meredith
John T. Meredith, Fact Finder

APPENDIX A

**AGREEMENT BETWEEN
THE CITY OF NORTH ROYALTON AND
THE OHIO PATROLMEN'S BENEVOLENT ASSOCIATION**

The parties, the City of North Royalton (“Employer”) and the Ohio Patrolmen's Benevolent Association “Union”), have entered a Collective Bargaining Agreement (CBA) with effective dates of January 1, 2013 through December 15, 2015.

In consideration of the parties entering into the CBA, the parties have agreed to the following “me-too” agreement: In event the City's Patrolmen (represented by FOP Lodge 15) in SERB Case No. 12-MED-10-1078, receive more compensation in base pay percentage increases than received by OPBA-represented employees, then the OPBA-represented employees shall receive the same base pay percentage increase as the Patrolmen represented by FOP Lodge 15. Similarly, as to the contract provisions relating to employee contribution to monthly health insurance premiums, in the event that the Patrolmen obtain a more favorable arrangement (such as a smaller monthly premium amount) then in such event OPBA-represented employees shall receive the same treatment and contribute at that same rate.

This “me-too agreement” memorializes the parties' agreement and would be effective upon final resolution of the FOP Lodge 15 (Patrolman) negotiations.

This Agreement is entered into this ____ day of _____ 2013.

FOR THE OPBA:

FOR THE CITY OF NORTH ROYALTON:
