

\*\*Received after business hours on 2/13/15, processed next business day 2/17/15\*\*

**STATE OF OHIO  
STATE EMPLOYMENT RELATIONS BOARD**

CITY OF ST. CLAIRSVILLE,

Employer,

-and-

Case Nos. 13-MED-07-0814, 0819

FRATERNAL ORDER OF POLICE,  
OHIO LABOR COUNCIL, INC.,

Employee Organization.

**FACT-FINDING**

*Philip H. Sheridan, Jr., Fact-finder*

*Issued: December 12, 2014*

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For The Employee Organization

**STATEMENT OF THE CASE**

The parties, the City of St. Clairsville, represented by Albert E. Davies, Esq., and the bargaining units, the Fraternal Order of Police, Ohio Labor Council, Inc., 11 total employees in two bargaining units: 3 dispatchers, and 8 patrol officers, represented by Wes Elson, Staff Representative, have entered into negotiations for a successor contract to the contract that expired October 15, 2013.

The parties met and bargained in good faith with at least nine or ten meetings between the parties. The parties without dispute, or through negotiation, reached tentative agreement on current language or changes in the collective bargaining agreement, and entered into a memorandum of understanding adding lieutenants to the bargaining unit, and a memorandum establishing a twelve (12) hour shift (or this change may be a part of the TA's). Issues remain in two articles of the agreement.

Pursuant to R.C. §4117.14 and Admin. R. 4117-9-05, the State Employment Relations Board appointed Philip H. Sheridan, Jr., 915 South High Street, Columbus, Ohio, as fact-finder.

The parties agreed to a fact-finding hearing on November 20, 2014, and the meeting was convened at 10:30 a.m. at the City Administration Building. In addition to their representative, Mayor Richard Vincenzo, President of Council D. Terry Pugh, Director of Public Services and Safety Dennis Bigler, and Finance Director Cindi Henry, appeared at the hearing. In addition to their representative, FOP Financial Analyst Linda Wilker, Dispatcher Judy McMillan, Police Officer Thomas Stewart, and Police Officer Jeff S.

Gazolk appeared on behalf of the bargaining units. The parties and the fact-finder discussed the procedure to be followed by the parties.

After an attempt at mediation, the parties agreed that the remaining issues were not amenable to additional mediation. The parties submitted the matter upon testimony, statements, documents, and arguments presented to the fact-finder. In consideration of scheduling issues for the city, the parties agreed to the issuance of this fact finding on December 12, 2014.

In accordance with the provisions of R.C. Chapter 4117, the parties provided me with a copy of the current (expired) contract, memoranda of agreement, agreed extensions of time for fact finding, the articles that are unchanged or have been resolved, the unresolved articles, and each party's proposal on the unresolved issues.

In issuing this fact-finding report, I have given consideration to the provisions of R.C. Chapter 4117 and, in particular, the criteria contained within Admin. R. 4117-9-05(I).

## THE POSITION OF THE PARTIES AND RECOMMENDATIONS

### Article 23, Wages

The city's position: The city proposes a zero percent (0%) increase in wages in year one of the successor contract, October 15, 2013 through October 14, 2014; a three percent (3%) increase in wages in year two of the successor contract, October 15, 2014 through October 14, 2015; and a wage (and insurance) reopener in year three of the successor contract, October 15, 2015 through October 15, 2016.

The bargaining units' position: The bargaining units propose a four percent (4%) increase in wages in year one of the successor contract, retroactive to October 15, 2013; a four percent

(4%) increase in wages in year two of the successor contract, October 15, 2014 through October 15, 2015 (retroactive to October 14, 2014); and a four percent (4%) increase in wages in year three of the successor contract, October 15, 2015 through October 14, 2016.

Discussion and recommendation: The recent history of the parties is that they have agreed through memoranda of understanding to extend the terms of the collective bargaining agreement that expired October 15, 2010, with wages frozen at the 2009 rate, and wage reopeners for the second and third years of the agreement. Wages continued to be frozen after the reopener in the second year, and the parties agreed to a one-time payment of \$1,000 for the third year of the agreement during fact finding. The current agreement under consideration is for the period October 15, 2013 through October 14, 2016.

The city points to the recent recession, the loss of estate tax and personal property tax monies, the reduction in local government funds, and substantial increases in health insurance costs to support its assertion that the city is still in an uncertain financial situation and needs to prudently hold down costs to reflect the reality of the situation. St. Clairsville's population is just over the 5,000 resident requirement to be listed as a city, and its police force is the best paid in Belmont County even after the wage freezes. The city has enacted a .75% income tax in 2011, which is split in half, with part going to the general fund and the other part to the permanent improvement fund (dedicated to capital improvements). Even with the increased revenue, the city argues that its expenses exceed its revenues.

The bargaining units point to the city's increased revenue as a result of the income tax, slow increases in property values, and potential additional revenue from the shale oil industry, as well as the healthy carryover balance going into 2015 as evidence of the city's ability to fund wage increases in each of the three years of the agreement. The bargaining

units received a 3.5% increase in 2009, and then the stipend of \$1,000 paid in the third year of the previous extended agreement. Increases of 4% in each of the three years of the agreement are justified by the increases in cost of living over the last four years and the substantial increases in the bargaining units' health insurance costs imposed by the city.

The parties agree on the actual receipts and expenditures where those numbers are available, but they differ on the conclusions I should draw. The major bone of contention is the significance of a carryover balance of almost \$800,000 for fiscal year 2015. The city argues that almost all of the balance is "earmarked" for specific expenditures in the budget for 2015; the bargaining units argue that the balance is available for the increases in wages that they should receive. The bargaining units also question the city's decision to transfer \$500,000 from the general fund to the capital fund to pay off debt, and other large transfers which reduced the city's cash in the general fund.

It appears that the operation of the police force has traditionally been funded by a mixture of property taxes dedicated to that function (hence the "police fund" for accounting purposes), and about the same amount of money from the general fund to make up the shortfall in the amount taken in from the dedicated property taxes. The proposed budget allocation for operation of the police force is less than the actual amount spent for the same services in 2009. The carryover balances in both the general fund and the police fund allow the city to budget on an annual basis, while having funds available for payment of expenses that occur before the expected revenue is actually received. The large carryover balance is evidence of the city's prudent financial dealings, and the way in which it is spent is a matter of the exercise of discretion by the city.

I find the city able to pay a reasonable wage increase, and I do not see the uncertainty in the city's revenues and expenditures that supports a continuing round of reopeners as a substitute for a full and complete three year agreement, especially, as here, when the first year of the contract has already passed and the parties are two months into the second year. The revenue streams seem fairly stable, especially for 2012 and 2013, and the city has 11 months experience in 2014 as well. It appears that stability is sufficient for the increases recommended.

I am not recommending an increase in year one of the agreement, but I am recommending an across the board wage increase of 3% in year two of the agreement, retroactive to October 15, 2014, and an across the board wage increase of 3% in year three of the agreement.

**Article 29, Insurance**

The city's position: The city proposes no changes in the health insurance provided in year one of the agreement; in year two the premium payments would remain the same, co-pays would increase in amounts, the bargaining units would be responsible for all co-pays (previously reimbursed by the city), the bargaining units would have a \$1,000 deductible to meet before coverage on the single coverage and a \$2,000 deductible for family coverage; and in year three the parties would reopen discussion of the health insurance plan. The city has changed health insurance plans when the previous insurance contract expired August 31, 2014.

The bargaining units' position: The bargaining units propose maintaining their premium contribution rates, capped at \$70 per pay for family and \$40 per pay for single coverage throughout the term of the agreement; a continuation of the city's reimbursement of any

copays charged to a bargaining unit member; and payment of an annual stipend of \$1,000 to bargaining unit members who chose single coverage and \$2,000 to bargaining unit members who chose family coverage to offset the potential added expense of meeting the newly imposed deductibles.

Discussion and recommendation: The bargaining units and other city employees have depended on the “rich” or “Cadillac” insurance benefits for at least ten years and perhaps longer. Although their premium amounts have increased over the years, the other costs have been borne by the city. The previous insurance provider decided to increase the cost for such a benefit plan by over \$200,000 in annual premiums. The city chose a plan that was less costly, but the trade-off was increases in co-pays and a \$1,000 deductible amount to be met before benefits apply on an individual plan and \$2,000 deductible amount to be met before benefits apply on a family plan. The city also proposes discontinuing its previous practice of reimbursing the bargaining unit members for the copay payments they made. The new plan was imposed on the non-bargaining unit employees of the city September 1, 2014. The other city bargaining unit has not reached an agreement with the city on insurance.

Unfortunately, the parties are at the mercy of the various insurance providers, who determine what benefits they will offer, and how much it will cost annually for the package chosen. One of the ways to decrease insurance costs is to increase copays, another is to add deductible amounts to be met before the benefits apply. The argument is that such increases will encourage consumers to be more cognizant of the real costs, leading to increased cost savings. I recognize that such cost savings are becoming more and more prevalent in public sector agreements. The bargaining unit members cannot completely escape the consequences.

However, the other effect is that a family with real health problems is put under the additional stress of having to pay unanticipated costs before insurance benefits are provided. In the case of a bargaining unit member from the dispatcher's bargaining unit who chose family coverage, \$2,000 is about 7% of that bargaining unit member's annual base pay (about 5% for a patrol officer).

I can't justify imposing that much of an actual reduction for a sick employee who has received a 3.5% raise in 2009 and a \$1,000 stipend in 2013, for an effective increase of under 1% per year for over five years. The city is better equipped to continue to pay these unanticipated additional insurance costs during the remainder of this agreement. I don't accept the bargaining units' proposal that all of the bargaining unit members should receive a stipend without regard to how much of the deductible they paid, and I believe that the bargaining unit members should prepare for increased assumption of health care costs, including copays. I recommend that any changes in the insurance article become effective upon ratification of the agreement, and that the parties do form an insurance committee, or perhaps be a part of a citywide insurance committee.

I recommend the following contract language:

**Article 29. Insurance**

Section 1.

The city shall continue to offer to each bargaining unit member medical benefit program coverage, pursuant to the same terms and conditions as insurance is offered to all other city employees, except where such terms and conditions are expressly modified by this article. The city shall provide the same or substantially similar level of benefits for medical and hospitalization insurance coverage as the prior years' insurance plan. Bargaining unit

members will be required to pay 10% of the applicable insurance premium in years one, two and three of the agreement regardless of plan type. This payment will be capped at \$40 per pay for those bargaining unit members who choose single coverage, and will be capped at \$70 per pay for those bargaining unit members who choose family coverage. Bargaining unit members shall be subject to a \$1,000 deductible to meet before coverage on the single plan and a \$2,000 deductible before coverage on the family plan in year two and year three of the agreement; the city shall reimburse bargaining unit members to the extent that they pay toward either deductible upon submission of appropriate documentation; and the city shall continue the practice of reimbursement of co-payments to bargaining unit members in year two of the agreement, and the city shall discontinue reimbursement of the incurred co-pays in year three.

Section 2. No change from previous contract.

Section 3. No change from previous contract.

Section 4. At the conclusion of this bargaining cycle for the city's other bargaining unit, members of these bargaining units will be subject to the same employee contribution levels or less for health insurance as applicable to any other city employees.

Section 5. No change from previous contract.

Section 6. No change from previous contract.

Section 7. (New) The parties agree to form an insurance committee for the purpose of exploring insurance options and cost cutting measures. The committee shall consist of at least one member of each bargaining unit and at least one representative from the city. The committee shall be formed in a timely fashion after ratification of the agreement.

CONCLUSION

In addition to the comments above, I considered the information provided to me by both parties and am making my recommendations after consideration of the statutory and administrative requirements provided in Chapter 4117 of the Revised Code.

I recommend that the parties adopt the unchanged articles that were listed in both parties' submissions, the MOU's , and the tentative agreements reached by them as provided in the documents submitted to me by the parties. The parties cooperated in presenting their positions to me and in dealing with one another. The courtesy and professional behavior was evidence of the good relations between the parties. Good faith bargaining does not necessarily lead to agreement, but I encourage the parties to continue to bargain in good faith even if they are unable to agree on my recommendations.

Respectfully submitted,

\s\ Philip H. Sheridan, Jr.  
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CERTIFICATE OF SERVICE

A copy of the foregoing Fact-Finder Report was served by email this 12th day of December, 2014, to the principal representatives of the parties, and by email to State Employment Relations Board.

\s\ Philip H. Sheridan, Jr.  
PHILIP H. SHERIDAN, JR.