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IN THE MATTER OF FACT FINDING

BETWEEN

AFSCME OHIO COUNCIL 8, LOCAL 1428,AFL-CIO

AND

THE CITY OF LONDON, OHIO

SERB CASES # 13-MED-08-0900, 901, 902

**(3 units: Unit A Public Utilities (900), Unit B Street Dept. (901), Unit C, Clerical
(902))**

Robert G. Stein, Fact-finder

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INTRODUCTION

The parties to this matter are AFSCME Ohio Council 8, Local 1428 (hereinafter "Union") and the City of London, Ohio (hereinafter "Employer" "City," "Department"). The Employer is located in west-central Ohio. According to the documentation provided to the fact finder, there are three (3) bargaining units, who in the instant matter have been engaged in multi-unit bargaining, which ended in fact-finding. They are Unit A, Public Utilities, comprised of approximately 18 employees; Unit B, Street Department, comprised of approximately 9 employees; and Unit C, Clerical Departments, comprised of approximately 10 employees. In terms of the number of employees in each bargaining unit, the Employer's Pre-hearing statement contains one less employee in Public Utilities, two less in the Street Department, and two less in the Clerical unit. In this report the current collective bargaining agreement for all three units shall be referred to as ("CBA" or "Agreement").

General/State/Local Economic Overview: Caution and uneasiness have marked the years since the "great recession" was declared to have ended on a national level. Of course, what is often declared to be ended nationally does not always translate at the local level, particularly in Ohio, which has had more than its share of job losses prior to and as a consequence of the great recession. Recovery has been incremental since 2008. It has been marked by unevenness and was unaided by considerable national political discord, which only recently has shown signs of incremental improvement. (E.g. Farm Bill, Budget Bill passage) In spite of the prolonged gridlock in Congress over most issues, which did little to relieve economic uncertainty, the private sector has continued to add jobs but in uneven numbers geographically. In February the national unemployment rate was 6.7%, which is similar to the previous two months. The stock market, which had a banner year in 2013, in January of 2014 experienced some retrenchment but in February and March recovered some lost value. The U.S. economy remains very vulnerable to national and international events such as the Russian takeover of Crimea. The index of manufacturing activity continues to rise hitting 57 in December in stark contrast to 32.5 that existed in December of 2008. *"Manufacturing remains a bright spot for the economy," said Russell Price, senior economist at Ameriprise Financial in Detroit and the best ISM index forecaster*

over the past two years, according to Bloomberg data. "There's still a sizable amount of pent-up demand in the consumer and corporate sector." This may be "signaling strong demand at home and abroad that could boost growth prospects into next year." (WSJ, 12-3-13). What remain to be seen are the depth, breadth, and strength of the recovery from the recession, and while there is reason to be optimistic regarding eventual recovery, there is much to be said as to what form it takes and in what geographical location of the United States. One only has to view a map of the fifty states to see how unemployment rates vary as of February (e.g. North Dakota, 2.6% v. Illinois 8.7%)

Lessons learned from the recession and the advancement of technology question the way things used to be done and are affecting the nature of the recovery. Business has learned to be more efficient and do more with less or with part-time rather than full-time employees. One sign of the growing strength of employment is in manufacturing, adding some 27,000 jobs to elevate the factory employment nationally above 12 million for the first time since 2009. Moreover, factory workers are averaging 4.5 hours of overtime per week, which is an increase of 10% over last year. (Josh Boak, Associated Press, 12-9-13) In Ohio the majority of manufacturing jobs are related to transportation, which has experienced sustained recovery. Yet, caution still exists and there is still cause for concern in the number of people unemployed. Currently there are more than 4 million people who have been unemployed for 6 months or more. The number of those who have been unemployed for more than 18 months has not changed significantly in spite of the aforementioned growth. Complicating the future more is the fact that extended unemployment benefits (28 weeks beyond the average of 26 weeks) for approximately 1.3 million Americans (approximately 40,000 in Ohio) expired on December 28, with the addition of another 800,000 that saw their unemployment benefits expire during the first two months of 2014. Affecting things even more broadly is the fact that for millions of workers income has not changed markedly for several years. ("Incomes are Flat, Reflecting a Slowdown in Job Growth, but Consumer Spending Rises," Associated Press, 2-2-14)

The economy in Ohio has shown slow signs of improvement from a very long and severe national recession. Substantial activity has been initiated in the areas of shale gas and oil exploration, with a promise of billions of dollars of added income to Ohio in the future.

("Shale gas and oil will add \$5 billion to Ohio's economy by 2014, say economists" by John Funk, Plain Dealer, 2-29-12) And some would argue that jobs created from this exploration provide more employment for out of state workers than those who live in Ohio. ("Fracking: So where's the economic boom that was promised?" by Spencer Hunt and Dan Gearino, Columbus Dispatch, January 28, 2014) In 2012 additional jobs were created in Ohio, but in most of 2013 there were signs that progress has stalled with the rate of job creation slowing down from the rate of growth previously experienced following the declared end of the recession. For example, in 2013, sustained job growth in Ohio never lasted longer than two months and several times in 2013 Ohio experienced the worst or second worst job losses in the country. ("Ohio added jobs in December", Frolik, Dayton Daily News, January 24, 2014) Yet, since January of 2013 some 67,000 new jobs have come to Ohio. In Ohio the unemployment rate dropped to 6.4%. (BLS data, 3/28/14) And, recently the Department of Labor reported that Ohio added some 16,700 jobs in January of 2014, only second to Texas. Simply put, job creation has been a roller coaster ride of gaining and losing jobs. In January 23 states reported adding new jobs, while 27 states reported job losses. What holds for the remainder of 2014 is not certain on a national or statewide perspective.

The local economy has struggled during the years that coincide with the recession (2008-2012) and is still attempting to take meaningful steps to "right the ship." As an example, the City reports that in 2008 and again in 2012 total expenditures exceeded revenues. (See Employer Ex. 3) As with all local municipalities the City has had to adjust to declining revenue from the state of Ohio (50% reduction in Local Government Funds, the elimination of the Estate Tax a loss of several hundred thousand dollars per year, loss of the Intangible Personal Property Tax. In 2013 the City had a revenue neutral budget, its revenues have seen growth as have expenditures (e.g. BWC premiums, health care premiums), requiring the City to continue to steer a prudent and cautious course as it budgets for the future. Sound fiscal management is the lesson the City has learned during the past several years, as have all public sector entities in Ohio.

The parties brought four (4) issues to fact finding. The fact finder, at the request of the parties, entered into mediation for several hours. In spite of considerable effort made by

the two experienced advocates along with the fact finder, the parties, while making progress in terms of understanding and flexibility, were unable to reach tentative agreement on the four (4) issues leading to the necessity of a hearing. The items specifically addressed by the fact finder in this report are based upon the evidence and arguments proffered by the Union and the City. The recommendations contained in this report are intended to conform to the statutory criteria that all fact finders must follow.

CRITERIA

OHIO REVISED CODE

In the finding of fact, the Ohio Revised Code, Section 4117.14 (C) (4) (E) establishes the criteria to be considered for fact-finders. For the purposes of review, the criteria are as follows:

1. Past collective bargaining agreements
2. Comparisons
3. The interest and welfare of the public and the ability of the employer to finance the settlement
4. The lawful authority of the employer
5. Any stipulations of the parties
6. Any other factors not itemized above, which are normally or traditionally used in disputes of this nature.

Issue by Issue Summary of the Parties' Positions and Discussion:

The Union's and the Employer's detailed position and rationale on each unresolved issue can be found in their respective Pre-hearing Statements and in evidence in the record.

However, in summary the proposed position of each party is as follows:

ISSUE 1 ARTICLE 8, Section 8.10 SICK LEAVE

CITY: The **City** is proposing to cap cash outs of sick leave for future employees as follows:

ARTICLE 8
SICK LEAVE

Section 8.1. Current

Section 8.2. Current.

Section 8.3. Current.

Section 8.4. Current.

Section 8.5. Current.

Section 8.6. Current.

Section 8.7. Current.

Section 8.8. Current.

Section 8.9. Current.

Section 8.10. Upon retirement, bargaining unit members shall be entitled to payment for twenty-five percent (25%) of their accumulated, unused sick leave with a maximum payment of one hundred fifty (150) days paid leave. **Employees who are hired into the City after December 1, 2013 may only cash in the statutory minimum in accordance with R.C. 124.39 upon retirement.**

Section 8.11. Current.

The City is attempting to limit its future financial liability when an employee retires. It argues that the CBA already provides for payment well above the statutory limit of 30 days for unused sick leave cashed out at retirement. The City argues that this proposal is part of putting the City on better financial footing in the future.

UNION: The **Union** is proposing to increase the sick leave payment. It proposes the following changes to Article 8, Section 8.10:

ARTICLE 8
SICK LEAVE

Section 8.1. Current

Section 8.2. Current.

Section 8.3. Current.

Section 8.4. Current.

Section 8.5. Current.

Section 8.6. Current.

Section 8.7. Current.

Section 8.8. Current.

Section 8.9. Current.

Section 8.10. Upon retirement, bargaining unit members shall be entitled to payment for ~~twenty-five~~ **fifty** percent (25 **50**%) of their accumulated, unused sick leave with a maximum payment of one hundred fifty (150) days paid leave.

Section 8.11. Current.

The Union argues that this benefit recognizes employees for their years of dedicated service. Moreover, the City has not demonstrated a financial inability to pay for those limited number of employees who retire each year. The Union estimates that over the life of the CBA, the potential costs to the City to make this change would be \$19, 174.00. The Union also points out that in the agreements covering the police and fire they have a 50% payout.

Discussion: The facts in this matter convincingly paint a picture of the City just coming into a stable financial situation at the end of 2013. It is clear that revenues are somewhat increasing, but are being offset by additional costs of health care, with added uncertainty due to the implementation of the Affordable Care Act (i.e. "Cadillac tax"), and other increased costs noted in the Employer's submission of evidence. Yet, the Union's arguments regarding benefits for retirees are also persuasive, they too have their own budgets to manage. The internal comparable data regarding the police and fire contracts support the Union's position and work to counter the Employer's position to cut future benefits. A conservative approach is needed to evaluate whether the City's current ability to have revenue exceed expenditures, and not to slip back as occurred twice in the past five years (2008 and 2012) needs time to be evaluated. Therefore, the status quo appears to be the fairest approach at this juncture.

RECOMMENDATION (bold/cross out, including any prior TAs):

Section 8.1. Current

Section 8.2. Current.

Section 8.3. Current.

Section 8.4. Current.

Section 8.5. Current.

Section 8.6. Current.

Section 8.7. Current.

Section 8.8. Current.

Section 8.9. Current.

Section 8.10. Current

Section 8.11. Current.

ISSUE 2 ARTICLE 20 INSURANCE

CITY: The **City** is proposing to delete the entire article from all three CBAs and replace it with the following:

ARTICLE 20/19/19
INSURANCE BENEFITS

Delete entire current Article and replace with;

Section 20.1. Hospitalization and Health Care.

Effective January 1, 2014, the City shall pay eighty-five percent (85%) of the premium cost. Employees shall pay fifteen percent (15%) of the premium cost. The reimbursement of the co-insurance shall remain in effect through December 31, 2014. The City will provide an employer-funded HRA at a rate equal to seventy-five percent (75%) of the applicable deductible. The employer's portion of the deductible shall be paid first.

Effective January 1, 2015, the City shall pay eighty percent (80%) of the premium

cost. Employees shall pay twenty percent (20%) of the premium cost. The City will provide an employer-funded HRA at a rate equal to 50% of the applicable deductible as described above. The Employer's portion of the deductible will be paid first.

Effective January 1, 2016, the City shall pay eighty percent (80%) of the premium cost. Employees shall pay twenty percent (20%) of the premium cost. The City will provide an employer-funded HRA at a rate equal to 50% of the applicable deductible as described above. The employee's portion of the deductible will be paid first.

If any changes in policies or the terms thereof occur during the duration of this Agreement, such revisions will be made available to employees prior to implementation.

Section 20.2. Life Insurance. The City shall provide each employee in the bargaining unit life insurance in an amount of \$25,000. The City will continue its practice of providing \$5,000 life insurance for dependents.

Section 20.3. Insurance Committee. The City and Union shall establish an insurance committee. If the City is considering any changes to health insurance, the committee shall meet thirty (30) days in advance of any potential changes to review potential changes to health insurance costs or coverage. The committee shall make a recommendation to the Service-Safety Director with respect to any changes to health insurance, if any. The committee may consider changes that include, but are not limited to, the level of benefits, co-pays, deductibles, the selection of alternate carriers and/or changes in employee contributions. If the parties are unable to agree to alternatives, the City may propose to implement the changes.

Section 20.4. Opt-out. If a bargaining unit member who currently utilizes the City's health insurance opts out of health insurance for the calendar year, the bargaining unit member would then receive a lump-sum payment in the following amount per month:

\$100 employee

\$150 employee plus spouse/children or employee plus one child

\$200 family

Section 20.5. Affordable Health Care Act. The Parties understand that the Affordable Care Act enacted by the Federal Government on March 23, 2010 has drastically altered the manner in which healthcare is offered to employees. The Parties further understand that much of the Affordable Healthcare Act will be implemented over the period of this Agreement and that the Rules implementing the Act are yet to be written and published. The Parties agree that the Employer is required to comply with this Act and as such may have to make alteration to the healthcare plans offered to the employees to remain in compliance with as yet unwritten and unpublished Rules. The Employer will notify of any alterations made as a result of maintaining legal compliance and the Union agrees that such changes shall not be subject to bargaining as to the substance of the change or the effects resulting from the change,

nor shall they be subject to the grievance and arbitration process.

The City argues that it currently offers a “Cadillac Plan” that is not only becoming a serious financial burden, but also may be subject to being taxed under the Affordable Care Act. (See Employer Ex. H) Currently the City pays 90% of the insurance premium, while employees pay 10%. The City asserts that there is no incentive for prudent utilization of health care by employees, which drives up costs, and currently the costs of a family plan has risen to over \$1,900 per month. Because of this the City proposes:

- To change City/employee premium ratio to 85/15 (2014) and 80/20 (2015, 16)
- To eliminate co-insurance fund after year 1
- To remove deductible amount to allow the City to bid out with more flexibility
- To modify the HRA funding to encourage utilization
- Health Insurance Opt-out (a “win-win” for both parties)

The City points out that the police bargaining unit agreed in their contract to change the employee share of premium to 15% with the City picking up 85% of the premium, and effective January 1, 2014 to accept a lower level of the City funding for their HRA. It has been reduced from 90% to a rate equal to 75% of the applicable deductible. The City strongly emphasized the uncertainty of health care and health care coverage as the Affordable Care Act is implemented. What is unknown is how this major change will affect costs and coverage, even for those who are not directly impacted.

UNION: The **Union** is proposing current language. While the Union recognizes that bargaining unit employees have a very good plan that is costly, it argues that maintaining the current 90/10 split in premium would still result in substantial projected premium increases for bargaining unit employees as follows:

- | | |
|--|------------------|
| 1. Additional cost for single | \$32.96 each pay |
| 2. Additional cost for Employee/Child | \$62.62 each pay |
| 3. Additional cost for Employee/Spouse | \$34.60 each pay |
| 4. Additional cost for Family | \$49.44 each pay |

The Union points out that the City’s proposal would for example increase the cost for an Employee/Spouse by an additional \$2,086.56 with greater increased costs for family coverage and somewhat less than the above listed categories. The Union points out that according to SERB data the average employee premium on a statewide basis is 11.2% for single and 12.2% for family and that the current 10% is much closer than the 85/15 and 80/20 split being proposed by the City.

Discussion: From the evidence and what was gleaned from fact finding the City Auditor has clearly made prudent attempts to address this very important and costly issue. However, one of the major obstacles to receiving competitive bids has been current language regarding specific deductible amounts that appear in the Agreements. From the experience of this neutral, such a provision can seriously hinder solicitation of competitive

bids that may benefit both parties in terms of premium costs in the future.

The City's position in this matter is understandable. health care is not only one of most important issues for both employees and employers, it is one of the most costly. It is often considered as important as wage increases in many public sector settings. And, the City's concern for an uncertain future is well supported by the evidence. Of course this same uncertainty is also faced by employees and their unions. In Issue 1, Sick Leave, the internal comparable data of what other bargaining units have in their agreements supported the Union's position, yet, the overall financial condition of the City, as it finds its way to maintain financial viability, reinforces a recommendation for maintaining the status quo.

In the matter of health insurance premiums, the internal comparable is supportive of the City's position, in as much as the police contract contains some, but not all of the proposed changes being made by the City. And, as with the recommendations contained under Issues 1 and 3, a status quo recommendation appears to be most appropriate regarding this issue, but for different reasons.

With an issue as important as health care it is far better for the parties, who intimately understand their health care needs, to be afforded a reasonable attempt to jointly address this issue, particularly as it relates to affordable sustainable coverage. Different geographic jurisdictions and different plans vary as to coverage, networks, costs, and provider availability (choice of physician is often a central issue). In situations where parties have had this opportunity, and were still unable to agree on coverage and costs, there is a role for a fact finder to help resolve this issue. However, the facts indicate the parties have not thoroughly vetted this issue jointly while facing the reality of maintaining a high level plan, which may result in making the difficult decisions that are a part of managing future health care costs. The following recommendation coupled with that made for Issue 3 below, is aimed at giving them this opportunity for one year and to include a Memorandum of Understanding that would create additional flexibility for the Auditor to potentially receive competitive bids.

RECOMMENDATION (bold/cross out, including any prior TAs):

January 1, 2014 — Current
January 1, 2015 — Reopener
January 1, 2016 — Reopener

Include in the CBA a Memorandum of Understanding as follows:

**MEMORANDUM OF UNDERSTANDING
INSURANCE DEDUCTIBLES**

With the recommendation of the Insurance Committee, the Parties agree the City may suspend the deductible amounts outlined in the Insurance Article for purposes of providing the City maximum flexibility in bidding out for insurance coverage for plan year 2015.

ISSUE 3 ARTICLES 27, 28, 29 WAGES

CITY: The City is proposing status quo for wages for all three years of the Agreement and a rollback in wages for the Clerical Unit as follows:

**ARTICLE 29
WAGES**

Section 29.1. Each employee shall move to the succeeding Step in his/her classification upon the completion of the required one-year period of satisfactory service.

Section 29.2. Board of Public Utilities. Wage rates shall be as follows **for the duration of this Agreement:**

WATER DEPARTMENT – ASSISTANT OPERATOR:

STEP	12/1/2010	12/1/2011	12/1/2012 2013
A	14.10	14.52	14.96
B	14.82	15.27	15.73
C	15.58	16.05	16.53
D	16.38	16.87	17.38
E	17.16	17.68	18.21

OPERATOR:

STEP	12/1/2010	12/1/2011	12/1/2012 2013
A	17.16	17.68	18.21
B	18.02	18.56	19.12
C	18.92	19.49	20.08
D	19.88	20.48	21.09
E	20.89	21.52	22.17

LEAD OPERATOR:

STEP	12/1/2010	12/1/2011	12/1/2012 2013
A	18.92	19.49	20.08
B	19.88	20.48	21.09
C	20.89	21.52	22.17
D	21.92	22.58	23.26
E	22.99	23.68	24.39

WASTEWATER DEPARTMENT - ASSISTANT OPERATOR:

STEP	12/1/2010	12/1/2011	12/1/2012 2013
A	14.10	14.52	14.96
B	14.82	15.27	15.73
C	15.58	16.05	16.53
D	16.38	16.87	17.38
E	17.16	17.68	18.21

OPERATOR:

STEP	12/1/2010	12/1/2011	12/1/2012 2013
A	17.16	17.68	18.21
B	18.02	18.56	19.12
C	18.92	19.49	20.08
D	19.88	20.48	21.09
E	20.89	21.52	22.17

LAB TECHNICIAN/PLANT OPERATOR:

STEP	12/1/2010	12/1/2011	12/1/2012 2013
A	18.02	18.56	19.12
B	18.92	19.49	20.08
C	19.88	20.48	21.09
D	20.89	21.52	22.17
E	21.92	22.58	23.26

SANITATION DEPARTMENT - WORKER PART-TIME:

STEP	12/1/2010	12/1/2011	12/1/2012 2013
A	12.81	13.19	13.59
B	13.44	13.84	14.26
C	14.10	14.52	14.96
D	14.82	15.27	15.73
E	15.58	16.05	16.53

WORKER FULL-TIME:

STEP	12/1/2010	12/1/2011	12/1/2012 2013
A	14.10	14.52	14.96
B	14.82	15.27	15.73
C	15.58	16.05	16.53

D	16.38	16.87	17.38
E	17.16	17.68	18.21

DRIVER:

STEP	12/1/2010	12/1/2011	12/1/ 2012 2013
A	15.58	16.05	16.53
B	16.38	16.87	17.38
C	17.16	17.68	18.21
D	18.02	18.56	19.12
E	18.92	19.49	20.08

WORKING FOREMAN:

STEP	12/1/2010	12/1/2011	12/1/ 2012 2013
A	18.02	18.56	19.12
B	18.92	19.49	20.08
C	19.88	20.48	21.09
D	20.89	21.52	22.17
E	21.92	22.58	23.26

Section 29.3. All new employees shall begin at Step A, wage rate, except that an experienced employee can be hired and placed in a Step commensurate with his/her experience. In order to proceed to subsequent pay steps, bargaining unit members must receive one (1) performance evaluation that recommends advancement. Such evaluations shall be conducted at least once per year. Denial of a step increase is subject to the grievance and arbitration procedure contained in this Agreement. Step increases when granted shall be by City seniority.

Section 29.4. All newly hired employees shall be paid at 90% of Step A rate for ninety (90) days.

ARTICLE 28
WAGES

Section 28.1. Each employee shall move to the succeeding Step in his/her classification upon the completion of the required one-year period of satisfactory service.

Section 28.2. Street Department. Wage rates shall be as follows **for the duration of this Agreement:**

STREET PART-TIME WORKER:

STEP	12/1/2010	12/1/2011	12/1/ 2012 2013
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A	12.81	13.19	13.58
B	13.44	13.84	14.25
C	14.10	14.52	14.95
D	14.82	15.26	15.71
E	15.58	16.04	16.52

STREET MAINTENANCE WORKER I:

STEP	12/1/2010	12/1/2011	12/1/ 2012 2013
A	14.10	14.52	14.95
B	14.82	15.26	15.71
C	15.58	16.04	16.52
D	16.37	16.86	17.36
E	17.15	17.66	18.18

STREET MAINTENANCE WORKER II:

STEP	12/1/2010	12/1/2011	12/1/ 2012 2013
A	15.58	16.04	16.52
B	16.37	16.86	17.36
C	17.15	17.66	18.18
D	18.01	18.55	19.10
E	18.92	19.48	20.06

STREET FOREMAN:

STEP	12/1/2010	12/1/2011	12/1/ 2012 2013
A	18.01	18.55	19.10
B	18.92	19.48	20.06
C	19.87	20.46	21.07
D	20.88	21.50	22.14
E	21.91	22.56	23.23

Section 28.3. All new employees shall begin at Step A, wage rate, except that an experienced employee can be hired and placed in a Step commensurate with his/her experience. In order to proceed to subsequent pay steps, bargaining unit members must receive one (1) performance evaluation that recommends advancement. Such evaluations shall be conducted at least once per year. Denial of a step increase is subject to the grievance and arbitration procedure contained in this Agreement. Step increases when granted shall be by City seniority.

Section 28.4. All newly hired employees shall be paid at 90% of Step A rate for ninety (90) days.

ARTICLE 27
WAGES

Section 27.1. Across-the-board wage rate increases.

December 1, ~~2010 - 3.0%~~ **2013 - 0%**
 December 1, ~~2011 - 4.0%~~ **2014 - 0%**
 December 1, ~~2012 - 3.0%~~ **2015 - 0%**

Section 27.2. Clerical Department. Wage rates **for employees hired prior to December 1, 2013,** shall be as follows:

CLERICAL DEPARTMENT

STEP	12/1/2010	12/1/2011	12/1/2012 2013
A	15.60	16.07	16.55
B	16.39	16.88	17.39
C	17.16	17.68	18.21
D	18.03	18.57	19.13
E	18.93	19.50	20.09
F	19.87	20.47	21.08
G	20.87	21.50	22.15
H	21.91	22.57	23.25

Section 27.3. Clerical Department wage rates for employees hired after December 1, 2013, shall be:

STEP	12/1/2013
A	13.00
B	13.52
C	14.06
D	14.62
E	15.21
F	15.82
G	16.45
H	17.11

Section 27.34. All new employees **hired after December 1, 2013, will be placed on the new wage scale in Section 27.3 and** shall begin at Step A, wage rate, except that an experienced employee can be hired and placed in a Step commensurate with his/her experience. In order to proceed to subsequent pay steps, bargaining unit members must receive one (1) performance evaluation that recommends advancement. Such evaluations shall be conducted at least once per year. Denial of a step increase is subject to the grievance and arbitration procedure contained in this Agreement. Step increases when granted shall be by City seniority.

Section 27.4. All newly hired employees shall be paid at 90% of Step A rate for ninety (90) days.

The City in its Pre-hearing statement includes the following rationale:

*“The City is proposing a zero percent (0%) wage increase for the duration of the contract. The City is also proposing to roll back clerical wages for new hires in line with public sector and private sector comparables (The City asks the Fact-finder to take note of the wages of both “ ... **public and private employees doing comparable work**” R.C. OAC 4117-9-05).*

Not only is the City under financial duress and has projected deficit spending, the City also feels the AFSCME bargaining units are out of “whack” in terms of pay both internally and externally. The City is asking the Fact-finder to examine all the evidence including the City’s Financial Outlook and to listen to the Auditor’s testimony.

Other relevant details:

- The City is coming off a year of cost savings methods and layoffs (and a 0% increase from the police) as a means to hold the line.
- AFSCME BU positions are higher than the police and fire wages
- AFSCME BU positions are high when looking at like public sector jurisdictions
- AFSCME clerical positions are high when looking at private sector data
- BU wages are increasing significantly faster than those individuals funding the wages.

Effective Date of Proposal: December 1, 2013.

Supporting Documentation: Exhibit I – Comparable Demographics

Exhibit J – City Comparables

Exhibit K – Public Sector Comparables

Exhibit L – Private Sector Comparables (Clerical)

Exhibit M – Madison County Paralegal Survey

Exhibit N – Median Household Income Comparison

Exhibit O – OAC 4117-9-05

***Also See Section 3 – General Financial Outlook

The **Union** proposes increases of 3% each year of the Agreement. It argues that the City has the ability to pay these increases and that any concern about finance is a matter of discretionary spending and not resources. The Union points to the cost of the Community Center and the City swimming pool as an example of discretionary spending. The Union argues that what it is proposing is not unreasonable when compared to other cities within the Columbus region. The Union also points out:

“...the unassigned portion of the fund balance is free of restriction and represents the fund’s financial flexibility. In Financial year 2013, unassigned funds totaled \$1,359,236.47, sixteen percent (16%) of operating expenditures.”

**MEMORANDUM OF UNDERSTANDING
WAGES AND/OR INSURANCE**

During the first year of this Agreement, should an administrative employee or bargaining unit member of the Fire Department receive a general wage increase and/or medical insurance premium adjustment, the same shall apply to AFSCME bargaining unit members. This Memorandum of Understanding shall only apply to general wage increases and/or medical insurance premium adjustments after March 1, 2014. HRA deductible amounts, employer funding of the HRA, and the coinsurance fund will remain the same for year 2014.

ISSUE 4 ARTICLE DURATION

CITY: The **City** is proposing a three year Agreement.

UNION: The **Union** is also proposing a three year Agreement.

Discussion: The parties agree on the length of the Agreement.

RECOMMENDATION (bold/cross out, including any prior TAs):

DURATION OF AGREEMENT

THIS AGREEMENT shall become effective **December 1, 2013**, and shall continue in full force and effect for three years, until 12:00 midnight **December 1, 2016**.

THIS AGREEMENT shall continue from year to year thereafter unless notice of desire to terminate is given in writing by certified mail by the party requesting termination at least sixty (60) days prior to **December 1, 2016**, or any subsequent anniversary date.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the ____ day of _____, **2013**.

TENTATIVE AGREEMENT

Any tentative agreements reached by the parties as well as any current language that is not changed or not addressed above shall be considered to be recommended in the successor Collective Bargaining Agreement.

The fact finder respectfully submits the above recommendations to the parties this ____ day of April 2014 in Portage County, Ohio.

Robert G. Stein, Fact finder

TENTATIVE AGREEMENT

Any tentative agreements reached by the parties as well as any current language that is not changed or not addressed above shall be considered to be recommended in the successor Collective Bargaining Agreement.

The fact finder respectfully submits the above recommendations to the parties this 3rd day of April 2014 in Portage County, Ohio.


Robert G. Stein, Fact finder