

**Fact Finding Report
State of Ohio
State Employment Relations Board
November 9, 2014**

In the Matter of:

***International Association of
Firefighters, Local 379***

and

Case #: 2014-MED-02-0162

City of Marion

**Report and Recommendation of Fact-Finder
John F. Buettner**

Appearances

For the Union:

Kevin Rader- Representative
Josh Ross -Local 379 President
Kevin Hill- Secretary/Treasurer
Adam Fetter- Representative
Rob Cowell- Representative
Kevin Lytle- Representative
Aaron J. Neiderkahr- Representative

For the Employer:

Amy O'Connor- HR
Tom Robbins- Safety Director
Mark Russell- Law Director
Kelly Carr- Auditor

Comment [ss1]:

INTRODUCTION

The undersigned was duly appointed by S.E.R.B. by letter dated July 8, 2014 to serve as Fact-Finder in the matter of International Association of Firefighters, Local 379 (hereinafter referred to as "Union") and the City of Marion (hereinafter referred to as "Employer") pursuant to OAC 4117-9-5(D). The Parties agreed to extend the deadline for the fact-finding report until November 10, 2014. The hearing was held in Marion, Ohio on October 7, 2014. The Union was represented by Mr. Kevin Rader, representative from Arnett Rader Consulting, Inc. The Employer was represented by Mr. Mark Russell, Law Director for the City of Marion. The parties engaged in mediation, and at the conclusion of mediation agreed to submit the outstanding issues to the Fact-Finder based upon the documentary evidence submitted by the parties in their pre-hearing position statements and discussions had during the course of the day. The parties agreed to waive service of the Fact-Finder's report via overnight delivery and agreed upon service via email.

FACTUAL BACKGROUND

The Employer, the city of Marion, is located in north central Ohio, approximately 50 miles north of Columbus. Marion is the largest city in Marion County and also the county seat. It covers an area of 11.84 square miles, has 12,868 households, and has a population of 36,837. The residents have a median income of \$40,966. Marion is home to the Whirlpool Corporation Dryer Division, has two plants that supply parts for Honda vehicles, is a hub for CSX and Norfolk Southern rail lines, and has several other industrial companies.

The Union consists of all full-time, uniformed employees of the Marion Fire Department. This includes 42 firefighters, 4 lieutenants, 4 captains, 3 platoon chiefs, and 1 fire inspector. There are approximately 54 members in the bargaining unit.

The parties are bargaining for a successor agreement to the Collective Bargaining Agreement (CBA) that expired on March 31, 2014. The parties have a historical bargaining relationship that dates back to the inception of the Ohio Collective Bargaining Law. Prior to meeting with the Fact-Finder, the parties had more than six (6) bargaining sessions which resulted in a number of tentative agreements. As a result of phone conversations and email exchanges, the parties agreed to a fact-finder hearing set for October 7, 2014. After a review of the unresolved issues and a discussion with the Fact-Finder, the parties agreed to use the first part of this session to attempt to resolve outstanding issues using mediation. After several hours of both joint and separate meetings with the parties, it was then agreed that a mediated settlement for the outstanding issues could not be reached.

All tentative agreements made between the parties are deemed to have been incorporated herein and are adopted as part of the parties' final agreement. Those items are:

Article 6: Union Business

Article 10: Probationary Period

Article 11: Seniority

Article 13: Promotions

Article 25: Scheduling Time Off

Article 32: Educational Achievement Pay

Article 42: Tuition Reimbursement

Article 44: Duration of Agreement

Article XX: This is a new article addressing reimbursement for expenses associated with approved educational training.

The unresolved issues are as follows:

Article 16 – Salaries

16.1 Wages

16.2 Pension Fund Contribution

16.3 ERIP Program

Article 29- Health, Hospitalization, Dental and Prescription Insurance

29.1 Insurance

29.3 Health Care Committee

29.4 HSA Contributions

ISSUES

Article 16.1 – Wages

Union Position: The Union is proposing a six (6) percent general wage increase effective upon approval of the six (6) percent reduction of the employer pension pick-up (Article 16, Section 16.2) by the Ohio Police and Fire Pension Board. The union proposes a four (4) percent general wage increase for each remaining year of the agreement to take effect 4-1-2015 and 4-1-2016. The Union is also proposing a compression of the current pay scale for employees hired after January 1, 2010, from ten (10) steps to six (6) steps.

Employer Position: The Employer is proposing a one (1) percent wage increase each year of a three (3) year contract in exchange for and contingent upon the member maintaining an Ohio Fire Fighter II certification. The Employer's position on compression of the current pay scale is that the wage scale would remain the same.

Discussion: The history of wage increases is varied between internal and external comparables. Internally, two groups, AFSCME and CO/CO, have had no wage increase dating back to 2009. CO/CO recently bargained a 4% increase in 2014 and in 2015 while currently AFSME has a wage reopener. The 4% yearly increases are most likely the basis for the Union's wage proposal. It should be noted, however, that IAFF 379 had a 3% increase in 2010 and in 2011 unlike CO/CO. Other internal groups have had average increases between 1.5% and 2.25%. External comparables show a range of increases with a high of 5% in Findley in 2009 to 0.0% increase in many other years for other cities. The average percent increase since 2009 for external comparables ranges from 0.43% to 2.89%. This recommendation would seek a balance between the internal and external comparables. The wage increase, instituted in six-month intervals, would reduce the financial impact to the city budget by spreading the increase into four increments instead of two.

On the issue of compression of the wage scale, I am recommending that current language remain in place. A 2-tier system for wages seems like a quick fix in a financially difficult situation, but in reality, it is only a short term solution with long range effects. If left in place, it can cause internal morale problems and dissatisfaction within the department. I am also recommending that this issue continue to be addressed during Labor Management Committee meetings in an effort to gradually reduce the steps in the pay schedule while minimizing the financial impact on the city. Additionally, any decisions should take into consideration the safety grants which could be impacted by the change in wage scale.

Recommendation: The following changes in regular hourly rates of pay will become effective with this agreement April 1, 2015, on the first full pay period after April 1st each year. Said changes are contingent upon the member maintaining an Ohio Fire Fighter II certification.

04-01-14	0.0% increase
04-01-15	1.5% increase
10-01-15	1.0% increase
04-01-16	1.5% increase
10-01-16	1.5% increase

Article 16.2 - Pension Fund Contribution

Union Position: Currently, the Employer pays six (6) percent of the employee portion of their pension contribution. The Union proposes the elimination of this provision and that the six (6) percent pension pick-up be incorporated into the wage scale as a general wage increase. This proposal would take effect upon approval by the Ohio Police and Fire Pension Board.

Employer Position: The Employer is proposing a "wage shift" of six (6) percent by eliminating the Employer pick-up to the Ohio Police and Fire Pension Board in exchange for a modification of Article 29, Section 29.1, Insurance. The modification would change the Employer contribution to health care from the current 85% to 82.5% and the member contribution from 15% to 17.5% with no caps on the premium.

Discussion: Both the Employer and the Union had proposed the same language concerning the reduction of the pension pick-up and the resulting "wage shift". The Employer, however, had attached a health care caveat which will be addressed later under Article 29.1 – Insurance. A review of internal comparables shows that this shift in pension pick-up is common. AFSCME and COCO have already bargained this shift. Three other groups (IAFF 379, FOP BLUE, and FOP GOLD) have not made this shift but are set to bargain this year. After a review of external comparables, it seems this change in pension pick-up with the resulting wage shift is prevalent. Of the eight comparable cities studied, only one has any Employer pension pick-up and that is Sandusky. All others have a zero (0) % Employer contribution. The wages received for this pension shift are, in most cases, a match to the pension pick-up.

Recommendation: The Employee shall be responsible for the Employer's portion of their contribution to the Ohio Police and Fire Disability and Pension Fund. The Employee shall assume an increase of six (6) % in 2014 pending approval by the Ohio Police and Fire Pension Board. The Employer will provide a one-time six (6) % wage increase to the hourly rate of employees to compensate for this change effective upon approval by the Ohio Police and Fire Pension Board.

Article 16.3 - ERIP Program

Union Position: The Union proposes a reduction of this benefit by limiting employees to no more than sixty-one (61) months of entitlement into the DROP. Beginning April 1, 2015 any employee participating in the ERIP would only be entitled to fifty (50) percent of their base salary upon separation.

Employer Position: The Employer is proposing a change that would enable the Employer the discretion to pay both the incentive and severance pay earlier than the three (3) and five (5) year periods.

Discussion: Both parties addressed different facets of the ERIP program and neither party objected to the recommended changes of the other. This recommendation incorporates the language of both parties while recognizing the financial situation of the city. Additionally, pattern bargaining and the overall fairness across all city bargaining units support the recommendation.

Recommendation:

During the term of the agreement beginning April 1, 2014, the Employer shall offer bargaining unit members, as they become eligible to retire but no later than 61 months after entering the DROP program through the Ohio Police and Fire Pension Fund, an early retirement incentive program. When offered, the program shall consist of a participating employee being offered one (1) year's base salary, at his existing rate of pay, in exchange for his agreement to voluntarily leave employment with the City of Marion by a mutually agreed to date. Beginning April 1, 2015, any participating employee who wishes to utilize the program will be paid one half (1/2) of the employee's base annual salary. The employee shall be required to execute an agreement that permits the incentive payment to be paid over five (5) years and monetary severance to be paid over three (3) years. At the discretion of the Employer, the incentive pay may be paid earlier than the five (5) year period and the severance pay may be paid earlier than

the three (3) year period. The rate of pay for the leave payment shall be the rate the leave would otherwise be paid at had the employee remained on the payroll. The Agreement shall contain all other terms and conditions of the program that the Employer determines to be necessary for legal compliance and liability waiver purposes.

Article 29.1 - Insurance

Union Position: The Union proposes current contract language regarding the cost of the premium split between the Employer and the member which is currently an 85/15 split. The Union also proposes raising the premium cap from \$85.00 to \$100.00 per pay.

Employer Position: The Employer is proposing that the Employer contribution to health care be changed from the current 85% to 82.5% and the member contribution be changed from 15% to 17.5% with no caps on the premium.

Discussion: When reviewing internal comparables, only one contract has been thus far bargained, the FOP Ohio Labor Council Communications Officers/Community Service Technicians, who have agreed to 80% Employer and 20% employee health care contributions without a per pay cap. All other internal comparables would be based on concessions that took place in 2011. These concessions called for an 80% Employer and 20% employee health care contribution and the removal of a per pay cap. External comparables from eight other cities have Employers paying anywhere from 85% to 95.5 % of the healthcare premium and more than half have no caps. In taking into account the external comparables and the fact that an 80/20 split represents concession bargaining, an 85/15 Employer/Employee contribution seems to be a fair compromise. The health care concessions did not include per pay caps on premiums and the Employer has requested that caps be eliminated. If, indeed, the parties agree to an 85/15 split, it should represent a true percent of the premium cost. A cap on the premium could, in effective, negate the intent of an employee paying his/her fair share which would be 15% of the premium cost. Therefore, no per pay caps are included.

Recommendation: The Employer shall continue to offer Health, Dental and Prescription insurance coverages as is recommended by the Joint Health Care Committee and approved by City Council for the life of this agreement. Effective January 1, 2015, the Employer shall contribute eighty-five (85) % and bargaining unit members shall contribute fifteen (15) % for the premium cost of healthcare and ancillary coverage under the applicable plan. There will be no per pay caps.

Article 29.3 - Health Care Committee

Union Position: The Union proposes retention of the current policy.

Employer Position: The Employer's written position statement of issues did not address this.

Discussion: There was discussion in mediation regarding the Health Care Committee and both parties indicated a willingness to continue said committee in its current form. Additionally, the Employer submitted no written position on changes to the Health Care Committee. Therefore, the current language will be retained.

Recommendation: During the life of this Agreement, the City shall continue to use the function of the "insurance committee." The "insurance committee" will be responsible for fulfilling its mission to "determine the insurance benefits provided by the City to all employees by majority vote, subject to the approval of City Council, and to maintain control over health care costs."

Article 29.4 - HSA Contributions

Union Position: The Union proposes new language that would memorialize the current practice. The Employer would contribute 47% of the HSA deductible. Additionally, if there is an increase in the out-of-pocket expense, the Employer would contribute 100% of that amount to the Member's HSA account.

Employer Position: The Employer's written position statement of issues did not address this.

Discussion: The Employer did not address this issue in their written statement. The union proposed language that would capture the current practice of the Employer. After several years of reductions in the Employer's contribution as per the negotiated agreement, the Employer is paying 46.5% of the HSA contribution. The Union proposed a 47% contribution. In reviewing internal comparables, this proposal seems reasonable. Two of the other internal groups, FOP BLUE and FOP GOLD, have Employer contributions of 55% while AFSCME has 50%. External comparables varied. Many

cities do not offer HSA contributions and those that did varied from 90-100% Employer contribution. In reference to an increase in the maximum out-of-pocket expense, the union proposed a 100% contribution of that amount by the Employer. Since the union was agreeable to a 47% Employer contribution to the HSA, it would be reasonable to also keep a 47% Employer contribution in cases where the out-of-pocket expense maximum increased.

Recommendation: The Employer will contribute 47% of the Health Savings Account (HSA) deductible. Any increase of maximum out-of-pocket expense, the Employer will contribute 47% of that amount to the Member's HSA account on the first pay of April and will contribute this amount for the duration of the Agreement unless mutually agreed upon.

November 9, 2014

**Jack Buettner
Fact-Finder**

CERTIFICATE OF SERVICE

The foregoing report was delivered via email on this the 9th day of November, 2014, to Mark D. Russell, Tom Robbins, Josh Ross, and Kevin Rader.

Jack Buettner

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