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STATE OF OHIO
STATE EMPLOYMENT RELATIONS BOARD

IN THE MATTER OF FACT-FINDING BETWEEN:

City of Willowick)	
)	Case No: 2015-MED-09-0802
and)	
)	Factfinder: Colman R. Lalka
Fraternal Order of Police, Lodge 116)	

HEARING

Date of Hearing: July 7, 2016
Location of Hearing: Willowick, Ohio

ATTENDANCE AT HEARING

For the Employer:
Tom Grabarczyk, Consultant
Richard Regovich, Mayor
Cheryl Benedict, Finance Director

For the Union:
Robert M. Phillips, Esq.
Daniel Hirz, FOP Negotiator
Brian Turner, FOP Negotiator
Mark Guerrieri, FOP Negotiator
Bryan Kravos, FOP Negotiator

MEDIATION

Prior to the commencement of the fact-finding hearing, mediation was requested by the parties. The factfinder acted as mediator with four issues being negotiated. One issue, the union's proposed reduction from five years to three in the number of steps to reach the top wage rate, was, for purpose of the mediation, withdrawn. None of the remaining three issues was resolved.

CRITERIA

After giving thorough consideration to the evidence and argument of the parties, the criteria used by the factfinder in resolving the disputed issues were those set forth in Rules 4117-9-05(J) and (K) of the State Employment Relations Board, to wit:

4117-9-05(J). The fact-finding panel, in making findings of fact, shall take into consideration all reliable information relevant to the issues before the fact-finding panel.

4117-9-05(K). The fact finding panel, in making recommendations, shall take into consideration the following factors pursuant to division (C)(4)(e) of Section 4117.14 of the Revised Code:

4117-9-05(K)(1). Past collectively bargained agreements, if any, between the parties;

4117-9-05(K)(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;

4117-9-05(K)(3). The interests 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;

4117-9-05(K)(4). The lawful authority of the public employer;

4117-9-05(K)(5). Any stipulations of the parties;

4117-9-05(K)(6). Such other factors, not confined to those listed above, which are normally or traditionally taken into consideration in the determination of the issues submitted to mutually agreed-upon dispute settlement procedures in the public service or in private employment.

BACKGROUND

The City of Willowick recognizes the Fraternal Order of Police, Lodge 116, as the bargaining representative for certain city employees comprising two Bargaining Units. The two Bargaining Units involved in these proceedings are: 1) Police Officers and 2) Sergeants and Lieutenants. The two Units total approximately twenty-two members, each with a separate Labor Agreement. The Bargaining Units are duly certified by the State Employment Relations Board and had Labor Agreements in effect that expired December 31, 2015.

Formal bargaining between the parties has been ongoing. When impasse was reached, the parties requested the factfinder convene a hearing, attain relevant facts, and prepare a report and recommendations in keeping with ORC 4117 and related Rules and Regulations adopted by SERB. The hearing was convened on the date and at the place indicated above. At that time the parties were provided the opportunity to present evidence and argument in such a manner that would permit the factfinder to render a report and make recommendations on the issues at impasse. The parties waived the statutory provisions of ORC 4117.14(G)(11).

OVERVIEW OF ISSUES

Wages

During mediation, the union proposed wage increases over the next three years of 2%, 2%, and 1%. This was movement from its original proposal of a wage increase of 2% in all three years. The union also proposed, originally, decreasing the number of steps before reaching the maximum rate of pay. During mediation, in an attempt to move this matter forward, the union withdrew that proposal, indicating it would stand on the number of steps as provided in the predecessor agreements.

Health Care Premiums

Employee contribution toward health insurance is also at issue. Currently the city pays 90% of the accumulated total of health, prescription, vision, and dental premiums, with the employees contributing the remaining 10%. The union proposes two options, employee contribution of: 1) 10½% in 2016, 11% in 2017, and 11½% in 2018; or 2) 11%, 12%, and 13%, with a \$250.00 cap for the family plan.

Rank Differential

Regarding rank differential, the Sergeants and Lieutenants predecessor agreement provides for a 10% wage differential between the Patrolman classification and Sergeant and Lieutenant classifications. The union proposes an increase from the current rank differential as follows: 10% in 2016, 10½% in 2017, and 11% in 2018.

Holiday Pay

The parties' predecessor labor agreements provide for six enumerated holidays annually. Bargaining unit members who work any of the enumerated holidays are compensated at the rate of time-and-a-half. However, should an employee be called in or held over to work one of the six enumerated holidays, then that employee is compensated at the rate of double-time. The union emphasizes that its members do not abuse the system by having the scheduled employee call off thereby requiring another employee to be held over or be called in and paid at the double-time rate. The union proposes that an employee working one of the six enumerated holidays be paid at the double-time rate, whether scheduled, held over, or called in.

DEMOGRAPHICS AND FINANCES

The City of Willowick has a population of 14,300, with little industry, and, excluding school districts, has the highest residential effective tax rate of any city, township, or village in Lake County. The city indicates that it finds itself in a financial dilemma. Its current carryover balance of \$1,110,147.00 is the result of seven revenue receipts in 2015 which will not recur in the future. During discussions with the finance director, however, it was noted that two of the seven will, in fact, recur, although the amounts of the recurrence are expected to be less than the amounts received in 2015. The remaining five, which will not recur, total \$791,781.00. Thus, the city argues, in the year 2017 it will be unable finance the union's proposed increases.

The city emphasizes that it has taken steps over the last few years to offset expenditures and generate revenue. The city began charging for rescue squad runs, and, through a change in its charter, is now charging for trash pickup. The city also points out that it reduced its staff by one full-time and one part-time dispatcher and eliminated a private cleaning service for all municipal buildings. That work is now performed by the city's service department.

The city offered into evidence documentation in support of its argument regarding the state of its general fund, revenues, and expenses, as well as comparisons to the finances of other communities. The union does not take issue with the city's statistics. The union goes on to point out, however, that a 10 mill levy has been previously passed, out of which only 7½ mills are assessed. Thus, the union believes, the city can finance its, the union's, proposed increases.

The city points out that members of its police force are well compensated when compared, statewide, to other municipalities, ranking twenty-fourth from the highest. When compared to other municipalities with a population range of 12,000 to 20,000, the pay of its police officers ranks seventh out of a total of fifty-five. A 1% increase takes the top level of Willowick police officers to \$78,000 annually. This increase raises the top level pay of its police officers to fourth out of fifty-five municipalities.

The city's original offer regarding wage increases was 1% across the board for each of the three years of the successor agreements. During mediation, the city's proposal remained unchanged. Additionally, the city originally proposed increasing employee contribution toward health care premiums from the current 10% to 11% the 1st month following execution of the successor agreements, to 12% effective January 1, 2017, and 13% effective January 1, 2018.

During mediation, the city was willing to accept employee contribution of 10% for the remainder of 2016, 11% for 2017, and 12% for 2018. The city originally proposed that rank differential remain unchanged, however, during mediation the city was willing to agree to 10%, 10½%, and 10½%. The city was unwilling to accept the union's proposal of double-time for the six enumerated holidays.

The city prepared a cost analysis of wage increases based on the union's original wage proposal of a 2% increase in all three years of the successor agreements, as well as a cost analysis of the union's proposed increases in the wage differential between ranks. The total cost over three years of the wage proposal amounts to \$124,612.00, and the total cost for the increase in the rank differential over three years is \$309,339.00. These figures are obviously reduced somewhat as a result of the union withdrawing its proposal to decrease in the number of steps to the top wage rate as well as the union's reduction of a 2% wage increase to 1% in 2018.

The city also prepared cost analyses of the city and employee contributions toward health care premiums for the family plan, employee plus spouse plan, the employee plus child plan, and the single plan. For 2017 and 2018 the cost analyses were based on an assumption of 6% increases in each year. For brevity, only the increases in contribution for the family plan are noted herein. Under the city's proposal, in the first month of 2016 after execution of the agreements, employee contribution increases from \$205.46 to \$226.00. In 2017, under the city proposal, employee contribution at 12% increases to \$261.34, and at 13% in 2018 employee contribution increases to \$300.11.

Under the union's proposals, again considering only the family plan, employee contribution in 2016 at 10½% after execution of the agreements, would amount to \$215.73, in 2017 the contribution amounts to \$239.56, and for 2018 the contribution would be \$265.48.

ANALYSIS

As is often the case the case when dealing with finances in times of uncertain economic circumstances, it can be quite difficult for parties as well as a factfinder to maintain a high level of confidence in projections. This is especially so in light of escalating healthcare costs. Nevertheless, all parties involved must deal with these uncertainties when considering the criteria upon which a factfinder is to render recommendations.

On the one hand, the city has a legitimate concern regarding its general fund in the year

2017. On the other hand, the factfinder is not convinced that the city's future finances are so dire as to require bargaining unit members to lose ground in their standard of living. In considering the above criteria in making recommendations with emphasis placed on finances, the factfinder, as a neutral third party, offers the below recommendations.

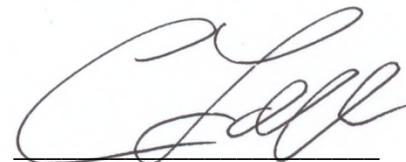
RECOMMENDATIONS

The factfinder recommends Article 11 Wages, Section 11.03, reflect that wages be increased by 2% retroactively to January 1, 2016, be increased by 2% on January 1, 2017, and be increased by 1% on January 1, 2018.

The factfinder also recommends that the wage differential as found in Article 11, Section 11.02, remain unchanged for 2016 and be increased from 10% to 10½% for the years 2017 and 2018.

Regarding employee contribution toward health care premiums. The factfinder recommends that Article 12, Health Insurance, Section 12.03, be modified to reflect employee contribution of 10% for 2016, 11% for 2017, and 12% for 2018.

Finally, the factfinder recommends that Article 16, Overtime, paragraph two of Section 16.01, be modified to reflect that employees who work one of the six enumerated holidays be compensated at the double-time rate, or, in lieu of overtime compensation, be granted compensatory time.



Colman R. Lalka, Factfinder

Dated: August 10, 2016
Madison, Lake County, Ohio