

STATE OF OHIO
BEFORE THE STATE EMPLOYMENT RELATIONS BOARD

In the Matter of Fact-Finding Between

The Ohio Patrolmen's Benevolent Association,

Employee Organization

2017-MED-03-0419 (Lieutenants)

2017-MED-03-0420 (Sergeants)

And

2017-MED-03-0421 (PT Patrol)

2017-MED-03-0422 (FT Patrol)

Springfield Township

Fact-finder: Jerry B. Sellman

Date of Report: January 19, 2018

The Employer

FACT-FINDER'S REPORT AND RECOMMENDATION

APPEARANCES:

FOR THE EMPLOYEE ORGANIZATION:

Jeff Perry, Esq. – OPBA Business Agent representing the OPBA

FOR THE EMPLOYER:

Melisa M. Fisco, Esq. - Senior Consultant, Clemans, Nelson & Associates, Inc. representing
Springfield Township

INTRODUCTION

This matter concerns a Fact-finding proceeding between Springfield Township (hereinafter referred to as the “Employer” or the “Township”) and the Ohio Patrolman’s Benevolent Association, (hereinafter referred to as the “OPBA” or the “Union”). The State Employment Relations Board (SERB) duly appointed the undersigned as Fact-finder on November 8, 2017, to conduct a Fact-finding hearing concerning a new Collective Bargaining Unit for the Lieutenants, Sergeants, Full-Time and Part-Time Patrol Officers with the Employer. A Fact-finding hearing was held on January 4, 2018, at which time the Fact-finder was presented with the following open issues identified and discussed by both parties:

- Article 22 – Overtime/Compensatory Time
- Article 23 - Court Time (Section 2, Jury Duty) Article 19 – Vacation
- Article 25 - Holidays
- Article 26 – Vacations
- Article 27 – Sick Leave
- Article 30 – Personal Leave
- Article 32 – Uniform Allowance
- Article 33 - Wages
- Article 35 - Insurance
- Article 43 – Take Home Vehicle
- Article 46 - Duration

The Fact-finder invited the parties to enter into mediation pursuant to the Ohio Administrative Code and the Policies of SERB in an effort to find consensus on the remaining disputed provisions of the new Collective Bargaining Agreement. The Parties engaged in mediation and were able to mutually agree on language to be used in Article 23, Court Time; Article 25, Holidays; Article 26, Vacations; and Article 32, Uniform Allowance. While concessions were given by both parties on these issues, they were unable to mutually agree on the following issues which remained opened for consideration by the Fact-finder.:

- Article 22 – Overtime/Compensatory Time
- Article 27 – Sick Leave

Article 30 – Personal Leave
Article 33 - Wages
Article 35 – Insurance
Article 43 – Take Home Vehicle
Article 46 - Duration

On the above issues, a Fact-finding proceeding was conducted pursuant to the Ohio Collective Bargaining Law, as well as the rules and regulations of the State Employment Relations Board, as amended. During the Fact-finding proceeding, this Fact-finder provided the parties the opportunity to present arguments and evidence in support of their respective positions on the issue remaining for this Fact-finder's consideration. The Parties waived the taking of a transcript.

In making the recommendations in this report, consideration was given to all reliable evidence presented relevant to the outstanding issues before him, and consideration was given to the following criteria listed in Rule 4117-9-05 (K) of the State Employment Relations Board:

- (1) Past collectively bargained 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 the determination of issues submitted to mutually agreed-upon dispute settlement procedures in public service or in private employment.

I. BACKGROUND

The Employer is the Springfield Township. Springfield Township is located within Mahoning County and serves a population of approximately six thousand seven hundred (6,700) people.

The OPBA represents four (4) bargaining-units, which units include full-time patrol officers, part-time patrol officers, Sergeants, and Lieutenants. There are approximately thirteen (13) employees in these Bargaining Units; the bargaining unit consisting of one (1) lieutenant, one (1) sergeant, six (6) full-time patrol officers, and five (5) part-time patrol officers.

The Parties' Agreement expired May 30, 2017. They agreed to extend the timelines for conducting the Fact-finding evidentiary hearing until January 31, 2018, and waived the provisions of Ohio Revised Code 4117.14 (G)(11) in regard to matters of compensation or other matters with cost implications which may be awarded by a conciliator retroactive to June 1, 2017. The Parties met on seven occasions and signed tentative agreements on several issues. As set forth above, through mediation, they resolved an additional five (5) issues, which left seven (7) issues open for resolution.

The Township avers that it is appreciative of the services that are provided to its citizens by the officers of these competent and worthy bargaining units. As a small township, it still, notwithstanding efforts by both the citizens of the Township and the bargaining units to support and generate improvements, is recovering from the recession a decade ago, decreasing property values, and the actions of the State of Ohio in eliminating tangible personal property tax, estate tax, and CAT revenues, as well as the significant reduction in local government funding. The State has made it clear that local governments should seek local revenue sources. Townships

have had to make hard decisions regarding the expenditure of the funds that they are still receiving and have gone to the electors to seek additional funds through levies.

In order to address these issues, the Township has placed levies on the local ballot, which the citizens have passed, to increase the revenues available to operate the Township and pay necessary wages to its safety forces. The police department is funded by a 1-mill levy (effective until 2020), which has generated an average of \$617,476.00 per year between 2014 through 2016. Total revenue generated from the police levy, while steady, has been insufficient to independently fund the police department, which averages approximately \$884,365 in expenditures and must be supplemented by the general fund by an average of approximately \$229,000 per year. In recent years, general fund expenditures have steadily outpaced general fund revenues by an average of approximately \$115,000 per year between 2014 and 2016. Over the last three years, the Unencumbered General Fund Balance has likewise decreased from \$1,412,472 to \$1,184,136. The Total Unencumbered General Fund Balance, including Real Estate Property Tax, Local Government Allocation, and All Other Sources of Funds, has likewise dropped over the last three years from \$1,989,426 to \$1,852,420.¹

In addition to this income and expense picture, the Township has faced significant increases in the cost of healthcare. The Township has paid the full monthly premium for healthcare for each employee and any dependents, as well as a fully funded HSA. The healthcare plan itself was established in the contract and fixed to benefit levels from 2008, and employees have never been required to contribute a monthly premium contribution or share in the cost of the HSA. Since 2014 the cost of healthcare premiums paid fully by the Township has increased

¹ This decline is less than the Unencumbered Fund Balance primarily due to increased collection of Real Estate Property Taxes over the last three years.

56.4%. The amount of the general fund supplement to the police department, attributed to insurance only, has increased by about the same amount.

In light of the above factors, the focus of the Township is to cut costs where possible while maintaining a high level of service to the community.

The Union recognizes these issues faced by the Township, but notes that these bargaining units have helped the Township out of their budgetary problems in the past through wage concessions. Despite these prior concessions, the Township has not increased the size of the workforce to address an increasing workload and has not increased wages to a more competitive level. While the Township points to increased expenses, the Union believes the Township has sufficient funds to pay for a stabilization of benefits currently provided and pay the small increase in wages sought by the Union members.

II. UNRESOLVED ISSUES

1. ARTICLE 22 – OVERTIME/COMPENSATORY TIME

The Position of the Union

The Union proposes to modify the language in Section 1 of Article 22 that currently provides overtime compensation for work performed in excess of eight (8) hours per day, to provide overtime compensation for work performed in excess of eight hours in a twenty-four hour period.

The Union argues that, under the current language, officers who are required to work two (2) shifts within a twenty-four (24) hour period of time do not get enough rest, and it is a hardship on them. The Union refers to these shifts as “double-backs.” Typically, this occurs when an officer works the afternoon shift and then is called in to work the day shift the next day. Because the work of two shifts is not performed the same day, overtime is not paid. The Union is

requesting that the bargaining unit members be compensated overtime when they are called back to work two shifts in a twenty-four (24) hour period.

The Position of the Township

The Employer opposes the Union's proposal, but seeks several modifications of its own to Section 1. It seeks to modify the language that currently provides overtime compensation for work performed in excess of eight (8) hours per day to work performed in excess of forty (40) hours during the seven (7) day, one hundred sixty-eight (168) hour work period; and to modify the language to exclude paid sick leave time from the calculation of work performed for purposes of overtime.

It opposes the Union proposal because it believes the current language (overtime for work performed in excess of eight [8] hours per day) provides for ease of administration. Moving from a fixed "day" (e.g., 12:00 a.m. to 11:59 p.m.) to a rolling twenty-four (24) hour period will cause confusion in the administration of overtime. The Employer seeks to avoid such errors.

It seeks to calculate overtime on a forty (40) hour, seven (7) day per week basis as a cost savings measure and to provide more efficient and cost-effective public service. Additionally, the only effective way to exclude sick leave from the overtime is to include a new provision in the Agreement. The Township proposes to eliminate paid sick leave from the calculation of overtime as a measure to control costs and demonstrate to the public such expenditures are not unchecked.

Discussion, Findings and Recommendation

The challenge undertaken by a Fact-finder is to balance the financial constraints in which a public entity is situated with the need to adequately compensate bargaining unit employees, considering 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. In addressing the issues raised by the Parties under Article 22, as well as all of the Articles to follow, that balance will come into play in the recommendations to follow.

From the testimony and arguments of the Union in regard to Article 22, the Fact-finder considered the essence of the Union's proposal to move toward a rolling twenty-four (24) hour day to be aimed more at eliminating the assignment of "double backs" than being paid overtime for the work. They believed it to be a safety issue (officers tired) and imposing a burden on the officer. These are not back-to-back shifts, but two shifts within a twenty-four (24) hour period with only one shift off. While paying overtime for this work schedule is a way to compensate the officer for the more taxing work, it does not solve either of the issues raised by the Union or the Township. For the Union, paying overtime does not necessarily stop the practice of "Double Back" scheduling, and it does not eliminate the safety issues raised. Requiring the Township to pay overtime does not necessarily act as an incentive to stop such a practice when it is more likely than not needed because the Township Police Department is small, and there are not enough personnel to avoid such a scheduling practice. Incorporating this language into the new Agreement will probably not stop the need for such scheduling from time to time, and it will increase costs on a Township that has declining revenues and increasing expenses. For these reasons, the proposal of the Union cannot be recommended.

Totally modifying the language in Article 22 to calculate overtime on a forty (40) hour, seven (7) day per week basis may result in a cost savings measure, but it may also deprive the bargaining unit of the benefit of overtime pay for work performed in excess of eight (8) hours per day. In order to prevent the loss of a bargained-for benefit by the Union, and give the Township more traditionally crafted overtime language, I will recommend that the language be modified to

conform to similar language in agreements of comparable jurisdictions incorporating the language “All employees, for work performed in excess of eight (8) hours per day or forty (40) hours during the seven (7) day, one hundred sixty-eight (168) hour work period, shall be compensated...”

The proposal of the Township in regard to excluding paid sick leave time from the calculation of work performed for purposes of overtime makes sense. Since such time is not time worked, it should not be included in the calculation of overtime. I will recommend the proposed language. The recommendations made herein should save the Township money and contribute toward its ability to pay wage increases.

RECOMMENDATION

It is recommended that the current contract language in ARTICLE 22 remain the same, except that language in Section 1 be modified to include additional language to calculate overtime at forty (40) hours during the seven (7) day, one hundred sixty-eight (168) hour work period and to include additional language to exclude paid sick leave from overtime. Section 1 of Article 22 should be modified as follows:

Section 1. Overtime. All employees, for work performed in excess of eight (8) hours per day or **forty (40) hours during the seven (7) day, one hundred sixty-eight (168) hour work period**, shall be compensated at the employee's election, either at a) rate of one and one-half (1 1/2) times the employee's regular hourly rate for all overtime or b) compensatory time computed at the same rate to be taken in the future as approved. For the purpose of calculating overtime, work performed shall be defined to include all ~~compensated time~~ **hours worked**, including ~~paid sick leave~~, vacation leave, compensatory time off, and holidays, **but excluding paid sick leave. Compensation shall not be paid more than once for the same hours under any provision of this Article or Agreement.**

2. ARTICLE 27 – SICK LEAVE

The Position of the Union

The Union proposes to modify the provisions of Section 10 to increase sick leave

conversion upon retirement from the current forty percent (40%) of unused sick leave up to a maximum of eight hundred (800) hours to fifty percent (50%) of unused sick leave up to a maximum of one thousand (1000) hours. It opposes the Township's proposal to eliminate sick leave in the calculation of accumulation of sick leave and opposes the Township's proposal to eliminate the transfer of sick leave earned with another public employer to the Township.

The Union argues that the Township currently provides this increased benefit to the bargaining unit members of the Township Road Department, and they are entitled to the same benefit. It opposes the Township's proposals on the basis that the occurrence of those events (sick leave accumulated in calculation and transfer of sick leave from another public employer) does not occur that often to warrant changing the language in the Agreement.

The Position of the Township

The Township opposes the Union's proposal to increase the "sick leave conversion at retirement" benefit; it proposes to modify the language in Section 3 that employees not accumulate sick leave for conversion at retirement while on sick leave; and it proposes that sick leave earned with another public employer shall not be transferable to Springfield Township.

The Employer rejects the Union's proposal to increase the sick leave conversion benefit because it considers it to increase future personnel costs. It argues that the current sick leave conversion upon retirement benefit is generous compared to other collective bargaining agreements and R.C. 124.39, which provides that the maximum payment shall be one-fourth (1/4) of one hundred twenty days (or 960 hours).

The Township proposes that employees not accumulate sick leave credit while on sick leave. Currently, employees accumulate sick leave during actual hours worked, holidays, vacation leave, other special leaves of absence with pay, and sick leave. Similar to the

Employer's proposal to exclude sick leave from the overtime calculation, not permitting employees to accrue sick leave while on sick leave is a reasonable and fiscally responsible proposal.

The Township proposal that sick leave earned with another public employer not be transferable to Springfield Township is a fiscally responsible position to take in order to reduce future costs of the Township.

Discussion, Findings and Recommendation

The issues raised in regard to sick leave under this Article relate to the Union seeking more money for bargaining unit members and the Township seeking additional avenues to save costs. While the Road Department and some other jurisdictions have an increased benefit in the amount of sick leave that can be cashed in upon severance from the Police Department, the evidence does indicate the current benefit to this bargaining unit is more than that contained in other collective bargaining agreements and R.C. 124.39. While the Township needs to find additional avenues to save money, this is one that will have little current impact considering the age of the current bargaining unit members. At least this modification was referred to by the Township as preventing the increase of future personnel costs. As such, the modifications sought by both parties would appear to have little impact during the next three-year term of the new agreement. As such, my recommendation will be to retain current language in regard to increasing the sick leave conversion.

In regard to excluding sick leave from the calculation of accumulated sick leave and excluding the transfer of sick leave from another public employer, I have a different opinion. Sick leave is earned through hours of service. It makes sense to permit the accumulation of credit for sick leave for certain authorized absences, such as holidays or vacation days. The Township

has a point that sick leave should not be credited for being sick. As argued by the Township, it is a reasonable and fiscally responsible to exclude this, and I agree.

While meritorious arguments were made by the Township about the possibility of saving money in the future by excluding the transfer of sick leave from another public employer, no evidence was presented to support this conclusion. At the same time, such a provision could very well not be in the best interest of the citizens of the Township. If the Chief of Police had the opportunity to hire a talented individual, either on a part-time basis or a full-time basis, he could be restricted by this provision. Without having more information to support the modification of this provision, I cannot recommend it to be incorporated into the new agreement.

RECOMMENDATION

It is recommended that the current contract language in ARTICLE 27 remain the same, with the exception that new language be incorporated excluding sick leave as an authorized absence for the accumulation of sick leave in Section 3. Article 27 shall remain the same, except Section 3 shall be amended as follows:

Section 3. Sick Leave Accumulated During Authorized Absences. Employees absent from work on authorized holidays, ~~sick leave~~, vacation leave, or on special leave of absence with pay shall continue to accumulate sick leave at the rate prescribed in Section 1 above, except that the period of accumulation shall not exceed six months.

3. ARTICLE 30 – PERSONAL LEAVE

The Position of the Township

The Township proposes to modify the provisions of Section 2 to increase the amount of time in which an employee may request the use of personal time from two [2] hours to seventy-two [72] hours' notice. Additionally, the Township proposes that a request for the use of personal leave be approved by the Chief/designee and is subject to the operational needs of the

Department.

The Township argues that the current language creates operational difficulty. When employees call off with very short notice, it leaves the Chief/designee with little time to find a replacement for the shift. Since this police department is a small department, it is critical for the Chief/designee to maintain control over the schedule, including the approval/denial of time off requests.

The Position of the Union

The Union proposes to maintain current language. It argues that there has been no demonstration of problems in implementing the current policy and other departments in the area have similar language or practices.

Discussion, Findings and Recommendation

While the two (2) hours notification seems quite short, there was no specific evidence presented demonstrating that this short period caused scheduling problems to the degree that a change is needed, nor was any evidence presented indicating that notifying a ranking senior officer, instead of the Chief, caused any problems in the past. Further, there was no evidence to indicate that expanding the notification period to seventy-two (72) hours was needed or more than just preferable. As such, I find no basis for modifying the current contract language.

RECOMMENDATION

It is recommended that current contract language be retained.

4. ARTICLE 33 – WAGES

The Position of the Township

The Employer proposes, effective upon execution of the Agreement, that bargaining unit employees receive a lump sum payment equivalent of one percent (1%) in consideration of the time period from May 31, 2017, through January 1, 2018; effective January 1, 2018, bargaining unit employees receive a two percent (2%) general wage increase; and effective January 1, 2019, bargaining unit employees receive a two percent (2%) general wage increase. Additionally, the Employer proposes a modified seven (7)-step wage schedule for full-time patrol officers hired after execution of the Agreement.

The Township believes that an increase is due the bargaining unit, but modest increases are necessary in order to reverse the deficit spending over the last several years. The police 1-mill levy funding the police department, which will expire in 2020, has generated an average of \$617,476.00 between 2014 through 2016, but has been insufficient to independently fund the police department, which averages approximately \$884,365 in expenditures and must be supplemented by the general fund by an average of approximately \$229,000 per year. General fund expenditures have at the same time steadily outpaced general fund revenues by an average of approximately \$115,000 per year between 2014 and 2016.

In 2014, total police department expenditures were approximately \$867,925.00, but total police revenue was approximately \$571,043.45. The shortfall was compensated by other department revenues and a large supplement from the general fund of \$227,402.00. Two years later the situation had not improved. In 2016, total police department expenditures were approximately \$900,806, but total police revenue decreased from the prior year to approximately

\$631,758.00. The shortfall was compensated by other department revenues and an even larger supplement from the general fund than the previous year by about \$45,000 (\$275,454.00). The Township cannot afford the increase sought by the Union.

The Township's wage proposal is consistent with the current statewide average of 2.1% wage increases and above average for bargaining units in the Warren/Youngstown area, which is at 1.6%, as reported in SERB's Annual Wage Settlement Report. The Township argues that bargaining unit members are currently compensated equitably in comparison to employees in comparable jurisdictions. It compares wages paid to these bargaining unit members to the wages paid to officers in Beaver, Campbell, Columbiana, Poland, Salem, St. Clair, and Struthers jurisdictions. Examples were given as follows:

Patrol

<u>Jurisdiction</u>	<u>Minimum</u>	<u>Maximum</u>	
Beaver	\$14.42	\$26.57	8/20
Poland	\$16.20	\$25.59	12/10
Columbiana	\$14.66	\$25.21	7/10
Salem	\$16.00	\$24.62	7/5
Springfield	\$16.31	\$21.88	3/2
Struthers	\$17.94	\$21.23	5/4
Campbell	\$16.12	\$19.09	5/10
St. Clair	\$13.40	\$18.29	8/6

Sergeants

<u>Jurisdiction</u>	<u>Minimum</u>	<u>Maximum</u>
Poland	\$28.09	\$30.21
Beaver	\$27.16	\$29.66
Columbiana	\$25.98	\$27.68
Salem	\$27.08	\$27.08
Springfield	\$24.84	\$24.84
Struthers	\$23.34	\$23.34
Campbell	\$19.49	\$21.14
St. Clair	\$21.03	\$21.03

Lieutenants

<u>Jurisdiction</u>	<u>Minimum</u>	<u>Maximum</u>
Salem	28.43	28.43
Springfield	\$28.07	\$28.07
Campbell	\$21.63	\$21.63

When comparing total compensation, the bargaining unit fell in the same position compared to the other units.

The modified seven (7)-step wage schedule for new hires will not adversely affect any current bargaining unit employee and is in line with the wage schedule time frame in comparable jurisdictions. Under the current wage schedule, employees reach the top rate of pay after just two (2) years. This is in contrast to comparable jurisdictions where a patrol officer must work nine (9) years to reach the top rate of pay, as set forth below.

<u>Issue:</u>	<u>Steps / Years to Reach the Top Rate of Pay</u>
Classification:	Patrol Officer
<u>Jurisdiction</u>	<u>Steps / Years</u>
Beaver	8/20
Campbell	5/10
Columbiana	7/10
Poland	12/10
Salem*	7/5
St. Clair	8/6
Struthers	5/4
Average	7/9
Springfield	3/2
Differential	4/7

The modified wage schedule allows the Township discretion in placing a new employee with experience above the start rate and up to the Year 4 rate of pay.

The Position of the Union

The Union proposes a wage increase of three and one-half percent (3.5%) effective June 1, 2017; a wage increase of three and one-half percent (3.5%) effective June 1, 2018; and a wage increase of three and one-half percent (3.5%) effective June 1, 2019 through May 31, 2020.

When comparing the wages of this bargaining unit to those of other comparable jurisdictions, the officers are underpaid. While the Township suggested to the Fact-finder that seven other jurisdictions were comparable, Salem, Struthers, Campbell and Columbiana are cities and should not be considered comparable to a township. Further, St. Clair, while perhaps similar in size to Springfield Township, is a city not in Mahoning County and should not be considered comparable. Only Poland and Beaver townships are realistically comparable and, even looking at the comparisons set forth by the Township, it is clear these bargaining unit members are underpaid.

Comparing the top 2017 wage of a ten-year patrolman in Beaver Township (\$53,580) and Poland Township (\$55,307) with that of Springfield Township (\$45,510), the Union argues that its patrolmen are not only behind, they are paid only 83.59% of the average wage among all three. When comparing the patrol bargaining unit wages to the top 2017 wage of a ten-year patrolman in sixteen surrounding townships (\$41,833 to \$59,516) this patrol bargaining unit's wages are at 87.02% of the comparable wages. Comparing the top 2017 wage of a ten-year Sergeant in Poland Township (\$62,836) with that of Springfield Township (\$51,667), Sergeants in Springfield Township are not only behind, they are paid only 82.22% of the average wage among the two. When comparing Springfield Sergeant's bargaining unit wages to the top 2017 wage of a ten-year sergeant in sixteen surrounding townships (\$45,718 to \$73,382) this bargaining unit's wages are at 87.38% of the comparable wages. Comparing the top 2017 wage

of a ten-year Lieutenant in Beaver Township (\$61,692) with that of Springfield Township (\$45,510), Springfield Lieutenants are not only behind, they are paid only 94.64% of the average wage among the two. When comparing the Lieutenant bargaining unit wages to the top 2017 wage of a ten-year Lieutenant in six surrounding townships (\$54,204 to \$80,877) the Springfield bargaining unit wages are at 87.42% of the comparable wages.

The Union argues that while SERB's most recent Annual Wage Settlement Report (wages through 2016) shows an average of 2.1% wage increases statewide and average wage increases of 1.6% for bargaining units in the Warren/Youngstown area, it also shows average wage increases of 2.24% for employees in Townships and average wage increases of 2.36% for employees in police jurisdictions. Given the fact that our bargaining units are lagging behind the most comparable jurisdictions, the 3.5% wage increases are reasonable.

While the Union recognizes that revenues have not significantly increased over the last several years, National reports and forecasts are very positive that the economy is growing in several sectors. The Township still maintains strong unencumbered reserves and the small increase sought by the bargaining units are affordable to the Township.

Discussion, Findings and Recommendation

The financial reports of the Township demonstrate declining revenues and increasing expenses over the last three years. Overall, the percentage of shortfall to unencumbered reserves has been a relatively small percentage, but continued deficit spending will erode otherwise healthy carryovers. The Trustees are prudent to address these issues and must determine where expenses are to be cut, while at the same time maintaining expected services to its citizenry. In spite of this condition, the Township is proposing a wage increase for the Police Officers in recognition that in order to provide competent safety forces for the protection of the community,

it must adequately pay the Officers. The issue is not whether an increase is affordable or deserved, but how much is appropriate in light of a number of factors. When considering the appropriate wage rate to be paid, consideration must be given to internal and external wage comparisons, consistency of a wage and benefit package offered and given to employees by the public employer in the same governmental sector, the total wage and benefit package taken as a whole, and the impact of those wages in light of the interest and welfare of the public.

The Employer's primary argument is that its officers are paid at a comparable wage rate to officers of other comparable jurisdictions, particularly those with a population the size of Springfield Township.

While the minimum wages paid to these bargaining unit members are relatively comparable to police officers of jurisdictions of comparable size, the evidence demonstrates that the maximum wages paid are not. Whether an increase is needed to keep the members of this bargaining unit at a comparable level or assist them in lessening the comparable wage gap, there is no doubt an increase is justified.

Any increase in wages must take into consideration both the financial condition of the Township and the changes the Township is requesting in insurance premium contribution of the bargaining unit. The Union's argument that the wages proposed by the Township are insufficient to cover the higher health insurance premium contributions, is indeed a cogent argument, since the Township's proposed wage increase, applied to the bargaining unit members current wages, would not cover the proposed (anticipated) health care premium contributions. Since I will be recommending most of the changes requested by the Township on Health Insurance (discussed below), consideration must be given to the wage increases.

Recognizing the financial condition of the Township, the pay currently received by this

bargaining unit, and the changes that will be recommended on health insurance, it is my determination and recommendation that a wage increase in the amount of two and one-half percent (2.5%) for each year of the Agreement is warranted and affordable by the Township. Considering the application of a 2.5% increase to the *maximum* salary of \$45,510 for a patrol officer is \$1,137.75, this does not result in a significant increase, or increases based upon the size of this bargaining unit,² and does cover most of the additional cost of a bargaining unit member family premium contribution (as will be recommended). This level of increase, when considered in light of the other cost savings discussed in this Report, is not outside the bounds of the goal of the Township to keep expenses in check.

I have considered the request of the Township to incorporate a seven-step wage scale; the Union was willing to consider a four-step wage scale (currently three). Based upon the current low wage scale of the police officers, there was insufficient evidence submitted to determine the overall impact of this proposal on the ability to attract officers and the significance of the money to be saved over the next three years. As such, I will be recommending retention of current contract language on this issue.

In summary, a two and one-half percent (2.5%) wage increase for each year of the Agreement is recommended. This wage increase will help keep the bargaining unit members more competitive with comparable jurisdictions, is in the best interest and welfare of the public, and is within the ability of the Township to finance and administer the increase during the term of the proposed new Agreement.

RECOMMENDATION

It is recommended that wages of the bargaining unit members be increased by two

²²² This is in recognition that there are five patrol officers, one lieutenant and one sergeant with a higher wage scale, and some part-time officers.

and one-half percent (2.5%) each contract year (2017, 2018, 2019) and retroactive to June 1, 2017; it is not recommended that the seven-step wage scale be put in place.

5. Article 35 - INSURANCE

The Position of the Township

The Township proposes new language to provide all full-time bargaining unit employees the same medical insurance health plan as provided to other Township employees under a group insurance plan; that effective January 1, 2018, bargaining unit members contribute ten percent (10%) of the total cost of health insurance premiums; that the Township would maintain the current HSA funding structure and/or implement an HRA funding structure; and the Township will agree to meet with the Union prior to the implementation of any new plan and/or carrier to discuss new plan design. The Employer proposes to delete language providing that the Township will pay the full premium and fully fund the deductible of any HSA, and that the minimum coverage shall be that which was in effect as of May 1, 2008.

The Township argues that under the proposed language it will have the ability to adopt cost containment measures in consideration of projected costs, market availability of coverages, and utilization. In the past several years, the Township has faced exorbitant year-over-year increases in health insurance premium costs. Since 2014, overall insurance costs have increased over fifty-six percent (56%). The problem is two-fold. First, the Township has limited ability to implement cost containment measures, such as increasing co-pays, deductibles, etc., because health insurance benefits are established in the contract as “minimum coverage...in effect as of May 1, 2008,” including a fully-funded HSA (\$5,000 for family and two-person and \$2,500 for single). Second, employees covered under the plan have never been required to contribute to

healthcare. The Township has paid the full premium and HSA for hospitalization, medical, dental, and vision.

Insurance costs and the Township's inability to control said costs have forced the Township to continue to dip into the general fund to supplement the department. In 2014, the general fund supplement to the police department, for insurance only, was \$90,000. In 2015, this amount increased to \$120,416.00, and in 2016, this amount increased to \$147,870.04.

Without the ability to offer a Township wide insurance program and start a program of employee contribution to premiums, the Township cannot offer insurance to its employees on a sustainable basis.

The Position of the Union

The Union proposes to modify the language in Article 35 to provide that any new insurance coverage shall, at a minimum, be substantially similar to that in effect as of May 1, 2008. Additionally, while the employees paid no contribution toward premium costs in the past, it proposes that employees pay a maximum \$25, \$50 or \$75 per month towards the premium costs for single, employee plus one or family plan, respectively. Employees who become members of the unit or have an increase in the number of dependents during a calendar year shall receive the pro rate deductible.

The Union understands that a large portion of the public employees in the State pay a portion of their insurance costs. In the past, the Township provided and paid the full premium, and fully funded the deductible of any family hospitalization, medical, dental, eyeglasses, and Health Savings Account on behalf of each employee, in exchange for the bargaining unit accepting lower wages. The bargaining unit is willing to move in that direction of paying some of a percentage of the premium costs, but wants a cap on the amount of out-of-pocket costs to

prevent the increased insurance costs outpacing any increase in wages.

The best comparable jurisdictions in the area are Beaver Township and Poland Township. Both make a great deal more than Springfield Township officers. While Beaver's officers pay \$150 per month towards the cost of their insurance, they also make about \$7,000 more than Springfield officers. Poland Township officers do not have to pay anything for their insurance, yet they still make almost \$10,000 more than Beaver Township officers.

The Union is willing to change and start contributing towards the cost of insurance, but those contributions should be minor when compared to the officers in surrounding jurisdictions. The entire compensation package offered to the bargaining unit needs to take into consideration wages and insurance costs.

Discussion, Findings and Recommendation

Insurance costs continue to rise each year; the only unpredictable aspect of health insurance is the amount of the increase. It is no surprise to the Township or to this bargaining unit that a fully funded plan is not feasible in this day and age, unless wages are to remain stagnant or reduced. Stagnant wages are not an attractive option. The primary way to offer the most affordable plan to public employees, is to obtain plan coverage for all employees within a governmental unit. That is what the Employer is proposing to do in this instance. To offer the best coverage possible, the Township must have contributions from its employees in order to make the plan work. The Fact-finder recognizes the unattractiveness of this to a bargaining unit that has enjoyed the benefit of a fully-funded plan. The Township submitted evidence sufficient to demonstrate that employee contributions are necessary to keep the level of plan benefits the same, or as close to the same as possible.

The Union seeks to have the Township offer the bargaining unit only plans that have

coverage that is substantially similar to that which was offered in 2008. The evidence supports a conclusion that such a request is unworkable due to the vagaries of the insurance industry. It is in the best interest of the Township Trustees to offer all of its employees the best plan possible, and there is no basis on which to conclude that it would seek an inferior plan. As such, this bargaining unit, as well as all of the other employees of the Township, must work with the Township in seeking a workable plan for all.

The Union has a valid argument that requiring it to pay an undetermined ten percent (10%) of a premium cost could dramatically impact any wage increase. While the amount of the contribution over a three-year period may vary, it, again, is in the best interest of the Township to keep premium costs as low as possible for all. Because of the dollar amount of the increase recommended in the 2.5% wage increase, the Fact-finder deems it feasible for the Township and necessary for the bargaining unit members to have a cap on the amount of any increase over the three-year contract period. The cap proposed by the Union, compared to the anticipated amount of premium contributions at 10%, is too costly for the Township. After discussing the situation with the Parties in light of the evidence submitted, it is my recommendation that the 10% premium contribution be adopted, with a monthly cap of \$50 for a single plan, \$75 for an employee plus one plan, and \$100 for a family plan.

The Township is willing to maintain the current HSA funding, but proposes an option to structure/implement an HRA funding structure as necessary or required under a plan. I believe this is reasonable in light of the recommendation to have a monthly cap on premium contributions.

RECOMMENDATION

It is recommended that the Employer's plan be approved to provide full-time bargaining unit employees the same medical insurance health plan as

provided to other Township employees under a group insurance plan. Such group insurance may be provided through a self-insured plan or an outside provider. Further, bargaining unit employees shall contribute ten percent (10%) of the total cost of health insurance premiums, but such contribution shall not exceed \$50 per month toward the premium costs for singles, \$75 per month toward the premium costs for employee plus one, or \$100 per month toward the premium costs for a family plan, respectively. Employees who become members of the unit or have an increase in the number of dependents during a calendar year shall receive the pro-rata deductible. The Employer will meet with the Union prior to the implementation of a new plan and/or carrier to discuss a new plan design. In addition to the medical insurance plan provided for above, the Township agrees to either maintain the current HSA funding structure and/or implement an HRA funding structure. Funding for the HSA or HRA shall be allocated in the manner established by the Township up to the maximum provided applicable law.

The following is the recommended language for Article 35:

ARTICLE 35
INSURANCE

Section 1. Health Insurance Offering. The Employer agrees to provide full-time bargaining unit employees the same medical insurance health plan as provided to other Township employees under a group insurance plan. Such group insurance may be provided through a self-insured plan or an outside provider. Cost containment measures may be adopted by the Employer in consideration of projected costs, market availability of coverages, and utilization. The costs and/or terms and conditions of said insurance shall be at the discretion of the Employer and may be subject to change. The Employer will meet with the Union prior to the implementation of a new plan and/or carrier to discuss new plan design. Eligible employees may elect the base or alternate plan(s), if offered, and single or family coverage (or other appropriate and available tier) at their option and in accordance with the provisions/requirements of the plan(s).

Section 2. Employer and Employee Contribution. Effective January 1, 2018, bargaining unit employees shall contribute ten percent (10%) of the total cost of health insurance premiums, but such contribution shall not exceed \$50 per month toward the premium costs for singles, \$75 per month toward the premium costs for employee plus one, or \$100 per month toward the premium costs for a family plan, respectively. Employees who become members of the unit or have an increase in the number of dependents during a calendar year shall receive the pro-rata deductible.

Section 3. HSA/HRA Structure. In addition to the medical insurance plan provided for above, the Township agrees to either maintain the current HSA

funding structure and/or implement an HRA funding structure.

Funding for the HSA or HRA shall be allocated in the manner established by the Township up to the maximum provided applicable law.

~~Section 1. The Township will provide and pay the full premium and fully fund the deductible of any Health Savings Account on behalf of each employee and family hospitalization, medical, dental, and eyeglasses. The minimum coverage shall be that in effect as of May 1, 2008.~~

Section 4. Insurance coverage shall also be provided the surviving spouse or eligible children of a deceased employee for a period of three (3) months after death.

Section 5. The Township will provide and pay the full premium for all full-time employees for a life insurance policy in the face amount of twenty-five thousand dollars (\$25,000.00).

Section 6. The Employer will provide a sickness/accident policy in the amount of five hundred dollars (\$500.00) per month for a full-time employee.

6. ARTICLE 43 – TAKE HOME VEHICLE

The Position of the Township

The Township proposes to modify the language in Article 43 by providing that at least two (2) cruisers must be left at the headquarters at all times.

For some time, only one (1) cruiser was required to remain at headquarters at all times. Initially, the Employer proposed to delete the article in its entirety. However, as a compromise, the Employer has proposed the modification to address the current problem/inefficiency of bargaining unit employees leaving cruiser(s) parked off site and officers on duty having to retrieve the vehicle. It is time consuming to retrieve the vehicles and easily solved by keeping another vehicle on the premises.

The Position of the Union

The Union argues that the benefit of taking home a cruiser was negotiated into the

Agreement quite some time ago, and it has served the parties well. Other departments have similar language in their Contracts, including the Road Department. The Union argues that the Township has presented no convincing argument to change from the current contract language.

Discussion, Findings and Recommendation

The Union negotiated this benefit into the Agreement some time ago and, if it is to be recommended that they reduce the benefit, there must be a good reason for doing so. I understand the argument of the Chief of Police that having an additional cruiser at headquarters would be a benefit and that sending an officer out to get a cruiser, if needed, is costly and time consuming. Nonetheless, there were insufficient particulars to support a change in this previously bargained-for benefit, regardless of the cost factors. Since cruisers cannot be taken outside the Township, which is not a large geographical area, the cost savings compared to the bargained-for benefit does not appear to be significant or warrant a change.

RECOMMENDATION

It is recommended that the current language contained in Article 43 be retained.

7. ARTICLE 46 – DURATION

The Position of the Township

The Employer proposes the contract be effective upon execution and expire three (3) years later. Since more than six (6) months has passed since the expiration of the Agreement, the Township does not want to incur the costs of negotiating a new contract in a short period of time. It is willing to pay a wage bonus for the months from June through December, but it is administratively more convenient to then have a contract for a full three years.

The Position of the Union

The Union proposes that the Agreement be effective June 1, 2017, and remain in full force and effect until March 31, 2020. It has been the industry standard and the practice of the parties to extend a new Agreement for an additional three (3) years after its expiration date. The Township has provided no compelling reason for changing this. Additionally, the Union does not want a new contract expiring at the end of January, which would be the case if the Township's proposal was recommended.

Discussion, Findings and Recommendation

I see no compelling reason to change the provisions of the Duration Article. The past history of the Parties has been to negotiate mid-year, and without a compelling reason or mutual agreement to change this, it is not recommended.

RECOMMENDATION

It is recommended that Article 46, Section 1, provide that this Agreement shall become effective June 1, 2017, and shall remain in full force and effect until May 31, 2020. Section 2 shall provide that the notice provision shall be changed from the year 2017 to the year 2020. Article 46 shall be modified as follows:

ARTICLE 46 DURATION OF AGREEMENT

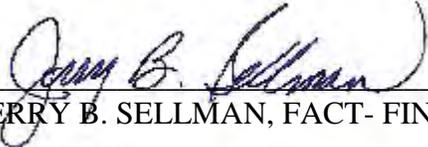
Section 1. This Agreement represents the complete Agreement on all matters subject to bargaining between the Employer and the OPBA and as otherwise noted herein shall become effective June 1, ~~2014~~ 2017 and shall remain in full force and effect until May 31, ~~2016~~ 2020.

Section 2. If either party desires to make changes in the Agreement for a period subsequent to May 31, ~~2016~~ 2020, notice of such desire shall be given prior to March 31, ~~2016~~ 2020. If such notice is given, this new Agreement shall remain in full force and effect until the parties reach agreement on a new contract

CONCLUSION

In conclusion, this Fact-finder hereby submits the above referenced recommendations on the outstanding issues presented to him for his consideration. Further, the Fact-finder incorporates all tentative agreements previously reached by the parties and recommends that they be included in the Parties' Final Agreement.

January 19, 2018



JERRY B. SELLMAN, FACT- FINDER

CERTIFICATE OF SERVICE

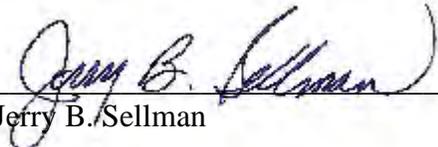
The undersigned certifies that a true copy of the Fact-finder's Report was sent by E-mail on January 19, 2018 to:

SERB

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