

7, 1996 concluded on the same day, and by mutual agreement of the parties the time for the fact-finder to prepare and issue a report was extended to the close of business on March 22, 1996.

BACKGROUND

The city of Ironton, Ohio recognizes American Federation of State, County and Municipal Employees, Ohio Council 8, AFL-CIO, and Local 771 as the sole and exclusive representatives of full-time employees of the city of Ironton within a bargaining unit comprised of thirty-one classifications. These classifications are Parking Meter Attendant, Income Tax Clerk 2, Heavy Equipment, First Class Maintenance, Meter Reader, Water Distribution and Meter Reader, Mechanic, Waste Water Treatment Operator Trainee, Wastewater Treatment Operator 1, Wastewater Treatment Operator 2, Truck Drivers, Automotive-General Service Man, Refuse Truck Drivers, City Garage Custodians, Income Tax Clerk 1/Traffic Department Clerk, Light Equipment Operator, Refuse Collector, Laborers, City Building Custodian, Water Supply Trainee, Water Supply Operator 1, Water Supply Operator 2, Electrician, Civilian Dispatcher, Water Clerk 1, Collections System Operator Trainee, Lab Technician (water/waste water), Leader Wastewater Treatment Plant, Collections System Operator 1, Collections System Operator 2, and Chief Operator-Water Filtration.

The parties to this fact-finding, the city of Ironton and the exclusive representatives of the bargaining unit described above,

operated under a predecessor collective bargaining agreement that was in effect from February 1, 1993 through January 31, 1996.

Effective January 5, 1996, in compliance with Ohio Revised Code section 4117.14(C)(3), the Ohio State Employment Relations Board appointed the undersigned as fact-finder to provide fact-finding to the parties and to present to the parties and the State Employment Relations Board a written report of findings of fact and recommended contract language no later than a mutually agreed date to be established by the parties. Pursuant to Ohio Administrative Code section 4117-9-05(G), the mutually agreed date in this case is March 22, 1996. A formal fact-finding session was convened and completed on March 7, 1996, at a location and time mutually agreed by the parties. At this fact-finding session the parties presented facts and arguments in support of their respective positions and participated in a process of fact-finding overseen by the fact-finder.

To the parties' credit their bargaining of a new collective bargaining agreement, to take effect February 1, 1996, produced agreement on a number of articles to be included in the parties' successor collective bargaining agreement. Some of this agreed language, when it becomes effective through a successor agreement, will produce a financial impact upon the Employer. While the parties were unable to reach agreement as to wages, health insurance, and contract duration, the particular issues addressed by the fact-finder in this report, evaluating the issues at impasse requires some consideration of the articles already agreed by the

parties and the financial impact upon the parties as a result of this agreed language. It is within the context of what has already been agreed that the issues at impasse may be better evaluated.

Among the articles already agreed by the parties for their successor agreement is an increase in meal tickets among employees required to work overtime, from \$4.50 for every four hours of overtime to \$5.50 for every four hours of overtime. The Employer reports that in 1995 the average cost for this meal ticket program per employee was \$100.00 and the increase agreed by the parties amounts to a 22% rise in this figure. With approximately fifty-two employees in the bargaining unit, at an average annual cost per employee of \$100.00, the increase represented by Article 9, section 7, subsection B, as it relates to meal allowances, amounts to about \$1,000.00 per year.

Article 11, section 9, subsection C, reduces the time period needed to become eligible for a payout of sick leave upon retirement from a minimum of ten years of service to six years of service. At this time the city of Ironton has only two or three individuals within the bargaining unit who would fit into this category within the next four to five years, with a maximum impact of about \$2,200.00 per person. The fact-finder does not find a significant identifiable financial impact upon the Employer under this new agreed language in the near term, that is, the duration of the parties' new collective bargaining agreement.

The parties agreed to new language within Article 11, section 11, which requires the city of Ironton to pay insurance premiums

for an employee who has been injured on the job for up to three months beyond the twelve weeks required by the Family Medical Leave Act (FMLA). This obligates the city of Ironton to six months of payments for any employee injured on the job who is unable to return to work after twelve weeks' leave is exhausted. As premiums for health insurance increase, so does the potential liability of the city under this agreed language. The city reports that in 1995 the language would have cost the city \$1,017.00 per injured employee. The financial impact upon the city of Ironton under this language is difficult to determine without identifying a particular injury, duration of leave, and type of insurance coverage enjoyed by the injured worker at the time of the injury. However, the fact-finder views Article 11, section 11 as increasing the financial exposure of the city of Ironton in relation to the employees of the bargaining unit, and while the exact cost of this language is difficult to project, the fact-finder finds this language has the capacity to make available to bargaining unit members benefits that were not available under the predecessor agreement.

Article 15, section 1 provides for higher salary steps to be reached faster by newly hired employees. This language provides that new hires move to a higher rate of pay at an earlier date than was the case under the parties' predecessor agreement. This language also empowers employees to begin health insurance coverage a month earlier than under the predecessor agreement, at a cost, for family coverage, of \$338.95 per month. The fact-finder views Article 15, section 1 as producing a substantial financial impact

upon the city in the near term, especially as approximately six new employees are soon to be hired within the bargaining unit.

Article 21 as agreed by the parties reduced from twenty years to eighteen years the number of years of service an employee must possess to be entitled to a fifth week of vacation and one additional day of leave for each two years of service. The financial burden to the city under this language is comprised of paying employees for additional time off. Of the fifty-two bargaining unit members in 1996, fourteen will be entitled to an extra week of vacation as a result of this agreed language, in five years the bargaining unit would remain constant at about fourteen employees, but in ten years the bargaining unit could almost double, to twenty-three employees, those who are entitled to this extra week of vacation. The fact-finder views the changes to Article 21 as increasing a financial burden to the city of Ironton and increasing the leave benefits of bargaining unit members.

ISSUES AT IMPASSE

The fact-finder presents the issues about which the parties have been unable to reach agreement in the order in which they were presented to the fact-finder at the fact-finding session on March 7, 1996.

Article 22: Insurance

In bargaining about health insurance, Article 22, the parties agreed that the city of Ironton would contribute the premium necessary to maintain AFSCME Care Plan for all bargaining unit members. Under the predecessor agreement the city's premium cost for maintaining AFSCME Care Plan was \$38.75. Under the parties' predecessor agreement the city will pay \$44.25 per month per bargaining unit member to provide AFSCME Care Plan. This 15% increase results from an increase in benefits for the bargaining unit members in 1993 which could not be underwritten by the city because the rate paid by the city was a negotiated rate. The increase in benefits from 1993 produced the 15% increase in the premium for this benefit to be paid by the city. The 15% increase in the cost of providing AFSCME Care Plan moves the city's contribution for this benefit from \$24,180.00 per year to \$27,613.00 per year.

Under the language within the parties' predecessor agreement as to health insurance and the city's obligation to pay for it, the city was obligated to pay up to \$139.87 toward the monthly premium of a single 80/20 co-pay comprehensive major medical plan with a deductible of \$200.00 single plan, \$400.00 deductible family plan hospitalization, surgical, major medical plan; and up to \$364.55 toward the monthly premium of a family 80/20 co-pay comprehensive major medical plan with a deductible of \$200.00 single plan, \$400.00 deductible family plan hospitalization, surgical, major

medical plan. While the aforementioned figures are maximum levels for which the city is responsible in paying monthly premiums for health insurance on behalf of the bargaining unit members, the actual premiums paid by the city of Ironton were \$128.58 for single coverage and \$338.95 for family coverage. Both parties projected at least a 15% increase in monthly premiums to provide health insurance to bargaining unit members during the duration of the parties' new agreement, to become effective May 1, 1996.

The city proposes that the maximum monthly premiums required of the city under the prior agreement be retained and that any monthly premium costs above these caps be borne by the bargaining unit members who are receiving health insurance under this article.

The Union urges that the Employer be required to pay for 100% of the monthly premiums for health insurance for bargaining unit members and presented data comparing how health insurance is paid by employers among comparable cities reflecting, in most cases, a 100% employer share. The Union noted that the monthly health care insurance premiums for which the city of Ironton is responsible are less than that which is paid by other employers of comparable size.

Costs associated with health care coverage have become huge factors in the budget of this nation, this state, this city. As is the case throughout the United States, the cost of health care has increased steadily, requiring an ever increasing expenditure of funds to maintain acceptable levels of coverage. With the advent of managed care, significant change is sweeping through the health

care industry, producing monumental changes in how health care is provided, paid for, and received.

Because of the numerous factors which effect health care costs, including size of the pool, experience of the pool, costs of health care services, and level of benefits, it has become increasingly difficult for anyone, whether it be Union, Employer, or fact-finder, to project with any confidence the future costs of providing health care insurance to these bargaining unit members. While the Employer has paid less than the maximum required of it under agreed language in the parties' predecessor agreement, both parties now agree that substantial increases in the costs of providing health care insurance to bargaining unit members will occur.

By comparing the maximum caps within the parties' predecessor agreement, to the actual monthly premiums paid by the city of Ironton during the duration of the predecessor agreement, there can be seen a difference of about 9% in the single coverage and a difference of about 8% in the family coverage, that is, the difference between what was paid by the city of Ironton on a monthly basis for single coverage during the duration of the parties' predecessor agreement and the maximum amount required of the city of Ironton for that period is about 9%, with analogous figures for family coverage showing about an 8% difference between the amount actually paid and the amount required as a maximum under the language of the previous agreement. Both parties project, at a minimum, a 15% increase effective May 1, as to these monthly

premiums. If the increase is, for example, pegged at 15%, the first 9% of that increase for single coverage and the first 8% of that increase for family coverage would fall to the city under the maximum caps agreed in previous language. The additional 6% and 7%, respectively, above the maximum cap, would appear to fall to the bargaining unit member who secures the coverage offered under Article 22 based on the language which appears in the parties' predecessor agreement.

The fact-finder recommends that the maximum caps for monthly health care premiums as expressed within the parties' predecessor agreement in Article 22, section 1(A) be retained at \$139.87 for single coverage and \$364.55 for family coverage. The fact-finder also recommends that in the event the city of Ironton exceeds these maximum caps in paying for health insurance for bargaining unit members that any additional monthly premiums beyond the maximum caps be shared equally by the Employer and those bargaining unit members securing health care coverage under the agreement. In the event of a 15% increase, for example, for family coverage, the first 8% of the 15% increase would be paid entirely by the city of Ironton, with the remaining 7% above that cap split between the city of Ironton and the bargaining unit member, producing an increased cost to the bargaining unit member of 3.5% of the increase or \$1.92 per month. This recommended language, in the opinion of the fact-finder, requires a substantial outlay by the city of Ironton in providing health care insurance to bargaining unit members while providing an incentive to both the city and

bargaining unit members to control the costs of providing health care to bargaining unit members. By requiring bargaining unit members to share in increases to health care insurance above the maximum caps, any increased exposure to an already burdensome expense will be shared by the parties rather than the sole responsibility of the Employer.

RECOMMENDED LANGUAGE - Article 22: Insurance

1. Hospitalization

A. The City shall pay up to \$139.87 of the monthly premium of a single 80/20 co-pay comprehensive major medical plan with a deductible of \$200.00 single plan, \$400.00 deductible family plan hospitalization, surgical, major medical plan, and up to \$364.55 toward the monthly premium of a family 80/20 co-pay comprehensive major medical plan with a deductible of \$200.00 single plan, \$400.00 deductible family plan hospitalization, surgical, major medical plan. Any costs incurred above the maximum limits described above concerning the City's obligation to pay monthly premiums shall be shared equally by the City and the bargaining unit member securing health care insurance under this article.

B. No change.

C. No change.

D. No change.

2. AFSCME Care Plan

The City will contribute \$44.25 per month for each bargaining unit employee who has completed his new hire probationary period to the Ohio AFSCME Care Plan.

Article 23: Wages

The Union is proposing a 4% wage increase, across the board, for years 1996, 1997, and 1998, to be effective February 1 in each of these years. The Union points out that a wage freeze was imposed in 1993 and in 1994, and due to a fact-finding and a "me too" clause within the collective bargaining agreement between the parties, wage increases of 3.5% were paid in 1994, and a wage increase of 4% was paid in 1995, the same wage increases provided to the City of Ironton Police Department.

The parties agreed that the consumer price index (CPI) rose 2.8% during the past year. The Union points out that firefighters employed by the city of Ironton, effective April 1, 1996, will enjoy a 4% pick-up of their PERS contribution. Bargaining unit members of Local 771, at present, enjoy a 6% pick-up paid by the city of Ironton and are looking for an additional 2-1/2% pick-up of their PERS contributions by the city for a total pick-up of 8-1/2%. The Union urged that at the very least, some combination of PERS contribution and/or wage increase totalling 4% per year be provided to bargaining unit members over the course of the parties' successor agreement.

The city proposes that no increase in wages and no increase in PERS contribution be provided to the bargaining unit members based on what the city contends is a very lean, very strapped city budget. The city of Ironton, with a population of about 12,800, according to the representatives of the Employer, is suffering through very difficult economic times and there is simply no money

for the kinds of wage increases or pension pick-up suggested by the Union. The representatives of the city of Ironton pointed out that city services are diminishing, and pointed out that a major source of revenue for the city is its income tax which is at 1%. On March 19, 1996, city of Ironton voters voted down a 1/2 of 1% increase of the city income tax by a margin of almost two to one. Had the 1/2 of 1% income tax increase passed, it would have generated an additional \$900,000 to the city of Ironton within a budget totalling \$5,000,000.

The city described the economy within which the city of Ironton operates as bad and terrible. Pointing out that a major employer in the area, an iron foundry, has cut back in manpower, there has been no growth in revenues from the income tax, and other manufacturers in the area have downsized. The city noted that its cash carryover will be about \$90,000 due to a \$60,000 payment for a new fire truck. The city noted that increases in income tax revenues went from 6% in 1992 to 4% in 1993 to 2% in 1994 to 0% in 1995.

It is also the case that the city of Ironton is renovating a building for use by city departments, including the Mayor, the Auditor, the police department, and municipal courts. This year this refurbishment will require 1.3 million dollars of the city of Ironton's five million dollar budget, leaving 3.7 million dollars to operate the city. The city contends that in the event there is an increase in wages or an increase in pension pick-up for bargaining unit members, the only way to pay for these increases

will be to lay off bargaining unit members and use any savings from this downsizing of the bargaining unit to pay for the increased benefits.

The fact-finder finds credible the description of the economic condition of the Employer at the present time based on available city revenue, the economy of the general area of the city of Ironton, and the obligations of the city to provide city services. The city of Ironton's finance director presented at the fact-finding session the actual budget for the city of Ironton for calendar year 1995, and the appropriations for the city of Ironton's 1996 operating budget. At the fact-finding session the representatives of the Union asked numerous questions about this data and in every case received a direct and candid explanation of what these figures mean. Considering the very substantial outlay of city funds for the refurbishment of the City Center Building, more than 25% of the city's annual budget, and considering as well the requirements associated with providing water and wastewater services as well as police and fire protection, the resources of the city of Ironton appear to the fact-finder to be stretched pretty thin. Taking into consideration the expenses of the benefits already agreed by the Employer for the new contract between the parties, the fact-finder finds credible the city's claim that it is stretched near its limit and that any significant increase in costs for this bargaining unit will result in a reduction of the size of the bargaining unit so that fewer bargaining unit members may receive higher benefits.

There is in language within the contract between the parties' a so called "me too" clause which obligates the city of Ironton to provide identical wage increases among three bargaining units, city workers, police, and firefighters, thus any recommendation as to wages affects the city in areas that lie beyond this process, and the affects of wage negotiations with the other bargaining units produces an impact upon the bargaining unit addressed in this proceeding.

The fact-finder has no desire to recommend language that would reduce the size of the bargaining unit. Maintaining employment for all bargaining unit members is an important consideration in proposing language to the parties for their successor agreement. The fact-finder, however, is conscious of the fact that the consumer price index rose almost 3% over the past year and to provide no increase of any kind would effectively reduce the earning power of bargaining unit members under the successor agreement. The fact-finder, taking into consideration the very strapped budget of the city, as well as the very strapped budgets of the bargaining unit members, recommends an increase of 2% in PERS pick-up, raising the bargaining unit members' pick-up from 6% to 8%, with a 2% wage increase across the board, to be effective February 1, 1997, and February 1, 1998. By postponing the wage increase by one year, it is hoped that the refurbishment of the City Center Building can proceed and that a year from now the impact upon the city budget by this project will be lessened such

that the increased wages recommended herein may be paid without the necessity of reducing the size of the bargaining unit.

RECOMMENDED CONTRACT WAGES: Wages and Benefits

1. Wages

- A. All bargaining unit members shall receive a 2% wage increase above the wage rates listed in appendix A within the parties' collective bargaining agreement from February 1, 1993 to January 31, 1996, effective February 1, 1997 and effective February 1, 1998. The City agrees that if any other group of city employees receive a wage increase, the AFSCME Local 771 will receive said wage increase under a "me too" provision.
- B. Employees hired into positions in the bargaining unit will be paid in accordance with the pay scale in appendix B; entry level is at 80%, at six months 90%, at one year full pay.
- C. For the duration of the Agreement, the City will pay 8% of the employees' share of PERS.
- D. When employees are using their private vehicles for work related purposes to attend training, a seminar or other matters as directed and approved by City Council and/or the Mayor, the employee will be reimbursed for mileage at the federal tax rate standard which is presently \$.30 per mile, or current federal tax rate. Reimbursement to be made by Finance Director within current pay period upon receiving written proof of expenditures.
- E. Each bargaining unit member will receive a one cent per hour adjustment to his/her basic hourly rate multiplied by the number of completed years with the City.

2. Clothing Allowance

- A. The City shall provide two (2) sets of uniforms for each employee in the classification of Police Dispatcher and any other required uniform items.
- B. The City shall pay to Sanitation Workers and Mechanics a clothing allowance of Two Hundred Dollars (\$200.00) a year, paid by separate check during February of each year of this Agreement.
- C. The City will provide insofar as practical adequate protective clothing (gloves, boots and rain gear) for all employees of the City required to perform outside work.

3. Tool Allowance

- A. Employees in the classifications of Mechanic and Electrician will be entitled to a One Hundred Dollar (\$100.00) per month tool allowance.
- B. No change.
- C. No change.
- D. No change.
- E. No change.
- F. No change.

Article 26: Duration

The fact-finder recommends that the parties' successor agreement be for a duration of three years, from February 1, 1996 through January 31, 1999.

RECOMMENDED CONTRACT LANGUAGE: Duration

- 1. No change.
- 2. This Agreement shall become effective as of February 1, 1996, except as otherwise indicated herein, and shall

remain in effect up to and including January 31, 1999, and shall automatically renew itself from year to year thereafter unless written notice to terminate or amend this Agreement is given by either party to the other at least sixty (60) days prior to January 31, 1999, or prior to the date of expiration of any annual renewal hereof.

Inclusion of all other bargained articles to which the parties have agreed.

Along with the language proposed above in this report, the fact-finder recommends that the other articles which the parties have successfully bargained to agreement during negotiations for their new collective bargaining agreement be included within the parties' new collective bargaining agreement.

In preparing, filing, and issuing this fact-finding report, the fact-finder has taken into consideration all reliable information relevant to the issues before the fact-finder as required by Ohio Administrative Code section 4117-9-05(J); has taken into consideration factors pursuant to Ohio Revised Code section 4117.14(C)(4)(e), as required by Ohio Administrative Code section 4117-9-05(K); has considered the past collectively bargained agreement between the parties as required by Ohio Administrative Code section 4117-9-05(K)(1); has compared the unresolved issues relevant to the employees' bargaining unit with those issues related to other public and private employees who do

comparable work, giving consideration to the factors peculiar to the area and classifications involved, as required by Ohio Administrative Code section 4117-9-05(K)(2); has considered 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 standards of public service, as required by Ohio Administrative Code section 4117-9-05(K)(3); has considered the lawful authority of the public employer as required by Ohio Administrative Code section 4117-9-05(K)(4); has considered any stipulations of the parties as required by Ohio Administrative Code section 4117-9-05(K)(5); and has considered 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 the public service or in private employment, as required by Ohio Administrative Code section 4117-9-05(K)6).

RECOMMENDATION

The fact-finder recommends that the language proposed by the fact-finder in this report be agreed by those who are empowered to vote on the recommended language on behalf of the parties, and along with other language already agreed by the parties, be included in the parties' successor collective bargaining agreement.

Howard D. Silver
Howard D. Silver
Fact-Finder

March 22, 1996
Columbus, Ohio