

BEFORE THE
STATE EMPLOYMENT RELATIONS BOARD
CASE NO. 97-MED-01-0083

JUL 7 11 54 AM '97
STATE EMPLOYMENT
RELATIONS BOARD

BOARDMAN TOWNSHIP TRUSTEES *
*
EMPLOYER *AND * FACT FINDER'S REPORT
BOARDMAN TOWNSHIP FIREFIGHTERS *
I.A.F.F., LOCAL 1176 *
EMPLOYEE REPRESENTATIVE *

I. DATE AND PLACE OF HEARING

The hearing was held on June 17, 1997 in the Boardman Township Government Center in Boardman, Ohio.

II. PARTIES

The employees, hereinafter referred to herein as the "Union", are the fire fighters of Boardman Township and are represented by the Boardman Township Firefighters, I.A.F.F., Local 1176. The Employer is the Board of Trustees of Boardman Township live, hereinafter referred to as the "Township".

III. APPEARANCES

The following persons appeared on behalf of the respective party as noted:

For the Union:

Dennis Haines, Attorney At Law

Michael Walsh, President, Local 1176

John O'Neill, Vice President, OAPFF, 6th District

Chris Herubin, Negotiator, Local 1176

For the Township:

James L. Messenger, Attorney At Law

Curt B. Seditz, Administrator, Boardman Township

William Leicht, Clerk, Boardman Township

Jim Dorman, Chief, Boardman Twp. Fire Department

IV. INTRODUCTION

This unit consists of 30 members [3 Assistant Chiefs, 2 Captains, 1 Fire Prevention Officer and 24 Fire Fighters]. One captain's position is vacant. The bargaining unit does not include the chief.

The parties have been covered under a collective bargaining agreement for approximately the past 18 years. The present agreement expired on March 31, 1997. The parties have agreed to a contract extension until July 21, 1997.

The Township is essentially residential with increasing areas of commercial development. There is little

industrial property and few multi-family dwelling units. The median value for single family homes is \$140,000.

Prior to this hearing, the parties engaged in at least 12 bargaining sessions. Many issues were resolved during those sessions.

V. ISSUES PRESENTED

Eleven issues were identified to be resolved in the Union's Position Statement. Between the time the Fact Finder received the Union's Position Statement and this hearing, the parties resolved the following 4 issues and represented that they had been "signed off";

1. Training Clause; [the parties agreed to some form of the Township's Proposal No. 24 regarding the training of its full-time and volunteer members, though there appears to be some misunderstanding whether a training clause is contained in the present agreement];

2. Management Rights [a new article];

3. Duty Station Selection [Section 9.05];

4. Compensatory Time [Section 19.01];

The parties represented that the following issues had been withdrawn by the Party seeking to change existing contractual language:

1. Maintenance Of Standards Clause;

2. Overtime;

During the hearing, the Union withdrew its proposal to increase the Minimum Manning provisions of Section 10.06.

The following 5 issues remained unresolved: wages, hospitalization, sick leave benefits, compensated time off and the residency requirement.

VI. MEDIATION

The parties attempted to resolve the open issues through the mediation process at the onset of these proceedings. The mediation efforts did not result in a resolution of any of the open issues and the parties mutually agreed to suspend further mediation efforts and to submit all open issues to fact finding.

VI. FACT FINDING

ISSUE NO. 1

WAGES-ARTICLE 18

UNION POSITION: the union is seeking an annual increase of 7% in each of the 3 contract years. Originally it also sought an annual 1% increase for longevity and a 1% increase for hazardous duty pay, but withdrew those two sub-issues at the conclusion of its presentation of evidence.

TOWNSHIP POSITION: the Township countered with an offer of 2%, 2.25% and 2.5% per year and tied this offer to acceptance of its proposal regarding hospitalization benefits. The Township made no counter offer to the Union's

demand for a 1% add-on for longevity and hazardous duty, but such was rendered moot when the Union's withdrew them.

DISCUSSION: In support of its position the Union relied upon the Township's financial ability to pay and cited a \$4 million surplus out of a \$16 million operating budget. The Township admitted to a \$3 million plus surplus, but claimed that the surplus was earmarked for payment of capital improvements such as payment of the balance remaining upon the construction of the Township governmental center (which has now been paid off). The Fact Finder does not believe that budgetary surpluses are limited to the payment of capital improvements and the Township admitted that such earmarking was voluntary on its part and not required.

The Union pointed out that the Township enjoys a rather large annual inheritance [estate] tax benefit [as of June 12th - \$959,458.28]. The Township countered by claiming that the estate taxes cannot be included in budgetary considerations since it has no control over the death rates or the taxability of the estates of deceased residents. Admittedly, the Township has no control over either the death rate or the net taxable estates of such residents. However, death, like taxes, is unavoidable and it is likely that such taxes will continue to be paid to the Township which will use such tax receipts in the ordinary course of township business, whether or not they are

included in its budget. A 5 year average of such receipts amounts to \$1,522,268 per year which is hardly an inconsequential amount. There is no reason to believe that such taxes will come to a sudden end. The Fact Finder finds that the Township has the financial ability to continue to make and pay for necessary capital improvements in a fiscally responsible manner and still pay a reasonable wage increase to its fire fighters.

Though both sides used Austintown as a comparable township in Mahoning County, the Fact Finder finds that Boardman is far different from Austintown which operates on a budget \$5 million less than Boardman's. Also Austintown operates a primarily volunteer department.

The Fact Finder noted that the fire fighters accepted a pay freeze in 1995, but were compensated for the lost income over a 10 week period on the basis of a 3% increase. The freeze, however, adversely impacted their base rate. Boardman's firefighters rank sixth in average wages paid to firefighters in the state's largest townships. The employees appear to be entitled to an otherwise larger percentage increase in order to compensate them for the 1995 wage freeze.

The Union claimed that in comparison with the Boardman police officers the fire fighters receive between \$5,000 and \$12,000 less and its members were therefore entitled to

a 21% increase to help establish parity between the two departments. The disparity pointed out by the Union was not suddenly created during the course of the last contract and this Fact Finder is not aware of any regulation requiring a parity in the pay scales between firefighters and police officers.

RECOMMENDATION: it is the recommendation that the fire fighters and officers receive the following increases:

April 1, 1997 to March 31, 1998 - 5 percent

April 1, 1998 to March 31, 1999 - 4 percent

April 1, 1999 to March 31, 2000 - 3.5 percent

ISSUE NO. 2

HOSPITALIZATION BENEFITS - ARTICLE 20

TOWNSHIP PROPOSAL AND POSITION: the Township has proposed a premium participation program for the unit. Recently, the Township entered into a collective bargaining agreement with the ranking police unit which accepted premium cost sharing on a sliding and increasing scale. The present proposal increases the percentage of contribution from the employees annually and requires a greater contribution from officers than from firefighters. The contribution rates for 1997 range between 5% and 2.5%; for 1998 between 10% and 5% and for 1999 between 20% and 10%.

UNION POSITION: the Union desired to retain the current practice of the Township paying the total cost of the hospitalization premiums.

DISCUSSION: Currently the Township pays 100% of the costs of hospitalization and medical coverage for the employees. The medical coverage is underwritten by a major carrier [Anthem]. The current monthly costs to the Township are \$624.45 for family coverage and \$237.12 for single coverage, but testimony revealed that the Township is underpaying the projected costs. The coverage is very comprehensive. The cost of such coverage is above state averages.

The Township argued strongly for premium sharing and stressed the acceptance of such a plan by the ranking police officer's union. The police officer's contract, however, was the result of an agreement between the parties. The firefighters have not agreed with the concept of premium sharing.

According to the 1996 SERB report on the costs of health insurance, such costs rose at an alarming rate throughout the 1980' s and early 1990' s. These increases have moderated in the last two years. The report concluded that within Ohio's public sector, health insurance premiums are presently increasing at a rate significantly less than the overall rate of inflation.

Regardless, health insurance costs do not constitute an insignificant part of overall employee expenses. On the average, such expenses add \$2.24 per employee per hour to the costs faced by public sector employers. It is expected, according to the report, that such costs will comprise 9.9% of total payroll expenditures in 1996.

The Township claimed that premium sharing was absolutely vital to its continued ability to provide services to its residents and that some form of relief was necessary. The Township opined that premium sharing would result in less use of such benefits if the employees would share in the costs of providing such coverage because the experience factor upon which the premiums are based would be reduced. The Fact Finder does not find such a theory to be convincing. Premium sharing may well result in an increase use of such coverage, thereby driving the experience factors up resulting in higher premiums.

The Township claimed that it considered various other cost cutting programs such as non-coverage elections, Preferred Provider and HMO coverage. Nothing, however, was done to implement these proposals. The Fact Finder was provided with no information or data to compare the costs of such changes against the costs of the present program. The Fact Finder finds that it is incumbent upon the party proposing the changes, in this case the Township, to

establish the need for such changes. The Township did not do so.

During the hearing, it was also disclosed that the Township is knowingly paying a lesser monthly premium than its carrier indicated was due based upon previous experience. The Township apparently is anticipating a more favorable experience due to decreased usage resulting in a reduction in premium costs. The Township is assuming the risk that the premiums will not exceed the amounts which it is paying its carrier.

The Township, however, is warranted in its desire to protect itself against the continued increasing costs of medical coverage. However, there is no proven reason to require premium participation at the current level of cost which is now fully paid by the Township. Premium sharing should be prospective in nature.

RECOMMENDATION: It is the recommendation that the current policy with the same level of coverage and benefits be maintained in the new contract and that the employees share in any increases in the costs thereof beyond the current rates of \$624.45 for family coverage and \$237.12 for single coverage as follows: the employees shall pay 10% of any increases during the first year of this agreement; 15% during the second year of this agreement and 20% during the third year of this agreement.

ISSUE NO. 3

SICK LEAVE BENEFITS - ARTICLE 12

TOWNSHIP PROPOSAL AND POSITION: The Township proposes to change Section 12.02 by increasing to 50% from the current 45% accumulated unused sick leave permitted to be cashed in at death, retirement or separation from service for those employees with 15 or more years of service. In addition, the Township, through new section [12.02(A)] is willing to permit employees with 1 to 10 years of service to receive 2% of unused sick time per year up to 20 percent, and those employees with between 11 and 15 years to receive the aforesaid 20% plus 3% for years 11 through 15 for a maximum of 35%. Lastly the Township seeks to limit such benefits for all newly hired employees to a maximum of 25% for those employees with at least 15 years of service. The Township claimed that this proposal has been accepted by the police officers unit.

UNION POSITION: The union desires the present contractual language to remain without change.

RECOMMENDATION: In support of its desire to reduce accumulated sick time to statutory levels for new hires, the Township is willing to increase the present employees buyout from 45% to 50% for 15 year employees and to grant lesser percentages to employees with 1 to 15 years service.

The Township claimed that other unions were accepting the proposal.

The Township analyzed its present sick leave costs and estimated its total possible exposure to be \$663,845, only \$314,043 of which could be cashed in if the entire force died, retired or separated. Obviously, such rights would be spread over a number of years, the bulk at the time of retirement.

The present language is the result of bargaining. The Township introduced no evidence of need, inability to pay or potential savings. The Union is unwilling to accept changes to the present system and was not swayed by the Township's offer of a 5% increase nor in granting reduced rights to those employees with less than 15 years service.

The real crux of the Township's proposal appears to be the establishment of a two tier system between current and newly hired employees in which the new hirees would be limited to a maximum of 25% after 15 years.

RECOMMENDATION: It is the recommendation of the Fact Finder that the present language be retained in the new contract.

ISSUE NO.4

TIME OFF FOR UNION BUSINESS - SECTION 5.04

UNION PROPOSAL AND POSITION: The union sought an increase in the number of compensated days allowed the Union president

or his designee can spend on union business. The Union desired 3 days in odd numbered years and 5 days in even numbered years.

TOWNSHIP POSITION: The Township desired the present contractual language of 3 days to be retained.

DISCUSSION: The Union did not submit any evidence which would establish that such a change was necessary.

RECOMMENDATION: The Fact Finder recommends against the Union's proposal.

ISSUE NO.5

RESIDENCY REQUIREMENTS - ARTICLE 22

UNION PROPOSAL AND POSITION: The Union sought a change in the current requirement mandating residency in the Township within three months following the end of the probationary period.

TOWNSHIP POSITION: The Township desired to retain the present residency language.

DISCUSSION: The present residency requirements have been in effect since 1978. All members of the bargaining unit are Township residents. The Union argued that the high costs of a home within the township make it difficult for new employees to seek a position with the department, because they cannot afford to reside within the township. No evidence was produced to establish a hardship. No evidence

was introduced to establish that any potential applicant was thwarted in his efforts to become a member of the department because he could not find suitable housing within the township.

RECOMMENDATION: It is the recommendation of the Fact Finder that the current residency requirements be maintained in the new contract.

Respectfully submitted,



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SERVICE

A copy of the foregoing report was served on Dennis Haines, Attorney For The Union, National City Bank Building, Ste. 400, P.O. Box 849, Youngstown, Ohio 44501-0849 And James L. Messenger, Attorney For The Township, 600 Wick Building, Youngstown, Ohio 44503 on the 30th day of June, 1997 by ordinary U.S. Mail and by facsimile copy


