

STATE OF OHIO
STATE EMPLOYMENT RELATIONS BOARD

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RELATIONS BOARD

Aug 13 11 24 AM '97

In the Matter of Fact-Finding :
Between :
CITY OF IRONTON, OHIO, : Case No. 97-MED-01-0085
Employer :
and : Date of Fact-Finding Hearing:
LOCAL 771 AND OHIO COUNCIL 8, : July 29, 1997
AMERICAN FEDERATION OF STATE, :
COUNTY AND MUNICIPAL EMPLOYEES, : Howard D. Silver
AFL-CIO, : Fact-Finder
Union :
:

HAND DELIVERED

REPORT OF FACT-FINDER

APPEARANCES

For: City of Ironton, Ohio

William Sheridan
Mayor
City of Ironton, Ohio
P.O. Box 704
Ironton, Ohio 45638

For: Local 771 and Ohio Council 8, American
Federation of State, County and Municipal
Employees, AFL-CIO

Sandra S. Shonborn
Staff Representative
AFSCME, Ohio Council 8
36 South Plains Road
The Plains, Ohio 45780-1348

This matter came on for fact-finding hearing on July 29, 1997, at 10:00 a.m., at the Ironton City Center, 301 South Third Street, Ironton, Ohio. Both parties were afforded a full and fair opportunity to present facts and arguments in support of their positions. At the conclusion of the fact-finding hearing the record in this matter was closed, at 11:45 a.m., July 29, 1997.

BACKGROUND

The parties to this fact-finding, city of Ironton, Ohio, and Local 771 and Ohio Council 8, American Federation of State, County and Municipal Employees, AFL-CIO, are parties to a collective bargaining agreement in effect from February 1, 1996 through January 31, 1999. Article 26, paragraph 4 of this agreement provides that the parties agree to reopen negotiations on hospitalization and wages for the years 1997 and 1998 on May 1 of each year, with retroactivity to February 1.

Article 23 of the parties' contract, under Wages, paragraph 1(A), reads as follows:

The wage rates are frozen for 1996 and will reopen for wages and hospitalization only in 1997 and 1998. The City further 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.

The pay rates are listed in Appendix A and Appendix B.

The bargaining unit is comprised of forty-eight members responsible for the operation of the city of Ironton, Ohio in

clerical positions, unskilled labor positions, skilled positions, and licensed positions. These positions include income tax, water, and meter clerks; a civilian dispatcher; the City garage custodian; refuse collectors; truck drivers; light and heavy equipment operators; chief operator of the City's water filtration system; electricians; water treatment operators; trainees; laboratory technicians; and crew leaders at the wastewater treatment plant.

Pursuant to the reopener language within Article 26, paragraph 4 of the parties' agreement, the parties commenced negotiations on hospitalization and wages to be effective February 1, 1997.

Prior to May 1, 1997, bargaining unit members who chose to avail themselves of family health care coverage through the city of Ironton paid a monthly premium of \$5.84. Effective May 1, 1997, this premium was raised to \$10.00 per month, an increase of \$4.16, a 71% increase. Bargaining unit members wishing to avail themselves of single health coverage are also, since May 1, 1997, required to pay a \$10.00 monthly premium contribution.

To the benefit of each bargaining unit member who chose to purchase family health coverage through the city of Ironton, Ohio prior to May 1, 1997, the City expended \$364.65 per month. The monthly premium charge paid by the City for family coverage for a bargaining unit member rose to \$399.70 per month effective May 1, 1997. Single health care coverage prior to May 1, 1997 cost the City \$139.57 per month; after May 1, 1997 this coverage cost the city \$159.00. The increased monthly premium for family coverage

required of the City, effective May 1, 1997, was an extra \$35.05, a 9.6% increase. Single coverage, rising by \$19.43, rose 14%.

The health care coverage provided is a basic 80/20 comprehensive package. In addition to this coverage, under the parties' present contract, the city of Ironton is required to expend, to the benefit of each bargaining unit employee who has completed a new hire probationary period, \$44.25 per month for the purchase of the AFSCME Care Plan, a dental, life, prescription drug, vision, and hearing coverage package.

At the time of the fact-finding hearing the city of Ironton was inviting bids from a number of health care carriers for the purpose of negotiating new coverage for the City and the bargaining unit.

Ironton police and fire bargaining units, in their contracts with the City, agreed to contribute \$10.00 per month for health care coverage provided by the City. Non-bargaining unit members employed by the city of Ironton, a management team of about thirty, are not required to make any contribution for city of Ironton health care coverage. These exempt employees are not provided with the AFSCME care plan, a package of additional health care coverage made available to Local 771.

The bargaining unit's wages were frozen effective February 1, 1996 (retroactively). The Union proposes, effective February 1, 1997, a 4% across the board increase in wages, with another 4% across the board increase effective February 1, 1998. The Union also proposes the city of Ironton increase its pension pickup for

bargaining unit members from the present 6% to 7.25%, effective February 1, 1997.

Effective February 28, 1997, city of Ironton, Ohio financial records presented a \$600,000 carry over from fiscal year 1996 to fiscal year 1997. This surplus can be interpreted, in real unencumbered dollars, to present roughly half this figure. Under either interpretation, the city of Ironton is on much firmer financial footing than had been the case in early 1996 when the parties' present contract was negotiated and the wage freeze agreed. The City enjoys a 1% income tax which produces about \$2,000,000 annually, a revenue source which produced a 4% to 5% increase in 1996 over the preceding year.

On March 27, 1997, the Ironton City Council adopted legislation authorizing a 2% wage increase to many of the City's exempt employees. A number of exempt City employees enjoyed much larger raises. The Ironton police and fire bargaining units agreed to a 2% wage increase effective April 1, 1997, with an additional 1% pension pickup each year. The pension pickup for the police bargaining unit is 3% at present; the pension pickup for the fire department bargaining unit is 5% at present, intended to be 7% after three years.

Police and fire bargaining units negotiated substantial wage differences between their ranks.

The city of Ironton proposes a 2% across the board wage increase effective February 1, 1997, and a 2% across the board wage increase effective February 1, 1998. The City proposes an

additional 1% pension pickup effective February 1, 1997, and an additional 1% pension pickup effective February 1, 1998. A proposal for a 3% increase in wages and a 1% increase in pension pickup, retroactive to February 1, 1997, was rejected by the Ironton City Council.

ISSUES

1. HOSPITALIZATION

Health care coverage is an essential component for any family or any single person. It is a burdensome expense to any employer providing health care coverage to hundreds of people. The increased premium to be charged to bargaining unit members as proposed by the City is large in percentage, 71%, but relatively small in actual dollars. A \$10.00 per month premium contribution from a bargaining unit member who receives, in return, family health care coverage costing the City forty times that amount or single health care coverage costing the City sixteen times that amount, appears to the fact-finder to be a relatively small and fair contribution for such a substantial benefit. The fire and police bargaining units employed by the city of Ironton make a \$10.00 monthly contribution for this coverage. The bargaining unit members represented by Local 771 receive, exclusively among city of Ironton employee's, the AFSCME care package, for which the City expends an additional \$44.25 per month for dental, vision, hearing, and prescription

medicine coverage not otherwise offered under the health care coverage provided by the city of Ironton.

The fact-finder prefers the City's position on a \$10.00 per month contribution for health care coverage for bargaining unit members and recommends it to the parties.

RECOMMENDED LANGUAGE - ARTICLE 22 - HOSPITALIZATION

A. The City shall pay 100% minus \$10.00 of the monthly premium for single and family 80/20 co-pay comprehensive major medical plan with a deductible of \$200 single plan, \$400 deductible family plan hospitalization, surgical, major medical plan. Bargaining unit members who avail themselves of family plan or single plan coverage shall pay \$10.00 per month for this coverage.

2. ARTICLE 23 - WAGES

The Union proposes a 4% increase in wages effective February 1, 1997, across the board, and another 4% increase effective February 1, 1998. The Union proposes that the Employer raise the pension pickup for bargaining unit members from its present 6% to 7.25%, effective February 1, 1997, and that an additional 1.25% of pension pickup occur effective February 1, 1998, to bring bargaining unit members' pension pickup to 8.5%.

The Union points to the increase in revenues enjoyed by the city of Ironton from its 1% income tax which has enjoyed a 4% to 5% increase over the past year; a \$600,000 carry over from 1996 to 1997; and the wage freeze which the bargaining unit members endured in early 1996, a substantial contribution made by these bargaining unit members to the City at a time of dire financial need. Now that the City is on firmer financial footing, the Union emphasizes that the City is more than capable of affording the small increases proposed by the Union.

The Union contends that city of Ironton workers have fallen behind other comparable cities in wages due to the substantial concessions made by these bargaining unit members in early 1996 to help the City at a time of financial need.

Comparison data presented, showing Ohio cities with populations under 21,000 (city of Ironton population as presented in this data is 12,751), compare the city of Ironton to forty-four Ohio cities ranging in population from 20,612 to 9,616. This data shows base pay from 1988 through 1997 in terms of percentage increases to base rates over these years. The average of these increases shows a 3.6% increase for 1994; a 3.25% increase in 1995; a 3.5% increase in 1996; and a 3.5% increase for 1997. Also presented by the Union are benchmark wage comparison data for Ohio cities with populations between 10,000 and 20,000.

The comparisons intended to be made among cities of comparable population for purposes of assessing the parties' wage proposals are more art than science. Some of the cities included in the data

provided by the Union are among the wealthiest suburban communities (Bexley, Beachwood) in Ohio. It is difficult to compare these wage rates without knowledge of other factors which affected them. For example, whether other benefits were traded off or reduced to attain a higher wage rate (e.g., hospitalization, longevity, vacation, etc.). Different cities have different histories, different costs of living, different bargaining unit priorities. The fact-finder determines it impossible to find that the city of Ironton should pay its workers more than the city has offered simply because bargaining unit members in other cities have received higher wage increases. The fact-finder is unable to say with any confidence, based on the data presented, that city of Ironton workers are, in comparison to other similarly situated Ohio municipal workers, underpaid.

The fact-finder can consider, however, the particular wage history of the bargaining unit at issue in this proceeding, which shows a 3.5% increase in 1994, a 4% increase in 1995, no increase in 1996, and now the 4% increase proposed by the Union.

The City proposes a 2% wage increase effective February 1, 1997, and a 2% wage increase effective February 1, 1998, with an additional 1% pension pickup effective on each of those dates. The City notes that the firefighters' bargaining unit has accepted a 2% wage increase with a 1% pension pickup, and the police bargaining unit has agreed to a 2% increase for 1997 with a 3% pension pickup which provides to police bargaining unit members a total pension pickup of 3%.

The City emphasizes that the carry-over which the Union has described as amounting to \$600,000 is, in reality, because of a Cabletron note paid on January 9, 1997, and a \$125,000 City Center bond payment, an actual carry-over amount of \$154,021. The City also notes that in 1996 the Ironton City Charter was changed to require a civil engineer, as well as equipment to operate a civil engineer's office. The City estimates that the equipment will require between \$15,000 and \$20,000; the civil engineer position will be paid, in 1997, approximately \$48,000.

The 2% increase offered to the bargaining unit members by the City is identical to that which has been agreed by the firefighters and the police bargaining units. The majority of exempt City personnel are also to receive a 2% wage increase, though there are individual exempt positions which will enjoy substantially higher increases. The fact-finder is nonetheless persuaded that the offer from the City to the Union is neither better nor worse than that which has been negotiated with other City workers (police and fire) and imposed upon most exempt employees. The 1% pension pickup offered by the City brings the pension pickup of the bargaining unit members to 7%, and an additional 1% pension pickup effective February 1, 1998 would bring the pension pickup of these bargaining unit members to 8%.

The fact-finder keeps in mind that a 3% wage increase with a 1% pension pickup was previously submitted to the Ironton City Council and rejected. While the fact-finder credits the substantial contributions made by the bargaining unit members to the city of

Ironton at a time of financial need in early 1996, the city of Ironton has an actual carry over of about \$154,000. While the City has righted itself financially with the significant help of the bargaining unit, conservative fiscal management appears to remain a necessity.

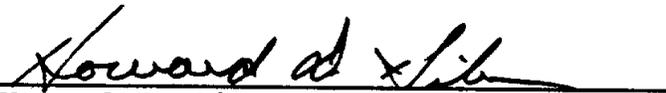
The fact-finder recommends the City's proposal on wages and therefore recommends a 2% across the board wage increase for bargaining unit members effective February 1, 1997, with an additional 1% pension pickup effective February 1, 1997. The fact-finder also recommends a 2% across the board wage increase effective February 1, 1998, with an additional 1% pension pickup effective February 1, 1998.

RECOMMENDED LANGUAGE - ARTICLE 23 - WAGES

- A. Effective February 1, 1997, the Employer shall grant a two percent (2%) wage increase across the board to bargaining unit employees. Effective February 1, 1997, the Employer agrees to pick up one percent (1%) of each employee's share of PERS, making a total pick up of seven percent (7%). The City further agrees that if any other groups of City employees receive a wage increase, the AFSCME Local 771 will receive said wage increase under a "me-too" provision.

Effective February 1, 1998, the Employer shall grant a two percent (2%) wage increase across the board to bargaining unit employees. Effective February 1, 1998, the Employer agrees to pick up one percent (1%) of each employee's share of PERS, making a total pick up of eight percent (8%).

In making the recommendations presented above, the fact-finder has kept in mind criteria required by Ohio Revised Code Chapter 4117. and Chapter 4117. of the Ohio Administrative Code, including considerations contained within Ohio Administrative Code rule 4117-9-05(J) and Ohio Administrative Code rule 4117-9-05(K).


Howard D. Silver
Fact-Finder

August 18, 1997
Columbus, Ohio

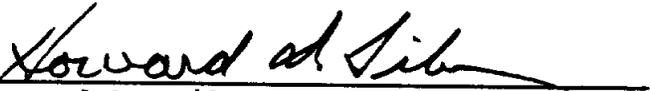
CERTIFICATE OF FILING

I hereby certify that the foregoing Report of Fact-Finder was filed with the State Employment Relations Board and mailed this 18th day of August, 1997, to the following:

William Sheridan
Mayor
City of Ironton, Ohio
P.O. Box 704
Ironton, Ohio 45638

and

Sandra S. Shonborn
Staff Representative
AFSCME, Ohio Council 8
36 South Plains Road
The Plains, Ohio 45780-1348


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