

**STATE OF OHIO  
STATE EMPLOYMENT RELATIONS BOARD**

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RELATIONS BOARD

2009 APR 28 P 1:25

**In the Matter of Conciliation Between:**

<b>American Federation of State, County And Municipal Employees Ohio Council 8, Local 1562</b>	:	
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	:	
	:	<b>Case No. 08-MED-05-0596</b>
<b>and</b>	:	
	:	
	:	
<b>The City of Chillicothe, Ohio</b>	:	
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**Hearing Date: March 26, 2009**

**Report and Award Issued: April 27, 2009**

**Before:**

**Daniel N. Kosanovich  
28 East Rahn Road  
Suite 100  
Dayton, OH 45429  
(Conciliator)**

**Advocate for the Union:**

**Stephen M. Roberts  
Staff Representative  
AFSCME Ohio Council 8  
6800 N. High Street  
Worthington, OH 43085  
Email: stephen1485@gmail.com**

**Advocate for the City:**

**William J. Smith, Esq.  
35 S. Paint Street  
Chillicothe, OH 45601  
Email: billadr1@yahoo.com**

## **I. Procedural Background**

The parties' previous Collective Bargaining Agreement expired by its terms on August 31, 2008. The Union and the City engaged in collective bargaining in an attempt to reach a new successor contract. While most issues were resolved in the negotiations, it was necessary to conduct a fact-finding hearing.

Mr. William Lewis was appointed fact-finder and the fact-finding hearing was conducted on December 5, 2008. On December 29, 2008, the fact-finding report was issued.

Despite attempts to resolve their differences with regard to wages and insurance, on January 20, 2009 a request for a conciliation panel was submitted to SERB by Nancy McNeely, Director of Human Resources for the City of Chillicothe. On January 21, 2009, SERB submitted its panel to the parties for the selection of a conciliator. On or about, February 3, 2009, the State Employment Relations Board appointed the undersigned to serve as the conciliator in this matter.

A hearing date was scheduled for March 6, 2009 but was canceled. The hearing was then scheduled to be conducted on March 26, 2009.

In accordance with Ohio Administrative Code Rule 4117-9-06(E), the parties submitted position statements prior to the hearing. The hearing was conducted and both parties submitted evidence in support of their respective positions on the two issues outstanding. This document represents the conciliator's Report and Award.

## **II. Factual Background**

The American Federation of State, County and Municipal Employees (AFSCME), Ohio Council 8, Local 1562 is one of three bargaining units found in the City of

Chillicothe. It currently is comprised of 104 members. AFSCME has had a long standing relationship with the City of Chillicothe.

The City of Chillicothe is the county seat of Ross County. According to the 2000 Census Bureau data, the City has a population of 21,796 persons. The average per capita income in the County is \$25,503.00. The State of Ohio, Job and Family Services statistical data indicates that the unemployment rate of Ross County was 13.8% in January of 2009.

As noted above, the parties engaged in negotiations for a successor collective bargaining agreement. All issues that have been resolved and agreed upon by the parties are incorporated in this Report and Award as fully set forth herein. The outstanding economic issues to be resolved through the Conciliation Report and Award include Article 10.1B, Wages, General Wage Increase and Article 17.1, Health Insurance (Premium Contribution Levels).

### **III. Criteria**

The Ohio Revised Code, Section 4117.14(G)(7) establishes the criteria to be considered by conciliators. For purposes of review, the criteria are as follows:

1. Past collective bargaining agreements, if any, between the parties;
2. Comparison of issues submitted to final offer settlement relative to the employees in the bargaining unit involved in those issues related to other public and private employers 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, the effective adjustments on the normal standard of public service;
4. The lawful authority of the public employer;
5. Stipulations of the parties; and
6. Such factors not confined to those listed in this section, which are normally and traditionally taken into consideration in the determination of issues submitted to the final offer settlement through voluntary collective bargaining, mediation, conciliation, or other impasse resolution procedures in the public service or in private employment.

#### **IV. Discussion**

##### ***A. Wages***

Fact-finder William Lewis's Report and Recommendation was submitted to the undersigned by SERB along with an appointment letter. The fact-finding report is to be considered by the conciliator in analyzing the unresolved issues of conciliation. The recommendations made by the fact-finder should be given some amount of deference provided: (1.) said recommendations are based essentially on the same facts presented at the conciliation; (2.) the recommendations are error free; (3.) they follow statutory guidelines; and (4.) finally, the analysis of the issues presented in fact-finding represents sound reasoning in a collective bargaining context. See, OCSEA/AFSCME Local 11 and State of Ohio (Stein, May 22, 2003). Suffice it to say that the undersigned seriously considered the fact-finder's report when formulating this Report and Award.<sup>1</sup>

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<sup>1</sup> The undersigned studied all of the parties' evidentiary submissions, as well as other fact-finding reports presented for review.

A general wage increase for the bargaining unit was one of a number of economic issues placed before the fact-finder for consideration. At the fact-finding hearing, the Union's position was that the bargaining unit should be awarded a general wage increase of 5% in each year of a three year contract. The Employer advocated for a 3% base wage increase citing the declining economic climate. The parties relied on essentially the same evidence and fact-finding that they submitted for consideration and conciliation.

The fact-finder placed a great deal of weight on the poor economic climate, as well as comparable data to arrive at a "fair and equitable" resolution for the general wage increase issue. The fact-finder recommended a general wage increase of 3% in each year of a three year contract.

At the conciliation hearing, the Union argued for a 4% increase in year one of the Agreement, 4% increase in year two of the Agreement, and 3.5% in year three of the Agreement. The City maintained its position with respect to the general wage increase at the conciliation hearing. The City proposed 3% in each year of a three year contract.

The undersigned agrees with the recommendation made by Fact-finder Lewis and finds the City's argument compelling with respect to a general wage increase. The evidence submitted shows that the average per capita income in Ross County is \$25,503.00. Moreover, documentary evidence submitted indicates that the unemployment rate in January of 2009 for Ross County was 13.8%. That rate dropped to 12.0% in February of 2009. However, it still represents double digit unemployment for the county. Major employers in the area are suffering from the hard economic times. For instance, Glatfelter Paper Mill has reduced its workforce significantly and Kenworth, a truck manufacturer, is operating on a schedule dependent upon orders.

In addition, a 3% increase in the base rate translates into a .50¢ per hour wage increase at a cost of \$104,000.00 to the Employer. The initial 3% increase translates into a weighted average straight time rate of \$17.20 per hour on the average. In year two, the 3% wage increase equals an increase of .52¢ per hour at a cost of \$107,000.00 to the Employer. The final 3% increase in year three of a contract equals an increase of .53¢ per hour at a cost of \$110,000.00 for the Employer. The City's proposal raises the weighted average straight time rate from \$16.70 per hour to \$18.25 per hour in the third year of the contract.

The evidence referenced above coupled with the rationale provided by the fact-finder in support of the City's position makes the City's argument with regard to wages most compelling. Thus the City's proposal of 3% per year for each year of a three year contract is awarded.

**AWARD: THE LANGUAGE OF ARTICLE 10.1B SHALL READ: EFFECTIVE SEPTEMBER 1, 2008, BASE WAGES SHALL BE INCREASED BY 3%.<sup>2</sup> EFFECTIVE SEPTEMBER 1, 2009, BASE WAGES SHALL BE INCREASED BY 3%. EFFECTIVE SEPTEMBER 1, 2010, BASE WAGES SHALL INCREASE BY 3%.**

### ***B. Insurance***

The only issue with regard to health insurance that remained unresolved between the parties at the conciliation hearing was the premium contribution amount to be provided by the employees. In its pre-hearing submission, the City proposed benefit level changes, as well as a 10% contribution to premium by the employees. During the course of the hearing, the parties stipulated that the benefit levels that are currently in effect will

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<sup>2</sup> The parties entered into a stipulation that the wages would be retroactive to September 1, 2008.

remain in effect and the only unresolved issue was the level of contribution to premium by the employees.

Under the terms of the 2005-2008 Collective Bargaining Agreement between the parties, an employee with single coverage was required to contribute \$40.00 a month toward healthcare premiums. The dual coverage required the employee to pay \$50.00 per month, and the family coverage required the employee to pay \$60.00 per month. The fact-finder recommended that the single covered employee contribute \$45.00 per month beginning January 1, 2009; \$50.00 per month January 1, 2010; and \$55.00 per month January 1, 2011.<sup>3</sup> The dual coverage employees were required by the fact-finders recommendation to contribute \$60.00 per month to their premium beginning January 1, 2009; \$70.00 per month contribution to premium beginning January 1, 2010; and \$80.00 per month beginning January 1, 2011. Finally, the family coverage required the employee to pay \$70.00 beginning January 1, 2009 according to the fact-finders recommendation. Beginning January 1, 2010, the family coverage employee would be required to contribute \$80.00 per month, and commencing January 1, 2011, the family coverage would require a premium contribution of \$90.00 per month.

The Union took the position in conciliation that beginning January 1, 2009, single coverage would require a \$45.00 contribution to premium; dual coverage would require \$60.00 per month contribution to premium; and family coverage would require \$85.00 per month contribution to premium. Beginning on January 1, 2010, single coverage would require \$50.00 premium contribution; dual coverage would require \$80.00 premium contribution; and family coverage would require \$105.00 per month premium

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<sup>3</sup> The parties stipulated at the conciliation hearing that the healthcare contribution level and coverage would be retroactive to January 1, 2009.

contribution. Beginning January 1, 2011, the Union proposed that single coverage would require \$60.00 per month premium contribution; \$100.00 per month for dual coverage; and \$125.00 per month to premium contribution for family coverage. It must be noted that the Union's position at the conciliation required their members to pay more than that recommended by the fact-finder.

The City proposed that the employees contribute a percentage of the premium cost as a contribution to coverage. For instance, beginning January 1, 2009, single coverage would require \$53.63 in a contribution to premium. Dual coverage would require \$112.70 premium contribution. Family coverage would require \$165.56 premium contribution by the employee. The significant difference between the proposal by the Union and that made by the City is that the City of Chillicothe would adjust the premium contribution by the employees on a percentage basis which is uncapped. One other difference is that the City has proposed a single plus child level of coverage which did not exist before in the 2005-2008 Collective Bargaining Agreement. The record evidence indicates that the City paid 3.4 million dollars in 2008 for its health insurance coverage.

In addition, the SERB survey indicates that cities of similar size statewide require their employees to contribute 10% toward their health insurance premiums. Finally, the Employer argues that the fact-finder for the FOP bargaining unit in the City of Chillicothe determined that the City's proposal of 10% premium contribution level was reasonable.

The record also reflects the fact that post-hearing data submitted to the fact-finder "regarding healthcare employee demographics, shows that of the 253 insured persons, 70% are in categories of employee plus spouse or employee plus family. Those



employees' monthly premium would increase, as part of the City's proposal, from \$50.00 per month to \$108.81 per month, and from \$60.00 per month to \$160.00 per month respectively. This cost increase would, in fact, "eat up" more than the general wage increase for a major part of the bargaining unit."

While 10% premium level contribution may seem reasonable on its face, it is the uncapped nature of this commitment which gives the undersigned pause. The general wage increases realized by the parties under the terms of this Conciliation Award are a fixed percentage of the weighted average straight time rate. Health insurance premium contributions are expected to rise in the future and there is no cap on the premium level increase if the 10% requirement adopted. To leave the employee premium contribution level uncapped, is to jeopardize their general wage increase in the future and deny them the benefit of bargain resulting from collective bargaining negotiations. Therefore, I find that the Union's proposal made in conciliation is both fair and equitable and maintains the integrity of the bargain struck between the parties.

**AWARD: PREMIUM LEVEL CONTRIBUTIONS BY UNION MEMBERS<sup>4</sup>**

	<b>SINGLE COVERAGE</b>	<b>DUAL COVERAGE</b>	<b>FAMILY COVERAGE</b>
<b>JANUARY 1, 2009</b>	<b>\$ 45.00 per month</b>	<b>\$ 60.00 per month</b>	<b>\$ 85.00 per month</b>
<b>JANUARY 1, 2010</b>	<b>\$ 50.00 per month</b>	<b>\$ 80.00 per month</b>	<b>\$105.00 per month</b>
<b>JANUARY 1, 2011</b>	<b>\$ 60.00 per month</b>	<b>\$100.00 per month</b>	<b>\$125.00 per month</b>

<sup>4</sup> SERB requires the conciliator to select, on an issue by issue basis, "from between each of the party's final settlement offers". The Union's position did not provide for "single plus one" coverage as the City proposed. Therefore, the undersigned is precluded from adding that coverage to the Union's final settlement offer which is adopted herein.

**V. Certification**

This Conciliation Report and Award is based upon the evidence and testimony presented to me at the conciliation hearing I conducted on March 26, 2009 in Chillicothe, Ohio.

Respectfully submitted,

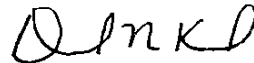
A handwritten signature in black ink, appearing to read "DnK" with a stylized flourish at the end.

Daniel N. Kosanovich  
Conciliator  
April 27, 2009

## CERTIFICATE OF SERVICE

I hereby certify the foregoing Report and Award of Conciliation in the matter of AFSCME Ohio Council Local 1562 and the City of Chillicothe, Case No. 08-MED-05-0596 was filed with the State Employment Relations Board by mail on April 27, 2009 and was mailed to Mr. William J. Smith, City of Chillicothe, 35 Payne Street, Chillicothe, Ohio 45601 and Mr. Stephen M. Robert, Stephen M. Roberts, Staff Representative, AFSCME Ohio Council 8, 6800 N. High Street, Worthington, OH 43085. In addition, the Conciliation Report and Award was electronically transmitted to Mr. Smith and Mr. Roberts on April 27, 2009.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dnk", is positioned above the typed name.

Daniel N. Kosanovich  
Conciliator  
April 27, 2009