



## **I. BACKGROUND**

The Conciliator was appointed by the State Employment Relations Board (SERB) on May 9, 2012, pursuant to Ohio Revised Code Section 4117.14(D)(1). The parties are the Ohio Patrolmen's Benevolent Association (Union or OPBA) and the Huron County Sheriff (Employer or Sheriff). The Sheriff is an elected official of the County, which is located in north central Ohio. Norwalk is the largest city and county seat. The OPBA represents the full time employees of the Sheriff. There are four (4) collective bargaining agreements between the Employer and the Union. There is a Patrol Unit consisting of Patrol Officers, Patrol Corporal, Juvenile Investigator, and Process Server. Another unit includes Captains, Lieutenants, Sergeants, and Dispatch Sergeants (the Command Unit). A Dispatcher Unit includes Dispatchers and Jail Assistant Officers, while the CO Unit consists of Correction Officers and Correction Corporals. There are approximately ten (10) members in the Patrol Unit, ten (10) in the Command Unit, six (6) in the Dispatcher Unit, and thirty (30) in the CO Unit.

The collective bargaining agreements are effective from July 1, 2010 through June 30, 2013. The parties negotiated a reopener for wages only effective for the year July 1, 2011 to June 30, 2012. They negotiated regarding wages, but were unable to agree. This conciliation involves only the issue of wages.

## **II. THE HEARING**

The conciliation hearing was held on Wednesday, June 20, 2012 at the Huron County Administration Building, 180 Milan Avenue, Norwalk, Ohio. Each party provided a pre-hearing statement. The hearing began at 9:30 a.m and adjourned at approximately 12:00 p.m.

The parties jointly introduced the four (4) collective bargaining agreements into evidence. They also introduced the following exhibits:

Union Exhibits

1. Huron County, Ohio Management's Discussion and Analysis for the Year Ended December 31, 2010.
2. Huron County, Ohio Notes to the Basic Financial Statements for the Year Ended December 31, 2010.
3. Huron County, Ohio Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Non-GAAP Budgetary Basis) General Fund for the Year Ended December 31, 2010.
4. Table 8 Huron County, Ohio Property Tax Levies and Collections - Real and Public Utility Last Ten Years
5. Estimated Revenue Worksheet
6. OPBA Huron County Sheriff's Office Starting Pay Wage Comparison - Population
7. OPBA Huron County Sheriff's Office Top Pay Wage Comparison - Population
8. Sample Work Schedule
9. Huron County Auditor June 19, 2012 letter re carry over balances, 2010-12.

Employer Exhibits

1. Ohio Unemployment Rates by County May 2012
2. Huron County QuickFacts from the U.S. Census Bureau
3. Erie County QuickFacts from the U.S. Census Bureau
4. Lorain County QuickFacts from the U.S. Census Bureau
5. Huron County by the Numbers Updated May 2012
6. Cleveland.com article "Schools, local governments take a hit in Gov. John Kasich's budget proposal," March 15, 2011
7. Dayton Daily News article "Local officials brace for state fund reductions," April 11, 2012
8. Los Angeles Times article "State budget cuts hit small-town Ohio," March 4, 2012
9. Map of Ohio Budget Cuts
10. What is the Tangible Personal Property Tax Reimbursement? What is the SB3/ Electric Deregulation/KwH Reimbursement?
11. Revenues Chart
12. 2012 Final Budget
13. 1992 and 2002 Sales Tax Collection Ratios for Ohio Counties, Adjusted for County Population, Per Capita Income, and County Sales Tax Rate
14. Huron County Outstanding Bonds 2012
15. SERB Annual Wage Settlement Report
16. SERB Health Care Report Table 3.2 Average Monthly Medical/Prescription Premiums and Employee Contributions
17. Huron County Health Plan
18. OPBA Cost of Insurance

19. Comparison of Huron County Support Staff Wages
20. OPBA Total Compensation
21. Detail Fund Report 01/01/2012 - 06/13/2012
22. Total Annual Compensation
23. Appropriation Report 01/01/2012 - 06/13/2012

The Ohio public employee bargaining statute provides that SERB shall establish criteria the Conciliator is to consider in making an award. The criteria are set forth in Rule 4117-9-06(H) and are:

- (1) Past collectively bargained agreements, if any, between the parties;
- (2) Comparison of the issues submitted to final offer settlement relative to the employees in the bargaining unit involved 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 interests 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) The stipulations of the parties; and
- (6) Such other factors, not confined to those listed in this rule, which are normally or traditionally taken into consideration in the determination of the issues submitted to final offer settlement through voluntary collective bargaining, mediation, fact-finding or other impasse resolution procedures in the public service or in private employment.

### III. ISSUE AND RECOMMENDATION

#### Introduction

Huron County encompasses 493 square miles and has a population of 59,626 according to the 2010 census. The County is largely agricultural and the largest producer of vegetables in the state. Like many other counties in Ohio, it has experienced financial difficulties in recent years. Approximately 2,000 manufacturing jobs have been cut in recent years and the unemployment rate as of May 2012 was 8.5%, 16th highest of Ohio's 88 counties. Located immediately north, Erie County is the home of Cedar Point Amusement Park and enjoys significant tourism. Huron County, on the other hand, does not have much in the way of tourism, resorts, lodges, motels, or restaurants. As a result, its retail sales figures trail Erie County as well as Lorain County, on its eastern line.

#### ***Wage Reopener***

**Position of the Union:** A 3% wage increase effective July 1, 2011 through June 30, 2012 and a contract reopener to negotiate wages from July 1, 2012 through June 30, 2013.

**Position of the Employer:** An increase of .5%.

**Findings:** The Union seeks an increase of 3% on the basis that all four (4) bargaining units accepted wage freezes to assist the County in balancing its budget. Members have also taken other steps to assist the Sheriff in running the department, often to the detriment of their paychecks. Given what the units have done and continue to do to help the budget, a 3% increase is not unreasonable. Additionally, the Union believes that the County has funds to pay the increase, so there is no ability to pay issue.

According to the OPBA, in addition to the general fund, the County has a jail fund that finances the Sheriff's department. There is a separate jail tax that collected \$2.3 million in 2009, almost \$2.5 million in 2010, and \$2.7 million in 2011. While the County has claimed that it has no money to pay more than a minimal increase, its assets grew in 2010 and its combined ending fund balance increased by almost \$2.5 million over 2009. It had a year end carryover of \$1,575,467 for 2010 and total taxes collected increased by almost \$1.3 million. Sales tax receipts have increased by \$367,392.08 since 2009. Comparing salaries with other counties,<sup>1</sup> the employees are neither overpaid nor underpaid, but they will need an increase either now or in the near future to remain where they are compared to others.

The OPBA introduced evidence that the Sheriff's department has cut back greatly on the number of employees. At the time Todd Corbin was hired, there were twenty-seven (27) road deputies. Now there are ten (10) to cover twenty-one (21) shifts. His nearest backup is twenty (20) minutes away. Sheriff Howard acknowledged that the department is short staffed and employees are making sacrifices. When he took office in 2009, there was an \$800,000 budget cut. Four (4) employees were laid off and others retired, which has helped to balance his budget. Employees help out by filling in for each other. They do not always put in for all the time they are owed.

Finally, the Union argued that the County has money at this time to pay for an increase. If the County runs into further financial problems, it can again ask the employees to help by cutting back or taking freezes. Employees have helped out in the past and there is no reason to doubt they would do so again.

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<sup>1</sup> The Union introduced as comparables Athens, Knox, Lawrence, Pickaway, Pike, Sandusky, Seneca, and Washington counties. Of these, only Sandusky and Seneca are adjacent.

The Sheriff counters that Huron County's economic condition does not support a 3% increase or even 1%. The lingering recession continues to affect the County and the state has reduced funding for local governments by 50% over its biennial budget. Add to this a reduction in the assessed valuation of real estate in the County, the elimination of the tangible personal property tax reimbursement, the estate tax beginning in 2013, and the SB 3 Electric Deregulation/KwH reimbursement and the County will see a reduction in revenues. Innovation Ohio estimates Huron County has lost or will lose \$7 million to its schools and local governments.

Approximately one-half of the County's money comes from sales tax and interest. And while sales tax revenue for 2012 has increased, revenues have dipped in the previous two (2) months. Much of the sales tax revenue goes to the state and historically low interest rates have caused interest income to drop significantly. Most real estate taxes support school districts. This leaves the local government fund, which has been cut drastically. The Union claims that the County has plenty of money, but that is not true. Assets are not liquid and should not be counted as spendable money. The Commissioners can allocate only general fund money to certain expenses. In 2012, the Sheriff's office received 30.2% of the total budget, while others incurred budget decreases. For example, capital improvements were slashed 50% from 2010 to 2011 and to zero for 2012, Building and Grounds was cut about 5%, the Auditor about 22%, and contingencies from \$360,300 to \$47,773.

The Ohio Department of Taxation has developed sales tax collection (revenue to expenses) ratios. A one to one ratio is considered break even. In 2002, Huron County had a .8 to .8 ratio, while Erie County had a 1.33 to 1.27 ratio. (The ratio is calculated

every ten (10) years. Additionally, the County must budget for outstanding bonds. Bond payments for 2012 are almost \$1.1 million and will rise to \$1.15 million in 2016. Further, the County does have a carryover, but this is not extra dollars. It is money needed to pay expenses during the first part of the year until tax receipts are collected. The County Auditor estimates \$2 million as an adequate carryover. Seen in this light, the \$1.5 million carryover for 2010 is inadequate rather than a large sum of money that can be used for increases.

Public employee wage settlements have decreased significantly since 2007, from approximately to 3% to 1% or less. And while health care premiums for Huron County employees have increased, they still pay a significantly lower percentage than other county employees. The average is 15.9% for county workers, while Huron County employees pay 10.88% under the standard plan and 8.76% under the basic plan. OPBA members received a 3% increase in 2007, 2008, and 2009. They accepted a wage freeze in 2010, but received a \$.05 increase in shift differential, prior service credit for working at other public employers, and sick leave payout at retirement was raised from 25% to 35%, as well as other economic gains.

At the same time, non-bargaining unit employees received a 2% increase in 2008, nothing in 2009, and no increase in 2010 while accepting a 10% reductions in hours and pay. In April 2011, they received a 2% increase. In those four (4) years, they received 4% increases, not counting the 10% decrease, while OPBA members received 9%. Non-bargaining unit employees will not receive any increase in 2012 and their hourly wage averages \$15.28 compared to \$18.11 for OPBA members. This is a difference of \$5,886 annually.

An increase of 1% will cost the County \$25,424.91 per year and 3% will cost \$76,268.38. A .5% increase will cost \$12,712.46. These figures do not include shift differential, overtime, and longevity. Finally, the County's health insurance trust is an issue at present. Actuaries recommend a balance of \$800,000, yet the June 15 balance was just over \$100,000, with health claims averaging \$70,000 per week during 2012. Contributions will be made during 2012, but the balance is precariously low. In short, the County is experiencing considerable financial constraints and the budget cannot withstand an increase of 3% or even 1%. The County's offer of .5% will likely cause layoffs as the Sheriff will need to make up any resulting deficit. Yet the County understands the need to offer some increase.

The current contracts contain reopeners for the contract year July 1, 2011 through June 3, 2012. The Union seeks wage reopeners for the 2012-1013 year as well. The Conciliator does not believe he has the authority to award the reopeners. The parties negotiated reopeners to be effective July 1, 2011 only, they specifically did not negotiate reopeners for the third year of the contract. Awarding the second reopeners would create a new term of each agreement that the parties did not negotiate. As a result, the Conciliator rejects the request.

As to the wage increase for 2011, there is no question the County is experiencing some financial constraints. Manufacturing jobs have been cut and unemployment remains high. The state has cut local government funding. In the face of this, the County has done what good government does by cutting costs where it can. As noted above, capital improvements were slashed 50% from 2010 to 2011 and to zero for

2012, Building and Grounds was cut about 5%, the Auditor about 22%, and contingencies from \$360,300 to \$47,773.

There are some bright spots, however. Total taxes collected in 2010 increased by \$1.3 million. This is the last year for which the Conciliator was given data on total taxes collected. Sales tax revenues grew in 2010 and again in 2011. As of June 20, they had risen in 2012, also. General fund revenues increased from 2009 to 2010 and again in 2011, although they are still below what they were in 2006 and 2007. The Jail Sales Tax receipts also grew from 2010 to 2011, though they are estimated to fall short in 2012.<sup>2</sup>

The bargaining units are short staffed and overworked. This is particularly so for the Patrol Unit, which has ten (10) road deputies covering twenty-one (21) shifts. The OPBA introduced comparables from a number of other counties that are mostly rural with similar populations. Athens, Knox, Lawrence, Pickaway, Pike, Sandusky, Seneca, and Washington counties are mostly agricultural or forested or both. Sandusky and Seneca counties are adjacent to Huron County. While Athens, Pike, and Washington counties are more forested than agricultural and Athens County has Ohio University as a large employer, overall they are similar counties. In short, these comparables are not only similar in size and economy, some are in the same geographic region as Huron and compete for employees. The Conciliator accepts them as comparables. These show that the bargaining unit employees are in the middle in terms of starting and top wage rates for the various classifications. And while Huron County Dispatchers have a higher starting salary than the comparables and Sergeants are second highest, they, too, are in the middle of the pack in terms of top wage rates. There is only one (1)

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<sup>2</sup> The Conciliator notes that revenues are almost always projected to be lower than actual receipts.

comparable for Captains, which is too little data to draw any comparisons. For Corrections Officers and Deputies, the largest classifications here, it should be noted that Sandusky and Seneca have higher starting salaries. The top wage rate for Sandusky and Seneca counties is the same or higher for Corrections Officers. For Deputies, Seneca County has a slightly higher top wage rate, while Sandusky is slightly lower. This data is especially applicable, as Huron County competes with them for employees.<sup>3</sup>

All in all, the Conciliator finds that the bargaining unit members should receive an increase. The units agreed to a freeze in 2010 and the Conciliator is not awarding a reopener for the third year of the contract. While the units received some economic gains in 2010, this will be the only increase the units will receive during the three (3) year contract term. The 3% increase requested by the OPBA is too great, given the County's financial situation. However, the .5% increase offered by the County is too little. The data show that revenues have been increasing the last couple years and the County's finances have improved somewhat, largely due to the good work of the Commissioners and others who control the budget. A 1% increase will cost the County \$25,424.91 per year. While this does not include overtime and other costs, the Conciliator concludes the County has the ability to finance a 1% increase at this time. Additionally, it will help the County to attract employees and compete with Sandusky and Seneca counties. Based on SERB's data, a 1% increase over three (3) years is consistent with current wage settlements for county employees.

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<sup>3</sup> It would have been helpful for the Conciliator to know whether Sandusky County and Seneca County employees received an increase in 2011 or are scheduled to receive an increase in 2012 or 2013 or both.

**Recommendation:** A 1% increase for each unit effective July 1, 2011. No wage reopener for the year July 1, 2012 - June 30, 2013.

Dated: August 17, 2012

A handwritten signature in blue ink, appearing to read "Daniel G. Zeiser".

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Daniel G. Zeiser  
Conciliator