17-276

EXHIBIT

A

STATE OF OHIO
BEFORE THE STATE EMPLOYMENT RELATIONS BOARD

In the Matter of Fact-Finding Between

The Fraternal Order of Police,
Ohio Labor Council, Inc.

Employee Organization

Case No. 2016-MED-09-0945

And

The Summit County Sheriff's Office

Fact-finder: Jerry B. Sellman
Date of Report: June 22, 2017

The Employer

FACT-FINDER'S REPORT AND RECOMMENDATION

APPEARANCES:

FOR THE EMPLOYEE ORGANIZATION:

Gwen Callender, Esq. – Chief Counsel, Fraternal Order of Police, Ohio Labor Council, Inc., representing the Union
Otto Holm – Staff Representative, Fraternal Order of Police, Ohio Labor Council, Inc., representing the Union
Mary Schultz, CAP, CFE – Consultant with Sargent & Associates, Witness

FOR THE EMPLOYER:

James A. Budzik, Esq. – Attorney with Mansour Gavin LPA, representing the Summit County Sheriff's Office
Brian Nelson – Finance Director for Summit County, Witness

I. INTRODUCTION

This matter concerns a Fact-finding proceeding between the Summit County Sheriff's Office (hereinafter referred to as the "Employer" or the "Sheriff") and the Fraternal Order of Police, Ohio Labor Council, Inc., (hereinafter referred to as the "FOP" or the "Union"). The State Employment Relations Board (SERB) duly appointed the undersigned as Fact-finder on November 23, 2016, to conduct a Fact-finding hearing concerning a new Collective Bargaining Unit for the Deputies' Unit with the Employer. After a number of mutually agreed extensions by Parties, a Fact-finding hearing was held on May 3, 2017 and June 2, 2017, at which time the Fact-finder was presented with the following open issues identified and discussed by both parties:

Article 18 – Wages and Compensation
Article 27 – Uniforms and Equipment
Article 33 – Vacancies

The Fact-finder invited the parties to enter into mediation pursuant to the Ohio Administrative Code and the Policies of SERB in an effort to find consensus on the remaining disputed provisions of the new Collective Bargaining Agreement. The Parties engaged in mediation and were able to mutually agree on a couple of additional Articles, but were unable to mutually agree on the issue of Wages and Compensation contained in Article 18.

The Fact-finding proceeding was conducted pursuant to the Ohio Collective Bargaining Law as well as the rules and regulations of the State Employment Relations Board, as amended. During the Fact-finding proceeding, this Fact-finder provided the parties the opportunity to present arguments and evidence in support of their respective positions on the issue remaining for this Fact-finder's consideration. The Parties waived the taking of a transcript.

In making the recommendations in this report, consideration was given to all reliable evidence presented relevant to the outstanding issues before him and consideration was given to the following criteria listed in Rule 4117-9-05 (K) of the State Employment Relations Board:

(1) Past collectively bargained agreements, if any, between the parties;

(2) Comparison of the unresolved issues relative to the employees in the bargaining unit 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 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 standard of public service;

(4) The lawful authority of the public employer;

(5) Any stipulations of the parties;

(6) 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 public service or in private employment.

II. BACKGROUND

Summit County is located in Northeast Ohio and is currently the fourth largest county in Ohio with a population of approximately 540,300 according to the U.S. Census Bureau. Its governing body is unique in that it is only one of two of Ohio's Eighty-eight counties that have a charter government. Under its charter, rather than three elected commissioners, Summit County has an elected County Executive and an eleven-member County Council.

The FOP/OLC represents bargaining-unit members with the Summit County Sheriff's office consisting of approximately Two Hundred Eighty-five (285) full-time Deputy Sheriffs. Deputy Sheriffs are assigned either to Road Patrol or to the Jail.

Summit County operates from annual revenues generated into a General Fund, which at the end of 2016 totaled $111,231,866. Major sources of revenue on which the County relies to run the county government from the General Fund are generated from sales and use taxes (approx. 41%), property taxes (approx. 17%), charges for services (approx. 15%), property transfer taxes (approx. 6%), Casino revenues (approx. 3%), Ohio allocation of local government funds (approx. 5%), and interest from investment earnings (approx. 7%). Expenditures from the General Fund in 2016 was $111,552,713.

It is notable that the current budget (including the General Fund and "all other Funds") has remained at approximately $62.6 Million below pre-recession levels (2008)[1], when consumer spending was up, investment earnings were significantly higher and Local Government Funds allocated from the State of Ohio were significantly higher. As discussed below, expenses had to be dramatically reduced in the years after 2008 to respond to corresponding lack of revenue. By responding to the dramatic loss of income from 2008 and following years, the County cut expenses and dipped heavily into General Fund reserves to stabilize the operations of the County. By 2012, revenues began to increase from slightly below the $100M level to the $111 Million level that exists today. The increase in revenues was primarily due to sales tax receipts and casino tax receipts, but the increases were not enough to offset the losses in property tax transfers (due to declining property values), Local government funding (down 40%) and, due to the reduction in General Fund carry-over reserves and other fund reserves, significantly lower investment earnings.

While sales tax revenues have been increasing over the last several years, Summit County has the lowest sales tax rate in the State, which inhibits its ability to further increase revenues from this source, which is a major revenue source for most counties. Most Ohio Counties are able to increase sales tax levels through a vote of the local board of commissioners, but because Summit County has a Charter form of government and it has a Charter provision that requires a vote of the electors of the County at a general election to increase the sales tax rate, such increases have proven to currently be impossible to obtain. In 2014, a sales tax increase was presented to the voters and it was defeated. A large portion of the sales tax increases over the last several years are from taxes on Medicaid Managed Care Organizations. The State's decision to phase out the sales tax on Medicaid Managed Care Organizations will have a negative impact on revenues from sales tax collections.

The County has been able to operate within its reduced revenue levels as a result of reducing expenses through sound management along with cooperation from its employees on all levels who endured wage freezes and furlough days. There are now 850 fewer employees than in 2006, and current personnel costs are $10 Million less than they were a decade ago. Through these measures, the County has been able to maintain overall positive Fund Balances over the last several years. While the unencumbered General Fund Balance has been slightly up or down over the last five years, it has increased from $3,310,000 as of December 31, 2012, to $4,689,979 as of December 31, 2016. In addition to the positive fund balances, the County has maintained a

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[1] This is a comparison of the total of the General Fund, and all other funds, which comprise the total County Budget.

$25,325,000 Budget Stabilization fund. This fund, created in the 1990's when the economy was booming, has been preserved at the $25,000,000 level since 2000.[2] With the combination of these year-end fund balances, the County's 2016 year-end Total Unencumbered General Fuds were $30,448,934.

According to the County's Comprehensive Annual Financial Report (CAFR) published in June 2016, its General Fund Cash Balance Maintenance Policy is to take reasonable efforts to achieve and maintain an unrestricted cash balance in the General Fund, in an amount sufficient to provide liquidity to meet the operating cash flow needs of the County, which should be at least 17.3% of the annual operating budget. At the end of 2016, that balance was 26.9%, if the Budget Stabilization Fund is included.

The Sheriff's Department is funded primarily out of the General Fund, with some funds from small rotary funds and grants. Its expenditures constitute the largest single budget item in the General Fund, around 28.5%.

The current Collective Bargaining Agreement expired on December 31, 2016, and Extension Agreements have been executed by the parties to allow for Fact-finding on unresolved issues. The parties engaged in several negotiation sessions. At the conclusion of the bargaining sessions and the first day of Fact-finding, the parties tentatively agreed to language in all but one Article in the new proposed Collective Bargaining Agreement.

The following recommendations of the Fact-finder on the remaining disputed issues are based on his consideration of an overall solution to the positions and concerns of the parties in light of criteria listed in Rule 4117-9-05 (K) of the State Employment Relations Board.

The General Fund budget, excluding all other funds, in 2008 was $122.3 Million and in 2017 was $110.2 Million,

UNRESOLVED ISSUE

1. ARTICLE 18 – WAGES AND COMPENSATION

The Employer's Position

The Employer proposes a 2% wage increase each contract year (2017, 2018, 2019) and retroactive to January 1, 2017. The Employer rejects the Union's proposals to add an additional 1% to the current wage scale in Appendix A and add a new section for "Maintenance of Standards Compensation" or "Hazardous Pay and Exposure Testing," which would grant every employee an additional $0.50 per hour benefit.

While the Employer agrees that a wage increase is appropriate for this bargaining unit, it argues that its proposal should be recommended based upon the County's historical and current financial condition, internal and external comparable wage compensation data, and forecast revenues for the duration of this Agreement.

The County has been forced to operate much differently than it did a decade ago based upon the dramatic drop in revenues due to the state of the economy in general, coupled with the virtual elimination of local government funding from the State of Ohio, and significant drops in investment income. With current budgeting at levels approximately $62 Million below pre-recession (2008) levels, the County has reduced its per capita expenditures to a level currently the lowest of all major Ohio counties. At the same time, unlike all of the other counties in Ohio, its revenue generation is hampered by its Charter restriction on raising sales taxes, which is the

[2] In 2006 the available Fund Balance was $55,226,496.

lowest in the State at .5%.[3] By managing the County finances in light of the reduced revenue, and with less employees, as noted by the elimination of 846 full-time positions, Summit County operates the most fiscally conservative large county government in Ohio.

As a result of prudent management, the County has continued to maintain healthy General Fund Balances at the end of each year. While this is considered by the Union to be a source for funding increases in compensation, much of the reserves are needed for rainy day funds and deferred capital expenditures. As an example, due to sales tax increases that were passed in a booming economy, the available fund balance in 2006 was $55.2 Million. By 2012, the balance was reduced to $28.6 Million in order to weather the recession. With a General Fund Balance at the end of 2016 of $30 Million, a conservative approach to wage increases needs to be taken to fund projected operating deficits and overdue capital expenditures[4] through the life of the current collective bargaining agreement. With aging buildings and equipment, and currently a wing of the jail shut down, many capital expenditures can no longer be delayed or ignored. This circumstance, coupled with the projected loss of sales tax revenues, as discussed below, require wage increases to be reasonable, which is what the County is proposing.

This need to maintain this healthy General Fund Balance reserve is evidenced by its current AA+ Bond Rating, a key factor in obtaining uninsured general obligation bonds. This rating has been maintained even though the County dipped heavily into the reserve post-2008, because it promised that revenues would eventually catch up with projected expenditures, which it has. Expenditures were reduced as a result of the cuts in employment and wages and benefits,

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[3] See Background Information regarding this Charter restriction.
[4] It is noted that the Ohio State Auditor gave the County a cautionary financial health outlook (rating) for its condition of capital assets; it has not kept up with recommended capital expenditures needed in the County,

while maintaining adequate services to the community.

Since 2010, cuts to administrative positions has been much higher than public services positions. As a result, the percentage cuts since 2008 to the fiscal office was 37.9%, the Board of Elections 29.7% and the Executive 15%, while cuts to the Sheriff's Office was 8.1%. It is acknowledged, however, that the Sheriff's budget also represents the largest expenditure in the overall budget at 28.5%, as opposed to the Fiscal Office budget that comprises 4.5% of the budget.

By operating the County since 2012 within the revenues available, it now has the "right sized" government to operate within expected revenues. The County's Five-year Financial Forecast, which includes forecasted annual 2.5% general wage increase and a 5% increase in Healthcare costs, shows deficit spending that will result in a reduction of the General Fund Balance (including the Budget Stabilization Fund) from 28% to 13% in 2021. The current forecasts take into consideration the Governor's proposed elimination of the Medicaid Managed Care Organizations sales tax[5], the reduction of Indigent Reimbursements from 50% to 41%, and Local Government Distribution Changes, which is about $4.2 Million loss of revenue to the County per year. The elimination of the MHIC sales tax alone would be $3.7Million. As a result of negotiations with the Governor's Office and the Ohio Legislature, a proposed Transitional Aid bill would reduce the impact of the elimination of the MHIC sales tax, which, if finalized, would lessen that impact by $2.3 Million. Even with the Transitional Aid, there will be additional forecasted deficit spending if the Union's wage proposal was accepted and the current employment base is maintained. The Employer's forecasts for sales tax revenues have been adjusted for the loss of the MHIC taxes and adjusted by the proposed Transitional Aid in 2017

[5] Legally referred to as the sales tax on Medicaid Health Insuring Corporations (MHICs).

and 2018. The initially proposed 3% annual growth rate is appropriately adjusted. For the years 2019-2021, the Employer is forecasting a 2.2% annual growth rate in the sales tax.

As mentioned above, the County must consider expending funds for deferred replacement of capital assets. The HVAC system at the jail needs replaced at $4 Million, police cruisers need replaced, and the Sheriff needs body cameras. Overall, the County has a list of $18 Million in capital expenditures that will eventually need to be made. Some of the Budget Stabilization Funds will probably need to be used for this. Pursuant to Resolution 2000-427, any expenditure of the Budget Stabilization Fund requires approval of the Budget Commission and County Council. Approved uses are one-time essential operation shortfalls, bond retirement needs, and extraordinary expenditures necessitated by emergency events.

The County's policy has been to offer all of its employees within the County, both bargaining and non-bargaining, the same wage increases and benefits package. Non-bargaining County employees were given a 2.5% wage increase in April. For a similar increase for this Bargaining-unit, the increase would amount to $367,000, compounded per year. General Fund wide, all the increases would amount to $1,376,000. In light of these costs and the forecast of reduced revenues discussed above, the County cannot afford to pay the 3%, plus 1% and, it would be inappropriate to treat this bargaining-unit different than the other County employees.

It is recognized that the bargaining units in the County went several years without any wage increase, but non-bargaining units went several years longer than that without a wage increase. While wage increases were frozen, the Deputies, however, continued to receive their 1% or more longevity pay increases.

The Deputies also did not see the same level of loss of full-time positions that other employment units experienced over the past. Charter employees (fiscal office, executive office clerk of courts, etc.) saw a 27.3% drop in full-time positions; other bargaining units (e.g., AFSCME) saw a 19.5% drop in full-time positions; and the FOP/OLC saw a smaller 15.1% drop in full-time positions.

The Fact-finder should note that Summit County pays all of its Deputies the same wage rate, while other counties pay their Corrections Officers at a different wage rate than the Patrol Officers. For example, Cuyahoga County pays its Road Deputies \$59,259, while paying its corrections officers \$45,032. There are also differences in Lucas, Montgomery and Stark Counties where corrections officers are paid less than the road deputies. When considering wages paid in comparable jurisdictions, the Fact-finder should note that our Deputies who work in the jail are paid higher than their counterparts.

The collective bargaining agreements of other county Sheriff Offices show increases in ranges less than sought by the Union. For 2017, Cuyahoga Deputies received a 2% increase, Stark County a 2.5% increase, Mahoning County a 2.5% increase, and Franklin County 2.75%. Hamilton and Lucas Counties did receive a 3% increase. Our wage proposal is in line with these other jurisdictions.

There are no comparable counties that pay a hazard pay and there is no justification to do so in Summit County.

SERB's Annual Wage Settlement Report shows that increases given to this bargaining-unit are above those shown in wage increases in all categories for the last three years. The

County is meeting the going rates of the industry.

In comparing wage growth among the various employment groups identified above, since 2006 the Charter employees' base wages have risen 9.9%, other bargaining units in the County have seen their base wages rise 17.6%, and the Deputies' base wages have risen 22.1%. When comparing the Deputies' wage increases to the National Cost-of-Living Rate (CPI), the group did fall behind the during the years their salaries were frozen, but since 2013 their wages have steadily increased to the point where they currently are slightly above the CPI.

Comparing the percentage of the Summit County General Fund spent on the Sheriff's Department with other large counties in Ohio, Summit compares favorable. While Summit County spends 28.53% of its budget on the Sheriff's Department, other comparable counties in size, such as Lucas, spends 20.65% of its General Fund Budget, Montgomery spends 20.17%, and Cuyahoga spends 24.5%. The lager counties of Franklin and Hamilton spend more. This demonstrates that the County is at the top of the scale with similarly sized counties regarding spending on the Sheriff's Department.

The Union's Position

The FOP is proposing a 3% cost of living increase each year of the Agreement; a 1% increase for each year of the Agreement for each step in Appendix A; and a new section in the Wages article called the "Standard of Conduct Differential Pay," that would pay bargaining-unit members an additional 50¢ (fifty cents) per hour for standard of conduct differential pay.

The Union argues that the wage increases sought are reasonable in light of past concessions given on wages, comparable salaries of Deputy Sheriff's in comparable jurisdictions, and the ability of the Employer to pay the wage increases.

Over the last six years, the Deputies took concessions in their wage package(s) that helped the County meet expenses, but kept them behind other Deputies doing the same work in other comparable jurisdictions. Now that the County revenues are improving, so should the wages of the Deputies.

In 2011, the Deputies bargaining-unit experienced a layoff of thirty (30) full-time bargaining-unit members and fifteen (15) intermittent Deputies. The Union members did not receive any wage increase for 2011 and further agreed to receive $600 less on their clothing allowance in an effort to assist the County in its economic struggles. At the same time, the County implemented a new and more costly health care plan, which further reduced the employees' take-home pay.

In 2012, Deputies bargaining-unit agreed to a $1200.00 reduction in take-home pay. Additionally, the County once again increased the cost of the employees' share of the health insurance premium by contracting for an increased cost in the overall health insurance premium.

In 2013, the Deputies were asked by the County to take a 2% reduction in wages in re-opener negotiations, but a Fact-finder recommended a 1.5% increase in wages, which was accepted by both the Union and the Employer.

In 2014, the Deputies and County went to Fact-finding again for the current (expired December 31, 2016) CBA. The Fact-finder awarded wage increases which totaled 5.75% over three (3) years. Even with these wage increases the Deputies remain significantly lower than their counterparts in their universe of comparables.

In comparing the wages of the members of this bargaining-unit with other public employees doing comparable work, deputies in Cuyahoga, Franklin, Hamilton, Lucas, and Montgomery Counties, as well as the Police Officers in Akron, Ohio, all are paid higher wages, with the exception of Lucas County. Assuming the Union's wage proposal is recommended, for 2017 the Deputies in Summit County would continue to remain the lowest paid deputies, with the exception of those in Lucas County. The mean wage of the deputies in these counties is $64,780. Under the proposed wage package, Summit County Deputies would be paid $58,553, still well below the mean and substantially below Franklin County Deputies at $85,779, Montgomery County Deputies at $68,874, and Cuyahoga County Deputies at $60,444. With proposed wage packages of 1%+3% and/or 3% in each of these counties in 2018 and 2019, the wage package proposed by the County would put the Summit County Deputies even further behind.

The Fact-finder must ignore the arguments of the Employer that a correction officer's salary in a comparable jurisdiction should be considered in comparing wages to the Deputies in Summit County. While many of our Deputies are assigned to the Jail, they are certified peace officers and expected to perform all of the duties assigned to Deputies on or off the road.

For a County that is steadily experiencing an increase in General Fund revenues, it is incumbent upon the Employer to properly compensate its employees. This group of employees, more than any other bargaining unit or non-bargaining unit employee, puts their lives at risk seven days a week, twenty-four hours a day. In the jail, at the courthouse, and on road patrol these Deputies are expected to react at a moment's notice to what could be a dangerous and oftentimes deadly threat. The only way to keep and maintain a quality work force is to pay them commensurate with their professional responsibilities. The FOP's wage proposal will provide the increase needed for the employees to earn a salary more aligned with law enforcement in comparable jurisdictions. While these modest increases will not provide parity for these bargaining-unit members with the other comparable jurisdictions' top wages, the FOP requests this Fact-finder take a step in the right direction for this three-year agreement by recommending its wage proposal in its entirety.

The Standard of Conduct Differential Pay proposal, which would entitle the Deputies to receive an additional 50¢ (fifty cents) per hour, is intended to provide the Deputies with a layer of compensation for the nature of the work they perform and the policy requirements of their distinctive positions as law enforcement officers. There is no group of employees in the same category as this bargaining unit of Deputy Sheriffs. The Employer relies on this unit to keep the peace in the County, to provide for a safe and secure place for its citizens to live and make a home and to encourage businesses to relocate to Summit County. The Employer requires that Deputies be the ultimate public trust. The Employer requires in its Code of Ethics that these employees vow to safeguard lives and property, protect the innocent against deception, the weak against oppression or intimidation, and the peaceful against violence or disorder. The Employer expects the Deputies to conduct themselves both on and off duty at a higher standard than other employees in the County. The Employer should compensate the Deputies for their obligation to always be at the ready should duty call, no matter if they are on or off duty at the time they are needed.

There are sufficient revenues projected to support the increases sought by the Union, which is due to a number of factors. The sales tax revenue has continued to increase over the years making for a healthier General Fund. While the County projects a 3% annual growth of sales tax revenues in 2017 and a 2.2% annual growth of sales tax revenues in 2018-19, the actual trending of sales tax growth has been higher. From 2012 to 2013 it was 4.4%; from 2013 to 2014 it was 7.3%; from 2014 to 2015 it was 4.5%; and from 2015 to 2016 it was 4.2%. Based upon historical performance, the revenues forecast for sales taxes will be much higher than projected.

Based upon the County's conservation forecasting, it shows a 21.3% fund balance at the end of 2019, which is the last year of the contract term under consideration. That is in comparison to a 16% Fund Balance recommended by the Government Finance Officers Association (GOA)[6] and a 17.3% Fund Balance recommended in the County Policies. This demonstrates that funds are available for the requested increase in wages. If one were to look at the County General Fund target projections contrasted to a GOA recommended 16% General Fund Balance, there would be a variance of $6 Million over the term of this contract, more than enough to fund the requested increases. That is in light of the County already projecting a 2.5% wage increase in its forecasts (which is more that the County is proposing to the Fact-finder) with a $6 Million cushion remaining.

The Union believes that additional funding could be made available as a result of the high balances in the Hospitalization Stop-loss Reserve Fund and the Workers Compensation Fund. Money from these funds could not be spent on expenses of the Sheriff's office, but a portion of the high levels maintained in those funds could be used to pay fund premiums, which would free up expenses paid by the General Fund to pay any additional expenses for the Sheriff's Office.

The Union recognizes that the County does need to address capital improvement requests, but that is always an on-going process and would not be significantly hampered by the additional wages sought by the Union members.

The difference between the County's proposal (2%) and the Union's proposal (3%+1%), including all of the roll ups, amounts to $314,811 in 2017, $351,117 in 2018 and $376,029 in 2019.[7] Considering the County's budgeted $30,448,934 carry-over in 2017, the Union's proposed wage increase would only decrease the General Fund Carry-over by approximately 1%, which would have little impact on the proposed maintenance of a 28% Carry-over.

The purpose of a healthy carry-over fund is to allow for prudent government management, but the County exists to serve its citizens. These "excessive" funds should be used for safety forces to make the county safe. And it must be remembered that the Deputies work 24/7, unlike the other employees of the county that work a regular 8-hour day.

The comparison the Employer wants the Fact-finder to make in regard to the reduction in other County departments along with comparable wage freezes should be ignored. Deputy Sheriffs have had their workloads increased and their own safety compromised with the increase in workload. Their wages should reflect this. The Corrections Officers have more inmates per officer to oversee and the road Deputies have to respond to the same or more calls to make with

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[6] The GOA has noted that large counties and large school districts can operate efficiently at General Fund Balances below 16%, because they are diversified.

[7] The Union noted that the differences would actually be less because the County, in its projections at Fact-finding, included a budgeted 2.5% annual wage increase. These calculations were based upon the Employer's proposal for a 2% wage increase. As an example, the difference in 2017, with the budgeted 2.5% increase would be $237,000

fewer deputies.

We included the 1% increase to the wage base in addition to the cost of living 3% because this was a method used by the Summit County Children Services CWA members as a different way to provide increases without falling out of any pattern bargaining theory.[8] We wanted to give the Employer the opportunity to indicate that we were given a 3% wage increase when they argue pattern bargaining. There are other examples where individual non-bargaining unit employees have received 4% or more increases.[9]

Discussion, Findings and Recommendation

Fortunately for Summit County, it is healthy financially after years of struggling to make up for lost revenues from the State and the downturn in the economy. Its current financial health is due to many factors, including, sacrifices by County employees (both bargaining-units and non-bargaining units) sound fiscal management by the County, and a strong Budget Stabilization Fund that could be used to weather a post-recession storm. The County's conservative fiscal management policy to get deficits to a break-even point with revenues over the last several years has been working. Since 2013 and projected through 2017, on average, expenses have not exceeded revenues, and the Budget Stabilization Fund Balance has remained the same. These results have not come without impacting the County overall, however, as reflected by loss of full-time positions, reduction in services, multiple-year reduction in wages, and increased workloads on County employees, both bargaining and non-bargaining. In light of this historical

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instead of $314,811.

[8] The Employer notes that the Summit County Children Services has its own Board and the Summit County Board has no control over that entity or funds that entity.

[9] The Employer noted that some of these employees' salaries were in the $35,000 range and had their salaries frozen for seven years. The Deputies base salaries are already far above that level.

financial background, the issue on wages is not focused upon whether or not to give any increases, to which the Employer agrees, but how much of a wage increase is appropriate in light of planned necessary/desired capital expenditures, projected loss of a portion of sales tax revenues, and wage increases given to other bargaining and non-bargaining employees.

The primary concern of the County is that the net loss of sales tax revenues under the Governor's Proposed Budget,[10] continued relatively flat (or only modest increases in) revenues in other revenue source categories, and the inability to raise sales tax rate within the County without approval of the voters will create rather large deficits in the next five years in light of the cumulative effect of projected wage increases (at 2.5%) for all personnel and increased overall operating costs of the County. It opines that at current forecasted levels of revenues and expenses, its unencumbered carry-over balance will be reduced from the current 26.9% of operating expenses to 13% in 2021.[11] Capital expenditures will additionally need to be made, while dealing with the revenue issues.

The concern of the County must be contrasted to that of the Union that argues the Deputies' workload has been increased as Deputy jobs have been lost; they are paid the lowest wages of any deputies in all comparable counties (with the exception of Lucas); they have suffered a number of years without any wage increases, and it needs to catch up; their code of ethics requirements are higher than other County employees, and they should be compensated for that; and there are sufficient funds to pay the modest increases they are seeking over that offered by the County.

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[10] Elimination of the MHIC Sales Tax, Reduction of Indigent Reimbursements, and Local Government Distribution Changes,

[11] It would be reduced to 21.3% by the end of the current proposed CBA, but the long-term effect has been

Recognizing the above factors, it is my determination and recommendation that a wage increase in the amount of three percent (3%) for each year of the Agreement is warranted and affordable by the County without affecting the County's normal standard of public service at which it currently operates. Considering the County's need for conservative fiscal management in light of certain known loss of some revenue categories and the impact of the recommended increases, the additional 1% increase to the base wage rates, which would have an ongoing compounding effect, cannot be recommended.

It is noted that while the County was proposing a 2% increase in wages, their projections incorporated a 2.5% increase, which is what other County employees were given this past Spring. Increasing that percentage of a wage increase by .5% will have less than a 1% overall impact on their forecasts, which is insignificant in light of the $108 Million to $114 Million annual Budget under which it is proposing to operate during the term of this Agreement. The Fact-finder particularly considers it insignificant in contrast to the morale boost it will give the Deputies to advance on the pay scale compared to deputies in other jurisdictions and receive compensation for the extra duties thrust on them due to the reductions in force. The County will be able to retain well-trained Deputies, and attract new ones where necessary.

While five-year forecasts are necessary to properly plan for operating a large governmental entity, it is noteworthy that, based upon the County's projections, its Carry-over balance would still be in excess of twenty percent (20%) at the end of this contract term, which is clearly sufficient to efficiently operate. If the County is unable to increase its projected sales tax revenues, whether by obtaining a vote to increase the base or additional collections at the current

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considered.

rate, or increase revenues from other sources, different considerations would apply to the next round of contract negotiations.

The Fact-finder recognizes that the County needs to make capital expenditures, many of which have not been factored into the forecasted budget. If increased revenues cannot be attained, invariably, some of those would need to come out of the Budget Stabilization Fund, from which there is authorization to spend. However, potential increases in sales tax revenues (which have consistently and historically been above forecasted levels) would predictively cover this .5% increase over the amount already contained in the forecasted budget.

While the Union argued that an additional one percent (1%) increase was necessary and deserving, the Fact-finder does not conclude that it is necessary to further advance the Deputies wage scale an additional one percent (1%) to remain competitive with comparable jurisdictions. Further, the compounding effect of this would further put pressure on the County's budget, which would force it to make cuts in other areas or further reduce services to the residents of the County. It also would result in increases well beyond SERB benchmarks increases reported in various comparable categories, including regions, jurisdictions and service type.

The Fact-finder considered the County's intended policy of offering the same wage and benefits package to all employees in the County. There are many benefits to this policy; it certainly creates better labor relations among all of the employees. As noted by the Union, there have been exceptions to this, citing increases in individual non-bargaining employee salaries and in particular, the most recent contract with Children's Services. Recognizing the circumstances for these increases explained by the County Representative, there are often reasons for making an exception. Here, I would agree with the Union that the Deputies perform a different type and level of service than other internally compared organizations in Summit County, and the Union's argument for an exception is warranted. While the Fact-finder generally agrees with the arguments supporting a pattern bargaining approach to setting wages and benefits as being in the best interest of the community, departures are often recommended in order to not only adequately compensate safety forces, but to keep the wages competitive to attract new hires. The proposed increase in wages will not bring parity with the pay of comparable Sheriff districts, but the Deputies will make major strides in that direction.

The Fact-finder considered the County's argument that it would be more appropriate to compare the wages of the Deputies to those of corrections officers in other comparable jurisdictions. The Parties' bargaining history and existing contract terms do not support a finding and recommendation in favor of the County on this. Deputies are not classified as corrections officers under their contract, the Parties agreed that deputy sheriffs would be governed by one collective bargaining agreement regardless of the location of their assignments, and the collective bargaining agreement does not, and has not historically, set forth different wages for those deputies assigned to the Jail.

The Fact-finder does not recommend the Standard of Conduct Differential Pay provision sought by the Deputies. While the argument of the Union's Representative was sound, that the Deputies should be compensated for the nature of the work they perform and the policy requirements of their distinctive positions as law enforcement officers as compared to other employees in the County, their level of work and ethical responsibilities are part of their job duties and included in their normal wage package.

In summary, three percent (3%) wage increase for each year of the Agreement is recommended, but the additional one percent (1%) added to the based wage scale in Appendix A and the Standard of Conduct Differential Pay provision is not. This wage increase is needed to keep the Deputies competitive with comparable jurisdictions, is in the best interest and welfare of the public to maintain and attract quality Deputy Sheriffs, and is within the ability of the County to finance and administer the increase during the term of the proposed new Agreement.

RECOMMENDATION

It is recommended that wages of the bargaining-unit members be increased by three percent (3%) each contract year (2017, 2018, 2019) and retroactive to January 1, 2017; it is not recommended that an additional 1% be added to the current wage scale in Appendix A; it is not recommended to add new Standard of Conduct Differential Pay Section to the Agreement.

CONCLUSION

In conclusion, this Fact-finder hereby submits the above referenced recommendations on the outstanding issues presented to him for his consideration. Further, the Fact-finder incorporates all tentative agreements previously reached by the parties and recommends that they be included in the Parties' Final Agreement.

June 22, 2017

Jerry B. Sellman

JERRY B. SELLMAN, FACT- FINDER

CERTIFICATE OF SERVICE

The undersigned certifies that a true copy of the Fact-finder's Report was sent by E-mail on June 22, 2017 to:

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