

IN THE MATTER OF INTEREST)
ARBITRATION)
BETWEEN)
CITY OF LONGVIEW)
AND)
LONGVIEW FIRE FIGHTERS,)
LOCAL 828)

OPINION AND AWARD
OF
GEORGE LEHLEITNER
ARBITRATOR

RECEIVED

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PUBLIC EMPLOYMENT
RELATIONS COMMISSION
OLYMPIA, WA

HEARING: September 24, 1986, and
December 16, 1986

INTEREST George Lehleitner
ARBITRATOR: 3348 Holiday Drive South
Salem, Oregon 97302

REPRESENTING THE CITY:
C. Akin Blitz, Attorney at Law

REPRESENTING THE UNION:
Michael Tedesco, Attorney at Law

Issue #1 - Wages and EMT Pay

Longview fire fighters are compensated in accordance with a negotiated salary schedule. For 1985 (January 1, 1985 to December 31, 1985), a top step fire fighter (Step E) earns \$2,309.00 per month. Proportionately higher salaries are paid to driver operators, mechanic specialists, fire inspectors and lieutenants.

A. The Union

The Union is proposing a two (2) year agreement with base increases in the first year of five percent (5%) and in the second year of seven percent (7%). The Union is also proposing that throughout the contract period EMT pay shall be four and three-quarters percent (4.75%) above the relevant classification. All wage adjustments proposed by the Union are retroactive to January 1, 1986.

The Union's arguments are summarized as follows:

1) The cost of the Union's proposals is not excessive. The Union estimates the total cost of its economic proposal for the first year to be \$89,786.00 or 7.37% above last year's payroll costs. The cost in the second year is \$79,652.00 or 6.13% above the previous year's costs. These costs are modest and well within the City's financial ability.

INTRODUCTION

The undersigned was selected as the neutral interest arbitrator by the Longview Fire Fighters, Local 828 (Union) and the City of Longview, Washington (City). The selection was pursuant to RCW 41.56.030(6) and RCW 41.56.450, et seq. At the commencement of the hearing, both parties formally waived their statutory right to appoint advocate arbitrators and agreed the neutral arbitrator was authorized to decide the case in place of a full arbitration panel.

Hearings were held on September 24, 1986, and December 16, 1986. The first hearing day was devoted to settlement discussions between the parties. As a result of these discussions, the parties were able to resolve all issues except wages (base wage rates and EMT incentive pay) plus insurance. The second day was devoted to a full hearing on these remaining issues.

The City was represented by C. Akin Blitz, Attorney at Law, and the Union by Michael Tedesco, Attorney at Law. Both sides were given a full opportunity to make presentations on each issue in dispute and to examine and cross-examine witnesses, as necessary. In addition to the verbal and documentary evidence, the arbitrator informed the parties he reserved the right to consider any change in the Consumer Price Index (CPI), which occurs between the date of hearing and the issuance of his award. Neither party objected. The hearing was closed at the conclusion of the evidentiary phase on December 16, 1986.¹

¹ Shortly after the hearing on December 16, 1986, the arbitrator requested some additional time in which to render his award. Both parties agreed. The arbitrator appreciates the cooperation of the parties in this matter.

2) The relationship between wage adjustments and the premiums paid for EMT work is important in Longview. The fire fighters in this City do an extraordinary amount of EMT work and should be compensated accordingly. However, while selective adjustments for EMT work are appropriate, the arbitrator must be careful not to create separate classifications, as proposed by the City, because this would create a potential dispute about trade time. The trade time issue has already been resolved.

3) Unfortunately, audited budget figures for 1985 are not available. However, the figures through 1984 indicate the City has successfully built up its ending fund balances from a negative amount in 1982 to \$439,925.00 in 1984. Viewed in a different way, the ending balance for 1984 represents a healthy 4.25% of total revenue and the unaudited figures for 1985 indicate this will rise to approximately 6.5%.

4) Moreover, Longview has consistently underbudgeted revenues and overbudgeted expenditures. While this is sound fiscal policy, it also means the City has more funds available to pay reasonable wage adjustments than the budget documents suggest.

5) In sum, combined reserves, both in the capital projects fund and the general fund, show available reserves increasing from \$43,802.00 in 1982 to \$522,296.00 at the end of 1984. This should increase to approximately \$800,00.00 by the end of 1985.

6) The Union's comparability data includes the following comparator departments: Everett, Bellevue, Bellingham, Kent, Vancouver, Renton, Olympia, Bremerton, Auburn, Aberdeen, Longview, Lynnwood, Mercer Island, Edmonds, Port Angeles and Mount Lake Terrace. This is the list of "benchmark cities" historically used by the City and the fire fighters. These comparators should be utilized by the arbitrator, rather than the "results oriented" comparators offered by the City for numerous reasons. First, these are the comparators historically utilized by the parties. The City, on the other hand, created a list of comparables for this arbitration. The City's proposed comparators were never mentioned at the bargaining table. Second the Union's proposed comparables were actually discussed during these negotiations. Now, the City wants to change the ground rules mid stream. Third, the City's contention that the Union's comparables are inappropriate because they are located within the greater Seattle/Tacoma area is incorrect. Six (6) of the Union's proposed comparators (Bellingham, Bremerton, Olympia, Aberdeen, Port Angeles and Vancouver) are well outside of the greater Seattle/Tacoma area, and in fact none, with the exception of Vancouver, are near a large city. In this regard, if the arbitrator were going to utilize a sixty (60) mile radius as the benchmark for developing comparator jurisdictions, as the City suggests, he would have to consider satellite communities surrounding Portland. Fourth, the comparable departments proposed by the City are smaller departments with numerous volunteers protecting largely rural areas. Thus, they not appropriately used for legitimate wage

comparison purposes. Moreover, Vancouver fire fighters work less hours than those in Longview. For this reason, the comparisons between these departments should be adjusted to reflect hourly wage rates.

7) A comparison of wage rates among the benchmark cities, as of January, 1986, against current (January, 1985) wage rates in Longview, for top step fire fighter reveal the following:

| | <u>Top Step Fire Fighter</u> |
|--------------------|----------------------------------|
| Bellevue | 2,517 |
| Bellingham | 2,405 |
| Bermerton | 2,369 |
| Renton | 2,704 |
| Edmonds | 2,511 |
| Olympia | 2,541 |
| Everett | 2,808 |
| Mercen Island | 2,537 |
| Aberdeen | 2,342 |
| Lynnwood | 2,500 |
| Port Angeles | 2,437 |
| Mount Lake Terrace | 2,280 |
| Kent | 2,619 |
| Vancouver | 2,460 |
| Auburn | 2,585 |
| Average | 2,508 |
| Longview | 2,309 |
| Variation | 9.2% |

These comparisons show that a base increase of 9.2% is needed to bring Longview in line with the average paid by the comparator cities. The Union's proposed wage adjustment, while it will not achieve the goal of parity with these departments, is needed to at least make Longview wage rates more competitive. The Union's wage comparisons further reveal that, when EMT premiums are factored in, Longview is still approximately 9.1% below average.

8) Another significant factor is the number of hours worked in Longview, as distinguished from hours worked by fire fighters in the comparator departments. More specifically, Longview fire fighters work 51.30 hours a week, as compared with an average of 49.23 hours in the comparator departments. This exacerbates the negative wage differential between Longview and the comparator departments.

9) Wage increases in the comparator cities for 1985-86 averaged 3.93%. This should be reflected in the wage adjustment awarded by the arbitrator.

10) Viewed in a slightly different way, Longview ranks second to last in monthly top step fire fighter wage rates among the comparator cities and dead last in hourly rates. Clearly, a substantial effort to make Longview fire fighter wage rates more competitive has to be made.

11) Other employees in Longview enjoy more competitive wage rates than the fire fighters. For example, classifications

like senior clerk, utility worker, water plant operator, mechanic, secretary, engineer, accountant, equipment operator, general clerical, building inspector and even fire chief are all paid more competitively than fire fighters.

12) Admittedly, the Longview area has suffered economically in recent years, largely as a result of problems in the timber industry. However, things have improved substantially since 1982. More specifically, since 1981, taxable services have increased by 20.6%, contracting by 7.6%, manufacturing by 22.6%, transportation and utilities by 85.31%, wholesaling by 35.5%, finance by 41.6% and retail sales by 22.5%. These all indicate an economy on the rebound. Moreover, the downturn in the population has almost stabilized.

13) As indicated previously, EMT pay is an important issue in Longview. Longview has seen a dramatic increase in EMT runs in recent years (i.e., from 19 aid runs in 1976 to 1069 in 1985). The arbitrator's award should recognize and reward the amount of work done by these EMTs.

14) The City's attempt to use a "weighted average" in comparing Longview fire fighter salaries to those paid by other departments is invalid because it results in an apples and oranges type comparison. Obviously, the only valid comparisons are based on "likes", i.e., top step fire fighter to top step fire fighter.

15) The City's exhibits compare Longview to the comparator cities as of December, 1985. If January, 1986 wage increases are factored in, these comparisons change dramatically and, in fact, justify a wage increase along the lines proposed by the Union. More specifically, the average wage settlement among the comparator departments for 1986 was 3.37%.

16) The City offers a number of so-called "timber cities" as a backup list of comparables. This is clearly a "results oriented" list, as evidenced by the obvious exclusion of such cities as Medford and Eugene, Oregon, and Redding, California.

17) Fire fighters in Washington have settled in the 4% range, despite lower CPI figures. If Longview is going to be competitive, it must pay at least as much.

18) Internal parity arguments are not convincing because many, if not most, of the employees in Longview are unrepresented for purposes of collective bargaining.

B. The City

The City is proposing a two (2) year agreement with a one and one-half percent (1.5%) increase effective May 1, 1986, and an additional two and one-half percent (2.5%) increase on January 1, 1987. The City also proposes a selective \$40.00 per month EMT increase to be accomplished by expanding the current five (5) bargaining unit classifications to ten (10) classifications. The new classifications would be the same as

the existing classifications, but would consist of those fire fighters with the EMT certification, all of whom would receive the additional stipend. Finally, the City is willing to pay longevity increases, as proposed by the Union.

The City's arguments are summarized as follows:

1) The Union's references to fund balances in the capital projects account are misleading. With the exception of revenue sharing, these are all dedicated for specific projects and thus are not available for wage adjustments. Revenue sharing is properly treated as a one-time revenue source.

2) The ending fund balances cited by the Union are likewise misleading. The City, because it found itself in an intolerable financial situation (i.e., negative cash balances), imposed a local option sales tax in 1983. Even after imposing this tax and cutting back on expenditures, the City had a negative balance for five (5) months in 1984. And while there was only one (1) month with a negative balance in 1985, there have already been three (3) in 1986. If current projections hold, there will be a net deficit of \$286,335.00 at the end of 1986.

3) The City Council is currently taxing at the maximum amount (sales tax and property tax). The only option left for the City is to hold down expenditures and attempt to promote economic growth. Under these circumstances, the City is not in a position to pay more than it has offered to the fire fighters.

4) The City has not underbudgeted revenues. In 1987, the City has budgeted only \$100,000.00 in excess of expenditures, as opposed to \$200,000.00 in the previous year. In 1988, the City expects a sizeable amount of underbudgeted expenditures with no revenues to offset (i.e., "the mayor's \$800,000.00 problem"). This is but another indication of the serious financial problems the City is facing.

5) Because of financial difficulties, the City has had to reduce its work force over the years. In fact, since 1982, the City's work force has declined from 310 employees to 299 and a further drop to 290 is projected for 1987.

6) Another indication of the City's fiscal problems is noted in the August 25, 1986, financial report by Moody, giving the City an A rating. The report notes that "continued economic problems are of concern." Also identified by the Moody report are a declining population and sharply increased tax rates.

7) The LGPI data offered by the Union purporting to compare like classifications in Longview to those in other cities is not a meaningful comparison because there are too many variations in job duties.

8) The comparators offered by the Union are not appropriate for many reasons. First, the bargaining history between the parties does not, as the Union suggests, demonstrate historical reliance on the comparables proposed by the Union. In this regard, this City has never before gone to interest arbitration and, in fact, has never prior to these negotiations used a professional negotiator. And while the so-called benchmark cities now proposed by the Union have been mentioned in previous negotiations, the City has never agreed to base Longview wage rates on wages paid by these cities. To the contrary, since 1972, the cost of living and the City's financial condition have been the primary determinants of fire fighter wage rates in Longview and wage comparisons with the so-called benchmark cities were largely ignored by both sides. Moreover, since 1979, when Longview experienced a downturn, as against the more stable economy in the Puget Sound area, the City expressly declined to rely on the so-called benchmark cities, as proposed by the fire fighters. Second, whatever relevance the so-called benchmark cities may have had in 1972 has long since disappeared. Simply stated, these benchmark cities, which are predominantly located in the Puget Sound area, are experiencing a robust economy, as distinguished from the Longview area, which is economically depressed. Moreover, these Puget Sound cities are not demographically similar to Longview because they exist in an entirely different labor market. The so-called benchmark cities are primarily satellite cities of Seattle/Tacoma and thus are part of the

higher cost of living associated with those metropolitan areas. Longview, on the other hand, is not located near a major metropolitan area and is suffering the effects of a severe downturn in the timber economy. Third, a review of the benchmark cities proposed by the Union reveals significant differences between Longview and the other jurisdictions. For instance, Longview is substantially below average in per capita income and is toward the bottom of the list in size. For all of these reasons, it is clear that the so-called benchmark cities are not appropriate comparators.

9) The comparators offered by the City are appropriate and should be utilized by the arbitrator. They are drawn from the local labor market in which Longview operates and are comprised of demographically similar departments (i.e., similar amount of property protected, similar size and number of incidents, etc.). More specifically, the list of primary comparators offered by the City were derived by selecting demographically similar Washington departments within a sixty (60) mile radius of Longview. As a practical matter, many of these departments have mutual aid pacts with Longview and are protecting the same property.

10) In comparing Longview wage rates with those paid by the comparator departments, the City has utilized a weighted average approach. This is done for historical reasons. More specifically, Longview, unlike many of the comparator departments, has created a separate, higher paid classification for driver operators. Thus, it is logical when comparing top step

fire fighter wages to factor in (i.e., develop a weighted average) the higher wages paid to drivers. The City's primary comparators reveal the following:

TOP STEP FIRE FIGHTER POSITIONS
(Weighted Average)
AS OF 12-31-85

| <u>CITY - DISTRICT</u> | <u>(WTD AVERAGE) TOP STEP</u> | <u>% OF LONGVIEW</u> |
|------------------------|-----------------------------------|--------------------------|
| Camas | 2289 | 96.3 |
| Centralia | 2072 | 87.2 |
| Chehalis | 2070 | 87.1 |
| Kelso Co. #2 | 2000 | 84.2 |
| Clark Co. #4 | 2315 | 97.4 |
| Clark Co. #5 | 2367 | 99.6 |
| Clark Co. #6 | 2285 | 96.2 |
| Olympia | 2397 | 100.9 |
| Vancouver | 2228 | 98.0 |
| Average | 2236 ² | 94.1 |
| Longview | 2375 | 100.0 |

A comparison of EMT premiums among these same departments shows that Longview pays an additional \$40.00, as against an average of \$28.05 paid by the comparator departments. Clearly, these

² The Union also produced a chart showing wage rates for top step fire fighters among the City's proposed comparators in 1985 and 1986. The Union's figures do not dovetail with the City's figures because the Union, unlike the City, did not use the weighted average approach. More specifically, the 1985 average in the Union's chart for top step fire fighter (excluding Longview) is 2201, as compared with the City's figure of 2236.

comparisons show that, as to both base wage rates and EMT pay, Longview is extremely competitive.

11) The City is also proposing a secondary set of comparables in the event the arbitrator chooses not to adopt a labor market approach. Clearly, Longview is a lumber intensive community, which has seen its economy rise or fall with this industry. Other lumber intensive communities on the west coast are as follows:

LUMBER INTENSIVE COMMUNITIES - WEST COAST (as of 12/85)

| | <u>WTD AVERAGE</u> |
|--------------------------|--------------------|
| Aberdeen, WA | 2381 |
| Albany, OR | 1995 |
| Coos Bay, OR | 1818 |
| Klamath Falls, OR | 1928 |
| Hoquiam, WA | 1883 |
| Springfield, OR | 1977 |
| Roseburg, OR | 2067 |
| Port Angeles, WA | 2389 |
| Eureka, CA (25,000 pop.) | 1932 |
| Average | 2041 |
| Longview, WA | 2377 |
| | +16.5% |

Again, these comparisons clearly show the competitive wage paid by Longview to its fire fighters.

12) The factor of internal parity supports the City's position. Historically, fire fighter wage adjustments have paralleled those paid to other City employees. The City's offer is consistent with wage adjustments already agreed to by other City employees.

13) The cost of living, as measured by the Portland Consumer Price Index (CPI) has been the primary determinant of Longview fire fighter wage rates in recent years. For instance, 1985 wage adjustments were calculated by taking 80% of the Portland CPI-U (September, 1983 through September, 1984). A review of the relevant CPI data clearly supports the City's wage proposal. More specifically, the Portland CPI-U has declined steadily through 1986 and, as of November, 1986, stood at only 0.3% over the figure for November, 1985.

14) From 1982 to the present, fire fighters have enjoyed slightly larger wage increases than other City employees (24.5% for fire fighters, as opposed to 22% for other City employees). However, the evidence does not support a finding that fire fighter wage adjustments in Longview have been driven by wage adjustments paid by the so-called benchmark cities.

15) It is appropriate to roll any special adjustments paid to EMTs into their base pay as fire fighters. While it is true that the parties reached a tentative agreement on trade time, it was never the City's intention to allow fire fighters not certified as EMTs to trade shifts with EMT certified fire fighters. The City's proposal to create separate EMT combined classifications

is intended to restrict the ability of non EMT certified fire fighters to trade shifts with fire fighters who are EMT certified. This is only logical in view of the emphasis in Longview on being EMT certified and the amount of EMT activity. The City's proposal is designed as an incentive to either become or remain EMT certified.

16) Fire fighters have enjoyed wage increases in recent years while private sector employees in the local area have suffered wage freezes, rollbacks and in many cases termination due to lack of work. Under these circumstances, it is unreasonable for the fire fighters to expect a wage adjustment of the magnitude proposed by the Union.

17) Support for using the labor market approach to selecting comparables can be found in Arbitrator Beck's award in Bothell. There, the arbitrator limited the relevant comparables to demographically similar departments in the local labor market. See also, King County Fire Protection District #39 (Levak, 1983).

18) The Union contends that, if comparables are to be determined on the basis of a sixty (60) mile radius test, demographically similar departments within the Portland metro area should be included. This argument is erroneous because it fails to take into account the impact of a large city such as Portland or Seattle on wage rates of satellite communities.

C. Discussion

The Washington statute [RCW 41.56.450(a) through (f)] sets forth the criteria to be applied by interest arbitrators in developing interest awards. The arbitrator's award is based on an application of these criteria to the facts in this case. What follows is a summary of the focal points in that analysis.

The EMT Issue

Before reviewing the record in this case against the statutory criteria, some preliminary comments about the EMT issue are in order.

Both parties agree and the record supports a finding that EMTs are deserving of special consideration. Without question, the bulk of the increased activity in Longview is the product of emergency medical assistance provided by fire fighters. This being so, it is appropriate to recognize this additional work by allocating a significant portion of available funds to the EMTs.

The dispute between the parties on the EMT issue involves those fire fighters who either are not certified as EMTs or who have opted to let their EMT certifications lapse. (Approximately 12 of the current 35 bargaining unit members do not intend to become EMT certified or else intend to give up their EMT certificate.) The City's proposal for expanded EMT classifications is intended to restrict the ability of these non EMT certified fire fighters to shift trade with other fire fighters. The apparent intent

of the City is to provide a negative incentive which will discourage fire fighters from giving up their EMT certification.

The Union, on the other hand, strenuously opposes any attempt to use this wage proposal as a "backdoor" means of restricting shift trading. According to the Union, it was never the intention of the parties during the negotiations that culminated in a tentative agreement on shift trading to limit the ability of non EMT certified fire fighters to shift trade with those functioning as EMTs.

The arbitrator can understand the City's desire to provide strong incentives designed to have as many fire fighters as possible certified as EMTs. However, the City's proposal is likely to result in a grievance arbitration on the issue of shift trading, in view of previous understandings during the negotiations process. In the arbitrator's view, a more workable solution in this case is to utilize a significant portion of available resources to reward those fire fighters with EMT certification. This will, as a practical matter, provide a strong incentive to acquire or retain the necessary requirements for EMT certification without unnecessarily resurrecting the shift trading issue.

Ability to Pay (Other Factors Traditionally Considered)

The Washington Statute, unlike its counterpart in Oregon, does not specifically identify ability to pay as one of the applicable criteria. Nevertheless, ability to pay and interest

and welfare of the public are factors traditionally considered by arbitrators in fashioning interest arbitration awards. This is as it should be because, if the public employer really does not have the ability to pay a wage increase, other factors tend to be irrelevant.

Ability to pay is an important consideration in this case and one on which there appears to be a wide difference of opinion.

Clearly, the City administration should be commended for taking the difficult steps needed to improve the City's balance sheet. Simply stated, in 1982-83, the City of Longview was experiencing serious financial difficulties, as evidenced by persistent negative cash balances requiring the City to borrow money at market interest rates. Since 1982, the City has taken the unpopular but necessary step of increasing local taxes and has also made a concerted effort to hold down expenditures. The final results of the City's fiscal policies are not yet known (the audited budget for 1985 was not available at the time of this hearing), but the clear trend has been for the City to gradually build up its ending balances.

Despite the gradual improvement in the City's finances, the arbitrator is convinced that Longview does not have a lot of extra money. In this regard, the assistant city manager indicated that in 1987 the City has budgeted only \$100,000.00 in excess of expenditures, as opposed to \$200,000.00 in the previous year. Moreover, Longview is facing the potential of

net deficits at the end of 1986 and is not in a position to raise additional revenue at this time.

In sum, the City's financial standing has clearly improved in the last couple of years. Thus, it would not be correct to say the City is unable to pay a modest wage adjustment to fire fighters. However, the City's fiscal resources are limited and there are some potential deficit problems on the horizon. Under these circumstances, a conservative approach to fire fighter wage adjustments is dictated.

A related factor is the interest and welfare of the public. As the City correctly points out, Longview is a timber intensive community that has suffered significant economic reverses in recent years and has yet to recover. Moreover, because of financial problems, the City has had to raise taxes to the limit, leaving little or no room for increased taxes as another potential revenue source. Simply stated, there is a decided reluctance in this community to pay a generous increase to fire fighters when so many members of the public have suffered wage rollbacks or a loss of employment. All of these factors suggest a conservative approach toward fire fighter salaries.

Comparability

The parties offered different sets of comparables. The arbitrator is not convinced that either set of comparators is entirely appropriate.

A. The Benchmark Cities

The Union proposed a list of comparator cities it calls the benchmark cities. According to the Union, these so-called benchmark cities are the comparables historically utilized by the parties during the negotiations process. Eight (8) of the Union's fifteen (15) proposed comparator cities are in the Puget Sound area near Seattle/Tacoma and several others (Olympia and Bremerton) are arguably close enough to be influenced by these cities.

The arbitrator does not find this list entirely convincing for several reasons. First, the evidence is at least questionable concerning the reliance on these comparables in recent years. For instance, during the last negotiations, the CPI was the principal consideration by both sides and during the negotiations for this agreement the City discussed, but did not accept, these cities as the appropriate comparators. Second, in the past, the City has not employed a professional negotiator and has not pursued negotiations as far as interest arbitration. This being so, the reliance by one side or the other on a set of comparables is not as significant as it might otherwise be. Third, the fact that either or both parties used a particular set of comparables in a given year does not cast the matter in concrete for future years. In this case, the so-called benchmark comparators and more particularly the Puget Sound cities may have been comparable in the early 1970s, when the timber industry was booming, but there are obvious dissimilarities between Longview and Seattle/Tacoma satellite cities today.

This is vividly demonstrated in the listing of hourly wage rates among the benchmark cities (Exhibit U-25). Not surprisingly, the six (6) non Puget Sound cities (Port Angeles, Aberdeen, Bellingham, Olympia, Bremerton and Longview) are at the bottom. Finally, a review of Longview against the benchmark cities shows that Longview is near the bottom in size (Exhibit U-16).

B. The Local Labor Market

The City takes the opposite approach to developing a set of comparables. The City's proposed comparators are drawn from what it defines as the local labor market, i.e., demographically similar departments within a sixty (60) mile radius of Longview.

The first and possibly most obvious problem with the City's labor market approach is that it is apparently inconsistent with the mandate of RCW 41.56.460(c) which requires the interest arbitrator to compare wages of the City with "the wages of. . . cities and counties. . .of similar size on the west coast of the US." A pure labor market approach, as suggested by the City, is inconsistent with this mandate because it deletes similarly sized cities outside the relevant labor market. This is not to say that, in certain circumstances, an appropriate set of comparators cannot be drawn entirely from departments in the same vicinity, i.e., departments operating in the same labor market. The Bothell case is an example of a case where this approach was appropriate because demographically similar departments were

available within the local labor market. However, the arbitrator must agree with the Union's counsel that the majority of the labor market comparators proposed by the City are not demographically similar to Longview and thus they are not appropriate comparators. In this regard, other than Olympia and Vancouver, which are also on the Union's list, and Clark County #5, which employs approximately the same number of employees as Longview, most of the proposed comparators employ significantly fewer fire fighters than Longview and presumably rely more on volunteers. Some also tend to protect more rural areas than Longview. Second, while it is not essential that the comparators of either side be discussed in the negotiations process, it is significant that the City's proposed comparators were apparently developed for this arbitration. Had the City presented its proposed comparators to the Union at an earlier time, it is possible that the parties could have worked cooperatively toward developing a mutually acceptable list.

C. Lumber Intensive Communities - West Coast

The City offered a secondary set of comparables consisting of "lumber intensive communities - west coast" in the event the arbitrator rejected its labor market approach. There is some validity to this approach inasmuch as Longview, like the other communities, is "lumber intensive." Moreover, this approach more closely parallels the statutory mandate to consider similarly sized US cities on the west coast. However, as the Union correctly points out, there are some problems with

these proposed comparators. First, little, if any, evidence was presented to demonstrate the demographic similarity between these cities and Longview. For instance, there is no evidence to indicate why these cities were selected, rather than other timber related communities, such as Eugene and Medford in Oregon or Redding in California. Second, while a similar economic base (i.e., the timber industry) is one (1) relevant factor in selecting appropriate comparables, it is by no means the only relevant criterion.

D. The Arbitrator's Approach

In the arbitrator's view, the comparability problem in this case is primarily the product of the parties' failure to address the issue of selecting comparables at the bargaining table. Had they done so, it is likely some consensus could have been reached on the means of selecting comparables, if not on the comparables themselves. At any rate, the arbitrator is left with a long list of "potentials", which arise out of the parties' widely divergent approaches to comparability. The arbitrator will select from this list of "potentials" those departments he considers most appropriate. The arbitrator strongly suggests to the parties that, in future negotiations, they address the issue of selecting comparables at the bargaining table and attempt to reach some consensus with a view toward achieving a common base from which to negotiate.

Turning to the list of benchmark cities offered by the Union, the arbitrator's approach will be to focus on cities away from the Seattle/Tacoma metropolitan area. These cities are Bellingham, Bremerton, Olympia, Aberdeen, Port Angeles and Vancouver. Interestingly, two (2) of these cities (Vancouver and Olympia) are also on the City's labor market list and two (2) others (Aberdeen and Port Angeles) are on the City's "lumber intensive" list. In addition to these six (6) comparators, the arbitrator will also take Clark County #5 from the City's labor market list and Springfield, Oregon from its "lumber intensive" list.

In the arbitrator's view, this list of comparators is fair to both sides. The six (6) cities taken from the so-called "benchmark cities" are selected because they are demographically similar and most importantly because they, like Longview, are away from a large metropolitan area. Moreover, as indicated previously, four (4) of these six (6) cities were also proposed by the City, either as being in the same labor market as Longview or as being "lumber intensive" like Longview. Clark County #5 is selected because, in the arbitrator's view, it is the most similar to Longview of the remaining "labor market" departments. This conclusion is based largely on the similarity between Clark County #5 and Longview in terms of employment levels. Finally, Springfield is selected as a "timber intensive" community experiencing some of the same fiscal difficulties as Longview. This selection is beneficial to the City because Springfield has experienced particularly

serious financial problems and as a result its fire fighters have historically been compensated at the lower end among comparable Oregon communities. On the other side of the coin, using Olympia as a comparator tends to weigh more in favor of the Union. Olympia is close enough to Tacoma that its wage rates are probably influenced to some extent by those in the Seattle/Tacoma metro area. Moreover, Olympia fire fighters work more hours (56) than other Washington departments. This tends to result in a higher monthly salary for Olympia fire fighters.

Finally, the arbitrator's comparability data will be based on 1986 wage rates (after all the arbitrator's mandate is to award wage rates for 1986) for top step fire fighters. The arbitrator will not utilize the "weighted average" approach suggested by the City because too many variables are involved. Using these criteria, the arbitrator suggests the following comparables:

| <u>1986 Wage Rates</u> | |
|------------------------|--------------------|
| <u>Jurisdiction</u> | <u>Top Step FF</u> |
| Bellingham | 2405 |
| Vancouver | 2460 |
| Aberdeen | 2342 |
| Bremerton | 2369 |
| Port Angeles | 2437 |
| Clark County #5 | 2379 |
| Olympia | 2541 |
| Springfield | <u>2157*</u> |
| Average | 2386 |
| Longview | <u>2307</u> |
| Differential | 3.42% |

*The Springfield wage rate includes a 2% wage

adjustment in March, 1986 and an additional 7% for retirement pick up. Springfield fire fighters will also receive split increases totaling 5% in 1987 and an additional 6% in 1988.

The Consumer Price Index

The Consumer Price Index (CPI) is an important consideration in this case. As the City correctly observes, the CPI has been one of the primary determinants of Longview fire fighter wage rates in recent years.

There are several reasons why the CPI is important in these negotiations. First, by all accounts, Longview's timber based economy is experiencing economic difficulties. The state of the local economy is reflected in the regional Consumer Price Index (Portland CPI). Stated another way, the regional CPI accounts for much of what is happening in the local labor market. Second, the comparability data utilized by the arbitrator indicates that Longview wage rates are generally competitive with those of the comparator jurisdictions, assuming a modest wage increase is provided in 1986 and 1987. Thus, the CPI provides a fair indicator of what a reasonable wage adjustment should be.

Utilizing the same approach followed in the most recent collective bargaining agreement between the parties (September 1983 through 1984 Portland CPI-U x 80%), the percentage increase indicated is 3.28% (September 1984 through 1985 Portland CPI-U x 80%). Moving forward, a review of the CPI figures in 1986 indicate the index has declined over this period. On the other side of the coin, reasonable projections for 1987 suggest inflation is likely to be in the 4% range.

Other Factors

Another of the factors traditionally considered in interest disputes is parity. This factor is significant in Longview because it appears that historically fire fighter wage adjustments have paralleled those paid to other City employees. According to the City, other employees have already accepted the wage adjustments offered to the fire fighters.

The arbitrator will consider the factor of parity in developing his award, particularly as it relates to increases in base wage rates. However, it is important to recognize that one of the key issues in this dispute involves incentive premiums for EMT certified fire fighters. By all accounts, the EMT program in Longview has expanded dramatically and this should be reflected in selective wage relief, both as an incentive and also as a reward for this difficult work. In this regard, it is also important to recognize that, since all fire fighters will not be entitled to the EMT premium, the City's costs are less for selective EMT premiums than for an across the board increase.

D. Award

1) Effective January 1, 1986, increase all bargaining unit wage rates by 1.5%.

2) Effective January 1, 1986, increase the EMT premiums in Section 12.3 of the collective bargaining agreement as follows: an additional \$75.00 per month over the current amount for those holding an EMT I certificate and an additional \$25.00 per month for

those EMT I fire fighters who completed ten (10) additional hours of continuing EMT education in 1985. The above EMT premiums are not intended to effect previously agreed upon shift trading privileges. These premiums are to be paid during the term of the contract.

3) Effective January 1, 1987, increase all bargaining unit wage rates by 3.5%.

Issue #2 - Insurance (Article 10)

The City's contribution toward insurance premiums (medical, dental and life) is currently capped at \$204.87 per employee per month. This results in a maximum out of pocket expense for employees with two (2) or more dependents (depending on coverage selected) of approximately \$33.40 in 1986.

A. The Union

The Union wants the City to pay the full cost of insurance coverage on behalf of all bargaining unit employees.

According to the Union, the current contribution required by bargaining unit employees is unacceptable because it requires a fire fighter with two (2) or more dependents to pay approximately 1.5% of his gross salary towards insurance. Moreover, the additional cost to the City of providing full coverage at no cost to bargaining unit employees would be very small.

B. The City

The City's proposal on insurance is not entirely clear. Apparently, the City is willing to raise its contribution level to the same level it currently pays on behalf of other City employees. This amount is \$209.00 plus \$4.50 towards life insurance for employees selecting CMS coverage and \$205.00 plus \$4.50 for employees under the Kaiser Plan.³

According to the City, its policy has always been to utilize step rates with a cap on the employer's contribution. Moreover, under its proposed caps for 1987, only employees with two (2) or more dependents pay anything out of pocket and even then the maximum employee contribution is \$22.25.

C. Discussion

The arbitrator is convinced that the City can pay the full cost of insurance coverage for bargaining unit fire fighters. In this regard, the arbitrator considers it significant that he has made a conservative award with respect to wage adjustments.

D. Award

Cap the City's insurance contribution for 1986 and 1987 at the maximum premium amount (medical, life and dental) for each of those years.

³ These are the contribution levels effective January 1, 1987. The City's proposed contribution level for 1986 is slightly less.

Respectfully submitted this 19th day of February, 1987,

A handwritten signature in black ink, appearing to read "George Lehleitner". The signature is written in a cursive style with a large, prominent initial "G".

George Lehleitner
Interest Arbitrator