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IN INTEREST ARBITRATION

PUBLIC EMPLOYMENT  
RELATIONS COMMISSION  
OLYMPIA, WA

BETWEEN

OPINION AND AWARD

INTERNATIONAL ASSOCIATION OF FIREFIGHTERS

Local 876  
(Union)

of

AND

Kenneth M. McCaffree\*  
Hansville, Washington 98340

SPOKANE COUNTY FIRE DISTRICT NO. 1

(District)

PERC Case No. 07233-I-88-0171

RE: Wages

REPRESENTATIVES:

Date of Award: November 15, 1988

For the Union:  
Barry E. Ryan\*\*

Date of Hearing: August 30, 1988

For the District:  
James Fox\*\*\*

Place of Hearing: Spokane, Washington

INTRODUCTION AND NATURE OF PROCEEDING

These proceedings arose as a consequence of the failure of the Union and District to agree on an amendment to their 1987 Agreement (hereinafter Agreement), with regard to an appropriate increase in wages for 1988. After attempting to resolve the matter on their own, the parties sought and used

\*Neutral Chairman of the Arbitration Panel consisting of:

Paul J. Allison, District member  
Randall & Danskin  
1500 Seafirst Financial Center  
Spokane, Washington 99201-0653 (509) 747-2052, and

Dr. Shik C. Young, Professor of Economics, Union member  
Department of Economics  
Eastern Washington University  
Cheney, Washington 99004 (509) 359-2332

\*\*Attorney at Law, East 1017 Mission, Spokane, Washington 99202.  
(509) 484-1104.

\*\*\*Commissioner, Spokane County Fire Protection District No. 1, 10319 East Sprague Avenue, Spokane, Washington 99206. (509) 747-2052.

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1 mediation to no avail (Un. Ex. 2). In January 1988, the mediator referred  
2 the parties to the Public Employees Relations Commission (PERC) for  
3 certification of the disputed item to interest arbitration, pursuant to  
4 RCW 41.56.450. Accordingly, by letter dated January 26, 1988, Mr. Marvin  
5 Schurke, Executive Director of PERC, so advised the parties, and certified  
6 the issue for interest arbitration as "wages for 1988" (Un. Ex. 3). At the  
7 same time, Mr. Schurke advised the parties to proceed in accordance with  
8 WAC 391-55-220, et seq.

9 At the hearing, the Union and District stipulated:

10 . . . that the proceeding . . . is timely, that it is done  
11 according to procedures, . . . that the arbitrators have been  
12 properly approved, that you are, Dr. McCaffree, the neutral  
13 arbitrator, and so agreed upon by both parties, . . . that both  
14 Dr. Young and Paul Allison at any breaks could confer with the  
15 individual parties . . . that copies of the exhibits will be  
16 acceptable to the proceedings (in lieu of originals), . . .  
17 that the results of the arbitration will become retroactive to  
18 January 1, 1988 (Tr. 15:21-17:4).\*

19 Accordingly, both Union and District made brief opening statements in  
20 advance of presentation of their respective cases (Tr. 17ff; Tr.II, p.21ff).  
21 Those who presented testimony under oath, and subject to cross-examination  
22 were Larry Rider, firefighter; Dave Lobdell, firefighter; George Orr,  
23 firefighter; Dr. Wolfgang Franz, Professor of Economics, Central Washington  
24 University; Karl Bold, Assistant Fire Chief; and Dr. Melvin Ott, Professor,  
25 Gonzaga University. In addition, both Union and District provided exhibits  
26 and related materials. The Employer provided one exhibit of some 230 pages,  
27 which included an outline of the District's position (argument, not evidence).

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28 \*"Tr." refers to the transcript with pages and lines indicated by numbers.  
The second half on volume 2 of the transcript will be cited as "Tr. II."  
Also, the neutral chairman is referred to hereafter as "chairman."

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1 materials in support of Mr. Bold's testimony on comparable fire departments  
 2 and a comparative salary analysis, the report of Dr. Ott in support of his  
 3 testimony, information and data on the American Chamber of Commerce Researchers  
 4 Association (ACCRA) Inter-City Cost of Living Index (p. 23 to p. 56), a  
 5 Guide for Comparing Home Prices Across the Nation by Coldwell Banker Realtors,  
 6 the ACCRA Cost of Living Index Manual (pp. 59-138), Cost of Living Study VIII,  
 7 by a group from Eastern Washington University (pp. 139-156), and a Survey &  
 8 Analysis of Salary Trends, 1988, by the American Federation of Teachers,  
 9 AFL-CIO (pp. 157-230).

10 The materials supplied by the Union consisted of these.

- 11 Union Exhibit 1 1987 Labor Agreement
- 12 2 Request to PERC for Mediation Assistance, 12/18/87
- 13 3 Letter Schurke to Allen and Orr, dated 1/26/88,  
2 pages
- 14 4 Employer Submission to Panel Chairman, 8/17/88,  
2 pages
- 15 5 Union Wage Proposal for 1988
- 16 6 Union-Proposed Comparable Districts to Spokane Valley
- 17 7 Rank of Fire Districts by Population
- 18 8 Rank of Fire Districts by Salary of "Top"  
Firefighters, 1984, 1986 and 1987
- 19 9 Table of Monthly Salaries for Various Classifications  
by Years for Firefighter Classifications
- 20 10 Top Firefighter Wages for 1987 for Comparable  
Districts
- 21 11 Top Firefighter Wages for 1988 for Comparable  
Districts
- 22 11A Revised Union Exhibit 11, with Average Salary  
Computed
- 23 12 Table of Selected Duties of Firefighters by  
Comparable Districts
- 24 13 Map of Washington with ACCRA Cities and Comparable  
Districts
- 25 14 Chart of Trends in Budget, Wages, Runs, and  
Manpower, Spokane Valley
- 26 15 1987 Survey of Fully-Paid Departments, by Total  
Budget and Wages & Benefits

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- 1 Union Exhibit 16 Resume of Dr. Wolfgang W. Franz
- 2 17 Report of Dr. Franz, "An Appraisal of Comparative
- 3 Purchasing Powers of the Salaries of Top
- 4 Firefighters in the Spokane Valley Fire
- 5 District Relative to Comparable Fire Districts,
- 6 August 19, 1988"
- 7 18 1988 Agreements between Firefighters and their
- 8 Employers for Eight Selected Districts\*

9 In addition to the above, included as Joint Exhibit 1, was a copy of  
 10 RCW 41.56.450 Uniformed Personnel - Interest Arbitration Panel - Basis for  
 11 Determination. Joint Exhibit 2 was a section of Substitute House Bill  
 12 No. 498, covering RCW 41.56.460, as amended. Included in materials supplied  
 13 by the parties was a copy of the Impasse Resolution Rules, Chapter 391-55,  
 14 WAC.

15 The transcript of the proceedings on August 31, 1988, consisted of two  
 16 volumes, the first covering the morning session, and the second, the record  
 17 for the afternoon. These two volumes were 147 and 187 pages in length,  
 18 respectively.

19 Following questions by the chairman if the parties had additional  
 20 witnesses or documents to present, and hearing a "no" response from both  
 21 Union and District representatives, the chairman closed the hearing for  
 22 receipt of further evidence\*\* (Tr. 141:1-10). Both parties were afforded  
 23 the opportunity to make closing oral arguments and/or written post-hearing  
 24 briefs. Mr. Ryan spoke for the Union in closing (Tr. 166:2-186:18).

25 \*Although included in Union Exhibit 18, Yakima and Bellevue agreements  
 26 were supplied by the District.

27 \*\*Agreements for 1988 from Bellevue and Yakima were not available on  
 28 August 30. Hence those were supplied to the chairman following August 30,  
 along with current agreements from Wenatchee, Richland, Kennewick, Pasco,  
 and Olympia, Renton, King County #4, and King County #11. Data from these  
 cities were used in Dr. Ott's report and testimony, and the chairman  
 requested that agreements from those locations be a part of the record.  
 All were delivered prior to the due dates for briefs.

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1 Mr. Fox declined to make an oral closing statement (Tr. 186:19-22). Although  
2 written briefs were originally due on September 27, for good cause and at the  
3 request of the District, the due date was extended by the chairman until  
4 October 5, 1988 (Letter to Fox and Ryan from McCaffree, 9/28/88, confirming  
5 telephone messages). The arbitration panel members conferred in a one hour  
6 and fifteen minute conference call on October 10. In these discussions it  
7 became evident that certain hand-written sheets added to the agreements in  
8 Union Exhibit 18 required explanation. By notice to the parties via each's  
9 panel member, confirmed by letter from the chairman to Mr. Ryan and Mr. Fox,  
10 dated October 10, 1988, the hearing was held open until October 24, 1988, in  
11 order for the hand-written sheets to be explained. Subsequent communications  
12 from both Union and District indicated that these sheets should be disregarded,  
13 and they have been by the chairman.

14 Post-hearing briefs were filed in a timely manner by both parties and  
15 reached the panel chairman on or about October 7, 1988. The Union sent a  
16 rebuttal brief, dated October 12, 1988, contrary to the agreements reached  
17 at the hearing on August 30 (Tr. 160). The District raised no objection.  
18 The Union's rebuttal brief was consulted as appropriate. The hearing  
19 closed on October 24, 1988, per the revised schedule in the chairman's letter  
20 to Mr. Ryan and Mr. Fox on October 10, 1988, and pursuant to RCW 41.56.450.

21 The arbitration panel conferred again on October 18, 1988, by conference  
22 call of some 30 minutes in length. Dr. Young and Mr. Allison had access to  
23 all information then available to the chairman. Each sent a letter in support  
24 of the points each had raised and discussed with the chairman. These arrived  
25 on October 26 from Mr. Allison and on October 27 from Dr. Young.  
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1 Having examined the above record of testimony and other evidence, the  
2 arguments of the parties on that evidence in both oral statements and written  
3 briefs, and through the discussions with the Union and District members of  
4 the arbitration panel, the chairman reached the following opinion and award  
5 concerning the issue of wages in 1988 for the parties herein involved.

6 CONCLUSION, DECISION AND AWARD

7 The neutral chairman concluded, decided and awards that a two percent  
8 increase in wages for 1988 for all calssifications set forth in Appendix A -  
9 Wage Schedule of the Agreement shall be made, effective January 1, 1988. The  
10 considerations and reasons which led to this conclusion, decision and award  
11 are set forth, as follows.

12 STANDARDS FOR DECISIONS AND OTHER STATUTORY PROVISIONS

13 RCW 41.56.460 directs that the following standards or guidelines shall  
14 be considered by an arbitration panel in making its determination on issues  
15 in dispute. It states:

16 . . . Uniformed Personnel - Interest Arbitration Panel - Basis for  
17 Determination. In making its determination, the panel shall be  
18 mindful of the legislative purpose enumerated in RCW 41.56.430 and  
19 as additional standards or guidelines to aid it in reaching a  
20 decision, it shall take into consideration the following factors:

- 21 (a) The constitutional and statutory authority of the employer;
- 22 (b) Stipulation of the parties;
- 23 (c) . . .

24 (ii) For employees listed in RCW 41.56.030 (6) (b)  
25 (firefighters), comparison of the wages, hours, and  
26 conditions of employment of personnel involved in the  
27 proceedings with the wages, hours, and conditions of  
28 employment of like personnel of public fire departments  
of similar size on the West Coast of the United States.  
However, when an adequate number of comparable employers  
exists within the state of Washington, other West Coast  
employers shall not be considered;

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(d) The average consumer prices for goods and services, commonly known as the cost of living;

(e) Changes in any of the foregoing circumstances during the pendency of the proceedings; and

(f) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment (Jt. Ex. 1 and 2).\*

The legislative purpose which the chairman and panel are directed to be mindful of in applying the standards and guidelines in reaching his (their) decision is set forth in RCW 41.56.430 as follows:

The intent and prupose of this . . . act is to recognize there exists a public policy in the state of Washington against strikes by uniformed personnel as a means of settling their labor disputes; that the uninterrupted and dedicated service of these classes of employees is vital to the welfare and public safety of the state of Washington; that to promote such dedicated and uninterrupted public service there should exist an effective and adequate alternative means of settling disputes.

Two further statutory provisions are noted. First, the interest arbitration panel is a state agency in the performance of its duties under Chapter 41.56 RCW. Although selected by the parties, it is guided by the statutes and the Washington Administrative Code rather than the wishes of the parties under their collective bargaining agreement (RCW 41.56.452). Furthermore, under the procedures for the panel as set forth in RCW 41.56.450, it provides, in part:

\*As the code reviser's note indicates on Joint Exhibit 1, a portion of Chapter 521 (Engrossed Substitute House Bill No. 498, Joint Exhibit 2), which was passed by the Legislature during the 1987 legislative session and which made certain changes in RCW 41.56.460, was partially vetoed by the Governor. However, Section 2 of that bill, which made certain changes, with respect to how comparables are to be selected in cases involving firefighters, was not vetoed and appears as 41.56.460 (c) (ii).

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1 The rules of evidence prevailing in judicial proceedings may be  
 2 considered, but are not binding, and any oral testimony or  
 3 documentary evidence or other data deemed relevant by the  
 4 chairman of the arbitration panel may be received in evidence.  
 5 . . . The arbitration panel has the power . . . to require the  
 6 production of such books, papers, contracts, agreements, and  
 7 documents as may be deemed by the panel to be material to a joint  
 8 determination of the issues in dispute. . . . Within thirty days  
 9 following the conclusion of the hearing, the neutral chairman  
 10 shall make written findings of fact and a written determination  
 11 of the issues in dispute, based on the evidence presented. . . .  
 12 That determination shall be final and binding upon both parties,  
 13 subject to review by the superior court upon application of either  
 14 party solely upon the question whether the decision of the panel  
 15 was arbitrary and capricious.

9 COMPARABLES TO SPOKANE COUNTY FIRE DISTRICT

10 The District proposed seven fire districts or departments as ones  
 11 comparable to Spokane County and which could be used under RCW 41.56.430  
 12 (Er. Ex. p. 9; Tr. 45:20-21). These seven were selected on the basis that  
 13 estimated population and manpower in those departments were no less than  
 14 50 percent nor more than 150 percent of both population and manpower in  
 15 Spokane County.\* These comparable districts are:

- 16 Bellevue
- 17 Bellingham
- 18 Clark County District #5
- 19 Kent
- 20 Federal Way (King County Fire District #39)
- 21 Pierce County Fire District #2
- 22 Yakima

23 During negotiations, the District had used Snohomish County District #1  
 24 (Un. Ex. 6). The District dropped Snohomish at the arbitration because in  
 25 Spokane County manpower increased in 1988 such that Snohomish with only  
 26 48 personnel was less than 50 percent of the number employed in Spokane  
 27 County (Tr. 45:12-16).

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28 \*"Spokane County" is used throughout to refer to the Spokane County  
 Fire Protection District #1, the employer in this case.

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1 Although no major issue arose between the parties, the chairman and  
2 other panel members have relied upon the above seven districts plus  
3 Snohomish.\* Since the effective date of any change in wages shall be  
4 January 1, 1988, changes in manpower which affected the comparable group  
5 since then have been overlooked. In addition, the ratio of Spokane County  
6 manpower at 97 to Snohomish at 48 personnel is less than 50 percent by only  
7 one person in Spokane County. Because of the recent change, and the  
8 nearness to the 50 percent criteria, the use of Snohomish was justifiable.  
9 The Union had argued for this conclusion (Tr. 21:12-15; 48:1-21).

10 POSITIONS OF THE PARTIES

11 A. Proposals

12 With respect to the Wage Schedule in Appendix A of the Agreement, the  
13 District proposed no increase in salaries. The Union proposed a 6.3  
14 percent increase in wages. These proposals are set forth below.  
15

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16 \*For each District, the above names have abbreviated to the location  
17 for easy reference. Thus, Federal Way, in lieu of King County Fire District  
18 #39, etc., is used.  
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APPENDIX A

WAGE SCHEDULE

The following wage schedule is for the year 1988.

<u>RANK</u>	<u>WAGE PROPOSED</u>	
	<u>District<sup>a</sup></u>	<u>Union<sup>b</sup></u>
1st Year Firefighter	1875	1993
2nd Year Firefighter	2089	2221
Top Firefighter	2334	2481
Driver (Equipment Operator)	2517	2676
Paramedic Trainee* <sup>c</sup>	2462	2617
Alarm Operator	2574	2736
Probationary Inspector	2617	2782
Paramedic	2691	2861
Lieutenant	2806	2983
Inspector	2849	3028
Lieutenant of Paramedics	2806	2983
Inspector II	3130	3327
Sr. Lieutenant of Paramedics	3043	3385
Captain	3278	3485
Mechanic	3697	3930
EMS Officer	3385	3598

a Union Exhibit 4; the District letter to the Chairman, dated 8/17/88

b Union Exhibit 5.

c The paragraph at the bottom of the Wage Schedule pertains to this classification and is not reproduced from the Agreement (Un. Ex. 1, p. 17)

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1           B.   Union Contentions for Proposal

2           The Union contended that its proposal of a 6.3 percent increase was  
3 justified by and supported by three factors. First was a two percent  
4 increase based on productivity. Second, the cost of living, as represented  
5 by the U.S. Consumer Price Index for Urban Consumers, has increased over the  
6 last year. Third, within the comparable districts, the wages of Spokane  
7 County firefighters lag "substantially behind their fellow firefighters" in  
8 other districts (Tr. 19:3-20:25). In brief, the Union pointed out specifically  
9 that they were requesting "a cost of living increase of 4.3%, a productivity  
10 increase of 2%, and an equity adjustment of 15%" at the beginning of  
11 mediation efforts (U.B. p. 1:22-24).\* Although substantial attention was  
12 focused on the relevancy, or lack thereof, of the District's position and  
13 contentions, regarding wage levels in the comparable districts and Spokane  
14 County, the Union made no specific claims in briefs that their requested  
15 salary adjustment was focused on other than a 6.3% increase in wages, supported  
16 by the annual increase in the consumer price index and the 2% increase in  
17 wages as a result of increased productivity (U.B. 7:4-7; U.L. p. 1;  
18 Tr. 33:8-17).\*

19           The Union offered the data included in the first four columns in  
20 Table 1 in support of the 2% adjustment in wages because of increased  
21 productivity (Un. Ex. 14). Noted specifically was an increase of 88 percent  
22 in the number of runs but only a rise of 72.8 percent in wages, and 12.3

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23           \*"U.B." refers to Union brief. "U.L." refers to the Union letter,  
24 and rebuttal, dated October 12, 1988. "E.B." refers to Employer brief.

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TABLE 1

Wage Escalation, Runs and Manpower,  
Spokane County, 1979-1987

Year	Monthly Salary <sup>a</sup>	Runs <sup>a</sup>	Manpower <sup>a</sup>	Runs Per Man <sup>b</sup>
1979	1356	2233	73	30.6
1980	1532	2458	70	35.1
1981	1685	2376	74	32.1
1982	1803	2785	82	33.9
1983	1874	2862	81	35.3
1984	2065	3328	84	39.6
1985	2168	3876	84	46.1
1986	2266	3885	84	46.3
1987	2344	4205	82	51.3
Percent Increase	72.8	88.0	12.3	67.6 <sup>c</sup>

<sup>a</sup>Data from Union Exhibit 14, p. 2.

<sup>b</sup>Computed.

<sup>c</sup>See footnote, p. 23.

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1 percent increase in manpower.\* The discrepancy between increase in runs  
2 and the rise in wages justified the requested two percent wage increase for  
3 increased productivity in 1988 over 1987, according to the Union (U.B. 7:20-  
4 8:1; U.L. p. 1; Tr. 83-87, 91:5-92:24; Tr. II 175:4-176:8).

5 The Union depended upon the increase in the U.S. Consumer Price Index  
6 for Urban Consumers (CPI-U) between July 1987 and July 1988, as reported  
7 by Dr. Franz (Tr. 129:16-131:12). This increase in the CPI-U was 4.1  
8 percent. Data developed by the chairman from the published materials of  
9 the Bureau of Labor Statistics, which produces the CPI, indicated an  
10 increase of 4.4 percent in the CPI-U, between December 1986 and December 1987.  
11 The change from January 1987 to January 1988 was only 4.1 percent. Other  
12 data on cost of living indices are found in Table 2.\*\*

13 C. District Contentions for Proposal

14 The District contended that its proposal of no increase was justified  
15 on the basis of comparisons in wages paid to like personnel doing comparable  
16 tasks, given the difference in the level of prices employees must pay in the  
17 districts compared (E.B. p. 14). In the first instance, the District argued  
18 that the best approach "is to take a position that is comparable in all fire  
19 departments, compare the wages for that position and then have the wages for  
20 all other positions established in accordance with their proportions"  
21 (E.B. pp. 11-12). "What must be compared is wages for actual positions with  
22 like job duties," the District argued, rather than rely solely upon job

23 \*Budget data were presented as well, both in Union Exhibits 14 and 15,  
24 to show changes over time, and the ratio of wages and benefits to total  
25 budget.

26 \*\*Aside from the testimony of Dr. Franz, the chairman could find no other  
27 U.S. or Seattle-Everett CPI data provided by the Union in the record.  
28 Table 2 included data received from Dr. Young and as provided by the  
District at page 22A of its exhibit.

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TABLE 2

Changes in the Monthly Salary of the Firefighter Classification in Spokane County Compared To Changes in the Consumer Price Indices for Seattle-Everett Area and for the United States, 1979-88

Year or Other Period	Spokane County Monthly Salary <sup>a</sup>		Seattle-Everett CPI-W		United States			
	Amount	Jan.-Jan.	Index	% Change <sup>b</sup>	Index	% Change <sup>b</sup>	Index	% Change <sup>b</sup>
1979	1356	-	72.59 <sup>d</sup>					
1980	1532	13.0	84.20	16.0	-	-	-	13.5
1981	1685	10.0	93.19	10.8	-	-	-	10.4
1982	1803	7.0	99.15	6.4	-	-	-	6.1
1983	1874	4.0	98.95 <sup>d</sup>	-0.2	-	-	-	3.2
1984	2065	10.2	102.1 <sup>d</sup>	3.2	-	-	-	4.3
1985	2168	5.0	104.2	2.1	-	-	-	3.6
1986	2266	4.5	105.0	0.8	-	-	-	1.9
1987	2344	3.5	107.4	2.3	-	-	-	3.6
1988	-	-	-	-	-	-	-	-
Compounded 8 Year total		57.2		41.4				46.60
Avg. per year Simple 8 Year Total	72.86	7.15	48.00	5.17				5.82
Avg. per year	9.11		6.00					
2nd half 1986			105.0					
2nd half 1987			108.4	3.23 <sup>f</sup>				
1st half 1987			106.4					
1st half 1988			109.9	3.28 <sup>f</sup>				
Dec. 86	-	-			109.3		110.5	
Dec. 87	-	-			114.2	4.48	115.4	4.43
Jan. 87	-	-			110.0		111.2	
Jan. 88	-	-			114.5	4.09	115.7	4.04
Aug. 87	-	-			113.3		114.4	
Aug. 88	-	-			117.7	3.88	119.0	4.02

<sup>a</sup> Salary of top firefighter classification, from Union Exhibit 14.

<sup>b</sup> Data provided by Dr. Young in his letter, dated October 25, 1988, to the panel chairman.

<sup>c</sup> Data obtained by computing the index from annual percent changes as provided by Dr. Young.

<sup>d</sup> Data obtained by computing the index from annual percent changes as provided by Dr. Young and from Employer Exhibit p. 00224.

<sup>e</sup> The CPI base became 100 on the basis of new data collected in 1982-84.

<sup>f</sup> The CPI-U for Seattle-Everett showed an increase of 3.4 and 3.41 respectively.

1 title, as the Union has done (E.B. p. 12). In addition, the District claimed  
2 that wages, adjusted for comparable levels of service (longevity), should  
3 be included (E.B. pp. 12-14).

4 On the above bases, the District contended that the appropriate  
5 personnel to compare were those in each District who, among other duties,  
6 drove and operated apparatuses. In this case, the highest wage for fire-  
7 fighters in other districts should be compared to those in Spokane County,  
8 who are firefighters/drivers/equipment operators. In addition, since several  
9 studies indicated a cost of living differential between Seattle, where most  
10 of the comparable districts were located, and Spokane, wages should be  
11 adjusted accordingly (E.B. p. 17). On this basis, when monthly wages are  
12 adjusted for the cost of living differences, in accordance with the  
13 methodology of Dr. Franz, the Spokane County wages are actually 3.5% above  
14 the average of those districts in the Seattle-Tacoma area, and no wage  
15 increase is justified for 1988 (E.B. p. 18).

16 As shown in Union Exhibit 17, page 2, given adjustments on the basis  
17 of cost of living differences among the comparators using ACCRA data, the  
18 Spokane County top firefighter should get an increase of 18.6 percent to  
19 23 percent, according to Dr. Franz.\* However, the District was critical of  
20 Dr. Franz's analysis on two points: it compares firefighters by title only  
21 rather than by actual job duties; and, second, ". . . Dr. Franz inflates the  
22 wages paid in other fire departments by . . . using an adjustment for hours  
23 worked weekly in Spokane County to the hours in the work week in the

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24 \*At the same time, Dr. Franz testified that the ACCRA cost of living  
25 (price indices) were unreliable and changes in them over time should not  
26 be used to support wage increases (Tr. 127:1-129:15).  
27  
28

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1 comparators" (E.B. p. 18). Work hours have been brought into the arbitration,  
2 when these were excluded by stipulation, the District argued. According  
3 to the District here, only wages are a subject before the panel. Further,  
4 if hours are introduced, other pay issues will need to be included, which  
5 places the panel far beyond the issue at hand, the District stated (E.B. p. 22).

6 Further, according to the report of Dr. Ott, using the ACCRA data to  
7 adjust wages across the state by use of a regression of cost of living  
8 indices on levels of wages of firefighters, for all ten ACCRA cities, "the  
9 District wages are 4.95% above the average for other comparators," the  
10 District argued (E.B. p. 19). In any event, the District contended that  
11 Dr. Franz stated in testimony that "it's quite plain that the cost of living  
12 in this area is quite a bit lower than it is in the Seattle area" (E.B. p. 24  
13 Table 2; and Er. Ex. p. 22A). Thus, according to the District, the issue is  
14 how to measure the difference and how to apply the difference to the issue  
15 of "wages." The District states, "the logical conclusion is that first you  
16 must see what the cost of living differences are by using ACCRA, compare  
17 wages using the calculated differential, and determine the appropriate  
18 adjustment to establish parity between different areas" (E. B. p. 24).

19 Although the District believes its employees are productive, the failure  
20 to show comparable data in other districts makes data on number of runs, etc.,  
21 meaningless. Nor, according to the District, did the Union indicate how many  
22 more engine companies were added to the department. Finally, "being good,  
23 productive firefighters is not something new in the District. It is no  
24 change. It is no basis for an increase in wages," according to the District.  
25 Wage increases have never been based on productivity, and the Union argument  
26 should be disregarded (E.B. pp. 24-25).

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1           D.   Union's Response to the District

2           The Union objected to the use of length of service (longevity) and  
3 to the fictitious "model firefighter" in the computation of wages. So far  
4 as the chairman could find in its brief, the Union's objection on longevity  
5 was based alone on its concern over willingness of the chairman to accept  
6 the testimony of Mr. Bold and data of the District regarding use of length  
7 of service. In closing arguments, the Union contended that "longevity" was  
8 not at issue, and should be set aside by the panel (Tr. II 183:4-6). Relative  
9 to the "model firefighter," the Union contended that "Mr. Bold was unable to  
10 identify a single fire department in the state of Washington . . . which has  
11 a "model firefighter" (U.B. 9:5-7). Further, in all of the history of  
12 bargaining, the District relied upon "top firefighter," and never on a  
13 fictitious "model firefighter" (U.B. 9:7-12; Tr. II 177:11-178:15). This  
14 "model" was for the sole purpose to support the analysis of Dr. Ott  
15 (Tr. II 176:18-20).

16           In its rebuttal letter, the Union raised the further issue that the  
17 studies of Dr. Ott and Dr. Franz may not be "worth the effort" to analyze  
18 them (U.L. p. 2). Here the Union relied on a recent decision by Arbitrator  
19 Michael Beck in which he chose to disregard consideration of differences in  
20 cost of living among comparators as contrary to the guidelines of RCW 41.56  
21 cited above. Furthermore, Mr. Beck concluded that the evidence presented to  
22 him did not provide a reliable basis upon which to make inter-city cost  
23 comparisons\* (U.L. p. 2-3). The Union concluded, therefore, "Local 876's

24           \*City of Seattle and IAFF Local 27, and City of Seattle, and Seattle  
25 Fire Chiefs Association, IAFF Local 2898 (PERC Case Nos. 6576-I-86-150,  
26 and 6590-I-86-151), Michael H. Beck, Chairman, March 1, 1988, pp. 69, 70.  
27  
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1 position, as evidenced by the testimony of Dr. Franz, is that the report is  
2 not applicable but, if this employer insists that this panel consider the  
3 report, then it must be adjusted so that it is relevant and meaningful.  
4 . . . In this case, Spokane Fire Protection District No. 1 was, and is,  
5 in error for ever attempting to compare cost of living differences. That  
6 was not, and is not, intended and . . . should not be considered," the Union  
7 stated. Also, after the testimony of statistician Ott, this employer can  
8 not make a serious contention that "a 'reliable' basis has been provided  
9 upon which to make inter-city cost of living comparisons," according to the  
10 Union (U.L. pp. 2-3).

11 In response to Employer contentions on hours, the Union claimed it  
12 never considered hours an issue. No change has been requested by Local 876.  
13 Dr. Franz made the hours adjustment only to make the ACCRA report "both  
14 applicable and meaningful," the Union asserted. "This, of course, assumes  
15 that the ACCRA report should even be considered, something that Local 876 has  
16 never accepted or agreed to," the Union concluded (U.L. p. 3). Finally,  
17 the Union asserted that the Employer only raised this issue in its post-  
18 hearing brief "in an attempt to avoid the effect of their obvious faux pas  
19 by raising, at the eleventh hour, issues that had not been certified for  
20 mediation or interest arbitration . . ." (U.L. p. 3).

21 Also, the Union contended that the Employer's definition of wages as  
22 dependent on court decisions was different than wages under RCW 41.56.  
23 None of the cases cited by the District involved a collective bargaining  
24 agreement, and, thus, according to the Union, the issue is base wages as  
25 found in Appendix A; this does not include longevity or even refer to  
26 longevity (U.L. p. 4). These subjects, wages and longevity, are separate  
27 subjects and in separate provisions of the Agreement.  
28

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1 Further, with regard to the issue of "model firefighter," the Union  
2 pointed out that not one of the 1987 agreements of the comparators contains  
3 any "reference to the 'model firefighter' nor is there any reference to the  
4 number of years on the job, nor is there (any) reference to the fact that  
5 the position utilized for negotiating base wage was driver or equipment  
6 operator. In all, some form of top firefighter, Class A firefighter, Step  
7 One firefighter or senior firefighter is utilized." The Union asserted no  
8 consideration should be given to the fictitious and most recently created  
9 position of "model firefighter" (U.L. p. 5).

10 Finally, the Union contended that the chairman's admission of testimony  
11 regarding the "model firefighter" violated WAC 391-55-220, and specifically  
12 further consideration of it would do so (U.L. p. 6). "It is the position  
13 of Local 876 that consideration of the use of model firefighter is . . . not  
14 warranted . . . because . . . one cannot give careful consideration to a  
15 fictitious position created for the benefit of a fictitious person, especially  
16 where that position and person do not exist, not only in this particular fire  
17 department, but do not exist in any other fire department. . . . The District  
18 failed to name one single fire department or fire district that could supply  
19 a person who can be described along the definitions of 'model firefighter.'"   
20 Consequently, the District is hard-pressed to convince this arbitrator or  
21 any forum that such a position can be compared, as required by RCW 41.56  
22 et seq. On the other hand, whether or not you call an individual a top  
23 firefighter, senior firefighter, or Class A firefighter, there can be no  
24 question that such employees exist, . . . that the classification exists and  
25 can be compared" (U.L. p. 6). Also, the very purpose of providing contracts  
26 for comparable districts was because they "have just such positions and can  
27 provide comparables," the Union alleged.  
28

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1 E. Other Considerations

2 Both Union and District made additional points, for the most part  
 3 tangentially related to the above arguments. These are introduced below,  
 4 as appropriate and necessary. Also, the chairman obtained a full copy  
 5 of the Beck Opinion and Award, cited above, as well as a decision by  
 6 Arbitration Panel Chairman Carlton J. Snow, in Seattle Police Management  
 7 Association and City of Seattle (PERC No. 6502-J-86-148), January 25, 1988.  
 8 The Chairman has at hand a copy of Local 1805, IAFF, and Clark County District  
 9 No. 6 (PERC No. 6733-I-87-160), Kenneth M. McCaffree, Arbitration Panel  
 10 Chairman, October 12, 1987.

11 DISCUSSION, ANALYSIS AND CONCLUSIONS ON PROPOSALS,  
 12 SUPPORTING DATA AND CONTENTIONS OF THE PARTIES

13 A. Interpretation and Application of Guidelines

14 The provisions of the statute regarding the basis for arbitrator  
 15 decision-making in interest arbitration are less than precise. In RCW  
 16 41.56.460, the terms used are "standards and guidelines," which arbitrators  
 17 "shall take into consideration" in the arbitration process. Further this  
 18 section of the statutes directs that the arbitrators "shall be mindful of  
 19 the legislature purpose" which in RCW 41.56.430 affirms that the arbitration  
 20 processes "exist (as) an effective and adequate alternative means of  
 21 settling disputes" to "strikes by uniformed personnel as a means of settling  
 22 their labor disputes." Finally, the general purpose of the act stated in  
 23 RCW 41.56.014 is "to promote the continued improvement of the relationship  
 24 between public employers and their employees . . ." (underlinings added).

25 Without belaboring the points raised by the underlining above, the  
 26 statutory provisions are called standards or guidelines. As such, they  
 27  
 28

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1 allow substantial discretion by arbitrators in applying them. No precise  
2 instruction on what shall be done arises out of this language. In addition,  
3 the generality of the guidelines are reinforced further by the expression  
4 "shall take into consideration." This phrase, as well as the direction to  
5 be "mindful of the legislative purpose," make mandatory that arbitrators are  
6 cognizant of the statutorily listed factors, but these provisions require  
7 only that the guidelines be "considered," or that arbitrators be mindful  
8 (take into account) the specific and general purposes of the arbitration  
9 process and the Act. These provisions are not to be blindly followed, or  
10 given any specific relative weight among the listed factors and determinants  
11 in arriving at a judgment or an appropriate decision vis-a-vis a given issue  
12 or set of issues in dispute between an employer and its union employees.

13 Further, arbitrators are made mindful and required to give consideration  
14 to all factors, in addition to those listed in RCW 41.56.460 (a) through  
15 (e), "which are normally and traditionally taken into consideration in the  
16 determination of wages, hours, and conditions of employment." In the  
17 "ideal world" this directs arbitrators to examine those factors and to seek  
18 that solution that most likely would have resulted had the parties been free  
19 to bargain in an unregulated labor market environment. Obviously, such a  
20 goal is difficult, if not impossible, to achieve in any exact sense in  
21 public employment. But such a goal does point to the fundamental issues  
22 between the parties and the factors they rely upon in determining the  
23 relative positions of each in the hiring of workers by the employer and in  
24 the acceptance of jobs under conditions acceptable to both. Those factors  
25 identified in and referred to in RCW 41.56.460 are those considered and  
26 evaluated by unions and employers in arriving at mutually acceptable terms  
27 of employment when both are free to act in their own economic interest.  
28

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1 At the same time, both the general purposes of this legislation at  
2 RCW 41.56.014 and RCW 41.56.430 and especially paragraph (f) of RCW 41.56.460  
3 make clear that reasoned judgment must be exercised in accordance with  
4 generally accepted practices in the field of union-employer relations. Since  
5 public policy is against strikes of uniformed personnel in public employment,  
6 uninterrupted and dedicated services of firefighters and others must be  
7 properly recognized and the arbitration process, among others, used as an  
8 "effective and adequate alternative means of settling disputes." Arbitrators  
9 may not be "arbitrary and capricious" in their decision-making.\*

10 The issue of wages and the arguments of the parties on the factors and  
11 data related thereto are discussed below.

12 B. Employer Authority and Stipulations

13 No issue arose over the District's statutory authority in this case.  
14 Relevant to wages, and as set forth above, the parties stipulated that any  
15 wage increase would be effective on January 1, 1988.

16 C. Productivity\*\*

17 The Union urged a wage adjustment of two percent because of increased  
18 productivity, specifically on the basis of the greater rate of growth in

19 \*The parties are referred to Arbitrator Snow's discussion of the  
20 history, nature, and factors involved in interest arbitration, as these  
may apply under Washington law and conditions (the Seattle case, pp. 10-18).

21 \*\*Nowhere in RCW 41.56.460 does the word "productivity" occur. But both  
22 unions and employers recognize this factor as one, in the ordinary course  
23 of events, that has been "normally and traditionally" considered in the  
24 bargaining process by unions and employers.  
25  
26  
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1 emergency runs than wages or manpower since 1979. The District denied this  
2 basis, as indeterminable, even though it considered its employees both  
3 dedicated and productive.

4 The chairman rejected the argument of the Union on this point, and  
5 found no basis in Spokane County upon which to justify the proposed two  
6 percent increase in wages. The Union argument was defective both on the  
7 concept of productivity and on its specifications of the District's product.

8 The data are shown in Table 1. The Union has incorrectly labeled  
9 "runs" as productivity, when in fact it is output alone. Rather productivity  
10 is measured by the ratio of output to input. This is proper, since wages  
11 are paid on the basis of individual units of manpower (an employee), not on  
12 the basis of aggregate or total manpower, or total output. Thus, even if  
13 "runs" are considered a proper measure of output (which they are not),  
14 productivity is the ratio of runs to manpower, or mathematically, the  
15 result of dividing total runs in each year by the number of employees for  
16 that year. The results of these computations appear in the right hand column  
17 of Table 1. Although per employee productivity has increased since 1979,  
18 it has done so at less than the increase in wages, 68% for productivity,  
19 73% for wages.\*

20 In addition to the above basis for rejection of the Union's  
21 proposal, substantial defects and imperfections appear in the

22  
23 \*Since the District has added some 15 more employees in 1988, the  
24 productivity increase per employee, as measured by runs, would fall in 1988,  
unless the number of runs rose to over 4800, an increase greater than an  
annual increase in runs, as shown by the Union in Table 1. These results  
would be unlikely.

25 Also, Dr. Young pointed out that the runs per man should be compared to  
26 "real" wages, not money wages. In this event, the growth in real wages since  
27 1979 would be less than the percent change in runs per man. However, time  
28 series data are subject to the period selected and should be used with caution,  
even if reliable measures of output and input are used. A comparison of the  
1983-87 period between "real" wages and runs per man give a much different  
result than for 1979-87. Were the 15 new employees in 1988 included, the  
results become even more cloudy, due essentially to poor specifications of  
output and input.

1 output (runs) and input (manpower) measures. As for output, all runs were  
2 assumed the same. Manifestly, this was not the case. Some were false alarms,  
3 some trashcan fires, other major catastrophes. Summing these diverse  
4 "products" constituted an agglomeration of unlikes that made the "runs"  
5 data rather meaningless.

6 Further, there is the issue of exactly what is the "product" of a  
7 fire district. Certainly, the residents of the district do not regard a  
8 large number of fires, accidents, and other emergencies as products of the  
9 fire department. Consumers seek services with positive results. Mr. Allison  
10 suggested looking at loss per \$1000 of property value, and the more this  
11 goes down, the more productive the fire department (A.L. p. 3).<sup>\*</sup> Alternatively  
12 attempts have been made to use anticipated services of inputs as a measure of  
13 output. But this too raises an issue in determining what are the services of  
14 the firefighter. Clearly, one is simple availability, and many consumers  
15 are willing to pay to have someone stand by "in case." But when the "in  
16 case" arises, employees only change duties from stand-by availability to  
17 activities in responding to and handling the emergency. . These changes in  
18 duties of the firefighter (input) represent no change in output, as measured  
19 by the total of 24 hours of service (duties) each day.

20 Admittedly, no very good measure of output exists, at least as suggested  
21 by anyone in these proceedings. This fact underlines further the

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22 <sup>\*</sup> Letter, Allison to McCaffree, dated October 24, 1988. "A.L." is for  
23 Allison letter. In one of the arbitration discussions, Dr. Young suggested  
24 comparing population served per man among the districts, as a comparative  
25 measure for productivity. Per data in Union Exhibit 7, not reproduced here,  
26 Spokane Valley groups with Bellevue, Pierce Co. #2, and Clark with about 850  
27 persons served per man in 1988. Kent, Bellingham and Yakima, and especially  
28 the latter two, are low at about 500 persons per man. Federal Way and  
Snohomish were at 963 and 1145 per man, respectively. The average served in  
the 8 comparators was 805 compared to 876 in Spokane County. These data  
standing alone suggest Spokane County wages should be higher. However, the  
lack of any positive correlation between population served per man and money  
wages raises doubts on the usefulness of this measure.

1 justification for disregarding the two percent increase in wages requested  
2 by the Union for increased productivity.\*

3 D. Average Consumer Prices

4 The statute refers expressly to average consumer prices for goods  
5 and services at RCW 41.56.460 (d). The statute defines this as the "cost  
6 of living," but states nothing about how such factors shall be used by the  
7 panel or what index of average consumer prices should be used. However,  
8 average consumer prices may be utilized by different indices in one of two  
9 ways: (1) to determine changes in average consumer prices, related to a  
10 specific and defined basket of goods and services in a particular place or  
11 area over a specified period of time; (2) to determine differences in average  
12 consumer prices, related to a specific and defined basket of goods and  
13 services, between two designated places or areas at a specific time. These  
14 two concepts are similar to a motion picture showing change in the first  
15 case, while the second is more like a single still photo. As in the financial  
16 world, a comparison of the net worth on a balance sheet of Company A on

17 \*As set out by the Union, manpower was unclear on whether these  
18 represented employees on duty at one time, or the total number on the  
19 payroll during the year. Additionally, the actual hours on duty may be  
20 more relevant than number of employees. No such data are in the record  
21 in this case.

22 In addition, productivity measurements in a single firm are exceedingly  
23 difficult to make under the best of circumstances. Usually an industry  
24 develops new techniques, processes, or organizations which lead to  
25 increased output. Manpower is required, and wages are bid up. Workers in  
26 other industries leave for the higher paying jobs. Thus the industry where  
27 little or no technological change and productivity increases occurred is  
28 faced with a dwindling labor supply, which results in higher wages.  
Although this process is a long-term one, eventually all workers share in  
the increased productivity, which accounts in part for the data issued by  
the U.S. Departments of Commerce and Labor on rising per capita real income.  
Such a process seldom can be observed to occur with regard to a single firm,  
such as Spokane County, and employees work only for general increases to  
augment their wages and salary. Here no such argument was made to justify  
the requested wage increase of two percent for productivity changes.

Also, recent data from government sources suggest no "real" wage increase  
for wage earners in recent years even though per capita real income did rise.  
This appears to be a consequence of real economic growth from increased  
employment and labor force participation of women, resulting in a rise in  
"real" family income, but not "real" wages per employee.

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1 January 1 in one year with the company's net worth on January 1 of the next  
2 year shows the change in net worth. On the other hand, a comparison of the  
3 net worth of Company A with the net worth of Company B on January 1 of year  
4 one shows the difference in the worth of the two companies at a specific  
5 time. This latter comparison could be repeated, if desired, on January 1 of  
6 year two.

7 The significance of the first way average consumer prices may be used  
8 arises out of the concept of inflation. Inflation refers to the rise in  
9 average consumer prices over a period of time. As used in collective  
10 bargaining, and argued by the Union here, wages should rise at the same  
11 rate as the upward change in average consumer prices. If such does not  
12 occur, then the wage earner loses purchasing power, and, in economic terms,  
13 is confronted with a fall in "real wages."

14 Average consumer prices are measured by the Bureau of Labor Statistics  
15 of the U.S. Department of Labor (BLS), and reported regularly. Since the  
16 price of gasoline, cars, houses, suits, shoes, and so forth differ markedly,  
17 BLS devised a scheme by which these various prices can be weighted to arrive  
18 at an index of average consumer prices. The weights come from studies made  
19 on how typical families spend their income. Thus, BLS weights prices of  
20 food and beverages at 18.813 of its index, housing, including shelter, fuel and  
21 utilities and household furnishings at 43.911 of its index, and so on, which  
22 represent the proportion of income that the typical urban family consumer or  
23 household spends on those products and services.\* Currently, the BLS uses

---

24 \*These sample weights were taken from "The Consumer Price Index  
25 Revision - 1978," U.S. Department of Labor, Bureau of Labor Statistics,  
26 1978 (Revised).  
27  
28

1 prices in the 1982-84 period, weighted by the appropriate consumption  
2 pattern, as a base, and now measures changes in average consumer prices  
3 against that base. BLS has two basic indices, one for "all urban consumers"  
4 and one for "urban wage earners and clerical workers," referred to as the  
5 Consumer Price Index - urban consumer (CPI-U) and as the Consumer Price  
6 Index - wage earners and clerical workers (CPI-W). These indices get  
7 published for the United States as a whole, and for certain large  
8 metropolitan areas as Seattle-Everett, Tacoma, among many others.\*

9 The Union argued for a 4.3 percent increase in wages to meet the rise  
10 in average consumer prices of 1988 over 1987, or between July 1987 and  
11 July 1988, the latter being the latest available at the time of the August 30  
12 hearing. Table 2 sets forth the average consumer prices, as measured by the  
13 Consumer Price Index for various periods of time and both for the United  
14 States and for the Seattle-Everett-Tacoma area. Per the testimony of  
15 Dr. Franz, the Union relied on the CPI-U for the U.S., which shows a 4.43  
16 percent increase in average prices in December 1987 over December 1986. The  
17 annual rate of change moderated by mid-year to four percent. The Union  
18 offered no further evidence or argument on changes in average prices to  
19 support the request of 4.3 percent increase in wages in 1988.

20 The Union argument has some merit. An increase in prices reduced the  
21 purchasing power of consumers (and firefighters), and some upward adjustment  
22 in wages on that basis would be justified. The issue concerned whether the  
23 full 4.3 percent would be appropriate.

---

24 \*Although the index is referred to as the Seattle-Everett index,  
25 technicians in the regional BLS office in San Francisco told the chairman  
26 that prices are collected from the counties of Snohomish (Everett), King  
27 (Seattle), and Pierce (Tacoma).  
28

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1 Dr. Franz justified his use of the U.S. CPI-U on the grounds that it  
2 was "the most common one used" (Tr. 131:9-12). He did not explain what he  
3 meant by "common use." Clearly, it showed the largest increase in average  
4 consumer prices than others in this case. But reasons exist to question  
5 the use of the U.S. CPI-U for wage adjustments in Spokane.

6 In the first place, the parties and the panel selected a group of  
7 "comparable" fire districts, where each has an agreement with a local in  
8 the IAFF. In every one of the five of eight agreements which rely upon a  
9 wage-price index relationship, a CPI-W (wage earner and clerical worker) was  
10 used, not the index for urban consumers. Furthermore, the chairman asked  
11 for copies of eight additional agreements for districts used by Dr. Ott in  
12 his analysis and/or referred to by the District. In the only two of those  
13 to rely upon CPI changes in setting future wage levels, both used a CPI-W.\*  
14 Thus, whatever common useage Dr. Franz referred to, no basis existed on the  
15 evidence in this proceeding to use other than a wage earner and clerical  
16 worker index for firefighters.

17 Second, the CPI-W for Seattle-Everett-Tacoma (Seattle) is a preferred  
18 index to the U.S. CPI-W for use in Spokane County. Aside from the fact that  
19 four of the five comparator districts and the two other districts noted above  
20 use the Seattle CPI-W (all of which are in the Seattle area), the general  
21 similarity of consumption patterns and economic changes in Washington State  
22 relative to the wide differences reflected across the nation allow greater  
23 reliance upon the applicability of the Seattle CPI-W than the U.S. CPI-W  
24 to Spokane County. In addition, the Seattle CPI-W data in Table 2 refer to

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25 \*Renton and King County Fire District #11.  
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1 six months accumulated data, rather than data based on a single month at  
2 an annualized rate. These six-month averages compare reasonably to the 1987  
3 datum for the CPI-U at 3.6 percent change, and a somewhat greater increase  
4 than the 1987 annual rate for Seattle CPI-W, 3.23 compared to a 2.3 percent  
5 annual change.

6 A further consideration represented the average change in monthly  
7 salaries among the comparator districts in 1988 over 1987, the majority of  
8 whom made adjustments solely in accordance with changes in average consumer  
9 prices. The average increase in monthly wages, exclusive of Clark County,  
10 was 3.5 percent, per data in the three right-hand columns in Table 3. No  
11 one could produce an index of average consumer prices applicable to the  
12 Spokane, Washington, area specifically and a reasonable judgment must be  
13 cautious on what change to effect in Spokane County, and, therefore, provide  
14 a basis for a wage adjustment. However, on the above considerations, the  
15 chairman concluded that a 4.3 percent wage increase was not justified by  
16 the change (increase) in the average consumer prices, commonly called the  
17 cost of living. On the other hand, the lowest datum would indicate a 3.2  
18 or 3.3 percent increase, per the data of the Seattle CPI-W. At the same time,  
19 the average percent change in wages, among comparators, as generally based  
20 on changes in the average consumer prices, was 3.5 percent in 1988 over 1987.  
21 Finally, the price indices whose rates of change were in excess of 4 percent  
22 at the start of the year declined substantially and were moving below a 4 per-  
23 cent change for the year.\* Thus, on balance, the chairman considered a wage  
24 adjustment of 3.6 percent for firefighters in Spokane County to be reasonable in  
25 1988, if only this factor of change in average consumer prices was involved.

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26 \*Specifically, the U.S. CPI-W fell from an annual rate of change in  
27 December 1987 of 4.5 to less than 3.9 percent in August 1988 (Table 2).  
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TABLE 3

"Top" Firefighter Salaries in Selected Districts, 1987 and 1988,  
With Percent Increase Between Two Years

District	Monthly Salary First Month Paid <sup>a</sup>	Salary on January 1 1987 <sup>b</sup>	Salary on January 1 1988 <sup>d</sup>	Salary Increase 88/87 Percent
Bellevue	43	2630	2708	3.0
Bellingham	37	2405	2525	5.0
Clark Co. #5	37	2427	2787	15.0
Kent	37	2691	2765	2.75
Federal Way (KC#39)	37	2726	2807	3.0
Pierce Co. #2	49	2801	2871	2.5
Snohomish Co. #1	37	2683	2790	4.0
Yakima	43	2444 <sup>c</sup>	2544	4.0
Manpower Weighted Average <sup>e</sup>		Not Computed <sup>g</sup>		3.5 <sup>f</sup>
Spokane County	25	2334	----	---

<sup>a</sup>Taken from the agreements from each district as supplied by parties.

<sup>b</sup>Union Exhibits 10 and 11A.

<sup>c</sup>Represents the salary on 1/1/87 rather than on 7/1/87. The latter was \$2519.

<sup>d</sup>Union Exhibit 11 and by calculation. Yakima was taken from the 1988 agreement.

<sup>e</sup>Weighted by manpower data in Union Exhibit 6.

<sup>f</sup>Excludes Clark Co. #5 as an unusual outlier, not representative of bargaining over 1988 salaries. With Clark included, the average is 4.67.

<sup>g</sup>Since these salary data represent personnel at different stages in their careers, an average is meaningless. See Table 4 for appropriate comparisons.

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1 E. Wage Comparisons

2 The District contended that no wage increase was justified, even on  
3 the basis of the above analysis.\* Rather an examination of the monthly  
4 salaries of comparable personnel and job classifications, adjusted for the  
5 difference in the average consumer prices among the comparator districts,  
6 showed that the "real wages" of Spokane County firefighters were equal to or  
7 exceeded those in the other districts (D.B. pp. 18-19). Thus no salary  
8 adjustment was appropriate in 1988. The Union objected strenuously, and  
9 countered by a study by Dr. Franz purporting to show that monthly salaries  
10 adjusted for average hours worked per week for top firefighters in Spokane,  
11 after adjustment for differences in average consumer prices, were 12 to 13  
12 percent below those in the comparator districts (Un. Ex. 17).

13 As indicated above in the recitation of the central arguments of the  
14 parties, several issues emerged over what constituted proper wage comparison  
15 among districts. These are (1) the legality of using "cost of living"  
16 indices to explain differences in wages; (2) the reasonableness and  
17 reliability of using available "cost of living" indices to explain  
18 differences in wages; (3) top firefighter vs. firefighter who drives an  
19 apparatus; (4) length of service (longevity) vs. salary schedules and top  
20 firefighters; (5) monthly salary vs. hourly wage; and (6) what the  
21 comparisons of wages among the comparator districts show, if anything.

22 1. Legality of Using Cost of Living Indices to  
23 Explain Differences in Wages Between Areas

24 The Union raised this issue of the legality of using cost of  
25 living indices to explain wage differences most directly in its rebuttal

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26 \*Mr. Allison acknowledged an increase of at least 3.29 percent in  
27 average consumer prices which might justify a wage increase, but quickly  
28 pointed out the data in Table 2. These show that the monthly salary of the  
top firefighter classification rose 57 percent since 1979, where average  
consumer prices were up about 47 percent (A.L. pp. 1-2). Allison relied on  
1983-1987 data; Dist. Ex. p. 224) and his actual percentage changes were  
different.

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1 letter, and based its argument primarily on a decision by Arbitrator Beck,  
2 noted above. Since the main burden of this contention fell in the rebuttal  
3 letter, the District made no response directly.

4 This contention of the Union was set aside. As noted above, the  
5 statute refers expressly to average consumer prices for goods and services  
6 at RCW 41.56.460 (d). This citation says nothing about what index shall be  
7 used, nor does it state that an index of average consumer prices may be  
8 applied only to the group of employees who seek an adjustment in wages.  
9 This statutory provision makes no statement on how indices of average consumer  
10 prices must be used, although the implication is clear that its use refers to  
11 the determination of purchasing power, and thus "real wages" of employees.  
12 If the Union was not cognizant of "real wages," no basis existed for its  
13 contention regarding a justified dollar wage increase in Spokane County wages  
14 because of the rise in the "cost of living" (average consumer prices) for  
15 the United States "typical" consumer.

16 Further, the reference to "comparison of the wages . . ." in RCW  
17 41.56.460 (c) (ii) in no sense precludes that such a comparison must be made  
18 on the basis of "money wages," rather than "real wages." The clear implication  
19 of the need to account for what happens to "the average consumer prices," as  
20 set out in RCW 41.56.460 (d) reinforces the legality of using "real wages"  
21 for comparison under (c) (ii) of the same statutory section.

22 Also, RCW 41.56.460 (f) directs the panel to examine "such other factors  
23 . . . which are normally or traditionally taken into consideration." Manifestly,  
24 "real wages," and comparison of "real wages" between and among locations and  
25 bargaining units have been and are a part of collective bargaining negotiations.  
26 The panel chairman has participated in several arbitrations within the last  
27  
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1 four or five years where explicitly the issue of variations in purchasing  
2 power and "real wages" across a bargaining unit and among bargaining units  
3 in different locations was a part of negotiations. In fact, he was asked  
4 to and did arbitrate the difference between the Alaska Public Employees  
5 Association and the State of Alaska over salary differentials for the same  
6 classifications in over 25 different locations, from Nome and Barrow in the  
7 north, to Ketchikan and Juneau in the south. Manifestly, the salary  
8 differentials were based on differences in the average consumer prices in  
9 the various locations.\* The comparison of "real wages" is  
10 a commonplace practice, "normally and traditionally taken into consideration  
11 in the determination of wages. . . ."

12 The chairman has at hand the recent decision of Arbitrator Carlton  
13 Snow, Professor of Law, and experienced arbitrator, in a parallel case to  
14 the Beck decision cited by the Union.\*\* Professor Snow stated:

15 It is reasonable to conclude that, if dollars have greater  
16 purchasing power in one city than in another, this fact  
17 ought to be taken into account in determining an appropriate  
18 wage. . . . The CPI and other inter-city "cost of living"  
19 comparisons could have relevance and have been used in  
20 determining the appropriate wage to be paid members of the  
21 bargaining unit (Snow, p. 46).

22 After examination of the Runzheimer Report and testimony of its author,  
23 Arbitrator Snow concluded:

24 Cost of living factors unquestionably are relevant . . . and  
25 the only substantial question is to what extent (p. 49).

26  
27 \*Alaska Public Employees Association vs. State of Alaska (Geographic  
28 Wage Differentials), Kenneth M. McCaffree, Arbitrator, October 20, 1986  
(unpublished, but a public document).

\*\*Arbitrator Snow's decision involved police rather than firefighters,  
but is based on the same statutory section, as used herein, and on  
essentially the same data provided Arbitrator Beck.

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1 He went on to examine the arguments of the parties on this report and others,  
2 including that of the American Chamber of Commerce Researchers Association, of  
3 the Associates for International Research, Inc., as well as budget studies  
4 of the BLS. Arbitrator Snow stated clearly "that the 'fixed market basket'  
5 approach was a traditional method of gathering data and one of the few  
6 available methods for making inter-city 'cost of living' comparisons"  
7 (Snow, p. 53). After further examination of these reports, and others,  
8 including one from Coldwell Banker Residential Group, Arbitrator Snow  
9 asserted:

10 While these data were of varying degrees of usefulness and  
11 reliability, they served as an indicator that costs of  
12 living in comparative cities are higher than in Seattle  
13 (p. 57; see also pp. 60-61).

14 Finally, the attention of the parties is called to the discussion of the  
15 guidelines and the statutory mandate to the panel as set forth above, page 20.

16 2. Reasonable and Reliable Cost of Living Indices

17 No question exists that cost of living data must be judged as to  
18 their reliability and reasonableness. In the case of cost of living indices,  
19 specifically, economists and statisticians, among others, point repeatedly to  
20 the fact that use of a common basket of goods and services in different areas  
21 is defective, since people do not buy the same items in the same proportions  
22 in every area. Thus, how useful a particular index of prices may be may well  
23 depend upon how representative those items are within each of several areas.  
24 Further, the number of pricing samples taken, or the time when taken, and  
25 under what circumstances can affect results. These factors influence the  
26 weight to be given a particular observation or set of observations.

27 In the case at hand, the chairman does not intend to examine the reports  
28 of Dr. Ott and Dr. Franz. Both can be, and have been, criticized by the parties

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1 in brief, generally with significant points. The chairman notes here  
2 specifically the finding that Dr. Young made by reducing by two of the ten  
3 observations of Dr. Ott. The coefficient of determination dropped to .27  
4 without statistical significance in the coefficients (Y.L. pp. 1-2).\* At  
5 the same time, the report of Dr. Franz raised questions regarding use of  
6 both the hours worked to adjust monthly salaries and what constituted the  
7 top firefighter salary.

8 Although both Dr. Ott and Dr. Franz used data provided by their  
9 respective clients, the adjustment made of wages for cost of living  
10 differences by the District at page 19 of its brief was more straightforward.  
11 But it depends also upon the relevance of the monthly salary of ten-year  
12 firefighters who drive the apparatus.

13 3. Top Firefighters Versus Firefighters  
14 Who Drive an Apparatus

15 The Union relied upon top firefighter wages for comparison. The  
16 data cited have been reproduced in Table 4, and consists of those figures  
17 for each comparator which lie on the line in the middle of that table.\*\*  
18 The salary data were augmented by what the Spokane County personnel in the  
19 top firefighter classification do compared to tasks or skills in the  
20 comparator districts for persons at the top step of the firefighter  
21 classification. Examination of Union Exhibit 12 indicates that only three  
22 items are not generally done by firefighters in other districts - rope  
23 rescue, mechanic and alarm operator.\*\*\* Noted here, however, by the District  
24 was the fact that personnel in the top firefighter classification in Spokane

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25 \*"Y.L." is the Young letter to McCaffree, dated October 26, 1988.

26 \*\*Data for Yakima were unavailable for the completion of Union Exhibit 11A,  
27 but the January 1, 1988, rate has been inserted in Table 4.

28 \*\*\*Two other items with some such duties designated in other districts  
were fire investigator and public CPR classes.

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TABLE 4

**Monthly Salary of the Firefighter Classification at Various Periods of Service for Selected Fire Districts, Washington State, January 1, 1988<sup>a</sup>**

Firefighter Classification Monthly Salary At/On	Bellevue 5 steps	Bellingham 7 - 6 mo. steps	Clark 4 steps	Kent 4 steps	Federal Way (King Co. #39) 4 steps	Pierce #2 5 steps	Snohomish #1 4 steps	Yakima 5 steps	Spokane County 1987 3 steps
1 month	2130	2115	1956	2074	2246	2045	2034	1911	1875
7 months	2234	2179						2044	
13 months		2244	2593	2323	2386	2272	2514		2089
19 months	2394	2311						2141	
25 months		2380	2685	2530	2597	2456	2654		2334
31 months	2551	2452						2271	
27 months		2525	2787	2765	2807	2656	2790		
43 months	2708							2544	
49 months			2805			2871			2427
5 yr - 61 months			2823	2820	2832			2582	
6 yr - 73 months			2841						
7 yr - 85 months			2859						
8 yr - 97 months		2545	2877						2474
10 yr - 121 months				2876	2857			2620	

<sup>a</sup>Above the line, all salaries are set forth in a schedule in the agreements. Salaries below the line were computed from other provisions in the districts' 1988 agreements, except for the Kent district. Only length of service has been considered in reproducing these data. Data for Spokane County are for 1987.

1 County are paid a premium whenever an employee in the firefighter  
2 classification serves either as a mechanic, an alarm operator, or driver of  
3 a fire apparatus (Un. Ex. 1, p. 18, Appendix B of the Agreement). The average  
4 monthly salary of the "top" firefighters in the comparator districts was  
5 16 percent higher than in Spokane County, \$2724 to \$2334, on the basis of the  
6 Union comparisons.

7 The District claimed that the comparison should be made between  
8 firefighters who drive apparatuses, not dependent upon the highest wage rate  
9 paid to an employee in a firefighter classification. The bases for this  
10 comparison was that in six of the comparator districts, the personnel in the  
11 firefighter classification drive apparatuses, which is not the case in Spokane  
12 County, and that, since the average length of service of personnel who drive  
13 apparatuses was 11.8 years, in Spokane County, firefighter drivers of 10 years  
14 service in all districts should be compared.\* These data are in Table 5,  
15 column 4. They show an arithmetic average salary of \$2796 for the comparators  
16 relative to \$2657 in Spokane County, or a difference of 5.23 percent.\*\* But  
17 the District argued, the difference in the "cost of living" (average consumer  
18 prices) between the Seattle area and the Spokane area is over 12 percent, such  
19 that the real wages in Spokane County exceed those in the comparators, and no  
20 salary increase is justified for 1988 (E.B. pp. 18-19).

21 The District characterized its use of a firefighter apparatus driver as  
22 a "model firefighter." Here the Union objected that no such classification

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23 \*Bellevue and Bellingham have firefighter driver identified  
24 classifications. See Union Exhibit 18. The Spokane County classification  
is Driver (Equipment Operator).

25 \*\*The District data at page 13 of its exhibit leaves out Snohomish and used  
26 July 1 salary in Yakima rather than January 1, 1988. Table 5 includes  
27 Snohomish and uses the January 1, 1988, salary rates for all comparator  
28 districts.

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**TABLE 5**

**The Monthly Salary in Classifications for Firefighters and for Firefighters Who Drive An Apparatus  
At Various Months of Service, For Selected Fire Districts, Washington State, January 1, 1988**

Districts, Averages, Etc.	Firefighter Salary <sup>e</sup>		Salary Firefighter Who Drives		Manpower <sup>d</sup>
	at 25th month	at 49th month	at 37th month	at 121st month	
Bellevue	2473 <sup>a</sup>	2708	2680 <sup>c</sup>	2844 <sup>c</sup>	124
Bellingham	2416 <sup>a</sup>	2525	2575 <sup>c</sup>	2595 <sup>c</sup>	98
Clark Co. #5	2685	2805 <sup>b</sup>	2787	2919	69
Kent	2530	2765	2765	2876	97
Federal Way	2597	2807	2808	2858	81
Pierce Co. #2	2456	2871	2656	2871	80
Snohomish	2654	2790	2790	2790	48
Yakima	2206 <sup>a</sup>	2544	2544	2620	85
Arithmetic Average	2502	2726	2700	2796	
Manpower Weighted Average	2486	2715	2690	2793	
Spokane County	2334	2427 <sup>f</sup>	2517 <sup>c</sup>	2657 <sup>c</sup>	
Arithmetic Mean as a Percent of Spokane Valley ]	107.2	112.31	107.3	105.2	
Weighted Mean as a Percent of Spokane Valley ]	106.5	111.86	106.87	105.1	
Total					682

<sup>a</sup>Salary at 19th and 31st months added and divided by two. Also used 25th month and 31st month. See Table 4.

<sup>b</sup>One and one-half percent over salary at 37th month.

<sup>c</sup>These districts show a separate firefighter/driver classification. For other districts, the salary is for a firefighter who drives an apparatus.

<sup>d</sup>Taken from Union Exhibit 6.

<sup>e</sup>Salary taken from agreements in districts without regard to specific duties performed by personnel in the classification.

<sup>f</sup>Salary is 4 percent over monthly salary in 25th month.

Source: Agreements of nine districts listed. Also see Table 4.

1 statutory guideline of "comparison of the wages . . . of personnel involved  
2 in (Spokane County) with the wages . . . of like personnel of public fire  
3 departments of similar size . . ." (underlining added).

4 Every one of the firefighter salaries and classifications used by the  
5 Union were for personnel whose experience was half again or double that  
6 required in Spokane County. A Spokane County "top" firefighter, whose duties  
7 do not include driving, gets \$2334 per month, and does so after only 24 months  
8 of experience. The Union compared this salary to the top paid person in the  
9 firefighter classification in Pierce County #2 at a salary of \$2871, who is  
10 required to drive a vehicle. However, the firefighters in Pierce must have  
11 four years of experience contrasted to the two years in Spokane County.  
12 Employers are willing to pay senior employees more, and the labor market  
13 only allows those with more experience to be paid more, because of greater  
14 skill, knowledge and expertise of longer term employees than those with less  
15 experience. Clearly the Union has compared unlike personnel in unlike  
16 classifications and its comparison must be considered with substantially  
17 reduced weight as to its relevance.

18 On the other hand, the District has demonstrated salary among personnel  
19 who do similar duties and have comparable experience. This related both to  
20 driving duties and to experience, per se. As for comparison of duties of  
21 personnel across comparators, the chairman concluded that the driver  
22 firefighter classification represented a more exact and less imperfect  
23 substantive description of a classification and what the personnel do in it  
24 than the case of the firefighter classification and duties offered by the  
25 Union. The chairman regarded the District's selection of the basis for  
26 comparison among fire districts more reliable than that of the Union.

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1 Set forth in Table 5 are salaries among firefighters who drive  
2 apparatuses. These have been compared on the basis of experience both  
3 at 37 months, and at 121 months (which the District used). At 37 months, the  
4 salary of Spokane County driver firefighters was 7 percent, and, at 121 months,  
5 5 percent less than the arithmetic or manpower-weighted average salary for the  
6 eight comparators, respectively.

7 Finally, the Union's assertion, that acceptance of evidence and testimony  
8 on the "model" firefighters was violative of this statute, requires little  
9 further comment. The parties are reminded again to examine the authority of  
10 the chairman and panel to accept evidence and testimony, as set out above.  
11 As Arvid Anderson, President of the National Academy of Arbitrators, has  
12 pointed out, "lawyers are very skillful at raising objections as to the  
13 admissibility or to the relevance of particular data, however, in interest  
14 arbitration what is really important is the persuasiveness and relevance of  
15 what is presented."\*

16 4. Length of Service (Longevity) Versus  
17 The Firefighter Salary Schedule

18 The Union objected to the use of longevity or length of service  
19 in wage comparisons made by the District, and did so on the basis that  
20 longevity was not an issue before the panel. So far as the chairman observed,  
21 neither he nor either panel member regarded longevity an issue before the  
22 panel, and as acknowledged so by the District.

23 The issue in dispute is the extent to which, not whether, length of service  
24 should be accounted for in comparing wages among the comparators. Here the

25 \_\_\_\_\_  
26 \*See Anderson, "Public Sector Interest Arbitration Lessons from Recent  
27 Experience," Address to the Society of Professionals in Dispute Resolution  
28 in Boston, Massachusetts, October 1985.

1 Union used wage levels at three, three and one-half, and four years, as set  
2 forth in wage schedules in the various agreements to compare to a wage level  
3 at two years for the top firefighter classification in Spokane County. The  
4 Union's selection of wages to compare across districts was the highest rate  
5 paid in the general classification of firefighter, without regard to either  
6 duties or length of service. The District chose a single length of service  
7 of members in the driver firefighter classification, as descriptive of like  
8 personnel, at ten years. The ten years was used because it represented  
9 slightly less than the average length of service of Spokane County personnel  
10 in that category (Er. Ex. p. 12).\* In both cases, the parties relied upon  
11 length of service, either implicitly or explicitly. Thus, for the most part,  
12 the Union's objection to longevity was a non-issue.

13 On the other hand, the methodologies of the Union and the District do  
14 raise a question on the appropriate application of the statutory guidelines  
15 on comparable wages. The neutral chairman cannot read into RCW 41.56.460  
16 (c) (ii) that the Legislature intended that wages of personnel in similar  
17 districts were to be compared on how much unlike personnel get at the same  
18 time, or the same personnel get at different times. Rather a fair straight-  
19 forward reading of this section implies that comparisons are made among likes,  
20 not dislikes, at a point in time. As noted above, a person in a classification  
21 with two years experience brings less to the job than a person at four, or ten,  
22 years, in terms of knowledge, skill and expertise. Obviously, there is a  
23 learning curve, wherein the beginning wages progress rather rapidly, and then  
24 tend to level off because experience alone on the job decreases the rate of  
25 change and increases in skill and so forth acquired simply by years on the job.

---

26 \*In Spokane County, 24 employees were in the Driver Equipment Operator  
27 classification compared to only 11 in the "top firefighter classification,"  
28 whose salary was \$2334 compared to the Driver's rate at \$2517.

1           These considerations led the chairman to conclude that reliable  
2 comparisons must be made at comparable levels of experience, and, therefore,  
3 comparisons of wages of classifications at various terms or longevity levels  
4 were in order. Such comparisons do not affect the longevity terms of the  
5 Agreement, but add to the completeness and accuracy of salary comparisons  
6 among like personnel performing similar duties.

7           Table 5 sets forth four comparisons. The first two represent the  
8 firefighter classification, as used by the Union, but wages are set forth  
9 at 25 and 47 months of service. Note that this comparison makes no adjustment  
10 for actual duties performed. Here, however, the firefighter salary at 27  
11 months in Spokane County was 7 percent below the average for personnel in the  
12 firefighter classification in the comparator districts. When the length of  
13 service is extended to 47 months, the Spokane County personnel were about  
14 12 percent below similar personnel in the comparators.

15           Table 5 shows also what is the comparative wages of firefighter drivers  
16 at 37 and 121 months. In the former case, the Spokane firefighters who drive  
17 apparatuses are about 7 percent behind, whereas those at 10 years of service  
18 had salaries only 5 percent below the average among firefighter drivers with  
19 a similar experience record.

20           5. Hourly Rates Versus Monthly Salary

21           Although throughout its presentation the Union contended for only  
22 an adjustment in monthly wages, the presentation by Dr. Franz relied upon  
23 monthly rates adjusted for average hours worked per week, and then adjusted  
24 for differences in cost of living statistics for some of the districts. The  
25 District maintained that monthly wages unadjusted for average weekly hours  
26 worked were historically and universally used in bargaining, and that hours  
27 of work were a separate matter outside the issues before the panel.  
28

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1 The neutral chairman rejected the District's position here. Hourly rates  
 2 or monthly salaries adjusted for average hours worked represent another  
 3 measure of wages, and comparability among like personnel doing like work was a  
 4 legitimate comparison. At the same time, the weight placed on the results of  
 5 such a comparison is affected both by the classification and like personnel  
 6 used, as well as statutory recognition that "hours" are a separate comparison  
 7 subject listed under RCW 41.56.430 (c) (11). Also, the practices in the  
 8 industry and in Spokane County were that monthly wages were the negotiated  
 9 item, not monthly salaries adjusted for average hours worked per week.\*

10 The data in Table 5 have been adjusted for the differences in the average  
 11 numbers of hours per week on duty in the eight comparators and Spokane County.  
 12 The hours data used were those set out by Dr. Franz in his Exhibit V. For all  
 13 eight comparators the average hours per week was 50.9. For Spokane County,  
 14 the average hours per week was 53. Thus the average monthly salaries shown  
 15 for the four columns on firefighter were adjusted upward by the ratio of 53  
 16 to 50.9, as Dr. Franz had done (Exhibit I, Franz Report, Un. Ex. 17). The  
 17 results are these:

	Monthly Firefighter Salary		Monthly Salary of Firefighter Who Drives	
	at 25th Month	at 49th Month	at 37th Month	at 121st Month
Eight Comparator Arithmetic Average Salary**	2502	2726	2700	2796
Spokane County Salary**	2334	2427	2517	2657
Hourly Adjusted Average Salary for Comparators	2605	2838	2811	2911
Hourly Adjusted Average Salary as Percent of Spokane County Salary	111.61	116.95	111.69	109.57

27 \*The neutral arbitrator noted that Arbitrator Beck dismissed reliance by  
 28 the Employer upon hourly wage rate comparisons and in that case cited above  
 agreed with the Union that only monthly wages should be compared under the  
 applicable statutory guidelines (Beck, p. 17). Average hours worked per week  
 reflect the number of days not worked during the year. In the most part,  
 districts used the Detroit system of 24 hours on, 24 off, 24 on, and 48 hours

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1 From the table above, the adjustment for average length of the work week  
2 increased the percentage difference between the average monthly salaries in  
3 the comparators relative to Spokane County salaries by about 4 percentage  
4 points, and ranged between 9.8 percent higher for 10 year employees who drive  
5 to 17 percent for the four year person in the Spokane County top firefighter  
6 classification.

7 6. Average Consumer Prices in Seattle and  
8 Spokane, Relative to Wage Differences

9 Three sources of data on the average consumer prices in Spokane,  
10 Eastern Washington, Seattle and its area were offered by the District and the  
11 Union. First, Dr. Ott cited the Eastern Washington University study in 1981,  
12 which showed average consumer prices in Seattle to be 11.2 percent higher than  
13 in Spokane. This study paralleled the BLS methodology and range of products  
14 and services included in the survey. Second, Coldwell Banker Realtors  
15 estimated Seattle housing costs to be 40 percent over those in Spokane in  
16 1988. The Eastern Washington University study found the ratio on housing  
17 to be 1.20 to 1.00, Seattle over Spokane.

18 The main source of information was the Inter-City Cost of Living Index  
19 produced by ACCRA. This index relies on prices of only 59 products and  
20 services, as contrasted to over 300 in a certain month (or quarter) throughout  
21 the United States. Since the cities that participate may vary, or prices  
22 obtained for some but not all products, the index cannot be used to measure  
23 changes in average consumer prices in any location over time. Rather the  
24 validity of the index arises only for comparison among cities or areas at a  
25 point in time, and each month's, or quarter's, computation has meaning only  
26 for that point in time.

27 off, when personnel were on duty. Vacations, Kelly days, and leaves for  
28 various purposes differ among the districts, represent separate bargainable  
issues, and thus affect the usefulness of the monthly salaries adjusted for  
average hours worked.

\*\*Data reproduced from Table 5 above.

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1 Table 6 summarizes the ACCRA data. The indices in each case represent  
2 arithmetic averages for the areas involved. In Seattle, the effect of  
3 including other locales was to lower the combined index below Seattle's  
4 indices. In Eastern Washington, the more rural areas raised the combined index  
5 relative to Spokane. This accounts for the difference between the 8177 in  
6 column 3 and 12.35 in column 6, both of which indicate a higher cost of  
7 living in Seattle or its areas than in Spokane and Eastern Washington.

8 The ACCRA data may not be the best, and thus most reliable, index that  
9 could be devised, but the closeness of its results to those obtained in a very  
10 methodologically rigorous study in 1981 by the Eastern Washington University  
11 staff, must be given some weight. Further, common knowledge and experience  
12 support the fact that consumer prices are higher in Seattle and Western  
13 Washington metropolitan areas relative to Spokane and Eastern Washington.  
14 Since the panel relied on the record before it, and, without access to other  
15 studies, a fair and reasonable summary of the average consumer price data  
16 indicated that the Seattle area has a higher "cost of living" than Spokane  
17 County by some 10 or 11 percent in 1987-88.\* In arriving at this summary, the  
18 neutral chairman placed more weight on the 1987 ACCRA data than did Dr. Franz,  
19 who used the two year average of quarterly indices in his report. Nor did he  
20 believe Dr. Ott acted properly in using only the fourth quarterly data, which  
21 showed the greatest differences between Seattle and Spokane at any time in the  
22 two years. The 1987 average annual data eliminated random variation by quarter,  
23 and represented a more proximate basis for examining 1988 money wages among  
24 the comparators and Spokane County than did 1986-87 price data.

---

25 \*Some concern existed over the weights given to housing costs in the ACCRA  
26 studies and to the relatively much higher prices of health care in Seattle  
27 than Spokane. Dr. Franz proposed a small reduction in the differences in  
28 average prices when medical care prices were eliminated, since the employees  
in all (most) fire districts have no direct medical or health care expenses.  
This adjustment reduced price differences between the Seattle area and Spokane  
by about 1.5 percentage points. He made no adjustment for known higher housing  
costs in Spokane, which, given the relative weight used by ACCRA, would seem to  
offset the health price difference (Un. Ex. 17, Ex. II and III).

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28 27 26 25 24 23 22 21 20 19 18 17 16 15 14 13 12 11 10 9 8 7 6 5 4 3 2 1

TABLE 6

Differences in Average Consumer Prices (Cost of Living) Between  
 Seattle, Eastern Washington, and Spokane, By Quarter, 1986-87

Year/Quarter	(1) Seattle Area <sup>a</sup>	(2) Eastern Wash. Area <sup>a</sup>	(3) Percent (1) over (2)	(4) Seattle Area	(5) Spokane	(6) Percent (4) over (5)
<u>1987</u>						
4th Quarter	105.96	96.85 <sup>b</sup>	9.4 <sup>e</sup>	105.96 <sup>e</sup>	93.7	13.1 <sup>e</sup>
3rd Quarter	102.73	95.38	7.7	102.73	92.3	11.3
2nd Quarter	105.33	97.00	8.59	105.53	94.1	12.15
1st Quarter	105.76	96.77	9.39	105.76	93.7	12.87
<u>1986</u>						
4th Quarter	106.20 <sup>d</sup>	98.73 <sup>d</sup>	7.57	106.20	96.5	10.05
3rd Quarter	104.93	97.33	7.80	104.93	95.6	9.76
2nd Quarter	105.00	97.91 <sup>c</sup>	7.24	105.00	96.1	9.26
1st Quarter	107.28	97.45	10.01	107.28	98.2	9.24
Average 4 1987 Quarters			8.77			12.35
Average 8 Quarters			8.21			10.96

<sup>a</sup> Seattle area is an arithmetic average of Renton, Seattle and Tacoma. Eastern Washington area used Richland, Wenatchee, Walla Walla and Spokane.

<sup>b</sup> Yakima substituted for unavailable Walla Walla data.

<sup>c</sup> Only data for Yakima, Spokane, and Richland available.

<sup>d</sup> Seattle and Tacoma data only. Spokane, Wenatchee and Yakima only.

<sup>e</sup> With the addition of Portland (Clark) and Yakima to the comparators, weighting Seattle twice for Bellevue and Snohomish, and Tacoma index twice for Federal Way and Pierce County #2, these locations yield an average index of 104.35, which, when compared to Spokane, gives a percent differential at 11.36. Only fourth quarter data were available (Un. Ex. 17; Er. Ex. pp. 31,33).

Source: Inter-City Cost of Living Index, ACCRA, Un. Ex. 17.

1 The wage data for comparison are those set out in the text above. Monthly  
2 money wages in the comparators for the two classifications shown on two  
3 different lengths of service each are between 7 and 12 percent higher than  
4 in Spokane (Table 5). When monthly money wages are adjusted for average  
5 hours worked per week, the excess of comparator salaries over Spokane County  
6 salary is between 9.6 and 17 percent, the latter percent identified with the  
7 Spokane top firefighter classification at 49 months of service (Text, p. 44).  
8 Other comparisons fall in a narrow range between 9.5 and 11.7 percent higher  
9 money wages in the comparators relative to Spokane County. These data are to  
10 be compared with the 10 to 11 percent higher "cost of living" in Seattle  
11 relative to Spokane.\*

12 A preliminary judgment on these data indicates no substantial, if any,  
13 differences, on balance, between the "real wages" of Spokane firefighters  
14 compared to their counterparts in the eight comparable districts. For the  
15 most part, this conclusion supports the District's position that no salary  
16 increase is appropriate for 1988.

17 7. Conclusions

18 In summary, the neutral chairman concluded on the basis of the  
19 above discussion that:

- 20 (1) The use of "cost of living" indices (or average consumer prices)  
21 to explain differences in money wages between areas, as Seattle  
22 and Spokane, is permitted by the statutes, and provides a factor  
23 "normally or traditionally" relied upon in comparing wages in  
24 collective bargaining. "Real wages" are a factor for comparison  
25 among like personnel in the employment of like employers.
- 26 (2) The usefulness, and therefore reasonableness and reliability, of  
27 cost of living indices depends upon the nature of the data as  
28 well as the methodologies used. Such matters go to the weight  
to be placed upon the indices used.

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26 \*After discussing these data with my panel member colleagues, I have  
27 added below in the final summary section, a comparison of monthly wages in  
28 the five Seattle area districts, rather than in all eight comparators, with  
Spokane, adjusted for average weekly hours worked, as well as the monthly  
salaries. Some small "real" wage difference in the Seattle area over Spokane  
can be seen. See Table 7.

- 1 (3) Salaries of comparable personnel who perform comparable tasks,  
2 provide the most reliable basis for comparisons among similar  
3 districts. The firefighter classification where the employee  
4 drives an apparatus represented the more reliable classification  
5 to use, in this case, than the catch-all title of top fire-  
6 fighter which represented an amalgam of different duties and  
7 levels of skill, knowledge and expertise attributed to  
8 different lengths of experience as firefighters.
- 9 (4) Any change in longevity provisions of the Agreement lies outside  
10 the issues before the panel. Length of service of an employee  
11 and classification salary constituted essential ingredients in  
12 comparing wages among personnel in the comparators and Spokane  
13 County.
- 14 (5) Hourly rates, or monthly salaries adjusted for the average  
15 length of the work week, constitute a legitimate basis for  
16 comparison of wages across the comparators and Spokane County.  
17 Industry practice particularly and past practices in Spokane  
18 County, in part, support greater reliance upon comparisons  
19 based on monthly salaries than those based on monthly salaries  
20 adjusted for average lengths of the work week.
- 21 (6) Average consumer prices in the Seattle area are 10 or 11 percent  
22 higher than prices in the Spokane County area. Accordingly, on a  
23 "real wages" basis, money salaries 10 or 11 percent higher on the  
24 average in the comparators than in Spokane County represent a real  
25 wage equivalent to the lower money salaries in Spokane County.

26 Money wages in the comparators were 5 to 17 percent higher than in  
27 Spokane County, with most comparisons in the range of 8 to 12 percent,  
28 among eight different comparisons. Relying more heavily on  
comparisons based on monthly salaries, including length of service,  
and classification for personnel who drive apparatuses, the range  
of difference in money wages narrows to 5 to 12 percent, with the  
other two differences at 7.3 and 9.5 percent.

19 F. Other Considerations

20 The Union pointed out in several places that the District offered a three  
21 percent salary increase for 1988 in mediation and that the Union reduced its  
22 demand for a wage increase from 21 percent to 6.3 percent. The Union entered  
23 this arbitration with a proposed 6.3 percent wage increase, whereas the  
24 District withdrew its prior offer, and argued that no increase was justified.

25 The implication of the Union argument, along with comments about the  
26 "model" firefighters, was that the employer had no basis for changing its  
27 position between mediation and arbitration. The chairman disagrees, and  
28

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1 believes these arguments represent a misconception of interest arbitration  
2 as construed generally and in the Washington statute specifically.

3 In the first place, the statute places no requirements on either party  
4 to go into arbitration on the same basis that they left mediation. No place  
5 in the statute is any reference made to "last offer" arbitration. Not only  
6 may the employer or union change its position on a specific issue in interest  
7 arbitration, but the panel is not required by the guidelines to examine or  
8 rationalize settlement only within the range of the last offers of the  
9 parties prior to arbitration. The panel examines the proposals of the  
10 parties at the arbitration, not what they have been or might have been or  
11 should be in the judgment of one party or the other with regard to the  
12 other's proposal.\* The function of the party in arbitration is to convince  
13 the panel and the neutral chairman specifically that its position in  
14 arbitration is meritorious, whatever its position at that time.

15 In addition, the purpose of interest arbitration is a means to replace  
16 the strike among public uniformed personnel, per RCW 41.56.430. Certainly  
17 in the course of a strike, an employer seldom leaves on the negotiating  
18 table what was there before. A strike is a new "ball game," with a different  
19 set of rules than the usual course of negotiations.

20 Such, also, is the case with interest arbitration under the Washington  
21 statutes. The panel of arbitrators is an agency of the state, not of the  
22 parties, and its functions are set by the statute, not by the parties. The  
23 process of interest arbitration brings uncertainty into the settlement

24 \*Clearly, a panel would be at substantial risk to reach a decision  
25 and award on wages, for example, either lower than the employer's arbitration  
26 proposal or higher than the union's proposal at arbitration.  
27  
28

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1 possibilities. Since interest arbitration is a last resort effort (in  
2 lieu of a strike), and a recognition of the failure of the parties to reach  
3 a mutually acceptable agreement, this uncertainty provides a valuable  
4 incentive to the parties to reach their own settlement. If interest  
5 arbitration was approached with the concept that what the employer had  
6 offered is certain, or the employer knows its maximum liability from the  
7 union's last offer, neither has any reason to settle, but can spend a little  
8 time and effort, and hope to improve its situation. Nothing gained is only  
9 a small loss. Interest arbitration is the last resort for settlement under  
10 a different set of rules and guidelines, and with an element of uncertainty.  
11 It is directed towards providing the parties with an incentive to exercise  
12 their greatest effort to reach agreement on their own, and, in doing so, to  
13 strengthen and improve the relationship between union, employees and employer.

14 SUMMARY AND AWARD

15 The neutral chairman arrived at a two percent increase in wages for all  
16 classifications in the Spokane County Fire Protection District by placing  
17 more weight upon monthly salary comparisons among personnel in firefighter  
18 classifications who drive apparatuses and who have equal length of services  
19 than upon other comparisons. The summary decision data are set out in  
20 Table 7, which repeats some prior data.

21 The first relevant data constituted a comparison between the "real wages"  
22 of firefighters who drive in the eight comparator districts with those of  
23 similar personnel in Spokane County. The money wages in Spokane were 7.3,  
24 5.1 and 5.2 percent lower than average monthly salaries in the eight  
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**TABLE 7**

**Salary Comparisons between Selected Fire Districts and Spokane County  
By Monthly Salary and by Monthly Salary Adjusted for Hours Worked  
For Personnel at Different Lengths of Service in two Classifications  
In Relation to Cost of Living Differentials, Washington State, 1988**

Salaries and Percent	Firefighters		Firefighters Who Drive Apparatuses		
	Length of Service In Months		Length of Service In Months		
	25	49	37	49 <sup>c</sup>	121
<b>All Comparator Districts</b>					
Avg. Mo. Salary '88	2502	2726	2700	2752	2796
Spokane Mo. Salary '87	2334	2427	2517	2618	2657
Percent Comp. over Spokane	7.20	12.31	7.30	5.10	5.23
Hours Adj. Avg. Mo. Salary '88 <sup>a</sup>	2605	2838	2811	2889	2911
Spokane Mo. Salary '87	2334	2427	2517	2618	2657
Percent Comp. over Spokane	11.61	16.95	11.68	10.35	9.57
<b>Seattle Area Districts<sup>b</sup></b>					
Avg. Mo. Salary '88	2542	2788	2739	2815	2847
Spokane Mo. Salary '87	2334	2427	2517	2618	2657
Percent Sea. Districts Over Spokane	8.91	14.87	8.82	7.52	7.15
Hours Adj. Avg. Mo. Salary '88 <sup>d</sup>	2668	2926	2875	2955	2988
Spokane Mo. Salary '87	2334	2427	2517	2618	2657
Percent Sea. Districts Over Spokane	14.31	20.56	14.22	12.87	12.45
<b>Cost of Living Differentials<sup>e</sup></b>					
Seattle over East. Wa.	8.77	8.77	8.77	8.77	8.77
Seattle over Spokane	12.35	12.35	12.35	12.35	12.35

<sup>a</sup> Adjusted by ratio of 53 to 50.9 (Un. Ex. 17, Ex. V).  
<sup>b</sup> Bellevue, Kent, Federal Way, Pierce Co. #2, and Snohomish.  
<sup>c</sup> Computed from data in Table 3.  
<sup>d</sup> Adjusted by ratio of 53 to 50.49 (Un. Ex. 17, Ex. V).  
<sup>e</sup> Data from Table 6.

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1 comparators for employees at the 37th, 49th and 121st months of service,  
2 respectively.\* The differences in money wages are offset by a "cost of  
3 living" difference estimated at 10 to 11 percent. This comparison indicated  
4 no basis for a salary increase if the estimated cost of living differential  
5 between comparators and Spokane County was valid.

6 The second set of data involved adjusting monthly salaries of all eight  
7 comparators for average hours worked per week, relative to Spokane County.  
8 On the same bases as above, for firefighters who drive apparatuses, money  
9 wage differences were 11.7, 10.3 and 9.6, respectively for the personnel at  
10 37, 49, and 121 months of service. Again, this comparison overall does not  
11 justify much wage increase, if any, when compared on a "real" wage basis,  
12 against the 10 or 11 percent differential in the cost of living between  
13 Seattle and Spokane.

14 However, five of the comparators represent districts for which cost  
15 of living data and differences with Spokane can be readily compared.\*\* Here  
16 in the mid-section of Table 7, a comparison of firefighters who drive at  
17 the 37th, 49th and 121st months between these five districts and Spokane show  
18 money wages 8.8, 7.5 and 7.2 percent lower, respectively, in Spokane County  
19 relative to the comparators. A direct comparison on real wages using the

---

20 \*The 49th month comparison was added here, since in Spokane County no  
21 employee of only 37 months in service is a driver firefighter. Four years  
22 is the shortest tenure of any, and thus the four year summary figure was  
added here (Er. Ex. p. 12).

23 \*\*These districts are Bellevue, Kent, Federal Way, Pierce and Snohomish.  
24 The other three were Yakima, Clark and Bellingham. These three lower the  
25 "real" wage average among the eight comparators, and the cost of living data  
26 were not available for one of the areas. The ACCRA data show a higher cost  
27 of living in Yakima than Spokane, but firefighter money wages on January 1,  
28 1988, were about the same as the 1987 Spokane County salaries.

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1 ACCRA cost of living data show Spokane to be two to three percent higher  
2 than the comparators.

3 When monthly salaries of the five Seattle districts are adopted for  
4 differences in hours worked per week, the money wages in Spokane lag the  
5 Seattle districts by 14.2, 12.9 and 12.5 percent for the firefighters who  
6 drive at 37, 49 and 121 months of service, respectively. These money wage  
7 differences are greater than the estimated cost of living differential, by  
8 one to two percentage points, which would thus support a small salary  
9 increase.

10 The other two columns in Table 7 relate to the firefighter classification,  
11 where in some districts the personnel drive apparatuses, and in others do not.  
12 But without going through the above step-by-step comparisons, the relation-  
13 ships are not much different among comparators and Spokane County on salaries  
14 than above, except for the firefighters at 49 months. When monthly salaries  
15 are adjusted for average hours worked, personnel in this classification fall  
16 below comparator salaries by several percentage points. In examining the  
17 wage pattern as a whole, this fact, plus that the 10 year driver firefighter  
18 in Spokane gets as much as 5 percent more in real wages than his counterparts  
19 in other districts, indicates that the "bottom" part of the salary schedule  
20 in Spokane is "behind," whereas the "long-termer" employee is "ahead" of  
21 the comparators with regard to real wages. Any increase in salaries across  
22 the board will move the Spokane district to catch up for the "short-termers,"  
23 in this case the "top firefighter" of the Union arguments, and to push the  
24 "long-termers" farther ahead, as argued by the District, for the average  
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1 driver of ten years service.\* Some balance was required here across salary  
2 classifications, since the panel was confined to the same percentage salary  
3 increase for all employees.

4 Two final matters were relevant. Although the above analyses suggest  
5 a clear cost of living differential between Spokane and Seattle, the  
6 exactness of it can be challenged realistically. As Dr. Franz testified  
7 and as Dr. Young pointed out in panel discussions, too much confidence in  
8 the ACCRA data may be misplaced. The chairman concurred. The 59 item price  
9 index is a narrow range of products. Only the consistency of the data over  
10 several quarters suggested some level of confidence can be placed in them.  
11 Adjustments in the case of health care prices and/or housing prices across  
12 the two areas, as discussed in the footnote on page 46, make for some  
13 uncertainty in precisely how accurate and reliable the indices may be.  
14 Some further conservatism may be in order to reduce the estimated cost of  
15 living differential to 8 to 10 percent rather than the 10 or 11 suggested  
16 above.

17 Finally, although the chairman argued against a specific productivity  
18 increase, as presented by the Union, money wages do drift upwards somewhat  
19 more than consumer prices. Thus, it was not surprising that Table 2 shows  
20 wages moving up about two percent per year more rapidly than prices (cost  
21 of living) in Spokane County. Although the Spokane firefighters as a whole  
22 have a real wage advantage over their comparator employees in like districts,  
23 the chairman concluded that any difference should not be made up at once,

---

24 \*This structural difference in salaries in relation to length of service  
25 was marked for Spokane relative to other districts, as examination of the  
26 salary schedule in Table 4 will indicate. Spokane has only three steps for  
27 beginner, whereas five other comparator districts have four, and one with  
28 eight, and two with five, steps in the salary schedule for firefighters.

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1 and some increase in wages should be granted in 1988, which reduces the real  
2 wage differences between Spokane County and its comparators.

3 Thus, given the general relationship between productivity growth and  
4 money wages, and some conservatism in the reliability of the ACCRA cost of  
5 living differentials, the chairman concluded that an increase of four percent  
6 to no increase might well be reached by a reasonable man on the basis of the  
7 above data and analyses. In this case, the two percent wage increase for  
8 1988 represented a compromise between these extremes. This increase in wages  
9 will allow all personnel nearly a \$600 (or more) annual increase. Under the  
10 above factual circumstances, the two percent across the board represented a  
11 reasonable increase in wages for all classifications in the bargaining unit  
12 in Spokane County for 1988.

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ARBITRATOR'S AWARD

After study of the testimony and evidence produced at the hearing by the parties, and of the arguments of the parties on that evidence in oral statements and written briefs, and of the comments of Union and District panel members, and on the bases of the above analyses, discussion, conclusions and decision, the neutral chairman makes the following award.

Two percent increase in wages for all classifications set forth in Appendix A - Wage Schedule of the Agreement shall be effective January 1, 1988.

Respectfully submitted,

  
Kenneth M. McCaffree  
Neutral Chairman, Arbitration Panel

I do \_\_\_\_\_ concur in the above award, and have \_\_\_\_\_ attached a statement to this decision and award.

\_\_\_\_\_  
Paul J. Allison  
District Arbitration Panel Member

I do \_\_\_\_\_ concur in the above award, and have \_\_\_\_\_ attached a statement to this decision and award.

\_\_\_\_\_  
Shik C. Young  
Union Arbitration Panel Member

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2 ARBITRATOR'S AWARD

3 After study of the testimony and evidence produced at the hearing by  
4 the parties, and of the arguments of the parties on that evidence in oral  
5 statements and written briefs, and of the comments of Union and District  
6 panel members, and on the bases of the above analyses, discussion, conclusions  
7 and decision, the neutral chairman makes the following award.

8 Two percent increase in wages for all classifications set forth  
9 in Appendix A - Wage Schedule of the Agreement shall be effective  
10 January 1, 1988.

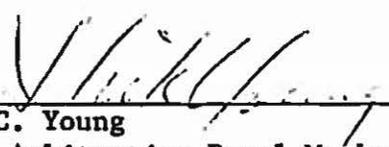
11 Respectfully submitted,

12   
13 Kenneth M. McCaffree  
14 Neutral Chairman, Arbitration Panel

15 I do \_\_\_\_\_ concur in the above award, and have \_\_\_\_\_ attached a  
16 statement to this decision and award.

17 \_\_\_\_\_  
18 Paul J. Allison  
19 District Arbitration Panel Member

20 I do NOT concur in the above award, and have \_\_\_\_\_ attached a  
21 statement to this decision and award.

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23 Shik C. Young  
24 Union Arbitration Panel Member  
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KENNETH M. McCAFFREE, Arbitrator  
GALLANTRY WEST CORPORATION  
7020 N.E. Twin Spits Road  
Haneville, Washington 98340  
(206) 636-2426

Dissenting Statement  
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Shik C. Young  
Union Arbitration Panel Member  
November 25, 1988

I do not concur with the neutral arbitrator's conclusions (November 15, 1988) that no wage increase should be granted based on productivity and cost of living adjustments and that a two percent wage increase represents a fair compromise.

1. Productivity. Just as in "cost of living", "job duties" and other comparative yardsticks, there is no precise measure on productivity. However, based on the information presented to the panel, a reasonable judgment on productivity can be formed. The evidence of productivity can be seen over time as well as at a specific time:

(a) Over time, the "runs per man-year" can be used as a rough indicator of productivity.

Period	Money Wage Increase	Real Wage Increase	Runs/Man Increase*	Runs/Man Increase+
1979-87	73%	25%	68%	44%
1983-87	25	16	45	25

\*Based on 82 firefighters

+Based on 15 additional firefighters

The money wage and real wage data are taken from the neutral arbitrator's final report, p.14, while the runs per man from p. 12.

The above data clearly show that the runs per man rose at least 14 percentage points faster than real wage increase. (It is the real wage, not money wage, to be compared with productivity.)

(b) At a specific time, the "population per man-year" can be used to gauge productivity among comparable districts.

	Population/Man
Spokane Valley*	926
Spokane Valley+	838
Eight Comparators	806

\*Based on 95 manpower

+Based on 15 additional manpower

The above data, based on Union Ex. #6, show that Spokane Valley, on a per manpower basis, serves 15 percent more people than the average of the comparators. This number is changed to 4 percent, under the extreme condition that the Spokane Valley's 15 new hires are included but no change in population in the Spokane Valley and no change in the conditions in the comparative districts are assumed.

Although both the "runs per man" and the "population per man" are not ideal measures of productivity, the evidence strongly suggests that the Union's moderate two percent wage increase for productivity adjustment is amply justified.

2. Cost of Living. In addition to the acknowledged shortcomings of the ACCRA data, the cost of living differentials are improperly calculated in the neutral arbitrator's final report. (Final Report, p.52)

(a) The differential base is the "Seattle Area" rather than the "eight districts," leaving out the three districts--Bellingham, Clark, and Yakima whose cost of living indexes are likely lower than the "Seattle Area."

(b) The data include the medical cost portion of the cost of living index. As Dr. Franz has pointed out, the medical cost is accounted for in the workers' fringe benefits.

Both of these factors tend to exaggerate the cost-of-living differentials between Spokane Valley and its comparators. Were they properly adjusted, the cost-of-living differentials would be in the neighborhood of eight percent. Therefore a 1.5-2.0 percent wage increase would be reasonable, even if one considers the "firefighters who drive apparatuses" category.

On the other hand, if comparison is based on the "top fire-fighter, or if the most recent CPI's cost of living increase (less medical cost) is taken into account, the Union's request of a 4.3% wage increase is apparently justifiable.

In my opinion, the minimum of a fair settlement in this case is a 1988 wage increase of 3.5 to 4 percent, with 2 percent on the ground of productivity and 1.5-2.0 percent on the ground of cost-of-living adjustment.