

JUN 11 1996

IN THE MATTER OF)
INTEREST ARBITRATION)
BETWEEN)
TEAMSTERS LOCAL 252,)
Union,)
and)
CITY OF CENTRALIA, WASHINGTON,)
City.)

CASE NO. 11884-I-95-255
ARBITRATOR'S AWARD
1996 INTEREST ARBITRATION

HEARING SITE: City Hall
Centralia, Washington

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I. INTRODUCTION

This case is an interest arbitration conducted pursuant to the Public Employees Collective Bargaining Act. The parties to this dispute are Teamsters Union Local 252 (hereinafter "Union") and the City of Centralia, Washington (hereinafter "City"). The Union and the City are parties to a Collective Bargaining Agreement that covered the period January 1, 1992, through December 31, 1994. The parties entered into negotiations to reach a successor Agreement to the 1992-94 Collective Bargaining Agreement. The parties were successful in resolving most of the issues that divided them in contract negotiations. Three issues were submitted to the Arbitrator for resolution.

Centralia, Washington is located in Lewis County. The City has a population of 12,730 persons. Lewis County is sparsely populated with a population of 24.7 persons per square mile. The Union represents 22 police officers and 5 sergeants. On July 1, 1995, the patrol officers fell within the statutory definition of "uniform personnel" which granted them interest arbitration according to the Public Employees Collective Bargaining Act. RCW 41.56.030(7)(b)(i). Prior to July 1, 1995, the members of this bargaining unit were statutorily prohibited from engaging in any economic activity in support of its bargaining proposals.

At the commencement of the arbitration hearing the parties agreed to use a list of comparable jurisdictions to assist in the resolution of this contract dispute. The ten jurisdictions are the same group of comparators used by an Ad Hoc Salary Review

Committee in 1992 composed of individuals from management and labor. The jurisdictions stipulated to as comparable for the purposes of this interest arbitration are:

Chehalis	Tumwater
Kelso	Ellensburg
Issaquah	Hoquiam
Enumclaw	Oak Harbor
Marysville	Moses Lake

Because of the stipulation of the parties, it was unnecessary for either the City or the Union to present evidence on the issue of the appropriate jurisdictions with which to compare Centralia for the purposes of establishing the terms of the successor Agreement.

The hearing was tape recorded by the Arbitrator as an extension of his personal note taking. Testimony of the witnesses was received under oath. At the arbitration hearing the parties were given the full opportunity to present written evidence, oral testimony and argument. The parties provided the Arbitrator with substantial written documentation in support of their respective cases.

The parties also submitted comprehensive and lengthy post-hearing briefs in support of their respective positions taken at arbitration. The three issues identified for an Award by this Arbitrator are as follows:

1. Wages
2. Premium Pay
3. Holidays/Vacations

This Arbitrator carefully reviewed and evaluated all of the evidence and argument submitted pursuant to the criteria established by RCW 41.56.465. The approach of your Arbitrator in writing the Award will be to summarize the major and most persuasive evidence and argument presented by the parties on each of the issues. After the introduction of the issue and positions of the parties, I will then state the basic findings and rationale which caused the Arbitrator to make the Award on the individual issues.

The statutory criteria are standards or guidelines to aid an interest arbitrator in reaching a decision in a case subject to this procedure in resolving disputes. The statutory factors to be considered by the Arbitrator may be summarized as follows:

- (a) the constitutional and statutory authority of the employer;
- (b) the stipulations of the parties;
- (c) the wages, hours and conditions of employment of like personnel of like employers of similar size on the West Coast of the United States;
- (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.

For those employees in a city with a population less than 15,000, consideration must also be given to regional differences in the cost of living. The jurisdictions agreed to by the parties for purposes of comparison included cities from both eastern and western Washington.

ISSUE 1 - WAGES

A. Background

The most significant fact in this case is that the parties have agreed upon wage increases for 1995, 1996 and 1997. Pursuant to the parties' agreement, bargaining unit members will get a 2.7% increase for all of 1995, a 2.25% increase for 1996 and an increase based upon the change in the Seattle/Tacoma CPI-U Index for 1997. Thus, the issue of annual wage increases for the members of this bargaining unit is not in dispute.

Centralia police officers do not participate in the social security program. As such, there is no deduction from their wages for the employee contribution to the social security system or an employer cost for social security.

In 1987 the City implemented a salary schedule consisting of 23 ranges with 7 steps per range. At that time, patrol officers were placed in Range 13 of the salary schedule where they have remained since 1987. The Union proposed moving patrol officers to Range 14 as of July 1995. The City objects to the movement of the patrol officers from Range 13 to Range 14 of the salary schedule.

B. The Union

The Union takes the position that the time has come to adjust the salary range for patrol officers which has been in existence for nearly ten years. The Union submits its proposal will protect the integrity of the 7-step advancement system, as well as spreading out the economic impact on the City over time.

The Union is proposing moving individual patrol officers up one step on Range 14. As of July 1995, seven of the twenty-two patrol officers in the bargaining unit had topped out at Range 13, Step G. Under the Union's proposal, those seven officers would receive a new step advancement date as of July 1, 1995. The remaining patrol officers would retain their existing step advancement date for further adjustments.

The Union maintains its position is supported by the internal comparators. Teamsters Local 252 represents the clerical and support staff. The contract for that bargaining unit called for negotiated COLA increases and movement of some employees to a higher range on the salary schedule. Under the police clerical contract, the Department's secretary was also moved up one complete range.

Turning to the external comparators, the Union begins by noting the City spent a considerable amount of time attempting to persuade the Arbitrator that Issaquah should be excluded from the group. The Union maintains that the City's attempt to exclude Issaquah from the comparator group was based on flawed information.

Moreover, the City's Exhibits 10 through 13 list each of the comparator cities by name and purport to set forth data pertaining to population, demographics, per capita personal income, median household income, average net earnings and average wage for covered employment. At the arbitration hearing it was learned that the data as to the comparator cities was not based upon economic data on a city by city basis. The economic data was instead culled

from information as to the entire county within which the comparator cities are located. The legislature in developing the interest arbitration statute expressly provides that comparisons should be made to "employment of like personnel of like employers of similar size." The statutory directive to interest arbitrators has resulted in arbitrators routinely rejecting comparing uniform personnel in cities to uniform personnel in counties.

The statutory directive to interest arbitrators has resulted in arbitrators routinely comparing uniform personnel in cities to uniform personnel in other cities. Nor is there support for comparing uniform personnel of the City to all personnel of all employers of all counties in which the mutually agreed upon comparators lie. The entire purpose of furnishing data on comparator cities is to provide an arbitrator the information to make a principled-based decision.

Union witness Mark Endresen prepared a series of exhibits which included a breakdown of population, valuation and taxes as provided by the State Auditor. Un. Exs. 2-11. Union Exhibit 12 consisted of eight separate summaries of raw data drawn from information contained in the State Auditor's Office reports. The witness also ranked compensation paid in the comparators based on the collective bargaining agreements from the ten cities. Endresen compared the longevity pay, educational incentive pay and whether the employer participated in social security in the ten other cities.

Under the Union's proposal the highest step that any patrol officer would attain in 1995 would be Range 14, Step F which has a base pay of \$3,254. This would place the top step base pay for a patrol officer at Step G at \$3,368 per month. Without the increase in the range from Range 13 to Range 14, Centralia would be ranked number seven at \$3,148 per month.

Union Exhibit 12, page 9 reflects various items of compensation including longevity pay, educational incentive and FICA/Medicare in order to show what the Union alleges is the actual cost of the proposal to the City. The Union calculated the cost to the City with this proposal to move to Range 14 to be \$3,527 per month. If officers remained at Range 13 the top step would cost the City \$3,305 per month. The Union's calculation of the total cost revealed the following rankings if the cost of FICA/Medicare are factored in for the comparators.

<u>CITY</u>	<u>TOTAL</u>
1. Issaquah . . .	\$4062 MO.
2. Kelso . . .	\$3767 MO.
3. Enumclaw . . .	\$3681 MO.
4. Tumwater . . .	\$3594 MO.
5. Oak Harbor . . .	\$3556 MO.
6A. Centralia (#14) . . .	\$3527 MO.
6. Marysville . . .	\$3481 MO.
7. Centralia (2.7) . . .	\$3305 MO.
8. Ellensburg . . .	\$3231 MO.
9. Hoquiam . . .	\$3194 MO.
10. Chehalis . . .	\$3147 MO.
11. Moses Lake . . .	\$3122 MO.

Un. Ex. 12, p. 9.

Regarding the City's attack on the Union's presentation of evidence which included cost of FICA/Medicare, the Union submits

this is a mistaken effort on the part of the City. The notion that social security taxes should be ignored as they do not represent actual compensation to the employee misses the point. The fact is those other jurisdictions that pay into FICA and Medicare are making expenditures that jurisdictions such as Centralia, which only pays into Medicare, do not have to make. The facts in this case presented by the Union are intended to show the actual cost to the City of adopting the Union's proposal.

In sum, the Union submits the facts demonstrate the Union proposal is within the range of reasonableness when compared with the comparator cities mutually agreed upon by the parties. The Union did not come into arbitration "shooting for the stars" with the hopes of getting the moon. The Union seeks a reasonable compensation package which is entirely consistent with its relative ranking within the comparator cities. The majority of patrol officers have seniority of less than five years. The Union hopes to achieve a compensation package that will attract and maintain patrol officers within the Centralia Police Department. The Union concludes that its proposed adjustment in the salary range is in the best interest of both the bargaining unit members and the City.

C. The City

The City takes the position that there is absolutely no evidence to support the substantial change in the salary schedule for Centralia police officers. According to the City, the Teamsters' proposed "phase in" of the increase is illusory. The impact of the Teamsters' proposal will be an immediate increase in

police officer wages of about 7%. Under the Teamsters' proposal all employees will move back one step on July 1, 1995, at the same time they move up one grade. Employees would then move up to their existing step on July 1, 1996. Since the Arbitrator's Award will be issued sometime in May or June of 1996, the practical impact of the "phase-in" is that all bargaining unit members would receive a 7% increase in their base salary in the summer of 1996. This would translate into a 10% total increase for 1996. The record simply does not justify an increase of this magnitude.

Turning to the wage analysis of the comparable jurisdictions, the City's study establishes that Centralia officers are fairly paid in comparison with their counterparts in the ten other jurisdictions.

The City begins by noting that an analysis of the comparables is complicated by certain unique factors in the city of Issaquah. Issaquah is in King County and thus in the greater Metropolitan Seattle Area. Issaquah's assessed valuation per capita is substantially higher than all of the other comparables. The total taxes in Issaquah further suggest there is a significant difference between Issaquah and the other comparable jurisdictions. Issaquah's total tax per capita is substantially higher than any of the other jurisdictions. The record also indicates that per capita personal income is substantially higher in Issaquah than in the rest of the comparables.

The top step base wage for Issaquah is almost \$400 higher than the second highest paying jurisdiction on the list.

Arbitrators have recognized that if a jurisdiction pays substantially more than other jurisdictions on the list of comparables it must be discounted in some way so as not to distort the data. In addition, the top two steps in Issaquah are merit driven and are entirely discretionary with the city of Issaquah. If the city decides not to award merit pay, the officer may not challenge the city's determination. In recognition of the unique situation of Issaquah, the City used two different methodologies in analyzing the comparables. The first method included Issaquah's top step, assuming all police officers received the discretionary step increases. The City next prepared a formulation which excluded Issaquah from the comparable average. The City submits that the two comparisons (with and without Issaquah) provide the Arbitrator a "range of reasonableness" with which to measure City wages.

The comparison study of 1995 base monthly wages, including the 2.7% increase for 1995 in Centralia, resulted in an average wage of \$3,171 per month. If Issaquah is excluded, the average dropped to \$3,111 per month in the nine jurisdictions. City Ex. 17. Centralia officers will be paid \$3,148 at the top step in 1995. This is .73% below the average or 1.19% above the average if Issaquah is excluded.

The City next offered data which included longevity pay for purposes of making the wage comparison. The City made its comparison with police officers at ten years of service and fifteen years of service. City Exs. 18, 21. A Centralia police officer

with ten years of service would earn an additional \$50 per month in longevity pay bringing the total salary to \$3,198 per month. The average total monthly salary, including longevity, in the comparator group is \$3,196 and \$3,139 if Issaquah is excluded. Seven of the comparator cities do not pay a longevity premium.

The City also prepared an exhibit which factored in educational incentive pay. The parties agreed that the appropriate educational incentive pay for purposes of comparison was the AA degree. With the education incentive added to the base salary and longevity, a Centralia police officer would receive \$3,261 per month at the top step. The educational incentive is worth 2% in Centralia. The average for a ten-year police officer is \$3,237, or \$3,184 if Issaquah is excluded. At the fifteen-year level of service, a Centralia police officer would earn a base pay in 1995 of \$3,148 but with the longevity and education incentive, the total would rise to \$3,271 per month. City Ex. 22. The average salary for an officer with fifteen years of service and an AA degree in the comparative group would be \$3,253, or \$3,202 if Issaquah was excluded. In percentage terms at the ten-year level the Centralia pay is .73% above the average, or 2.41% above the average if Issaquah is excluded.

The City next argued the "The Twin Cities Factor" must be recognized in establishing the wage schedule. Chehalis and Centralia are intimately and inextricably linked through various governmental and quasi-governmental agencies. The two police departments generally work closely together. On average, Centralia

police officers' wages have been about 8% over Chehalis police officers' wages since 1990. The City's offer for 1995 will maintain this relationship between the "twin cities." With the 2.7% increase for 1995 in Centralia, the differential will be 8.8%. If the Teamsters' proposal for a range increase were awarded, the differential would be almost 16% or double the average it had been over the last six years. The Teamsters have not offered any evidence, argument or basis for radically altering this relationship.

The law requires that "consideration must also be given to regional differences in the cost of living." RCW 41.56.465(f). In the City's viewpoint, regional differences in the cost of living support the City's position. Even without this express statutory factor, regional differences in the cost of living have been traditionally considered under the "other factors" which interest arbitrators have had discretion to utilize in framing an award. The Washington Legislature has made consideration of this factor mandatory for jurisdictions with a population of less than 15,000.

The City asserts that there are significant differences in the cost of living throughout the state of Washington. Given the higher cost of living in the Puget Sound Metropolitan Area, employees working in the Puget Sound Area generally receive more pay. Whether one looks at per capita personal income, median household income or average net earnings per worker, it must be concluded individuals in King County and Snohomish County are

higher paid than individuals elsewhere in the state. Arbitrators have repeatedly recognized this differential, and have taken it into account in varying ways. Thus, the City submits it is inappropriate to expect that police officers in a non-metropolitan area will be paid at the same level as police officers in the Seattle Metropolitan Area.

The City's evidence demonstrates that Centralia and Lewis County are significantly below both the comparables and the state average in every economic comparison offered at the hearing. The data offered by the City was collected on a county-wide basis. While not as precise as data for each individual municipality, it does provide ample evidence of the significant differences between geographic areas in the state of Washington. In addition, a significantly higher percentage of low income households are located in the City of Centralia than in the rest of Lewis County.

The City summarized its data in the post-hearing brief as follows:

Per Capita Personal Income

<u>Centralia</u>	<u>Comparables Average</u>	<u>State Average</u>
\$17,365	\$20,218	\$21,774

Median Household Income

<u>Centralia</u>	<u>Comparables Average</u>	<u>State Average</u>
\$30,682	\$37,682	\$40,398

Average Net Earnings Per Worker

<u>Centralia</u>	<u>Comparables Average</u>	<u>State Average</u>
\$27,282	\$29,836	\$31,478

Average Monthly Wage

<u>Centralia</u>	<u>Comparables Average</u>	<u>State Average</u>
\$ 1,770	\$ 1,962	\$ 2,150

The City does not ask the Arbitrator to apply a precise formula in analyzing this data. The City concedes there is no specific formula which could be appropriately used in this proceedings. However, the analysis of this data is certainly relevant in determining Centralia's appropriate place among the comparable jurisdictions.

The City argues the economic data demonstrates that Centralia police officers should not expect to be paid above the average of the comparable jurisdictions. Since every analysis of wages and income show that Centralia is below the average in both

the comparables and Washington State, there is no reason Centralia police officers should be treated differently. The Union's proposal for a 7% grade increase would significantly change the relationship between Centralia and its comparables. Depending upon the comparison, it will put Centralia police officers from 7% to 10% ahead of the comparables. City Exs. 17-23. The regional differences factor strongly supports the position of Centralia in this case.

The City next turns to the increases received by other City employees and in the comparable jurisdictions. The other comparable jurisdictions which have settled for 1996 have generally agreed upon a CPI-based formula for their wage increase, similar to that agreed upon by the parties to this dispute. In addition, the wage increases received by other bargaining units in the City are in the same general range as salary increases received by the Teamsters under the wage agreement. It is significant that three of these units are represented by the Teamsters.

Regarding the factor of changes in consumer prices, the Consumer Price Index for the U.S., whether it is the CPI-W or the CPI-U Index, has been running at less than 3%. City Exs. 29, 30. The Seattle area CPI-W and CPI-U are increasing at about 3%. The most recently reported index for Seattle (January 1996) shows an increase of only 2.7% for both indexes. City Exs. 31, 32. According to the City, the Consumer Price Index overstates increases in the cost of living by an average of 1% to 1.5%. This overstatement is caused by substitution bias, outlet bias, formula

bias, quality change and new products. The City believes that a restated figure of a 1% to 2% increase in the CPI is what should be used by the Arbitrator in analyzing this factor.

It is also the position of the City that local economic conditions do not support a substantial wage increase. Centralia's local economy has been stagnant for some time. The average annual earnings in Lewis County are only 85% of the state average. Significantly, the difference between Lewis County and the state average has increased substantially over the last ten years. Lewis County has been officially declared a distressed area in the state of Washington. City Ex. 7.

Moreover, the impact of recent floods have had a devastating effect on the City's financial condition. The damage to City property was \$10 to \$11 million. While much of the outlay will be paid by the federal government, the City must still come up with 12.5% of the cost estimated at \$1.25 million. The City is also involved in a significant environmental dispute with the federal government which would have a potential impact on the City ranging from \$10 to \$100 million.

In sum, the City maintains this is not the time to turn Centralia into a wage leader among the comparables. The parties have agreed on a fair and reasonable cost of living increase for each of the next three contract years. The City concludes no further increase is warranted or appropriate.

With respect to the Teamsters' evidence offered concerning population and total tax revenues for each of the

comparable jurisdictions, the City submits this data supports its offer in this proceeding. The Union ranked all comparable jurisdictions by population and by total tax. However, there is a substantial difference between jurisdictions on the list of comparables. A better way of comparing the relative rankings in these jurisdictions is by analyzing total tax per capita. The City's calculations placed Centralia at number eight in the total tax ranking per capita. After implementation of the agreed upon 2.7% increase for 1995, Centralia police officers will be sixth (the median) among the comparables for most comparisons. The City submits that the total tax per capita reveals this is about where the City should be on the calculations by wage level.

The City takes the position that the Union's suggestion that the Arbitrator should consider participation in the social security system when determining whether a range increase is required at Centralia is flawed. First, by including social security in the analysis it mixes apples and oranges. All other components of the wage comparison are limited to money which is actually received by an individual police officer. Social security money contributed by the employer does not go to the officer, but rather to the federal government. Police officers in other jurisdictions have their pay reduced because of the deduction for social security charges. The Union's wage study does not reflect that police officers' take home pay in the comparators is reduced by the employee cost of social security.

Moreover, the parties have adopted a relatively simple method of analyzing the comparables by choosing to ignore a great number of pays and benefits in their analysis. The parties did not include medical or dental premiums, life and disability insurance premiums or other premium pays available to police officers. There is no consideration made for hours of work, including work schedule, vacation and holiday time. If a party is going to offer a total cost of compensation analysis, it should include all relevant costs of compensation. The Union's picking and choosing of such benefits should be rejected by the Arbitrator.

Three different arbitration decisions have rejected inclusion of an employee's social security payments in a wage comparison study. King County Fire District 16 (Beck, 1988); Cowlitz County (Beck, 1987); King County (Dorsey, 1985); City of Bellingham (Latsch, 1996). Further, the parties did not discuss social security contributions at the bargaining table and the Union should not be allowed to raise it at interest arbitration.

The members of this bargaining unit have the option to get into the social security system but have not done so. If the bargaining unit opted to go into the social security system, the individual officers would be required to contribute about 7% of their pay to social security. Therefore, the Arbitrator should reject any attempt to include the employer's contribution to social security in determining whether an additional 7% increase is necessary for Centralia police officers.

Based on all of the above stated arguments, the City concludes there is no basis to award a 7% grade increase to Centralia police officers.

D. Discussion and Findings

The Arbitrator holds that the Union's proposal to advance all police officers from Range 13 to Range 14 on the salary schedule should not be included in the 1995-97 Collective Bargaining Agreement. The application of the evidence to the statutory criteria failed to demonstrate the Union's proposal to change the structure of the salary schedule for Centralia police officers should be awarded. The Arbitrator will award that current contract language be continued. The reasoning of the Arbitrator--as guided by the statutory criteria--is set forth in the discussion which follows.

Constitutional and Statutory Authority of the Employer

Regarding the factor of constitutional and statutory authority of the City, no issues were raised with respect to this factor.

Stipulations of the Parties

The parties entered into two critical stipulations which are relevant to this interest arbitration. First, the parties agreed to a group of ten Washington cities with which to compare Centralia for the purpose of measuring and defining the wages and working conditions for this bargaining unit.

Second, the parties have agreed to a cost of living adjustment of 2.7% for 1995 and 2.25% for 1996. Further, the parties agreed the 1997 wage adjustment will be controlled by a CPI formula which will guarantee a 2% minimum increase up to a maximum increase of 5%. Hence, the evaluation of the Union's proposal must be considered in the context of the agreed upon wage increases--as measured against the wages paid police officers--in the stipulated comparator group of the ten Washington cities.

Comparability

The stipulation as to the ten Washington cities with which to compare Centralia for the purpose of establishing wages and working conditions is a credit to the parties. In addition, both parties performed a wage analysis which focused primarily on base wages. The parties did not attempt to perform a total compensation analysis frequently used in interest arbitration cases.

One area of dispute over methodology in making the comparison studies was the Union's addition of 7.65% to the base wages of the comparator jurisdictions to account for the employer cost of social security. Since Centralia officers do not participate in social security, the Union argued it was appropriate to add the cost of social security to the other cities who contribute to social security in order to make an accurate comparison. The City maintains social security cost paid in the comparators should not be used in resolving the salary range dispute.

The Arbitrator holds the Union's addition of the cost of social security to the base wage in the comparators is inappropriate for four major reasons. First, the use of a social security component in developing a wage comparison study is not an accepted methodology used in Washington interest arbitration awards. Where it has been offered, interest arbitrators have rejected social security as a valid component of a wage study.

Second, the Union's wage study with the social security element mixes apples and oranges. With the exception of social security, all other elements of the study represent actual money paid to the police officers. A police officer who is employed by a city that participates in the social security system will also make a contribution to social security that effectively reduces take home pay. In order to be accurate, the Union's comparison would have to reflect the reduced take home pay of the individual officer, as well as employer cost.

Third, the parties to this dispute have used a basic methodology to make their wage comparisons. If the Union is going to utilize a social security element, the methodology would have to be expanded to a total compensation comparison study. When this approach is adopted, it is typical to use a great number of pay and benefits, such as premium pay, medical insurance, life and disability insurance, uniform allowances, vacation and holiday time and retirement, to develop the basis for comparison. The use of the single element of social security in a wage study is not an

accurate way to compare total compensation. Fourth, social security is not a negotiated benefit.

The 1995 base monthly salary, with the 2.7% adjustment for Centralia reflects the following:

COMPARISON OF 1995 BASE MONTHLY SALARY

Top Step Officer

Base Monthly Salary

Issaquah	\$3,713
Tumwater	\$3,339
Enumclaw	\$3,336
Kelso	\$3,254
Marysville	\$3,234
Oak Harbor	\$3,153
Hoquiam	\$3,086
Moses Lake	\$2,900
Chehalis	\$2,893
Ellensburg	\$2,805
AVERAGE	\$3,171
AVERAGE excluding Issaquah	\$3,111
Centralia	\$3,148
Centralia/Average	-0.73%
Centralia/Average excluding Issaquah	1.19%
City Ex. 17.	

The same comparison with the addition of longevity and education incentive for an officer with ten years of service established the following ranking:

COMPARISON OF 1995 BASE PAY PREMIUMS

Police Officer with 10 Years Service and A.A. Degree*				
	Base Salary	Longevity	Education Incentive	Total Monthly Salary
Issaquah	\$3,713	0	\$0	\$3,713
Kelso	\$3,254	4%	\$50	\$3,434
Enumclaw	\$3,336	0	1.25%	\$3,378
Marysville	\$3,234	\$35	\$100	\$3,369
Tumwater	\$3,339	0	0	\$3,339
Oak Harbor	\$3,153	0	\$100	\$3,253
Hoquiam	\$3,086	0	2%	\$3,148
Ellensburg	\$2,805	3%	2%	\$2,945
Moses Lake	\$2,900	0	0	\$2,900
Chehalis	\$2,893	0	0	\$2,893
AVERAGE				\$3,237
AVERAGE excluding Issaquah				\$3,184
Centralia	\$3,148	\$50	2%	\$3,261
Centralia/Average				0.73%
Centralia/Average excluding Issaquah				2.41%

Assumes 2.7% increase for 1995 in Centralia

*Degree not related to law enforcement

City Ex. 19.

The City argued Issaquah represents a unique situation. The City is correct that Issaquah with a top step some \$400 per month above the second ranked Kelso, distorts the average wage. However, Issaquah is among the comparator group and cannot be totally ignored. Issaquah is clearly the wage leader among the eleven cities. Because Issaquah pays an exceptionally high wage, its influence on the average wage must be discounted.

The next three cities in the ranking all pay within \$85 per month of each other on the base wage. City Ex. 17. Centralia is comfortably positioned in the middle three cities at the base monthly salary ranking. The lowest paying cities at base wage pay are a group of four which pay from \$62 to \$343 per month less than Centralia. If incentives are included, a similar pattern is maintained.

The adoption of the Union's proposed Range 14 would establish a top step wage at Step F of \$3,368 per month. The top base pay for Centralia would jump to the highest paying of the cities, other than Issaquah. The grade increase would represent a 7% increase in addition to the 2.7% cost of living adjustment for 1995. Based on the evidence in this record, there are no grounds for establishing Centralia as a wage leader among the ten cities agreed on as the comparators.

The City's evidence established Centralia police officers are paid at or slightly above the average of the comparator group, depending on whether Issaquah is included. On the record before this Arbitrator, there are no grounds to conclude Centralia police officers are paid a substandard wage which demands drastic and immediate measures to correct the situation.

While the evidence does suggest some additional improvements in the wage schedule could be justified to enhance Centralia's competitive position within the middle three jurisdictions, and the highest paying cities (Issaquah excluded), the Union's proposal before this Arbitrator is to change the range

at which police officers are compensated. On the issue submitted to this Arbitrator, I have no authority other than to accept or reject the proposed increase in the range from Range 13 to Range 14. The parties have agreed to three cost of living adjustments over the term of the contract. Therefore, the Arbitrator must resist any attempt to interfere with the agreed on cost of living adjustments.

The wage adjustments received by police officers in the comparator group does not justify an increase of the magnitude which would flow from a move to Range 14. As previously noted, the 1996 wage increases for police officers in the comparator group are based on CPI driven formulas. Generally, the CPI formulas adopted in the comparator group set a minimum raise of 2% ranging up to a maximum of 5%.

Internal comparability favors the City's proposal. While not controlling for this bargaining unit, the City has reached settlements with its other units in the 2.5% to 3% range. The record evidence does not justify a wage increase for this bargaining unit that would be excessive in relation to the amount received by other City employees.

The Award of this Arbitrator should not be interpreted to mean future modifications in the structure of the salary schedule would be inappropriate. As the Union correctly pointed out, seven of the twenty-one police officers are topped out at Step G on Range 13. By the time this contract expires, the number of members at the top step will have increased. Given Centralia's wage position

in the middle of the comparator group, efforts will have to be made to protect and improve the competitive position for members in this unit in bargaining for a successor contract. There are no valid reasons to drive the wages paid to the members of this bargaining unit down in the wage rankings.

Cost of Living

The Arbitrator holds the factor of cost of living supports the City's position to retain the current Range 13 for police officers. The National CPI-W and CPI-U has been running less than 3% for the past several years. The Seattle area CPI-W and CPI-U have recorded annual increases ranging from 2.5% to 3.5% in recent years. The agreed on wage increases for 1995, 1996 and 1997 are consistent with the changes in the cost of living as measured by the various Consumer Price Indexes.

In sum, the Union's proposal to change the salary range finds little support in the cost of living factor.

Changes in Circumstances During the Pendency of the Proceedings

The only relevant change in circumstances is the salary increases received by police officers in the comparable cities during the course of bargaining for this contract. As noted in the comparability discussion, wage increases for 1996 in the comparable jurisdictions were largely based on CPI formulas with a guaranteed minimum of 2% to a maximum of 5%. Given the range of wage increases generated in the comparator group for 1996, the amount of

the increase which would flow from a range increase is not justified by this factor.

Other Factors

RCW 41.56.465(f) requires that for cities with a population less than 15,000 "consideration must be given to regional differences in the cost of living." The difficulty for the parties in presenting evidence on this factor is that there are no reliable measurements of the differences in cost of living in Centralia and the ten other comparator jurisdictions. The economic data is often collected on a county-wide basis rather than on a city to city system.

The City offered considerable economic data which it believed established there are significant differences in the cost of living throughout the state of Washington. City Exhibit 11 showed 1993 per capita personal income to be 30% higher in King County. Median household income is almost 20% higher in King County than the state average. City Ex. 12. Further, net earnings per worker in King County are 20% higher than the state average. City Ex. 12.

The City's evidence demonstrated that in every economic comparison offered at the hearing, Lewis County was below the state average. In addition, there are a significant number of low income households located in Lewis County. City Ex. 12A. Based on the economic data, the City submits it would be inappropriate to pay non-metropolitan area police officers at the same level as King County law enforcement personnel. The City also reasoned Centralia

police officers should not expect to be paid above the average of comparable communities.

The weakness in the City's reasoning based on the economic data is that the economic data does not purport to measure regional differences in the cost of living. As the source documents reveal, the studies are of such items as income, unemployment, average net income per worker, etc. The Arbitrator rejects the City's claim that based on the economic data Centralia police officers should not be expected to be paid above the average pay in the comparator group.

The Arbitrator holds that the data offered by the City argues against the 7% increase--resulting from changing the range--on top of the agreed on cost of living adjustments. However, if other factors justified above average pay for this group of employees, this Arbitrator would be free to make such an award. The Union offered no evidence which countered the City's evidence on the regional differences factor. In sum, absent from this record is any evidence that local economic conditions supported the substantial wage increase which would result from moving police officers to Range 14 on the salary schedule.

AWARD

The Arbitrator rejects the Union's proposal to change the salary range for Centralia police officers from Range 13 to Range 14. The current contract language shall continue unchanged in the 1995-97 Collective Bargaining Agreement.

ISSUE 2 - PREMIUM PAY

Section 5.1.7 of the current Agreement provides:

All employees shall receive a minimum of one hundred and eight (108) days off per calendar year.

During bargaining proposals were made to compensate detectives and the DARE officer with a \$100 per month premium. The trade off would be the deletion of Section 5.1.7.

Counsel for both parties addressed this issue in their post-hearing briefs. After reading the briefs, the Arbitrator was left with the impression there was no dispute between the parties over the premium pay issue. The Arbitrator sought clarification from counsel as to whether there was still a difference between the parties on this issue.

Based on the record and responses of counsel, the Arbitrator concludes the parties are in agreement that current contract language should continue unchanged.

AWARD

The Arbitrator awards that Section 5.1.7 shall continue in the successor Agreement without change.

ISSUE 3 - HOLIDAYS/VACATIONS

A. Background

Section 7.1.1 recognizes ten designated holidays and two floating holidays as paid time off. Section 7.8.1 provides a vacation schedule which reads:

<u>Year of Continuous Completed Service</u>	<u>Hours per Month</u>	<u>Hours per Year/Days</u>
0 - 5	6.66	80 10
6 - 11	10.00	120 15
12 - 18	13.33	160 20
19 - Over	16.66	200 25

Detectives and the DARE officer receive an additional four days off per year. The added time off is granted in recognition of the fact detectives do not receive extra compensation for their assignments. Detectives and the DARE officer work an additional four days over what they would have worked if assigned to patrol and doing shift work.

The Union proposed that police officers with less than ten years of service be granted two additional vacation days. During bargaining it was suggested by the City that the additional days off be characterized as floating holidays. At arbitration the City proposed to continue the current vacation schedule.

B. The Union

The Union proposed that police officers with less than ten years of service be provided with two additional days off per year. According to Business Agent Mike Mauermann, the two

additional vacation days are necessary to bring the members in line with the comparators. In the post-hearing brief the Union corrected a "mathematical error," to make it clear that the number of vacation days for officers at years four and five would be twelve days. Police officers with six and seven years would receive seventeen days of vacation.

Moreover, the Union maintains there was a meeting of the minds during bargaining that police officers with under ten years of service would get two additional days off. According to the Union, the City agreed to two additional floating holidays. At the hearing, the City withdrew its proposal and seeks to maintain the status quo. The Union submits its proposal is justified and should be accepted by the Arbitrator.

C. The City

The City takes the position that vacation and holidays for police officers should be combined and analyzed as one. When total paid time off is combined, the City submits no additional time off is required. The Union's failure to include holiday time in Union Exhibit 16 is significant since the extra days off sought by the Union are in fact holidays.

In City Exhibit 37, the display reflects that during the first ten years of employment, Centralia police officers receive more time off than the average in four of the years, and in five years they receive less time off. In the first years of service, Centralia is equal to the average. Further, in years eleven

through twenty-five, Centralia police officers receive more time off than the comparables in eleven of the fifteen years.

The City's position is bolstered by the fact six members of the unit receive an additional four days off that are not reflected on the exhibit. The six members would be the detectives and DARE officer. The City also points out that all other City employees are on the same vacation schedule. Thus, there should be no distinction between the vacation schedule for the police unit and other City employees.

The City next argues the Union's proposal to add two additional days of vacation to each of the first ten years of the vacation schedule is flawed. If the proposal is adopted, employees with eleven years of experience will receive less vacation than employees with six through ten years of experience. The City submits such a schedule would be potentially disruptive of Department morale and should be rejected.

D. Discussion and Findings

The threshold question to be addressed is the alleged meeting of the minds on this issue during the bargaining process. Absent from this record is any written evidence the parties reached a tentative agreement on the issue of additional time off. As such, the City is free to make its proposal at arbitration to maintain the status quo.

The Arbitrator rejects the City's attempt to use the additional four days off that detectives and the DARE officer receive to justify the status quo. The additional time off is

granted as "compensation" for the work in these two assignments. Therefore, it is inappropriate to compare these four days to the holiday or vacation benefits enjoyed by all members.

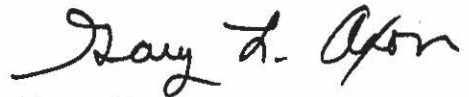
A careful examination of City Exhibit 37 reveals that except for the first five years of service Centralia police officers are at or above the average of the combined number of holidays and days of vacation earned per year in the comparator group. At years twenty and twenty-five, Centralia officers enjoy four to five days more of paid time off than the average of the ten cities. The obvious weakness is during the first five years of service where new officers are one to three days below the average depending on the year of service. No such pattern appears at the six through ten year level of service.

The Arbitrator holds that some relief is due for the officers in the first five years of service. The Arbitrator will order that one additional day of vacation be added to the one through five year level of service on the vacation schedule. This change will be ordered effective January 1, 1997.

AWARD

The Arbitrator awards that effective January 1, 1997, the vacation schedule shall be modified to provide one additional day of vacation at the one through five year levels of service.

Respectfully submitted,



Gary L. Axon
Arbitrator

Dated: June 8, 1996