



BEFORE THE ARBITRATION BOARD

In the Matter of the Interest)
Arbitration Between)
The City of Port Angeles (Police Department))
the Employer)
and)
Teamsters Local 589 (representing a bargaining)
unit of sworn police officers and sergeants)
the Union)

ARBITRATOR'S

AWARD

AAA No. 75 300 00215 98

Appearances:

For the City:
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For the Union:
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Also appearing:
Kathy McKeown, City Council member
Craig Knutson, City Attorney
Bob Coons, Human Resources Manager

Also appearing:
Pat Clark, Business Representative, Local 589
Eric Kovatch, Shop Steward

Neutral Arbitrator:
Jane Wilkinson, Attorney and Arbitrator

Date of Award: November 15, 1999

WITNESS LIST

For the City:

Carol Wilmes, Employee Benefits Program Manager, Union of Washington Cities

Bob Coons, Human Resources Manager

Yvonne Zionkowski, Finance Director

For the Union:

Steve Ilk, Police Chief (adverse)

Mike Sanders, Firefighter and IAFF Local President

Jason Viada, Police Officer

Pat Clark, Business Representative, Local 589

EXHIBIT LIST

Union Exhibits:

COLLECTIVE BARGAINING AGREEMENTS:

- | | | |
|-----|---------------------------|-----------------------------------|
| 1. | City of Aberdeen | January 1, 1998-December 31, 2000 |
| 2. | City of Auburn | January 1, 1996-December 31, 1998 |
| 3. | City of Bainbridge Island | January 1, 1997-December 31, 1998 |
| 4. | City of Bremerton | January 1, 1997-December 31, 1999 |
| 5. | City of Centralia | January 1, 1998-December 31, 2000 |
| 6. | City of Des Moines | January 1, 1996-December 31, 1998 |
| 7. | City of Edmonds | January 1, 1997-December 31, 1998 |
| 8. | City of Ellensburg | January 1, 1998-December 31, 2000 |
| 9. | City of Longview | January 1, 1996-December 31, 1998 |
| 10. | City of Lynnwood | January 1, 1997-December 31, 1999 |
| 11. | City of Marysville | January 1, 1998-December 31, 2000 |
| 12. | City of Mercer Island | January 1, 1996-December 31, 1998 |
| 13. | City of Mount Vernon | January 1, 1997-December 31, 1999 |
| 14. | City of Mountlake Terrace | January 1, 1998-December 31, 1999 |
| 15. | City of Mukilteo | January 1, 1996-December 31, 1998 |
| 16. | City of Oak Harbor | January 1, 1996-December 31, 1998 |
| 17. | City of Olympia | January 1, 1998-December 31, 2000 |
| 18. | City of Port Angeles | January 1, 1995-December 31, 1997 |
| 19. | City of Pullman | January 1, 1996-December 31, 1998 |
| 20. | City of Puyallup | January 1, 1998-December 31, 2000 |
| 21. | City of Wenatchee | January 1, 1997-December 31, 1999 |

OTHER EXHIBITS

- | | |
|-----|---|
| 22. | JC 28 XL/ AWC Plan A comparison worksheet |
| 23. | JC 28 XL/ AWC Plan B comparison worksheet |
| 24. | AWC Plan A/ AWC Plan B comparison worksheet |

25. Teamsters Vision Plan EXT description sheet
26. JC 28 XL Summary Plan Description
27. AWC Plan A Booklet
28. AWC Plan B Booklet
29. (Withdrawn)
30. (Withdrawn)
31. (Withdrawn)
32. Firefighters Comparable Cities Health Benefits and Premiums
33. Union Selected Comparable Cities Health Benefits and Premiums
34. Port Angeles Selected Comparable Cities Health Benefits and Premiums
35. (Withdrawn)
36. Contribution Rate History for all Teamster Medical and Dental Plans 1982 to Present
37. Top Step Base Wage 98 Port Angeles Selected Comparators (firefighters)
38. Top Step Base Wage 1/1/98 Union Selected Comparators
39. Top Step Base Wage 1/1/98 Port Angeles Selected Comparators
40. Top Step Base Wage 1/1/98 All Cities
41. Population, Valuation and Total Revenues All Cities
42. Seattle, Tacoma, Bremerton CPI-W 1982-1984 = 100
43. Educational Incentive Pay worksheet
44. Port Angeles, Police Officer Seniority List and Current Salaries
45. Port Angeles, Police and Fire Monthly Salary History
46. Letter from Schurke certifying arbitral issues
47. Collective Bargaining Agreement Between City of Port Angeles and IAFF Local 656, January 1, 1994 - December 31, 1995
48. Collective Bargaining Agreement Between City of Tukwila and Tukwila Police Officers' Guild, November 1, 1998 - December 31, 2000
49. Marked up version of Exhibit E-10.2
50. "Per Beverly at AWC" – Table of Plan A and Plan B premiums for each employee shown on Exhibit E-10.2, July 15, 1999
51. Letter from Bob Coons to Dave Chastain, President IAFF #656, February 28, 1997, agreeing to the wage freeze, with a "me too" clause that excludes arbitration awards
52. Statement of Revenue, Expenditures and Changes in Fund Balance; General Fund for the Years 1995-1998 (1998 Port Angeles Operating Budget)
53. Sergeant appendix from Marysville collective bargaining agreement, 1998-2000
54. Sergeant's comparator analysis, 15-year level (where most of them are)
55. Declaration Under Penalty of Perjury of Sonja Rasmussen, July 15, 1999
56. Declaration Under Penalty of Perjury of Sonja Rasmussen, July 13, 1999
57. Declaration Under Penalty of Perjury of Shelly Azus, July 12, 1999
58. Regence BlueShield / Regence Northwest Health plan rates
59. Memorandum to LEOFF I employees from Trust Administration Office, Washington Teamsters Welfare Trust, November 1998
60. City wage data by classification and year
61. Union Counter-Proposal on Drug Testing Policy (offered at hearing, July 15, 1999)

City Exhibits:

1. GENERAL BACKGROUND

- 1.1 Interest Arbitration Statute - State of Washington Revised Code of Washington (RCW)

- 1.2 Interest Arbitration Regulations - Washington State Administrative Code (WAC)
- 1.3 Collective Bargaining Agreement between Teamsters Local 589 and City of Port Angeles, expiration date 12/31/97
- 1.4 Roster of Employees
- 1.5 Certification of Issues
- 1.6 City of Port Angeles' proposal
- 1.7 Union proposal
- 1.8 Port Angeles Police general information
- 1.9 Police Officers Job Description
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 - 2.1 Comparable Employers 1998 Population Ranking
 - 2.2 Comparable Employers 1998 Assessed Valuation Rankings
 - 2.3 City's Comparables
 - 2.4 Union's Proposed Comparables
 - 2.5 Union's " Fire" Comparables
 - 2.6 1998 City's Comparable Wages
 - 2.7 1998 City's Comparable Wages - Base, 5, 10, 15, 20 years
 - 2.8 1999 City's Comparable Percent Increase
 - 2.9 1999 City's Comparable Wages
 - 2.10 1999 City's Comparable Wages - 5, 10, 15, 20 years
- 3. COST OF LIVING
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 - 3.3 All U.S. Cities CPI Chart
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 - 4.2 Wage Adjustments for Major Local Employers
 - 4.3 Northwestern Washington Area Wage Survey
 - 4.4 Bremerton PMSA Area Wage Survey
 - 4.5 Central Washington Area Wage Survey
 - 4.6 Eastern Washington Area Wage Survey
 - 4.7 Olympia PMSA Wage Survey
 - 4.8 Seattle-Bellevue-Everett PMSA Wage Survey
 - 4.9 Southwestern Washington Area Wage Survey
 - 4.10 Tacoma PMSA Area Wage Survey
 - 4.11 Distressed Counties Analysis
 - 4.12 Unemployment Rate Map
 - 4.13 Unemployment Rate, Clallam County, WA, US, 1970-1995, Employment Security Department
 - 4.14 Nonagricultural Wage & Salary Employment, Clallam County, WA, US, 1970-1995, Employment Security Department
 - 4.15 Annual Average Covered Wage, Clallam County, WA, US, 1970-1995, Employment Security Department
 - 4.16 Annual Average Covered Wages, 1995, Clallam County and Wash. State, Employment Security Department
 - 4.17 Manufacturing Employment, Clallam County, WA, US, 1970-1995, Employment Security Department

- 4.18 Per Capita Income, Clallam County, WA, US, 1970-1994, Bureau of Economic Analysis
- 4.19 Changes in Personal Income Components, Clallam County, WA, US, 1970-1994, Bureau of Economic Analysis
- 4.20 Changes in Earned Income Components, Clallam County, 1970-1994, Bureau of Economic Analysis
- 4.21 Average Monthly Wages, by County
- 5. GENERAL ECONOMIC CLIMATE
 - 5.1 Clallam County Economic Profile
 - 5.2 Chelan-Douglas County Economic Profile
 - 5.3 Grays Harbor County Economic Profile
 - 5.4 Island County Economic Profile
 - 5.5 King County Economic Profile
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 - 5.9 Pierce County Economic Profile
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 - 5.13 Clallam County Economic Summary
 - 5.14 Miscellaneous Peninsula Daily News articles
 - 5.15 Median Household Income By County, 1989-1998
- 6. FISCAL RESOURCES
 - 6.1 Budget excerpts
 - 6.2 Proposal costing
 - 6.3 Memo re: impact of Rayonier Mill closure
- 7. INTERNAL PARITY
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 - 7.2 Historical comparison of police and fire
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 - 10.1 AWC Plan A & B Comparison
 - 10.2 Police Officers Insurance Coverage Demographics
 - 10.3 Insurance Premium Increases
 - 10.4 Insurance Cost Comparisons
 - 10.5 LEOFF Retirement Coverage
 - 10.6 AWC Plan Comparison: AWC/WPS Plan A vs. Teamsters JC28XL Plan
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- 11. DRUG TESTING
 - 11.1 Proposed drug testing language
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I. PROCEEDINGS

This dispute, between the City of Port Angeles (the City or the Employer) and the Teamsters Local 589 concerns certain terms of a labor agreement to take effect on January 1, 1998 between the City and a bargaining unit of police officers and sergeants. The parties reached an impasse in their negotiations on three issues. Pursuant to RCW 41.56.450, those issues were certified for interest arbitration by the Public Employment Relations Commission (PERC) and submitted to neutral arbitrator Jane R. Wilkinson for resolution. Evidentiary hearings were held in Port Angeles, Washington, on July 14 and 15, 1999. Each party had the opportunity to present evidence, examine and cross-examine witnesses and argue its case. The Arbitrator received the parties' post-hearing briefs on September 23, 1999, which shall be deemed the closing date of hearing. The parties stipulated to an extension of time for this award to November 19, 1999.

II. STATUTORY CRITERIA

In RCW 41.56.465, the Washington Legislature specified that the following criteria must be applied by interest arbitrator in a dispute over the terms of a new collective bargaining agreement:

(1) In making its determination, the panel shall be mindful of the legislative purpose enumerated in RCW 41.56.430 and, as additional standards or guidelines to aid it in reaching a decision, it shall take into consideration the following factors:

(a) The constitutional and statutory authority of the employer;

(b) Stipulations of the parties;

(c)(i) For employees listed in RCW 41.56.030(7)(a) through (d), comparison of the wages, hours, and conditions of employment of personnel involved in the proceedings with 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 circumstances under (a) through (d) of this subsection during the pendency of the proceedings; and

(f) Such other factors, not confined to the factors under (a) through (e) of this subsection, that are normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment. For those employees listed in RCW 41.56.030(7)(a) who are employed by the governing body of a city or town with a population of less than fifteen thousand, or a county with a population of less than seventy thousand, consideration must also be given to regional differences in the cost of living.

In resolving the issues in this dispute, whether or not fully articulated herein, the undersigned arbitrator has been mindful of these criteria and has given consideration to all of the evidence and arguments presented by the parties relative to these criteria.

III. BACKGROUND INFORMATION

Port Angeles is a city with a population of approximately 18,860. It is the county seat for Clallam County, located near the tip of the Olympic Peninsula. Its traditional economic base has been timber, but that is in decline. The ITT-Rayonier paper mill closed in 1997, leaving one operational paper manufacturing facility. The city is near some popular recreational areas, and accordingly draws tourists, particularly in the summer. The area surrounding Sequim, a town about 20 miles from Port Angeles, has attracted some retirees. Port Angeles is not part of the large Puget Sound metropolitan area that stretches from Snohomish County down through King County and into Pierce County, and which is beginning to swallow parts of Thurston County.

The Union has represented the bargaining unit of 27 sworn law enforcement personnel (officers and sergeants) for some time. The parties' last contract expired on December 31, 1997. The parties negotiated for, but were unable to reach agreement on a successor contract.

Three issues (wages, health care benefits and drug testing) were certified to interest arbitration by the Executive Director of the Public Employment Relations Commission, and the arbitration hearing included testimony and exhibits on all three issues. The Arbitrator has been

advised that subsequent to the hearing, on the issue of health care, the City agreed to move from AWC Plan A to Teamsters Plan JC28XL. In return, the Teamsters agreed to the City's drug testing proposal with certain language amendments. Accordingly, the sole issue before the Arbitrator is wages.

At the outset of the hearing, the parties' stipulated to using the Seattle-Tacoma CPI-W as the appropriate CPI index. The parties stipulated also to a three-year agreement, and both parties' proposals include a third year wage increase equal to 90% of the CPI-W.

IV. PARTIES' PROPOSALS

A. Employer's Proposal

The City proposed a wage freeze for 1998, a 6% raise retroactive to January 1, 1999, and a wage raise equal to 90% of Seattle's CPI-W beginning January 1, 2000.

B. Union's Proposal

The Union proposed a retroactive 12% raise for 1998, a second increase to 90% of CPI-W for 1999, and a third increase to 90% of CPI-W starting January 1, 1999.

V. PARTIES' ARGUMENTS IN SUPPORT OF PROPOSALS

A. Arguments of the Employer:

- I. The City's list of comparable jurisdictions should be adopted.
 - A. The factors to be weighed most heavily are population, past practice, the parties' stipulations and geographic proximity.
 - B. The jurisdictions agreed to by both parties should be adopted as a stipulation.
 - C. The City initially developed its list to reflect a population band of 50% on either side of Port Angeles, jurisdictions mentioned at some phase of the parties' contract negotiations; and similar tax bases as measured by assessed valuation.
 - D. The City is justified in weighting its list away from Puget Sound jurisdictions; this position is supported by prior arbitration awards, the fact that Port Angeles is outside the Puget

Sound area's commuting range, and the fact that Port Angeles is characterized by a generally rural surrounding environment.

- E. It is appropriate to include eastern Washington jurisdictions on the comparables list.
 - 1. As the Arbitrator noted in her *Pasco* decision, it is appropriate to cross the Cascade "curtain" to look for comparables.
 - 2. It is impossible to find an adequate number of similarly-sized cities on the west side of the Cascades that are detached from the Puget Sound area; the City believes that a list heavily skewed to cities within the direct orbit of Seattle would be inappropriate.
 - 3. The City has a history of using eastern Washington cities as comparables.
 - F. The Union's initial list is a result-oriented combination of cities dissimilar to Port Angeles.
 - 1. The cities of Bainbridge Island and Mercer Island have assessed valuations over 200% that of Port Angeles.
 - 2. The Union dropped Oak Harbor from its list on the eve of arbitration even though it is much closer to Port Angeles in assessed valuation than either Bainbridge or Mercer Island.
 - G. The Union's reliance on total revenue per capita in choosing comparables should be rejected.
 - 1. The Finance Director explained at the hearing that cost allocations between departments at the City show up as revenue; this "revenue" is not new money available to meet expenses.
 - 2. Approaches to cost allocation are not uniform between cities.
 - 3. The Union's figures on total revenue for Port Angeles do not match the City's own figures.
 - 4. The total revenue concept is not traditionally used by arbitrators in choosing comparables.
 - H. The Union's alternative list of jurisdictions used in previous IAFF negotiations should be rejected.
 - 1. This list was never adopted by an interest arbitrator.
 - 2. Coons has no idea how this list was developed; further, this list is no longer used in negotiations with any department of the City.
 - 3. The City has adamantly opposed this list in current negotiations with IAFF.
 - 4. Many cities on the list do not qualify as comparators under traditional arbitral standards.
- II. The City's wage proposal is fair.
- A. The Arbitrator should use a police officer with an AA degree and 10 years' experience for comparison purposes.
 - 1. This model is consistent with what the parties used at the bargaining table; there is no reason to abandon it now.
 - 2. This model would not abnormally skew officers' total compensation and is representative of the Port Angeles police officers.

3. 10 years is the milestone of longevity for Port Angeles police officers; the Union apparently chose to ignore this when it used the 7-year category in its analysis.
 4. 18 of the 27 officers in the bargaining unit either receive longevity pay or will soon qualify for it; 15 of the 27 officers have sufficient education to qualify for educational premiums.
- B. The City's wage proposal is fair in light of comparable data and in recognition of general economic conditions.
1. With the wage-freeze offer, a 10-year-AA wage for Port Angeles is paid 3.8% less than then the comparables average, shrinking to 2.6% with adoption of the City's 1999 wage proposal.; however, this difference diminishes with increasing longevity and reaches nearly zero at 20 years.
 2. If Mountlake Terrace, which pays its 10-year AA officers \$217 more than the nearest comparable, is removed from the list, the 1999 difference shrinks to 1.3% – Mountlake Terrace, because of its unusually high wage rate for 10-year AA officers, should be eliminated or down-weighted to reflect the Arbitrator's opinion in the *Pasco* case that anomalous jurisdictions be treated as such.
- C. Granting the Union's salary demand would place Port Angeles significantly above the comparables average.
1. Port Angeles officers may receive both longevity and educational incentive pay, an unusual situation; therefore, the Union's argument that comparisons be made on base wage only ignores reality.
 2. The Union's proposed wage increases would increase total wage packages above the comparables averages by 7.4% for 10-year officer with AA degree; 9.0% for 15-year officer with AA degree; and 11.0% for 20-year officer with AA degree.
- III. The cost-of-living factor supports the City's proposal.
- A. The City's officers' wages have exceeded 100% of the CPI for more than a decade.
 - B. The cost of living for officers in Port Angeles is significantly less than for those in the vast majority of comparables, as seen from a comparison of housing costs in Port Angeles to housing costs in the central Puget Sound area.
 - C. The parties agree that future wage increases should be 90% of the Seattle CPI-W.
- IV. The local labor market factor supports the City's proposal of a conservative wage award.
- A. Port Angeles' police officer wages already exceed those of other law enforcement agencies in Clallam County, by 9.1% on the average.
 - B. As Employer Exhibits 4.3-4.10 show, wage rates in northwestern Washington (including Clallam County) are significantly less than in the Seattle/Bellevue/Everett area.
 - C. Clallam County's 1996-1998 unemployment rate was 8.5%, in contrast to King County's much lower rate of 3.9% for the same period; the county's unemployment rate has consistently and significantly exceeded the U.S. and state-wide unemployment rates from 1970 through 1995.
 - D. Average annual wages in Clallam County plummeted from 1980 through 1995 because of the reduction of high-paying manufacturing jobs to generally lower-paying service jobs; this did not occur in the state as a whole. The large influx of retirees into Clallam County have not resulted in an increase in local wages.

- E. Clallam County's median household income is significantly lower than those of King, Pierce, and Snohomish counties.
- V. The closing of the Rayonier plant and stagnant revenue growth have squeezed the City's fiscal resources; they should temper any wage award.
 - A. All major revenue sources are negative or stagnant; the City has had to quickly eliminate positions, defer hiring, and implement the wage freeze; bear in mind that fiscal reserves of the City's electric utility cannot be used to pay for general fund expenses.
 - 1. The City lost the 6% utility tax on the \$5- to \$6-million-per-year electricity that Rayonier had purchased from the City's utility, it lost the property tax on the approximately \$22 million assessed valuation of the Rayonier property, and it lost sales tax revenues from former Rayonier employees who left the area.
 - 2. Many large retail businesses have located outside the City limits, which also has contributed to the decline in sales tax revenues.
 - 3. The healthy City revenues in 1998 were generated by isolated construction projects, a one-time "blip" on the revenue screen.
 - 4. The City's fund balance will shrink to \$556,085 by 2003, as predicted by the City's finance director; reasons include the anticipation of a large number of retirements, with associated pay-outs, the negative balances of the City's workers' compensation and self-insurance funds, and the City's obligation to pay for county jail expenses beginning in 1998, which amount to about \$350,000 per year.
 - B. The Union's proposal would significantly weaken the City's financial health by adding about \$400,000 in expenditures for 1998 and 1999 alone, and would increase yearly with the CPI-W.
- VI. Internal comparisons with other City employees support the City's proposal.
 - A. Arbitrators typically have sought parity across various departments within a jurisdiction.
 - B. This bargaining unit has been treated better than other bargaining units in the City: Other groups did not receive the number of market adjustments awarded to police officers from 1984-1999 and the police bargaining unit wage adjustments significantly exceeded the Seattle CPI for those years.
 - C. Police officers have not lost ground when compared to firefighters: A side-by-side comparison between the two groups is inappropriate because their schedules are so different and firefighters receive no educational pay or longevity pay; the City's proposed 6% wage increase for 1999 would put police officers ahead of firefighters by a few dollars; and even if deferred compensation were factored out of police officers' pay, firefighters' and police officers' wages would differ by only 1.6%.
 - D. The Union should not be allowed a wage increase for 1998 when other bargaining units in the City have agreed to a wage freeze.
 - 1. The Arbitrator should not grant a 1998 wage adjustment because the parties never would have agreed to one at the bargaining table.
 - 2. Although the "me too" clauses do not apply if a wage adjustment is granted by an interest arbitration award, the effect of a 1998 wage award would be accompanying awards to all other bargaining units, resulting in astronomical costs to the City.

3. Following the hearing, Coons indicated in a written declaration (attached to the City's brief) that no non-represented personnel received a wage increase in 1998. Some adjustments were made based on reclassification for changed circumstances, but those cannot be considered wage increases.
- VII. Turnover and crime rate statistics do not support the Union's proposal: Low turnover reflects the City's success in attracting qualified police officers, which implies that the wage rates are not out of line, and the lack of significant change in the crime rate counters the Union's proposal.

B. Union's Proposal and Argument:

- I. The City's request for a wage freeze is not reasonable.
 - A. The City's testimony and exhibits contradict its contention that a wage freeze is needed.
 1. The City used data only from its preferred comparators.
 2. The City considered educational incentive pay even though only a minority of the bargaining unit receives it.
 3. Coons' testimony indicates that no comparator City imposed a wage freeze in 1998.
 4. Several employers in the Port Angeles area, including Clallam County and the local school district, implemented wage raises in 1998.
 5. Ziomkowski could only account for \$240,000 worth of "one-time events" allegedly responsible for the \$1.4-million difference between the City's predicted \$947,000 deficit and its actual surplus.
 6. The City considers its electric utility a totally separate entity, yet refuses to categorize as "income" cost allocations received from the utility.
 - B. The City was financially very healthy in 1998 with no financial difficulties looming in the foreseeable future.
 1. The City had a 1998 budget surplus of over \$822,000, or 7.8%, the highest in five years.
 2. The 1998 surplus was not an aberration; each of the prior four years showed surpluses between \$215,000 and \$492,000.
 3. The City's capital reserves have ballooned to \$4.1 million, or 39% of yearly operating expenses, a 12-year record for the City and nearly four times the recommended amount. With annual expenses of \$10.5 million, the City's reserves are clearly greater than the 30% quoted by the Finance Director.
 4. The City was so flush in 1998 that, for the first time, it elected to set aside \$1 million for capital improvements, which were historically financed by the City's general fund.
 5. The City is even richer than its posted surplus indicates; the \$7.6-million reserves held by the City-owned electric utility were not included in the surplus calculations.
 6. The City has not been able to reliably predict its future financial health; for example, its 1998 budget deficit/surplus prediction was off by \$1.8 million, and its fund balance prediction was off by \$3.2 million.

7. The City's predictions of future economic doom are irrelevant when considering 1998 wages because the amounts of those wages must be decided based on conditions January 1, 1998, not later conditions.
 8. Ziolkowski admitted on cross-examination that she has almost no basis for several assumptions used to predict financial doom, she didn't have any experience with Plan B medical premiums despite assuming they would greatly increase, and she had no idea what the average yearly increase in workers' compensation is despite assuming large increases.
- C. A 1998 wage freeze violates the 1995-97 Collective Bargaining Agreement. During negotiations in 1995, the parties signed a "Memorandum of Understanding" to avoid interest arbitration. This memorandum stated that "The parties agree to conduct in 1997 a salary survey for the next contract period." The City's wage-freeze proposal is, in substance, a repudiation of this agreement because the City is refusing to honor the results of its own salary survey, let alone anyone else's.
 - D. The City broke its promise that no City employee would receive a raise in 1998. Documents forwarded by the City after the close of the hearing show that several management employees received raises, although the City calls the raise by a different name.
- II. The Union's methods for conducting the comparison survey are preferable to the City's methods.
- A. The Union's method of calculating the bottom line percentage is correct—a percentage of the Port Angeles wage must be determined in order to quantify the amount necessary to bring Port Angeles to a target wage, typically the comparators' average wage; thus the difference between the average comparator wage and Port Angeles' benchmark wage must be expressed as percentage of Port Angeles' wage.
 - B. Revenues per capita are a better measure of a City's ability to absorb wage raises than is assessed valuation.
 1. City revenues attributable to assessed valuation can vary greatly based on certain factors that vary from location to location; Ziolkowski testified that she does not know the percentage of revenues attributable to property taxes for other cities.
 2. Revenues per capita are a direct measure of available resources, and, as Ziolkowski conceded, they are a "better basis" for comparing one City to another than is pure assessed valuation; the Arbitrator agreed with this in her *City of Pasco* award.
 3. The City questioned the accuracy of the state auditor's data, relied upon by the Union, but the City used State of Washington (Department of Revenue)-provided data and there is no basis for concluding that one department's data is faulty and another's is not. Even if the auditor's methods are in error, the figures for all the jurisdictions would still be in the same positions relative to each other.
 4. Nevertheless, in answering the City's charges of inaccuracy, in Attachment B of its brief, the Union recalculated revenues per capita for all the jurisdictions, throwing out the state auditor's "transfers in," part of "charges for services," and "all other" categories.
 - C. The City's wholesale inclusion of educational incentive pay in its comparison surveys is not justified.

1. Over 50% of bargaining unit members receive no educational incentive pay; of those that do, only 33% receive AA pay or better. The entitlement of the entire group should not be determined on the basis of wages paid to a small portion.
 2. The Arbitrator has pointed out in her *Pasco* decision that compensation extras are not typically included in arbitrators' comparison studies but are considered generally to see whether there is a glaring contrast to comparators.
 3. The issue of educational incentive pay in this case appears to be outside the Arbitrator's jurisdiction: it was not certified by PERC.
- D. The City provides no particular justification for limiting its comparison to 10-year officers.
1. It is the practice of most arbitrators to first consider top step base wage because other parts of a total compensation package tend to be confusing.
 2. The Executive Director's certification is limited to wages, not including longevity pay or other factors.
 3. The Union nonetheless provided comparisons of 7-year and 15-year employees, which include longevity, holiday and vacation pay.
- III. The comparison jurisdictions that should be used are either those that the City has chosen to use for its firefighter bargaining unit or those chosen by the Union.
- A. The list of 11 jurisdictions used by the City and IAFF are Centralia, Aberdeen, Mountlake Terrace, Puyallup, Mercer Island, Lynnwood, Edmonds, Olympia, Longview, Auburn, and Bremerton; these comparators were used to bargain raises of 5% and 7.63% in 1995 and 1996, respectively. The City has never challenged the list in interest arbitration despite Coons' claim that the list is in dispute.
- B. The Union disputes the City's proposal to include Centralia, Ellensburg, Oak Harbor, Pullman, and Wenatchee; the Union proposed to include Bainbridge Island and Mercer Island.
1. Including Oak Harbor and Wenatchee will have little effect on the bottom line; the addition of Wenatchee actually benefits the Union.
 2. Ellensburg and Pullman fall outside natural "breaks" in population (which occur outside of range of plus or minus 16% of Port Angeles' population).
 3. The City has misinterpreted the Arbitrator's *Pasco* decision by including a number of eastern Washington jurisdictions.
 4. Ellensburg, Pullman, and Wenatchee are not comparable to Port Angeles in terms of population, assessed valuation and/or tax revenues and should not be included.
 5. Bainbridge Island should not be excluded merely because it is "Puget Sound Urban;" it has a population identical to that of Port Angeles and lower total revenues per capita.
 6. There is no reason to exclude Mercer Island: Its population is within 12% of Port Angeles, and, although Mercer Island's revenues per capita are somewhat higher than Port Angeles, the two cities have nearly identical revenues for dealing with law and order problems.
- IV. Every comparison exhibit shows that patrol officers were entitled to a substantial raise as of January 1998.

- A. Using the City's own chosen comparators, bargaining unit members were due raises for 1998 between 4.7% and 8.7%, depending on longevity (Union Ex. 39).
 - B. Union-chosen comparators show that raises between 10.4% and 13.2% were justified (Union Ex. 38) the addition of Oak Harbor to the Union's list yields figures between 9.3% and 12.6%.
 - C. Using comparators chosen by the City and IAFF, raises between 16.5% and 18.8% would be justified (Union Ex. 37).
- VI. The raise must be retroactive to January 1998.
- A. Failing to make a raise fully retroactive essentially awards a wage freeze to the City which is inappropriate under these facts.
 - B. The City is sitting on a great deal of money and can easily absorb a 12% retroactive wage raise.
- VII. Volume II of the City's exhibits, consisting of county profiles, is of uncertain relevance.
- A. These general economic profiles are insufficient to outweigh direct evidence that the City was rolling in money in 1998.
 - B. The profiles show that some of the counties used in the parties' comparisons are actually worse off than Clallam County.

VI. DISCUSSION AND ANALYSIS

A. Selection of comparators

1. Selection of Comparables, In General:

As the parties well know, comparability is not defined by statute, although the statute does speak to "like personnel of like employers of similar size." Comparability is a relational concept that cannot be determined with mathematical precision. The interest arbitrator faces the problem of making "apples to apples" comparisons on the basis of imperfect choices and sometimes incomplete data. The arbitrator's task is to review data in evidence and devise a manageable list of employers that more closely resemble the important attributes of the subject jurisdiction than those jurisdictions not on the list. In determining comparability, arbitrators give the greatest consideration to population, geographic proximity or labor market, and assessed valuation. See, e.g., *Kitsap County and Kitsap County Sheriff's Guild*, PERC No. 13831-I-98-299 (Buchanan, 1999); *City of Bremerton and Bremerton Police Officers' Guild*, PERC No. 12924-I-97-279 (Axon, 1998); *City of Centralia and International Association of Firefighters*,

Local No. 451, PERC No. 11866-I-95-253 (Lumbley, 1997); *Spokane County and WSCCCE, Council 2*, PERC No. 10159-I-94-235 (Levak, 1995).

The selection of appropriate comparators is a significant item of dispute in this case. The parties vigorously debate methodologies for selecting those comparators, and in addition, disagree on the use of the comparator analysis once a set of comparators is identified.

Although not all cases lend themselves to a simple population, proximity and valuation screen, utilizing those screens in this proceeding produces no significant distortions. Therefore, the Arbitrator will utilize the generally accepted approach in this case.

Obviously there is no set number of comparators needed, but this Arbitrator prefers a minimum of five. Other arbitrators have expressed a similar preference. *E.g.*, *City of Centralia, supra* (the arbitrator selected four comparators, stating he would prefer a greater number if more that were "very comparable" existed); *City of Kennewick and International Association of Firefighters, Local 1296*, AAA 75 300 00225 96 (Krebs, 1997) (the arbitrator noted that using only four comparators approached "the borderline of a minimal number," but that six comparators were sufficient for the case); *Thurston County and AFSCME Local 618-CD* (Axon, 1999) (a proposed screen yielded only four comparators; the arbitrator therefore added more to the list).

2. The Arbitrator's Selection of Comparables

The Arbitrator did not find the selection of comparators to be very difficult. Both parties included in their list of comparators the following jurisdictions: Aberdeen, Marysville, Mount Vernon, Mountlake Terrace, and Mukilteo. The Arbitrator finds each of these jurisdictions to be appropriate comparators and will use them as well. The parties also, during the course of their negotiations, used Oak Harbor as a comparator. Apparently, the Union dropped Oak Harbor on the eve of arbitration, but it did include data on that city in its post-hearing brief. Because Oak Harbor fits within a plus or minus 50% population and assessed valuation screen (total and per

capita) and is suitably located geographically, and because of the parties' history of using Oak Harbor, the Arbitrator also will select Oak Harbor as a comparable jurisdiction to Port Angeles. (See Table 1, showing demographic data for all jurisdictions proposed by the parties). The City proposed Centralia as a comparator; the Union disagreed. Centralia fits within a plus or minus 50% population, assessed valuation, and assessed valuation per capita screen. Reasons for not including Centralia include its relatively small population and greater distance from Port Angeles. The Arbitrator has determined to include Centralia primarily, if not solely, because no 1999 data is available for Aberdeen and Oak Harbor – those two jurisdictions have not yet settled their contracts. Although 1998 data is of primary importance in this dispute, the Arbitrator requires 1999 data to ascertain whether comparable jurisdictions were receiving wage increases in 1999 that deviated from the CPI.

Table 1
(Jurisdictions passing all three 50% to 150% screens are shaded)

Jurisdiction	Population	+ or - PA	1998 AV (\$ million)	+ or - PA	AV Per Capita	+ or - PA
Aberdeen	16,690	88%	\$ 636	64%	\$ 38,107	73%
Auburn	36,720	194%	\$ 3,004	303%	\$ 81,808	156%
Bainbridge Island	18,920	100%	\$ 2,158	218%	\$114,059	217%
Bremerton	38,600	204%	\$ 1,347	136%	\$ 34,896	66%
Centralia	13,480	71%	\$ 508	51%	\$ 37,685	72%
Edmonds	35,470	188%	\$ 2,669	269%	\$ 75,247	143%
Ellensburg	13,600	72%	\$ 508	51%	\$ 37,353	71%
Longview	33,620	178%	\$ 1,521	153%	\$ 45,241	86%
Lynnwood	33,070	175%	\$ 2,200	222%	\$ 66,526	127%
Marysville	18,770	99%	\$ 1,156	117%	\$ 61,588	117%
Mercer Island	21,550	114%	\$ 3,296	332%	\$152,947	291%
Mount Vernon	22,280	118%	\$ 1,161	117%	\$ 52,110	99%
Mountlake Terrace	20,360	108%	\$ 920	93%	\$ 45,187	86%
Mukilteo	15,890	84%	\$ 1,362	137%	\$ 85,714	163%
Oak Harbor	20,190	107%	\$ 748	75%	\$ 37,048	71%
Olympia	38,650	205%	\$ 2,562	258%	\$ 66,287	126%
Pullman	24,970	132%	\$ 594	60%	\$ 23,789	45%
Puyallup	29,490	156%	\$ 2,030	205%	\$ 68,837	131%
Wenatchee	25,160	133%	\$ 1,169	118%	\$ 46,463	88%
Port Angeles	18,890	---	\$992	---	\$ 52,515	---

Both parties presented arguments in favor of the inclusion of certain other jurisdictions on the comparator list. The Arbitrator found none of those arguments persuasive, for the reasons discussed next.

The Union sought the inclusion of Bainbridge Island and Mercer Island. Not surprisingly, the pay in those two cities is relatively high. Both are affluent bedroom communities of Seattle. The Arbitrator agrees with the City that the use of communities in the central Puget Sound metropolitan area is inappropriate. As is well known, the economy of that area has been good, and sometimes heated, for nearly two decades, the cost of housing has skyrocketed, and labor costs generally are relatively high. As the City's exhibits show, wages in Clallam County are lower than in the metropolitan Puget Sound counties, and Clallam County's unemployment rate for 1996-98 significantly higher. This disparity in economic conditions is reflected in the relatively high assessed valuations for Mercer Island and Bainbridge Island. Neither jurisdiction passed the 150% screen. See Table 1. Other arbitrators have noted the special considerations attendant to the jurisdictions on the east side of Puget Sound that flank the greater Seattle metropolitan area. *E.g., City of Bremerton and Bremerton Police Officers' Guild*, PERC No. 12924-I-97-279 (Axon, 1998) (the arbitrator eschewed a list that gave undue weight to east Puget Sound jurisdictions).

The City proposed the inclusion of three cities east of the Cascades: Wenatchee, Pullman and Ellensburg. As both parties noted in their post-hearing briefs, the Arbitrator has previously endorsed crossing the "Cascade curtain" (as counsel for the City termed it) in order to find a sufficient number of comparators, so long as the majority of comparable jurisdictions are on the same side of the state as the subject jurisdiction. *City of Pasco and Pasco Police Officers' Association*, (Wilkinson, 1994). As correctly noted by the Union, however, the Arbitrator did not hold that selecting comparators from both sides of the state is mandatory.

The *City of Pasco* case presented unique considerations for the Arbitrator. It is part of a three-city metropolitan area in an otherwise sparsely populated part of the state. Its two sister cities, Richland and Kennewick, are more affluent, and Kennewick is quite a bit larger than Pasco. Thus, special considerations went into the selection of comparators for Pasco. The Arbitrator takes the view that comparators from the other side of the Cascades should be used only if necessary. *Accord, Kitsap County and Kitsap County Sheriff's Guild*, PERC No. 13831-I-98-299 (Buchanan, 1999) ("Eastern Washington ... has a substantially different economy than does Western Washington"); *Spokane County and Spokane County Deputy Sheriff's Association* (Krebs, 1999) (the arbitrator sought to use as many eastern Washington counties as possible that met the statutory criteria). In the instant case, the seven comparators previously identified are adequate, making the consideration of Eastern Washington comparators unnecessary.

The Union proposed a total revenue screen, which it contends paints a more accurate picture of Port Angeles' wealth. The Arbitrator rejects the Union's total revenue analysis as being unnecessary in this case. As stated previously, arbitrators rely primarily on population, location and assessed valuation in their selection of comparators. They turn to secondary indicators only when the primary indicators are unsatisfactory for the jurisdiction in question (as was the case with the *City of Pasco*). There is no indication that assessed valuation is not a reliable surrogate for the measure of wealth in this case. In fact, the Union's revised figures shown in Attachment A of its post-hearing brief shows that Port Angeles ranks fourth among its comparators in revenues, just as it does in assessed valuation (see Table 4, *infra*), and the comparator average is about 93% of Port Angeles' revenues, just as with assessed valuation. The relationship between revenues per capita and assessed valuation per capita is likewise the same (comparator average is about 97% of that of Port Angeles).

The Arbitrator also rejects the list of "firefighter" comparators proposed by the Union, *i.e.*, those comparators which the Union maintains were used by the City in its 1995 and 1996 wage settlements with its firefighters' union. The cities on that list are: Olympia, Edmonds, Auburn, Bremerton, Longview, Puyallup, Mercer Island, Mountlake Terrace, Centralia and Aberdeen. The Arbitrator finds that only three of the comparators on the list (Mountlake Terrace, Centralia and Aberdeen) are appropriate under the statutory criteria. More specifically, the first seven cities on that list are more than 50% larger than Port Angeles. See Table 1. The assessed valuations of seven of the jurisdictions exceed the 50% screen. In addition, six of the nine jurisdictions are in the metropolitan areas of Puget Sound. The Arbitrator also notes that the City has disavowed that list.

The final list of comparable jurisdictions selected by the Arbitrator, along with key demographic characteristics and rankings, are shown on the following tables:

Table 2

Jurisdiction	Population	1998 AV \$(mm)	AV Per Capita
Aberdeen	16,690	\$636	\$38,107
Centralia	13,480	\$508	\$37,685
Marysville	18,770	\$1,156	\$61,588
Mount Vernon	22,280	\$1,161	\$52,110
Mountlake Terrace	20,360	\$920	\$45,187
Mukilteo	15,890	\$1,362	\$85,714
Oak Harbor	20,510	\$748	\$36,470
Port Angeles	18,890	\$992	\$52,515
<i>Average of comparators</i>	<i>18,283</i>	<i>\$927</i>	<i>\$50,980</i>
<i>Median</i>	<i>18,770</i>	<i>\$920</i>	<i>\$45,187</i>
Ave vs. Port Angeles	96.79%	93.48%	97.08%
Median vs. Port Angeles	99.36%	92.74%	86.05%

Of these comparators, Port Angeles ranks as follows:

**Table 3
Population Rank**

Jurisdiction	Population
Mount Vernon	22,280
Oak Harbor	20,510
Mountlake Terrace	20,360
Port Angeles	18,890
Marysville	18,770
Aberdeen	16,690
Mukilteo	15,890
Centralia	13,480

**Table 4
Assessed Valuation Rank**

Jurisdiction	1998 AV (\$mm)
Mukilteo	\$1,362
Mount Vernon	\$1,161
Marysville	\$1,156
Port Angeles	\$992
Mountlake Terrace	\$920
Oak Harbor	\$748
Aberdeen	\$636
Centralia	\$508

**Table 5
Assessed Valuation Per Capita Rank**

Jurisdiction	AV Per Capita
Mukilteo	\$85,714
Marysville	\$61,588
Port Angeles	\$52,515
Mount Vernon	\$52,110
Mountlake Terrace	\$45,187
Aberdeen	\$38,107
Centralia	\$37,685
Oak Harbor	\$36,470

Thus, one can see that Port Angeles ranks fourth in population and assessed valuation among the seven comparators, and third in assessed valuation per capita. This ranking, which

is fairly close to the median in each instance, reinforces the Arbitrator's conclusion that her selection of comparators is an appropriate one.

On a final note, the Arbitrator rejects the City's contention that Mountlake Terrace should be downweighted as a comparator. The City analogizes Mountlake Terrace to Kennewick's position in this Arbitrator's *City of Pasco* decision. This analogy is misplaced. Kennewick's population is more than twice that of Pasco, and its assessed valuation is significantly higher. It was included on the comparator list because, being adjacent to Pasco, it clearly was part of the local labor market. However its large population and tax base justified downweighting its influence as a comparator. That is not the case here; in fact, Mountlake Terrace's assessed valuation (total and per capita) is lower than that of Port Angeles. Its population is only 8% higher. In addition, Mountlake Terrace is far from being a contiguous city. The fact that Mountlake Terrace is the wage leader is no reason to downweight it; to state the obvious, some entity has to hold that position.

B. Wage Comparison With Comparable Jurisdictions

1. Benchmark Classifications

The parties disagreed on certain aspects of the methodology for performing wage comparisons. The City contends that the "benchmark" classification should be a 10-year employee with an AA degree. It argues that the City pays incentive pay for both longevity and education, which is unusual, and therefore both should be considered. It also maintains that more than half the bargaining unit is eligible, or will be eligible soon, for one or both of these incentives. The City points out that the ten-year benchmark, with the AA incentive, was used by the parties in prior wage surveys and negotiations. The Union opposes the City's position on the grounds that the majority of bargaining unit members do not enjoy any educational incentive. The Union asserts that the traditional benchmark is the top step base wage. It has, however, included information on the 7-year and 15-year benchmark.

The characteristics of the bargaining unit can be gleaned from the roster and summary shown on Tables 6 and 7. Although the exhibit from which Table 6 was derived was prepared sometime after February 1999, the Arbitrator will use a "snapshot" date of January 1, 1998.

Table 6
Roster of Employees, With Actual Monthly Base, Longevity and Educational Pay

Bench- marks	Name	Date of Hire	Monthly Pay	Monthly Lvty Pay	Monthly Educ Pay	Educ Level
	Gale Turton (Sgt)	May-76	\$3,900	\$312.00	\$216.67	BA
	Mike Silva	Feb-77	\$3,383	\$270.64	\$0.00	--
	Mike Hall	Jul-78	\$3,383	\$270.64	\$0.00	--
	Jim Baertschiger (Sgt)	Feb-80	\$3,900	\$234.00	\$216.67	BA
	Steve McLane (Sgt)	Jul-81	\$3,900	\$234.00	\$140.83	AA
15+yrs	Tom Bergeron	Feb-82	\$3,383	\$202.98	\$75.83	part AA
	Brian Raymond	May-83	\$3,383	\$202.98	\$0.00	--
	Steve Coyle	Sep-83	\$3,383	\$202.98	\$0.00	--
	Erick Zappey (Sgt)	Sep-84	\$3,900	\$156.00	\$97.50	part AA
	Terry Gallagher (Sgt)	Jan-85	\$3,900	\$156.00	\$97.50	part AA
	Ed Schilke	Mar-85	\$3,383	\$135.32	\$0.00	--
	Ed Benedict	Aug-86	\$3,383	\$135.32	\$121.33	AA
	Eric Kovatch	Dec-86	\$3,383	\$135.32	\$121.33	AA
	Glen Roggenbuck	Nov-87	\$3,383	\$135.32	\$0.00	--
10+yrs	Glen Wood	Dec-87	\$3,383	\$135.32	\$121.33	AA
	Bruce Knight	May-88	\$3,383	\$135.32	\$121.33	AA
	Kevin Miller	Sep-89	\$3,383	\$67.66	\$30.33	part AA
	John Lowell	Oct-90	\$3,383	\$67.66	\$0.00	--
5+ yrs	Jesse Winfield	Jul-92	\$3,383	\$67.66	\$0.00	--
	Allen Brusseau	Apr-93	\$3,383	\$67.66	\$0.00	--
	Tyler Peninger	Jul-93	\$3,383	\$67.66	\$184.17	BA
	Bob Ensor	Jul-93	\$3,383	\$67.66	\$0.00	--
	Jason Viada	Jun-94	\$3,383	\$67.66	\$184.17	BA
	Gerald Swayze	Feb-96	\$3,243	\$0.00	\$121.33	AA
	Tom Kuch	Dec-98	\$3,103	\$0.00	\$0.00	--
	Barb Morrison	Feb-99	\$2,841	\$0.00	\$0.00	--
	Dave Dombrowski	Feb-99	\$2,841	\$0.00	\$0.00	--
			Average	\$130.66	\$68.53	
			Median	\$135.32	\$30.33	

**Table 7
Educational and Longevity Breakdown**

As of January 1, 1998:	No. of Unit Employees	No. with Educ. Incentive
Longevity of 0-5 years	8	3
Longevity of 5-10 years	4	3
Longevity of 10-15 years	9	5
Longevity of 15 to 20 years	4	2
Longevity of 20+ years	2	1
Total:	27	14
Employees with part AA	4	
Employees with AA	6	
Employees with BA	4	
Total:	14	(of 27)

Although the Union is correct that the traditional "benchmark" classification is top step base wage, arbitrators also look at longevity as an element of basic compensation because it acts as an additional step in wages and because comparisons can be easily made. The City is correct in its contention that the median longevity is at about 10 years. In fact, 21 of the 27 bargaining unit members have been with the City more than 10 years.

Regarding the educational incentive, only a bare majority (14 of 27) received it at the start of 1998. Two of the newest hires will receive an educational incentive after completing the requisite two years of service. The average and median educational incentive was significantly lower than the AA degree level that the City would use as a benchmark. The average incentive pay at the outset of 1998 was \$68.53 and the median incentive pay was \$30.33. The distribution over the longevity pay scale was more or less even. Given this data, the Arbitrator does not believe using the AA degree level as a benchmark is appropriate. If one is to be used at all, it should be at the 1/2 AA degree level (\$60.67), which is close to the average incentive pay of \$68.53. The Arbitrator, nevertheless, is hesitant to quantify and analyze the educational incentive of comparable cities because of the difficulty of making like comparisons.

Nevertheless, she endeavored to do so, and her results, however, imperfect, are discussed below.¹

The Union contends that paid days off (holiday and vacation pay) should be factored into the analysis if incentive compensation, particularly educational incentive pay, is to be considered. The Arbitrator agrees, noting that making like comparisons of paid days off is not particularly difficult, although an exact “apples to apples” match cannot usually be made because of certain variations among comparators of their holiday, vacation and personal leave and pay structure.

2. Comparator Analysis

The following tables set forth the results of the Arbitrator’s analysis of wages in comparable jurisdictions, as compared with those in the Port Angeles Police Department. Table 8 contains data on the top step base pay, coupled with longevity pay, at five year intervals:

**Table 8
1998 Top Step Base, Officers, With Longevity Pay**

Jurisdiction	Base 1998	5+ yrs	10+ yrs	15+ yrs	20+ yrs
Aberdeen	\$3,721	\$3,721	\$3,721	\$3,721	\$3,721
Centralia	\$3,593	\$3,647	\$3,683	\$3,692	\$3,701
Marysville	\$3,751	\$3,758	\$3,781	\$3,812	\$3,821
Mount Vernon	\$3,784	\$3,784	\$3,839	\$3,894	\$3,894
Mountlake Terrace	\$3,950	\$3,950	\$3,950	\$3,950	\$3,950
Mukilteo	\$3,834	\$3,834	\$3,834	\$3,834	\$3,834
Oak Harbor	\$3,648	\$3,648	\$3,648	\$3,648	\$3,648
Port Angeles	\$3,383	\$3,451	\$3,518	\$3,586	\$3,654
Comparator Ave	\$3,754	\$3,763	\$3,779	\$3,793	\$3,796
Comparator Median	\$3,751	\$3,758	\$3,781	\$3,812	\$3,821
Ave. vs. Port Angeles	111.0%	109.1%	107.4%	105.8%	103.9%
Median vs. Port Angeles	110.0%	108.9%	107.5%	106.3%	104.6%

¹ Arbitrator Axon undertook a similar inquiry in a Everett police dispute, and found that both before and after factoring in longevity pay and college incentives, the officers’ wages were not competitively ranked. *City of Everett and Everett Police Officers’ Association*, PERC No. 12476-I-96-272 (Axon, 1997).

Table 9 is based on the same data as Table 8, but paid days off are factored into the analysis:

Table 9
1998 Top Step Base, Officers, With Longevity Pay and Paid Days Off
(Converted to Hourly)

Jurisdiction	Base 1998	5+ yrs	10+ yrs	15+ yrs	20+ yrs
Aberdeen	\$3,721	\$ 23.61	\$ 23.98	\$ 24.48	\$ 25.07
Centralia	\$3,593	\$ 23.08	\$ 23.71	\$ 24.29	\$ 24.89
Marysville	\$3,751	\$ 23.71	\$ 24.81	\$ 25.82	\$ 26.24
Mount Vernon	\$3,784	\$ 23.82	\$ 24.61	\$ 25.51	\$ 25.73
Mountlake Terrace	\$3,950	\$ 25.12	\$ 25.51	\$ 25.99	\$ 26.33
Mukilteo	\$3,834	\$ 24.37	\$ 24.58	\$ 24.90	\$ 25.11
Oak Harbor	\$3,648	\$ 23.09	\$ 23.38	\$ 23.83	\$ 23.90
Port Angeles	\$3,383	\$ 21.66	\$ 22.55	\$ 23.49	\$ 24.47
Comparator Ave	\$3,754	\$ 23.83	\$ 24.37	\$ 24.97	\$ 25.33
Comparator Median	\$3,751	\$ 23.71	\$ 24.58	\$ 24.90	\$ 25.11
Ave vs. Port Angeles	111.0%	110.0%	108.0%	106.3%	103.5%
Median vs. Port Angeles	110.0%	109.5%	108.0%	106.0%	102.7%

Table 10 includes additional pay equivalent to one-half the value of an AA degree in each jurisdiction:

Table 10
1998 Top Step Base, Officers, With Longevity Pay, Paid Days Off, and 1/2 AA
(Converted to Hourly)

Jurisdiction	Base 1998	5+ yrs	10+ yrs	15+ yrs	20+ yrs
Aberdeen	\$3,721	\$ 23.61	\$ 23.98	\$ 24.48	\$ 25.07
Centralia	\$3,593	\$ 23.31	\$ 23.95	\$ 24.53	\$ 25.14
Marysville	\$3,751	\$ 23.95	\$ 25.05	\$ 26.07	\$ 26.49
Mount Vernon	\$3,784	\$ 24.00	\$ 24.79	\$ 25.69	\$ 25.91
Mountlake Terrace	\$3,950	\$ 25.62	\$ 26.02	\$ 26.51	\$ 26.86
Mukilteo	\$3,834	\$ 24.49	\$ 24.70	\$ 25.02	\$ 25.24
Oak Harbor	\$3,648	\$ 23.41	\$ 23.71	\$ 24.16	\$ 24.22
Port Angeles	\$3,383	\$ 22.04	\$ 22.94	\$ 23.89	\$ 24.87
Comparator Ave	\$3,754	\$ 24.06	\$ 24.60	\$ 25.21	\$ 25.56
Comparator Median	\$3,751	\$ 23.95	\$ 24.70	\$ 25.02	\$ 25.24
Ave vs. Port Angeles	111.0%	109.2%	107.2%	105.5%	102.8%
Median vs. Port Angeles	111.0%	108.7%	107.7%	104.7%	101.5%

It is readily apparent from these analyses that relative to the parties' positions, the consideration of both paid days off and the educational incentive (at one-half the AA degree rate) tend to cancel each other out. Because of this, the Arbitrator concludes that nothing is to be gained from including paid days off and the educational incentive in the pay comparisons that follow (i.e., for Sergeants and for 1999 pay). In addition, she deems it inherently preferable to remain with the simple "apples to apples" comparison that includes only base wage and longevity.

In summary, a simple base wage plus longevity analysis for the 1998 pay of officers shows that the January 1, 1998, comparator average wage exceeded that of Port Angeles by the following percentage amounts, shown at five-year intervals.

Table 11

Base 1998	5+ yrs	10+ yrs	15+ yrs	20+ yrs
11%	9.1%	7.4%	5.8%	3.9%

As is readily apparent from this analysis, a 6% increase, even if offered for 1998, would not bring the majority of the bargaining unit up to the average of the comparators. It would only do this for the six bargaining unit employees having 15 or more years with the City. (The pay for the two employees with 20 or more years would be above the average of the comparators).

The pay lag grows for 1999. Of the comparable jurisdictions that have settled their contracts for 1999, the average pay increase has exceeded the CPI-W, as is shown on Table 12, next:

**Table 12
1999 Increase, Officers**

Jurisdiction	1999 Increase
Aberdeen	--
Centralia (2.3%+\$110 = 5% at 10 years)	5%
Marysville (90% CPI, floor 3%)	3%
Mount Vernon	4.5%
Mountlake Terrace	3%
Mukilteo	1.4%
Oak Harbor	--
Port Angeles	--
<i>Comparator Ave</i>	3.4%
<i>Comparator Median</i>	3%

Perhaps the 1999 average increase will be lower when Aberdeen and Oak Harbor settle their contracts. But, based on the information available now, the 1999 average pay of the comparators exceeds that of Port Angeles police officers by 8.7% to 15.6%. At the 10-year mark, the comparators' average wage is 12.2% over that of Port Angeles.

For sergeants, the analysis yields similar results, as shown on Tables 13 (for 1998) and 14 (for 1999). It must be noted, however, that all sergeants in the bargaining unit had at least 13 years' longevity as of January 1, 1998, making the first two, or perhaps three columns of the wage analysis irrelevant:

Table 13
1998 Top Step Base, Sergeants, With Longevity Pay

Jurisdiction	Base 1998 (Sgt)	5+ yrs	10+ yrs	15+ yrs	20+ yrs
Aberdeen	\$4,307	\$4,307	\$4,307	\$4,307	\$4,307
Centralia	\$4,143	\$4,205	\$4,247	\$4,257	\$4,267
Marysville	\$4,126	\$4,133	\$4,156	\$4,187	\$4,196
Mount Vernon	\$4,300	\$4,300	\$4,355	\$4,410	\$4,410
Mountlake Terrace	\$4,554	\$4,554	\$4,554	\$4,554	\$4,554
Mukilteo	\$4,441	\$4,441	\$4,441	\$4,441	\$4,441
Oak Harbor	\$4,159	\$4,159	\$4,159	\$4,159	\$4,159
Port Angeles	\$3,900	\$3,978	\$4,056	\$4,134	\$4,212
Comparator Ave	\$4,290	\$4,300	\$4,317	\$4,331	\$4,333
Comparator Median	\$4,300	\$4,300	\$4,307	\$4,307	\$4,307
Ave vs. Port Angeles	110.0%	108.1%	106.4%	104.8%	102.9%
Median vs. Port Angeles	110.3%	108.1%	106.2%	104.2%	102.3%

Table 14
1999 Increases, Sergeants

Jurisdiction	1999 Increase
Aberdeen	--
Centralia (2.3%+\$110 = 4.9% at 10 years)	5%
Marysville (90% CPI, floor 3%)	3%
Mount Vernon	5%
Mountlake Terrace	3%
Mukilteo	1.7%
Oak Harbor	--
Port Angeles	--
Comparator Ave	3.5%
Comparator Median	3%

To summarize, the above wage analyses show that for the 1998 and 1999 contract years, police officers in Port Angeles should receive about a 11% to 12% pay increase to make their pay, overall, relatively comparable to the average pay of comparator jurisdictions. For Sergeants, the increase should be between 9% and 10%. These figures substantially exceed the 6% (1999 implementation) offered by the City. Likewise, they are substantially less than the roughly 15% increase (12% for 1998 and .90% CPI for 1999) sought by the Union. As to

whether bargaining unit wages should be advanced to these levels will be discussed in the next sections.

Before doing so, the Arbitrator notes that if she were given free rein to fine-tune the pay schedule, she would consider giving newer bargaining unit members a larger increase than more senior bargaining unit members, because the pay lag of the junior employees is greater. The only way to accomplish this, however, would be to change the longevity pay provisions in the Contract. Longevity pay was not certified for interest arbitration and the Arbitrator, therefore, lacks the authority to tamper with the longevity premium.

3. Other Statutory Considerations

One important remaining consideration concerns the City's financial health. Although the City has the ability to pay a substantial increase, the City contends it can not do so without imposing a significant strain on its resources and its ability to deliver other services. The Union disagrees, noting in particular the large surpluses and reserves that the City has been carrying.

According to the Arbitrator's calculation, the Union's proposal would cost the City something over \$500,000 over a three-year period. The City's would cost about a third of the Union's.

Although the Union presented a reasonable argument that the City's financial health is much better than the City claims, the Arbitrator is not convinced that its outlook is rosy. Regarding budgeting and surpluses, there is a fine line between excess caution and fiscal responsibility. While the City may have and continue to maintain enough of a cushion to pay a sizeable wage increase, such an increase, nevertheless, would impose a strain on its diminishing resources, in this Arbitrator's opinion. The Arbitrator finds that the City presented persuasive evidence that its major revenue sources are and will remain relatively flat, after adjusted for inflation. Assessed valuations of city property are not growing in any appreciable respect. The Rayonier plant closed in 1997, resulting in the loss to the City of a 6% utility tax

on the revenue, and, apparently starting in 1998, a sizeable percentage of the property tax stemming from an assessed valuation of \$22 million. (The assessed valuation for that property was projected to decrease to \$2 million). In addition, the mill closure placed downward pressure on other revenue sources as unemployment increased. Sales tax revenues are being adversely affected by the recent location of new, large retailers, such as Wal-Mart and Costco, outside of the City's jurisdictional limits.

Cost of living considerations likewise favor a conservative approach to wages. The City furnished evidence that during the past decade, wage increases among Port Angeles police officers outpaced increases in the Consumer Price Index. The City also presented evidence, mostly in the form of housing costs, showing that the cost of living in Port Angeles is lower than the Puget Sound metropolitan area. This evidence carries less weight, however, because only two of the comparators, Mukilteo and Mountlake Terrace, are clearly within the high cost Central Puget Sound area. (Both jurisdictions are located in Snohomish County). The Arbitrator is not certain how housing costs in the other comparator jurisdictions compare with those in Port Angeles.

Regarding the appropriate CPI Index, the parties agreed upon the use of the December to December Seattle CPI-W, and they agreed that any CPI-based increase should be pegged at 90% of that figure.

Considerations relative to the local labor market favor the City. The City presented evidence that Port Angeles labor market wages tend to be lower than the parts of the state in which the comparator jurisdictions are located. Moreover, the unemployment rate is higher than in all of the comparator jurisdictions located around Puget Sound. An employer exhibit shows that the 1996-1998 Clallam County unemployment rate was 8.5%. The unemployment rate was 3.9% in Island County (Oak Harbor), 3.9% in Snohomish County (Mountlake Terrace, Mukilteo and Marysville), and 7.9% in Skagit County (Mt. Vernon). (The unemployment rate for

Grays Harbor County, where Aberdeen is located, was 10.5% higher than Clallam County, and was 8.7% in Lewis County, where Centralia is located.) The declining timber industry and closing of the Rayonier mill has caused a shift away from higher paying manufacturing jobs to the lower paying service sector jobs. The City presented evidence that average wage for 1997, relative to Clallam County, were higher in all the comparator counties except Island County, and the average wage in Washington State as a whole was 32% above that of Clallam County:

**Table 15
Average Monthly Wages**

County	Average Monthly Wage
Grays Harbor	\$2,031
Lewis	\$1,996
Island	\$1,765
Skagit	\$1,945
Snohomish	\$2,687
Clallam	\$1,943
State of Washington	\$2,563

The City also presented evidence that throughout the past decade, per capita income (particularly the earned income component) in Clallam County was stagnant, while it grew in Washington State as a whole. Similarly, median household income in Clallam County was well below that of comparator counties located on Puget Sound.

Two hotly debated considerations in this case pertain to internal parity. The Union contends that bargaining unit wages inappropriately lag that of the City's firefighters. The Employer contends that the 1998 wage freeze imposed upon or accepted by all other City employees should carry over to this bargaining unit. It also contends the Arbitrator should give consideration to the fact that between 1984 and 1999, bargaining unit wages have increased more than wages have increased in other City bargaining units or among non-represented employees.

Other arbitrators have given at least some weight to considerations of internal parity.

Arbitrator Krebs stated, as noted by the City in its closing brief::

From the standpoint of both the employer and the union, the settlements reached by the employer with other bargaining units are significant. While those settlements are affected by the peculiar situation of each individual bargaining unit, still there is an understandable desire by the employer to achieve consistency. From the union standpoint, it wants to do at least as well for its membership as the other employer unions have already done. At the bargaining table, the settlements reached by the employer with the other unions are likely to be brought up by one side or the other. Thus, it is a factor which should be considered by the Arbitrator.

City of Kennewick and International Association of Firefighters, Local 1296, AAA 75 300 00225

96 (Krebs, 1997). Arbitrator Lehleitner similarly stated:

[W]hile there is no hard and fast rule that all County wage rates must remain in lock step, it is generally not in the interest and welfare of the public to pay higher (or lower) wage rates to one particular group of employees absent special circumstances justifying such treatment.

Cowlitz County and Cowlitz County Corrections Officers' Association, (Lehleitner, 1996). See also, Spokane County and Spokane County Deputy Sheriff's Association (Krebs, 1999) (other bargaining units had a wage freeze in 1997); City of Pullman and Pullman Police Officers' Guild (Axon, 1992); Intercity Transit and ATU (Krebs, 1995).

This Arbitrator takes the view that the wage freeze imposed upon or accepted by other City employee groups is an important consideration. She is not persuaded that the isolated increases given to some management positions was an exception that should undermine this consideration. The City-wide wage freeze for 1998 should not, however, be the tail that wags the dog. It is simply one of the valid considerations that has been at least implicitly endorsed by the Legislature. It is not a consideration that should apply to the exclusion of all others.

The fact that police wages increased, over a span of a 15 years, at a rate exceeding that of other employee groups is another consideration favorable to the Employer, but not a significant consideration, in this Arbitrator's opinion.

Regarding firefighter parity, the Arbitrator agrees with the Union's implicit assumption that in most cases, police wages are equal to or above firefighter wages in the same jurisdiction. Nevertheless, the Arbitrator is reluctant to take this factor into account because it involves essentially a consideration of "comparable worth," one that she has been presented with and rejected on other occasions. *E.g., Multnomah County and Multnomah County Correction Officers' Association, Wilkinson (1993)* (corrections officers sought wage parity with Sheriff's deputies).² In addition, the Arbitrator also notes the City's contention that when one considers the differing pay structures between its police and firefighters, the difference in wages is not significant.

Considerations pertaining to turnover favor the City. The City's evidence indicated that the City has had no difficulty attracting qualified candidates based on existing pay and no difficulty in retaining them once they are hired. The Police Department lost five officers during the past decade, and none of those departures were occasioned by the officer seeking higher paying work with another law enforcement agency.

Finally, as the City notes, the workload and the kind of work performed by bargaining unit members has not changed over the past decade. The major categories of police activity have remained stable.

The most significant consideration favoring the Union, in this Arbitrator's opinion (aside from the wage lag relative to the City's comparators), is the City's ranking in assessed valuation and assessed valuation per capita. If the City's rank were at the bottom, it might be reasonable to consider a pay rate that also would occupy that position. However, the City ranks fourth of eight jurisdictions in assessed valuation overall (see Table 4), and third in per capita assessed valuation (see Table 5). It appears that the assessed valuation information supplied by both parties did not include the \$20 million assessed valuation loss (a reduction on the mill property

² Although the Multnomah County corrections case arose under Oregon law, at the time, the Oregon interest arbitration statute was substantially similar to Washington's.

from \$22 million to \$2 million) that the City projects from the closure of the Rayonier mill. The Arbitrator performed a computation that reduced the City's assessed valuation by \$20 million and found that the effect on its position relative to its comparators was not particularly significant. At the lower assessed valuation, the City still would rank fourth of the eight jurisdictions. Its position in the assessed valuation per capita ranking would go down one notch, from third to fourth. By comparison, the City ranks dead last for 1998 police officer wages at the entry, five, ten and fifteen-year marks, and second to last at the 20-year level. A 6% increase in 1998 wages would place it at a more respectable fifth spot at the ten and fifteen-year marks. It would rank sixth at the five-year level and third at the twenty-year mark. To maintain that position into 1999, bargaining unit wages should be increased by at least 90% of the CPI, if not more.

After considering all of the above factors, as well as any other statutory factors not specifically addressed herein, the Arbitrator concludes that the City's wage increase offer is inadequate, but that a wage increase that would place the City's police officers and sergeants at the average or median of its comparators cannot be justified in the City's current economic climate. The Arbitrator concludes that a 6% catch-up increase, however, is warranted. However, considering the City-wide wage freeze for 1998, and the City's less-than-rosy economic outlook, the final award will split the 6% increase between 1998 and 1999. In addition, a cost-of-living increase will be awarded for 1999, as well as for the year 2000. The Arbitrator estimates this award will cost the City approximately \$150,000 over and above its final proposal in this case, spread over three years. The cost of the award will not place an undue burden on the City.

As a final comment, the Arbitrator entertained the notion of taking some of the pay increase awarded away from sergeants, and adding it to the officers' increase, a stratagem that

her comparability analysis would support. She is mindful, however, of the objective of the interest arbitration articulated by Arbitrator Carlton Snow:

[The arbitrator should produce] a final decision that will, as nearly as possible, approximate what the parties themselves would have reached if they had continued to bargain with determination and good faith.

City of Seattle and Seattle Police Management Association, PERC No. 6502-I-86-148 (Snow, 1988). Neither party's final offer split the increase in this way, nor was there any evidence that the parties, during their negotiations, entertained a differential increase. Therefore, the Arbitrator has no reason to believe that such a result would had obtained had the parties' negotiations reached a reasonable and logical conclusion.

VII. AWARD

The decision and award of the Arbitrator in this dispute is as follows:

- Effective January 1, 1998: A 3% across-the-board wage (i.e., officers and sergeants) increase.
- Effective January 1, 1999: A 3% across-the-board wage increase, plus a cost-of-living increase equal to 90% of the Seattle CPI-W for the previous year. The basis for the cost-of-living increase should be the pay rate that results after the 3% wage rate for 1999 has been calculated.
- Effective January 1, 2000: A cost-of-living increase equal to 90% of the Seattle CPI-W increase for the previous year.

Date: November 15, 1999


Jane R. Wilkinson
Labor Arbitrator