

**City of Aberdeen
And
Aberdeen Police Association
Interest Arbitration
Arbitrator: Gary L. Axon
Date Issued: 02/19/2000**

**Arbitrator: Axon; Gary L.
Case #: 14678-I-99-00322
Employer: City of Aberdeen
Union: Aberdeen Police Association
Date Issued: 02/19/2000**

**IN THE MATTER OF)
)
INTEREST ARBITRATION) PERC 14678-I99-322
)
BETWEEN) ARBITRATOR'S OPINION
)
THE ABERDEEN POLICE ASSOCIATION,) AND AWARD
)
Association,) 1999 WAGE REOPENER
)
and)
)
CITY OF ABERDEEN, WASHINGTON,)
)
City.)**

**HEARING SITE: City Hall
Aberdeen, Washington**

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I. INTRODUCTION

The City of Aberdeen, Washington (City) and the Aberdeen Police Association (Association) are signatories to a Collective Bargaining Agreement effective January 1, 1998, through December 31, 2000. Included in the Collective Bargaining Agreement is Article 29, which states:

**ARTICLE 29
REOPENING OF AGREEMENT FOR 1999 AND 2000**

The provisions of Article 19 covering salary ranges for Patrol Officer, Lead Patrol, and Sergeant, and including an Association proposal for creation of a deferred compensation plan with a matching contribution from the Employer, shall be reopened for negotiation upon written demand no earlier than July 1, 1998, and no later than August 31, 1998, for the year 1999, and no earlier than July 1, 1999, and no later than August 31, 1999, for the year 2000. During such negotiations, all Articles covering Wages and Benefits shall remain in effect until new terms for the above provisions of Article 19 are mutually agreed upon or until the impasse procedure is exhausted. This paragraph affects and relates only to the provisions of Article 19 and benefits enumerated and no other article or provision shall be affected, and any changes are to be effective on January 1, 1999, and January 1, 2000, respectively.

The parties were unable to resolve the 1999 wage dispute through negotiation and mediation.

In a letter dated July 7, 1999, Marvin L. Schurke, Executive Director, Public Employment Relations Commission, certified for interest arbitration under RCW 41.56.450 the issue:

- 1. Article 29 - Reopening of Agreement for 1999 and 2000. Specifically, the 1999 wage reopener.**

City Ex. 4, p. 1.

The case was scheduled for hearing before this Arbitrator for a final and binding resolution. The parties have agreed that the wage increase awarded shall be retroactive to January 1, 1999.

The City has a population of 16,420 persons and is located in Grays Harbor County, Washington. Grays Harbor County (County) is located along the Pacific coast of western Washington. The total County population was estimated at 68,300 for 1997. Assoc. Ex. 16. Aberdeen is the largest city in the County. The population growth for the County has increased by 5.34% from 1990 to 1999. City Ex. 11. The population of the City of Aberdeen has remained constant over that same period of time.

The City is located in a sparsely populated rural county. The population per square mile within the City is 1,422.85. City Ex. 10. The per capita assessed valuation for the City is \$38,771 and its regular levy rate for 1999 is 3.09. City Ex. 9. The 1999 total property valuation was \$636,624,943.

The Association represents a bargaining unit composed of 32 police officers, including eight sergeants and three lead patrol officers. The majority of the police officers work patrol and are rotated in and out of detective positions. Seven officers receive premium pay for participating in the City's "Advanced Officer" program. City Ex. 6. The Chief of Police is Robert L. Maxfield.

At the commencement of the arbitration hearing, the opening statements from the parties revealed a sharp difference of opinion over the issue of comparability. In addition, the parties also disagree over methodology and means by which to compare the wages and contract benefits of Aberdeen police officers with their counterparts in other cities. A significant amount of hearing time was devoted to the presentation of evidence and argument on the statutory factor of comparability. The Arbitrator directed the parties to address the issue of comparability separately at the beginning of their post-hearing briefs. The Arbitrator will address the comparability issue at the commencement of his

discussion and findings.

The hearing in this case required one day for each side to present their evidence and testimony. The hearing was recorded by a court reporter and a transcript was made available to the parties and the Arbitrator. Testimony of witnesses was received under oath. At the hearing the parties were given the full opportunity to present written evidence, oral testimony, and argument regarding the issue in dispute. Both the Association and the City provided the Arbitrator with substantial written documentation in support of their respective positions on the wage issue.

Moreover, the parties also submitted comprehensive and detailed post-hearing briefs in further support of their respective positions taken at arbitration. The approach of this Arbitrator in writing the Award will be to summarize the major, most persuasive evidence and argument presented by the parties on the wage issue. After the introduction of the issue and the positions of the parties, I will state the basic findings and rationale which caused your Arbitrator to make an award on the wage issue.

The overall context for review of this case is under the terms of Article 29 providing for reopening of the agreement on the subject of the 1999 wage schedule. The City offered an across-the-board salary increase of 2% effective January 1, 1999. The City objected to consideration of an employer-matched contribution to a new deferred compensation plan for members of the Association as an illegal subject of bargaining. The Association proposed an across-the-board salary increase of 13% effective January 1, 1999. The Association also made an alternative proposal of an 8% salary increase and a deferred compensation plan with matching contribution from the City of 5% of gross earnings effective January 1, 1999.

This Arbitrator has carefully reviewed and evaluated all of the evidence and argument submitted pursuant to the criteria established by RCW 41.56.465. Since the record in this case is so comprehensive, it would be impractical for the Arbitrator in the discussion and Award to restate and refer to each and every piece of evidence, testimony, and argument presented. However, when formulating this award, the Arbitrator did give careful consideration to all of the evidence and argument placed into the record by the parties.

The statutory criteria are set out in RCW 41.56.465, as follows:

- (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;

(ii) For employees listed in RCW 41.56.030(7)(e) through (h), 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 public fire departments of similar size on the west coast of the United States. However, when an adequate number of comparable employers exists within the state of Washington, other west coast employers may not be considered;

(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.

Because of the voluminous record and extensive arguments in this case, the parties waived the thirty (30) day period an arbitrator would normally have to publish an interest award under the statute.

II. POSITIONS OF THE PARTIES

A. The Association

The Association takes the position the award should be based on a just and fair application of the statute. A principled approach to decision making in interest arbitrations rejects extreme positioning by either party. Pursuant to that principle, the legislature intended the parties should not be allowed to gain through arbitration that which would not reasonably be anticipated through unrestricted collective bargaining. The Association submits the City has acted contrary to the legislative intent and has engaged in extreme posturing throughout negotiations in the hope that the arbitration proceeding would result in a wage settlement which the City would not otherwise be able to acquire through unrestricted collective bargaining.

In 1998 the Association agreed to no wage increase in 1998 in exchange for a reopener in 1999. The Association accepted the City's arguments for a zero wage increase because the City had "infrastructure expenditures" it needed to attend to in 1998. According to the Association, it only agreed to no increase based on an implicit understanding between both parties that the City was going to "make it right" in 1999. The presumption was the Association would see a large increase in 1999 to make up for the lack of any increase in 1998. The evidence shows the City failed to live up to this understanding when it took a hard line in the 1999 bargaining and seeks to deny the Association an appropriate wage increase for 1999.

With respect to the City's bargaining position, the Association maintains the City chose to bargain to impasse and go to arbitration, arguing an overly legalistic application of the

interest arbitration statute in order to produce a novel and unjust result. The Arbitrator should reject the City's position in order to prevent management from turning the process into a legal charade. The Association must be able to trust the system; otherwise, the damage to the relationship between the parties will ultimately affect the public welfare of the citizens of the City of Aberdeen.

The Arbitrator should adopt the Association's comparability approach. The arbitration awards demonstrate that comparability is of overriding importance in an interest arbitration. While the statute provides for a number of criteria, comparability has been recognized by interest arbitrators as the predominant criteria to be used in determining the appropriate wage increase. The reason for the reliance on comparability data is that it allows for a presumptive test to the fairness of a wage structure. Because these comparisons carry an aura of fairness, they create an opportunity to produce a result acceptable to those affected.

The Association takes the position the City's approach to selecting comparables is result oriented and inherently flawed. After successfully extracting a zero increase from the bargaining unit in 1998, the City realized it would have to pay in 1999 to make up for the loss in 1998. The City now hopes to avoid this obligation by asking the Arbitrator to apply an extremely rigid comparables analysis, and thereby minimize its obligation to the Association. This is exactly what the City is trying to do when it asks the Arbitrator to apply a strict up/down population criteria, and disregard the statutory mandate of selecting like employers. Arbitral authority holds that, in determining comparability, arbitrators give the greatest consideration to population, geographic proximity or labor market, and assessed valuation.

The Association takes the position its comparability approach is superior because it looks to fundamental geographic and labor market factors. A major issue of comparability in this case comes down to what is sometimes referred to as the "Cascade Curtain." Arbitrators have held repeatedly that, where sufficient comparables lie on one side of the Cascade mountain range, there is no need to select comparables on the other side of the range. The Association submits there is a multitude of comparable cities on the west side to choose from in measuring what the appropriate wage increase should be for the members of this bargaining unit.

Contrary to the arbitral authority, the City is asking this Arbitrator to disregard the fact that there are sufficient comparables on the west side and to utilize jurisdictions from the east side in order to drive down the wages of the members of this bargaining unit. Both parties have provided the Arbitrator with

numerous west side comparators that fit within the statutory criteria of "like personnel of like employers of similar size." The eleven western comparators proposed by the parties are sufficient. If the Arbitrator finds the proposed comparators are not adequate, he has the authority to select from many of the alternate western Washington contracts contained in Volume 1 of the Association's exhibit book.

Regarding the City's proposal to use three comparators from eastern Washington, the Association points out that the economies of eastern Washington cities are fundamentally different from the economies on the west side. The broad differences are reflected in the economies, demographics, and industrial topology. Sunnyside, Ellensburg, and Moses Lake are agrarian-based economies with high levels of seasonal work and migrant farm worker populations. Aberdeen, located in Grays Harbor County, bases its economy on manufacturing and government services and is fairly close to the standard of a stable population. Farming is the big industry that dominates the economic life of Ellensburg and Moses Lake. The same is true for Yakima, where substantial employment is in the agricultural sector.

A review of the unemployment claims reveals that 39% of those claims from Grays Harbor originate from white collar professions and 61% from blue collar professions. In Grant County and Yakima County the largest percentage of unemployment claims originate from agriculture which is prone to seasonal unemployment.

Moreover, the sufficiency of western comparators is evidenced by those jurisdictions which both sides have offered as comparable jurisdictions. Mountlake Terrace, Kelso, and Tumwater are all west side jurisdictions. The Arbitrator should give credence to the fact that both sides have recognized three west side jurisdictions as appropriate comparators when developing the full list of cities on which to base an award.

The Arbitrator should adopt the Association's variance range to select comparables and refuse to adopt the City's strict up/down approach. In the view of the City, a +1-50% range should be used, yet at least one of the City's comparables exceeds 50% of assessed valuation, suggesting agreement with the Association's screen. All comparables offered by the City and the Association fit within the +1-50% screen on populations. Many arbitrators have allowed the comparables to exceed a +50% screen by refusing to adopt a strict up/down approach and allowing "other factors" to be considered. The key to assessing this range is understanding that what is being utilized is a ratio of two-to-one in both directions. It is also noted it is the task of the Arbitrator to sift through the data to determine who truly has produced a more balanced set of comparators.

Turning to specific cities, the Association argues that Hoquiam and Olympia are required under a labor market geographic analysis. Although Olympia and Hoquiam fall outside the 50/100 screen of population and assessed valuation, they should be included as comparators because of their influence and proximity to the Aberdeen labor market. Olympia should be included because it falls within the sphere of influence of Aberdeen. Arbitrators have consistently held that close geographic proximity between jurisdictions warrants special consideration in the selection of comparables. In the instant case, the proximity of Olympia and Hoquiam to Aberdeen is undisputed. The sphere of influence clearly encompasses the City of Aberdeen. Thus, both jurisdictions deserve to be seriously considered by this Arbitrator and included in the final list of comparable jurisdictions.

The Association takes the position that the comparables support its wage proposal for 1999. A straight wage analysis of the western comparables proposed by the Association and the City supports the Association's wage proposal. The base five-year monthly salary for a police officer in western Washington reveals as follows:

Anacortes	\$3,873.00
Issaquah	\$4,288.00
Port Angeles	\$3,676.00
Mountlake Terrace	\$4,067.00
Hoquiam	\$3,687.00
Kelso	\$3,980.00
Olympia	\$4,272.00
Tumwater	\$3,975.00
Average	\$3,977.00
Aberdeen	\$3,721.00
Difference	6.9%

The five-year base wages for the City's west comparables are as follows:

Mountlake Terrace	\$4,067.00
Kelso	\$3,980.00
Tumwater	\$3,975.00
Oak Harbor	\$3,899.00
Centralia	\$3,788.00
Lake Forest Park	\$3,857.00
Average	\$3,928.00
Aberdeen	\$3,721.00
Difference	5.6%

The Association next argues that arbitrators have been fairly consistent in considering both education and longevity premiums in measuring wage inequities. When longevity and education premiums are considered, neither of which Aberdeen provides to its employees, the disparity grows even further:

JURISDICTION	5-YEAR BASE	LONGEVITY	AA	TOTAL
Anacortes	\$3,873.00			\$3,873.00
Issaquah	\$4,288.00		\$60.00	\$4,348.00
Port Angeles	\$3,676.00	\$68.00	\$112.00	\$3,856.00
Mountlake Terrace	\$4,067.00		\$189.00	\$4,256.00
Hoquiam	\$3,687.00		\$74.00	\$3,761.00
Kelso	\$3,980.00	\$80.00	\$50.00	\$4,110.00
Olympia	\$4,272.00		\$85.00	\$4,357.00
Tumwater	\$3,975.00		\$80.00	\$4,055.00
AVERAGE				\$4,077.00
Aberdeen	\$3,721.00			\$3,721.00
% Difference				9.57%

For those with a B.A. degree, the disparity increases to an 11.72% difference between Aberdeen and the comparables. The Arbitrator should take special note of the fact that 100% of the comparables proposed by the City receive an education premium which amounts to an 11% difference between Aberdeen and the employer's own comparators. It is within the discretion of the Arbitrator to accord weight to the education and longevity premiums. The bottom line is roughly one-third of Aberdeen's officers have a B.A. degree and all comparables, City and Association, receive education incentives. Therefore, the Arbitrator in his analysis of the compensation package should consider the impact of the premiums paid in the comparators.

The Association next argues that the settlement trends support their proposal for 1999. The following chart summarizes the settlement trends:

WAGE INCREASES	1998	1999	COMBINED 1998 & 1999
Mountlake Terrace	5.00%	3.00%	8.00%
Kelso	2.64%	3.40%	6.04%
Tumwater	4.70%	3.10%	7.80%
Oak Harbor	3.90%	5.50%	9.40%
Lake Forest Park	7.50%	3.00%	10.50%
	5.40-	14.40-	
Centralia	9.00%	9.40%	18.40%
Moses Lake	2.60%	2.00%	4.60%
Ellensburg	7.20%	3.40%	10.60%

Sunnyside	3.00%	3.00%	6.00%
Olympia	3.10%	3.10%	6.20%
Port Angeles	3.00%	5.50%	8.50%
Anacortes	4.50%	4.00%	8.50%
Issaquah	4.00%	2.50%	6.50%
Hoquiam	10.00%	3.00%	13.00%

Employer Comparables

Average (%) 8.593

Association Comparables

Average (%) 8.068

Based on the wage trends described in the above chart, the Association concludes settlement trends alone justify the 8% proposed by the Association.

The Association next argues that the City's feeble attempts to justify no wage increase in 1998 are misplaced. The wage trends indicate that police settlements have exceeded the CPI rather than mirrored the CPI as claimed by the City. Further, the police contract settlement trends do not appear to be unrealistic or out of line with the general economy. Data indicates the wage increases in the general economy have been greater than police contract settlements. The City's attempt to justify its position by a CPI analysis is flawed.

Even the other interest arbitration eligible group in the City--the firefighters--indicates a wage increase substantially above the CPI. However, the City, in its arguments based on the CPI, conveniently ignores the fact of the wage increase granted to firefighters. Here, the City attempts to penalize police officers for the same economic trend that results in increases in excess of the CPI for its firefighters.

Employer Exhibit 27, comparing CPI to Aberdeen wage increases, is misleading and inaccurate. The City fails to provide any source data for its wages in 1982 and 1987 and pulls them out of thin air. Even if it is assumed those numbers are accurate, adding the annual CPI and annual wage increases demonstrates the difference in the CPI and wage increases are negligible. In addition, the City failed to take into account the fact that it provided no wage increases in 1985, 1986, 1987, and 1988, even though the cost of living increased each of those years. That is a real wage loss for those years, and the wages are lost permanently.

Turning to the City's argument that the slight increase in the AOP plan was a benefit, the Association asserts this is false for three main reasons. First, only a handful of officers

are eligible for the AOP plan. Second, the SERT premium was eliminated for those participating while the City simultaneously cut the SERT training opportunities in half. Third, all sergeants are precluded from participating in the AOP plan.

The Association also rejects the City's argument that employees received an economic benefit increase in 1998 because they had to work 17 hours less per year. According to the Association, this is absurd because the 17 hours did not increase take-home pay, nor did it increase the cost to the City. The Association concludes that the length of the normal work year of 2,080 hours reduced by 17 hours resulted in a negligible .0817% reduction in work hours.

During negotiations, the City never raised financial considerations or inability to pay arguments, nor did they do so at the arbitration hearing. According to the Association, this is understandable because the fiscal condition of the City is extremely healthy. By the end of fiscal year 1999, Aberdeen will have a reserve fund of \$2.5 million. The total police budget is a maximum of \$3.6 million. Aberdeen has consistently been running budget surpluses in seven of the last eight years. The economic conditions of the City have been so good that the City Council actually reduced taxes on pull tabs and commercial punch boards in October 1998. The City's reduction in taxes has come at the expense of police officers' wages. Given the financial condition of the City, the Association concludes it can spare the meager 13% increase sought by the Association over a period of two years.

The Association proposed an alternative offer in these negotiations in the form of a deferred compensation program. While the City challenged the proposal as illegal, the Association urges the Arbitrator to reject the City's legalistic arguments in light of the fact deferred compensation proposals exist in the state of Washington. The deferred compensation proposal of the Association has absolutely nothing to do with LEOFF I or LEOFF II. The City is comparing apples to oranges in an attempt to mislead the parties. The City offers a deferred compensation program to its non-bargaining unit employees. The obvious goal of the City is to keep the deferred compensation program as a management benefit.

The Association next argues that both its comparables and the City's comparables support a deferred compensation match of 5%. Almost all comparables provide some kind of employer contribution, either through Social Security or in a deferred compensation plan. The record reflects an increasing number of comparables, and local labor market jurisdictions are adding deferred compensation benefits, especially for employee groups who are not covered by Social Security. The fact is now that even Social Security participants are beginning to acquire deferred compensation

benefits. Even the City is acknowledging this trend by providing deferred compensation to its non-union employees.

The Association concluded in its post-hearing brief as follows:

This case represents a classic example of why the interest arbitration statute was adopted. The City has plenty of money, much of which has come from low police wages. Aberdeen has a City Council which can, but will not, provide comparable wages and benefits for its police department. Often, political survivorship depends on plausible deniability. Although the City Council does not have the political will to correct this situation, they invite the arbitrator to make the decision for them. At best, they end up with a "novel result" that they would not have been able to achieve with unfettered bargaining. At worst, they can redirect their constituents to the statute and relinquish themselves of responsibility. In the short run, it is a win-win situation for the Council members either way. In the long run, if the City gets its "novel" request, it is only the Police Department and the general welfare of the citizens of Aberdeen that will be harmed.

By the time the Arbitrator reads this brief, the Aberdeen Police officers will have worked more than three years without a wage increase. Moreover, it seems that the Employer intends on denying them an increase in 2000. This is the time and place to change this clearly unsupportable trend, and grant the Association's proposal of an 8% wage increase effective January 1, 1999, and a 5% deferred compensation match.

Association Brief, pp. 28-29.

B. The City

The City begins with a review of how it believes the statutory criteria should be applied to this case. In the view of the City, the task of an interest arbitrator is to fashion an award which constitutes an extension of the bargaining process. If

arbitration is allowed to become an entirely separate and distinct proceeding, collective bargaining will become little more than a meaningless warm-up ritual for the arbitration "game." The parties must not be allowed to view arbitration as a panacea for unrealistic proposals which would never be acceptable in the underlying bargaining process. The interest arbitration process must involve a sifting and weighing of all of the factors in deciding upon an appropriate wage application. Application of a mechanical formula, whether it be a flawed comparison of some, but not all, components of compensation, or a single comparison with the highest paying entity, must be rejected for failure to take into account the full range of factors which must be applied. The City respectfully contends that, when all of the required relevant factors are taken into account, the City's 2% wage proposal should be adopted.

The City next described its method of selecting comparables by using the factors of population and assessed valuation. The City began by selecting all Washington cities within 50% above and below Aberdeen's population. The City then narrowed the list by selecting those jurisdictions which were within 50% above or below the assessed valuation of Aberdeen. Because this resulted in a list of fifteen cities, the City then narrowed the list by eliminating the six cities with the lowest population and assessed valuation. The City offered the selection of the following nine comparables for use by the Arbitrator as follows:

Oak Harbor
Mountlake Terrace
Moses Lake
Ellensburg
Centralia
Lake Forest Park
Tumwater
Sunnyside
Kelso

The City attacked the Association's methodology because it began by selecting Washington cities within 200% above and 50% below Aberdeen's assessed valuation. This resulted in a list of some 56 cities. The Association then picked and chose among the resulting group of cities based upon the wage and benefit packages offered by the employer. The Association next offered two cities which did not meet its own criteria, that of Hoquiam and Olympia. Olympia has a population that is almost 2.5 times as large as Aberdeen and assessed valuation of over four times as large as

Aberdeen. The only plausible explanation for the Association's results is "benefits shopping." The average five-year top step monthly salary of the City's comparables is \$3,586. City Ex. 28. The average five-year top monthly salary of the Association's proposed comparables is \$3,940. Assoc. Ex. 23.

A review of interest arbitration awards in Washington supports the City's utilization of a similar population range and assessed valuation for selecting comparables. The cities proposed by the Association have an average population 9.6% larger than Aberdeen. In addition, the average assessed valuation of the Association's cities is 76.8% larger than Aberdeen. Aberdeen's assessed valuation is \$636,494,452. The average assessed valuation of the Association's cities is \$1,125,610,003. The Arbitrator should reject the Association's proposed jurisdictions based upon an assessed valuation which is not comparable to that of Aberdeen.

Moreover, the Association has introduced evidence intended to suggest that Aberdeen and Grays Harbor County are experiencing tremendous new growth and prosperity. While it is true the economy in the Aberdeen area is growing slowly, this has been reflected in a modest increase in the City's budget. The 2000 general government budget reflects an increase in expenditures of 4.1% over 1999, and revenues are projected to increase by 6.6%. This will be accomplished with no increase in property taxes for the citizens of Aberdeen in 2000. The City submits the modest improvements in the local economy do not warrant a comparison to such cities as Issaquah and Olympia.

In resolving this dispute, the Arbitrator needs to understand the context in which the parties voluntarily agreed to a zero percent increase for the first year of the three-year contract. The Association has argued that its proposed 13% increase is appropriate to make up for the fact it agreed to a zero percent increase in 1998. At the time the parties negotiated this agreement, they obviously did not believe there was any need for a significant "catch-up" in wages. Thus, the parties agreed to a zero percent increase for 1998.

The City next points to the historical relationship among comparable jurisdictions as an extremely important factor in setting compensation. Fred Thurman, City Finance Director, testified that the City has focused more on what it could afford to pay than what was happening with CPI or comparable employers. However, Thurman did explain that the City needed to maintain pace with the CPI over a long period of time. An examination of the relationship between wage increases and the CPI by Thurman revealed that by 1998, police officers in this bargaining unit had received salary increases that exceeded the CPI-W (Seattle) by 21.44%. City Ex. 27.

While the parties did agree to a zero percent wage increase in 1998, members of this bargaining unit enjoyed other economic gains. The City agreed to implement a new disability program, increased vision insurance, reduced work hours, increased overtime payments, increased specialty pay for SERT officers, and a match of up to 1.45% of base salary for the six members of the Association who are prohibited from participating in Medicare. The cost of the schedule change alone was the equivalent of a one percent across-the-board salary increase. Thus, the Arbitrator should reject as entirely inappropriate the Association's attempt to undo the bargain negotiated by the parties in 1998 under the guise of a "wage catch-up." Adoption of the City's offer would put Aberdeen police officers at only 1.6% below the comparable jurisdictions. The City's offer will maintain parity with the comparables and the CPI over time. Adoption of the Association's proposal will radically change the historical relationship between Aberdeen and the comparable jurisdictions.

A review of Association Exhibits 23 and 24 shows how far Aberdeen was behind the comparable cities proposed by the Association. Even by including no base wage items, and the obviously dissimilar cities of Issaquah and Olympia, the Association was only able to produce a 6.4% difference between Aberdeen's current base wage and the Association's loaded comparables. The obvious conclusion is that an award of a 13% increase would substantially change the relationship between the parties.

The City's proposal would put Aberdeen officers 4% below the average of the comparables proposed by the Association. If Issaquah and Olympia are eliminated from the list, the City's offer of a 2% wage increase would place Aberdeen officers only .84% behind the average of the Association's proposed comparables. The Association's proposal, if adopted, would move Aberdeen within less than 2% of the Olympia wage schedule. Arbitral authority supports the City's proposal as one which could logically be reached if they had continued with bargaining in good faith.

The issue before the Arbitrator is a second year wage reopener in a three-year contract. Both parties have proposed "across-the-board" wage increases. The City has used the top step of the patrol officer base wage for comparisons. In sharp contrast, the Association has included longevity and education incentives, as well as survey data which includes Social Security, deferred compensation, hours of work, vacation, and holidays in its computations. The City submits it is inappropriate to include any of these supplemental and unrelated benefits when analyzing a wage only reopener. The City concludes that, in this wage reopener interest arbitration, a relatively simple and straightforward

"apples to apples" approach when analyzing the salary differential should be adopted by the Arbitrator.

Another related factor is the percentage wage increase given in other comparables for 1999. The average wage increase in the comparables is 3.6%. City Ex. 28. The highest wage increase in any of the comparables was 5.5%. Again, this factor strongly favors the City's position in this proceeding where the Association is seeking a 13% increase which is totally inconsistent with wage increases granted in the comparables.

Turning next to the "metro/non-metro factor," interest arbitrators have recognized there is a substantial difference between metropolitan Seattle jurisdictions and jurisdictions outside of the Seattle area. Generally speaking, jurisdictions in metropolitan areas pay more than non-metropolitan jurisdictions. The City offered economic data to substantiate both the existence and impact of this differential.

The population density of King, Snohomish, and Thurston counties is from 7.8 to 22 times greater than Grays Harbor County. Per capital income in King County as of 1996 was \$34,440, over 80% higher than Grays Harbor's \$18,884. Median household income in King County is nearly twice that of Grays Harbor. When the economic data is reviewed, the conclusion is inescapable that Aberdeen is more similar to many cities in eastern Washington than it is to cities in the Puget Sound metropolitan area.

Against the background of the differentials in economic data, the City claims it is entirely appropriate to put wages for Aberdeen police officers somewhat below the average of the comparable jurisdictions. Three of the City's seven comparables are in the Puget Sound metropolitan area, five are in the "I-5 corridor," and four have significantly greater assessed valuations. On the other hand, four of the Association's eight cities are in the Puget Sound metropolitan area, and six are in the I-5 corridor. According to the City, it would be entirely inappropriate to award a wage increase that would move Aberdeen police officers significantly over the average of the comparable jurisdictions. Regardless of which methodology or comparison is used, the City's wage increase of 2% will put Aberdeen police officers in an appropriate place in comparison with the other jurisdictions.

With respect to internal equity, no City employee received a pay increase in 1998. For 1999, the majority of City bargaining units and all non-represented employees received a 2% wage increase, based on 80% of the CPI. City Ex. 7. The firefighter bargaining unit received an increase of 2% effective January 1, 1999, but with an additional 2% on July 1, 1999. In 13 out of the past 16 years, all bargaining units have received either the same increase or within one percent of each other. The City's

proposal is to provide police officers with an increase which will restore the historical relationship between the parties. The issue of internal equity strongly favors the position of the City in this interest arbitration.

The factor of changes in consumer prices bolsters the position of the City. The Consumer Price Index has been running at less than 3% and was only 1.3% for 1998. The CPI-W for Seattle increased by 2.6% in 1998 and the CPI-W for Portland increased by only 1.6%. In the first half of 1999, the CPI-W for Seattle increased by 3%. The Association has completely ignored this statutory factor in its attempt to obtain a 13% wage increase. The evidence also shows that the Consumer Price Index overstates inflation by about one percent. In the total tax factor, the eight cities proposed by the Association reveals Aberdeen ranks next to last. This is the result of benefits shopping by the Association. The Association did not even follow its own selection criteria when it included Hoquiam and Olympia in the list of proposed cities. All else being equal, it would be expected that the jurisdiction with more revenue per capita would be in a better position to pay its police officers. This is consistent with the City's position on the total tax revenue list and supports the City's position of a 2% increase.

The Association has suggested the Arbitrator should consider the City's lack of participation in the Social Security system in setting the wage increase. The Association is suggesting the lack of Social Security benefits supports an across-the-board increase of 13%. The Association's reasoning should be rejected. The Association's analysis does not give the City credit for other benefits it provides police officers which are also included in the Social Security program. There is not any basis to include the City's contribution to Social Security in determining whether an additional 5% increase is necessary for Aberdeen police officers. The Association is mixing apples and oranges in that all other components of wage comparisons are limited to money that is actually received by the police officers.

Regarding deferred compensation, the City argues it is entirely inappropriate to include deferred compensation as part of a wage analysis. Deferred compensation is a separate and distinct benefit from wages. The Association has proposed a required employer matching contribution to the City's existing deferred compensation program. The deferred compensation program is an option with the employees and therefore is not appropriate to mix and match deferred compensation and wages as part of an overall analysis. The Arbitrator should find the City's offer is reasonable and should not be compromised by the Arbitrator. To do so would be to reward the Association's use of:

1. **An inflated population band that expands the range to include cities more than twice the size of Aberdeen, with "loaded" comparators from the Puget Sound metropolitan area.**
2. **Inflated methodology for making compensation comparisons that expand the issues far beyond the scope of this second-year wage reopener arbitration.**
3. **Unreliable data The union has submitted net hours of work that does not reflect the change in work schedule negotiated by the parties.**
4. **Omitted data - The Guild's arguments give no credit for favorable compensation items already negotiated, e.g. life insurance, employer co-pay on the Guild disability plan, increased premium pays, reduction in work hours, increased overtime pay, and other work rules.**

City Brief, p. 23.

In sum, the Association has not offered any explanation of how their proposal is in any way consistent with or supported by any of the statutory factors and should be rejected.

Based on all of the above-stated reasons, the City respectfully requests that its wage proposal be adopted.

III. DISCUSSION AND FINDINGS (1999 WAGES)

A. Background

The parties' Collective Bargaining Agreement covers the period from January 1, 1998, through December 31, 2000. For 1998 the parties agreed to a zero percent increase on the 1997 salary schedule. While there were other benefits negotiated, the salary schedule in place for 1997 was frozen for 1998 with reopeners for 1999 and 2000. Neither side is proposing a change in the structure of the existing salary schedule. The current salary schedule for 1999 is as follows:

	Current Pay Scale from 1998 Contract				
Step 1	Step 2	Step 3	Step 4	Step 5	Step 6

Patrol	3,062	3,216	3,374	3,542	3,721	
LPO	3,216	3,374	3,542	3,721	3,908	
Sergeant	3,374	3,542	3,721	3,908	4,102	4,307
						Assoc. Ex. 36.

This case was presented to the Arbitrator based on a wage reopener for 1999 included in the parties' 1998-2000 Collective Bargaining Agreement. Two preliminary subjects need to be addressed at the commencement of this discussion. First, the Arbitrator concurs with the City that a straight comparison of top step wages for police officers should be applied in the instant case. In the judgment of this Arbitrator, it is inappropriate to utilize a total compensation analysis when reviewing a wage only reopener.

A simple and straightforward "apples to apples" approach when analyzing salary differentials would best serve the parties under the contract for a wage reopener. Any attempt to go further and explore the value of other benefits received or not received, such as longevity, education, medical insurance, etc., would enmesh the parties and this Arbitrator in areas not subject to negotiation under the wage reopener. This is particularly true where both parties are proposing across-the-board salary increases to the existing schedule. Therefore, this Arbitrator will confine his assessment of the record to the top step wage paid to police officers which is normally at the five-year experience level.

The second threshold issue to be considered is the impact of the 1998 salary freeze taken by members of this bargaining unit on the 1999 wage reopener interest arbitration. The answer of the City is the parties agreed to a zero percent increase in the first year as the appropriate way to settle the contract. Thus, the City submits the agreed-on 1998 salary freeze is irrelevant to this case.

The Association argues the members agreed to a salary freeze in 1998 to help the City out, with the underlying implicit understanding the City would "make it right" in 1999. Absent from this record is any credible evidence that such an implicit understanding existed between the parties. There was no written evidence offered by the Association to support that such an understanding existed. Therefore, the Arbitrator will attach no special significance to the voluntarily agreed-on wage freeze except to the extent the zero percent increase impacted on the comparability evidence.

As previously noted, the City is proposing a 2% across-the-board increase. If awarded by the Arbitrator, the 1999 salary schedule would provide as follows:

2% Increase

	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Patrol	3,123.24	3,280.32	3,441.48	3,612.84	3,795.42	0.00
LPO	3,280.32	3,441.48	3,612.84	3,795.42	3,986.16	0.00
SGT	3,441.48	3,612.84	3,795.42	3,986.16	4,184.04	4,393.14

As soc. Ex. 36.

Adoption of the Association's 13% proposal would yield a 1999 salary schedule as follows:

13% Increase

	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Patrol	3,460.06	3,634.08	3,812.62	4,002.46	4,204.73	0.00
LPO	3,634.08	3,812.62	4,002.46	4,204.73	4,416.04	0.00
SGT	3,812.62	4,002.46	4,204.73	4,416.04	4,635.26	4,866.91

Assoc. Ex. 36.

The Arbitrator will discuss separately the Association's alternative proposal for a deferred compensation plan with a maximum 5% contribution rate. If this proposal is awarded by the Arbitrator, the Association sought an 8% increase on the salary schedule. The deferred compensation plan would add a new benefit to the contract.

The Arbitrator finds, after review of the evidence and argument, as applied to the statutory criteria, that a four percent (4%) increase effective January 1, 1999, applied to the existing salary schedule is justified for 1999. Implementation of a 4% increase will move the top step pay for an Aberdeen police officer to \$3,870 per month effective January 1, 1999. By the time this Award is implemented, the Aberdeen police officers will have worked more than three years without a wage increase. The Arbitrator rejects the Association's proposal to add a deferred compensation plan to the contract. The reasoning of the Arbitrator is set forth in the discussion which follows.

B. Deferred Compensation Proposal

Members of this bargaining unit do not participate in the Social Security program. The Association proposed as an alternative to its 13% offer new language to state:

In addition, for all members of the bargaining unit including those referenced above, the Employer shall match employee contributions to

the deferred compensation plan in an amount equaling up to 5% of the employee's base monthly wage.

Assoc. Ex. 37.

If the deferred compensation program were adopted, the Association seeks an 8% increase on the salary schedule. The City objected to this proposal as an illegal subject of bargaining. Given the way the Association deferred compensation plan is structured and the fact the City currently has in place a deferred compensation program for non-bargaining unit employees, the Arbitrator does not agree the proposal is illegal. Lastly, PERC certified Article 29 for interest arbitration which included the potential for negotiations over a deferred compensation plan.

The Arbitrator rejects the Association's proposal for a deferred compensation plan as part of the 1999 wage reopener. While Article 29 recognized the potential for the negotiation of a deferred compensation plan, your Arbitrator was not persuaded this new benefit should come into the contract as part of a wage reopener in 1999. The adoption of a deferred compensation program should be considered in the context of negotiation where total compensation is the subject of bargaining.

Standing alone, the lack of a Social Security benefit is not a justification for a deferred compensation program. The police unit opted out of Social Security and is not seeking to become a part of the Social Security system. Further, the comparability data offered by both parties was mixed on the issue of Social Security and deferred compensation.

In so holding, the Arbitrator wants to make it clear that a deferred compensation program might be an appropriate benefit to be included in a future Collective Bargaining Agreement. In the judgment of this Arbitrator, the topic of a deferred compensation program should be left to future negotiations. The point is illustrated by the fact the Association offered no specific language regarding its proposal until pressed by the Arbitrator to do so. Even the language presented by the Association at the Arbitrator's request lacked detail and specificity as to how the program would be implemented and administered.

In sum, the subject of deferred compensation should be left for future negotiations. The Arbitrator will make an award based on a straight percentage figure to be applied to the existing salary schedule.

C. Stipulations of the parties

The parties provided in Article 29 of the 1998-2000

Collective Bargaining Agreement for a reopener on the salary schedule for 1999. The parties agreed the wage award would become effective January 1, 1999. Beyond the above-stated agreements, there were no significant stipulations of the parties relevant to this interest arbitration.

D. 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 which would place the Award in conflict with Washington law.

E. Changes During the pendency of this proceeding

Regarding the factor of changes in any circumstances during the pendency of the interest arbitration proceeding, none were brought to the attention of the Arbitrator by the parties to the dispute.

F. Comparability

The driving force behind the positions of the parties is comparability. One of the threshold issues to be decided by this Arbitrator is to determine the appropriate group of comparators with which to utilize in establishing the level of wages for Aberdeen police officers. To the knowledge of this Arbitrator, this is the first interest arbitration in which the parties have had to resort to resolve a wage dispute. Absent from this record is any evidence that the parties have previously utilized a group of comparators for the purpose of serving as a guideline to establish wage rates for Aberdeen police officers. The lack of such evidence left the Arbitrator with no historical precedent for determining the comparator group.

The parties did agree to confine their comparator groups to police officers in Washington cities. The parties are in sharp disagreement over which Washington cities should be included in the comparator group. Both sides devoted considerable time and effort towards proving which cities best fit the statutory criteria. The methodology used by the City and the Association to develop their separate lists of comparators varied widely.

The parties did agree that three cities should be on the final list of comparators for use as a guide in setting police wages in Aberdeen. The three cities agreed on are as follows:

Mountlake Terrace

**Kelso
Tumwater**

The Arbitrator will include the three above-named cities on his list of comparators.

Two main areas of disagreement divide the parties over constructing a list of comparators. First, the City is proposing three jurisdictions from eastern Washington. They are Moses Lake, Sunnyside, and Ellensburg. Second, the Association is proposing Olympia, a city with a population of 40,210, and an assessed valuation of \$2,585,508,854 for comparison. All of the Association's comparators are drawn from western Washington jurisdictions.

The Arbitrator holds the Association failed to demonstrate Olympia was a like employer under the statute. The Association argued for inclusion of Olympia based on Olympia's alleged "sphere of influence" on Aberdeen. In the judgment of this Arbitrator, Olympia is clearly distinguishable from Aberdeen on three major grounds. First, Olympia's population of 40,210 is 23,790 greater than Aberdeen's population of 16,420. Second, Olympia's assessed valuation of \$2,585,508,854 is over four times as large as Aberdeen's assessed valuation of \$636,624,943. Assoc. Exs. 20 and 21.

Third, the Association's sphere of influence claim was unsupported by relevant evidence. Aberdeen is not a neighbor or suburb of Olympia, but is located approximately fifty miles away. Further, the economic characteristics of the two cities are not sufficiently similar to warrant a finding the cities are comparable. Hence, the Arbitrator is compelled to conclude the sphere of influence argument does not overcome the other factors which make two cities like employers of a similar size under the statute.

Moreover, the Arbitrator will not add Issaquah to the list based on the fact it has an assessed valuation of over twice that of Aberdeen. In addition, Issaquah's proximity to Seattle would give too much weight to the Seattle metro area cities on any comparator list. Based on population and assessed valuation, Lake Forest Park provides a better choice for a Seattle metropolitan area representative on the list of comparators. The parties' agreement to include Mountlake Terrace and the use of Lake Forest Park by this interest Arbitrator provides a representative sample of two cities located in the Seattle metro area.

With respect to Hoquiam, the conclusion of the Arbitrator is the exact opposite. While Hoquiam is a smaller city with a population of 8,995, it is located in Grays Harbor County, less than five miles distance from Aberdeen. Hoquiam shares all the

attributes of Grays Harbor County cited by the City to justify its position on the economic and demographic factors in Grays Harbor County. Because Hoquiam is a neighboring city located in the same county, Hoquiam belongs on the list of comparators, as proposed by the Association.

A major issue which interest arbitrators in Washington have been required to address in selecting comparators is whether to use eastern Washington cities to compare with western Washington cities or vice versa. Arbitral authority instructs that, if there are sufficient and reliable comparators in western Washington, cities from eastern Washington should not be used in developing the list of comparators. The reason for not mixing the two geographic areas of Washington is based on location, economic and population differences, and industrial development. This Arbitrator is generally in accord with the above-stated principle.

The Arbitrator finds there are sufficient and reliable jurisdictions in western Washington to serve as a guideline for reaching a decision on the wages to be paid Aberdeen police officers in this case. Under such circumstances, the Arbitrator finds there is no need to include eastern Washington jurisdictions on the list of comparators. The parties have agreed to three western Washington cities, and the Arbitrator has added Hoquiam~ which was proposed by the Association. Further, the Arbitrator has accepted the City's proposal to include Lake Forest Park as an appropriate comparator representing the Seattle metro area. The obvious choice for the sixth city is Oak Harbor based on a similar population size and assessed valuation to Aberdeen. The same reasoning holds true for Port Angeles. The population, assessed valuation, geographic location, and economic factors make Oak Harbor and Port Angeles suitable guides to assist the Arbitrator in resolving this wage dispute.

With the three agreed-on comparators and the additional four cities selected by the Arbitrator from those proposed by the parties that are closely representative to Aberdeen in several key factors, the comparator list has grown to seven. In the judgment of this Arbitrator, a meaningful number of comparators for resolving this case is nine. The balance can be struck to bring the total number to nine comparators by adding Anacortes and Centralia to the list.

Anacortes is a coastal city with a smaller population of 13,900 than Aberdeen, but a higher assessed valuation of \$991,970,442. Given all the indicators, the Arbitrator concludes Anacortes is a like employer of a similar size under the statute. The equalizing force to the list of comparators is to include Centralia. By adding Centralia, a slightly smaller city in population and a somewhat lower assessed valuation than Aberdeen is

added to the mix of comparators. Centralia is also an appropriate comparator because it is located in an adjacent rural county, not far from Aberdeen.

The Arbitrator adopts the following list of comparators with the 1999 top step wage for police officers added:

<u>City</u>	<u>Wage</u>
Mountlake Terrace	\$4,067
Kelso	\$3,980
Tumwater	\$3,975
Anacortes	\$3,873
Lake Forest Park	\$3,857
Oak Harbor	\$3,849
Centralia	\$3,788
Hoquiam	\$3,687
Port Angeles	\$3,676
Average wage	\$3,861
Aberdeen 1998 wage	\$3,721

The 2% increase offered by the City would place the top step police officer wage at \$3,795 per month, or \$66 below the average wage paid in the nine comparators. Further, the \$3,795 proposal of the City would position Aberdeen police officers at number 7 in the ranking of the ten cities, including Aberdeen. Aberdeen police officers would be in the bottom one-third of the comparators. The Arbitrator's award of 4% positions Aberdeen police officers right in the middle of the comparators at number 5.

Turning to the Association's proposal, there is absolutely no evidence in the record which would warrant the 13% increase sought by the Association for 1999. The Arbitrator disagrees with the Association's attempt to justify the 13% increase based on the voluntarily agreed-on wage freeze in 1998. The parties made a bargain in 1998 and must abide by its terms and consequences. Adoption of the 13% proposal would propel the members of this bargaining unit to the top position on the comparator list for police officers in a period of one year. Nothing in the record of this case compels such a result. Even with the wage freeze for 1998 factored in, the Arbitrator concludes a 13% increase for 1999 is not justified by any measure of the statutory criteria.

One advantage of holding an interest arbitration in the year 2000 for a wage adjustment in 1999 is that the comparator cities have reached agreement on their 1999 wage adjustment. The evidence shows that the wage adjustments for the comparator group to be as follows:

1999 Wage

City	Adjustment
Mountlake Terrace	3.0%
Kelso	3.4%
Tumwater	3.1%
Anacortes	4.0%
Lake Forest Park	3.0%
Oak Harbor	5.5%
Centralia	5.4%
Hoquiam	3.0%
Port Angeles	5.5%

As can be seen from a review of the above data, the 1999 settlement range for police officer contracts varied from 3% to 5.5%. It is noteworthy that none of the comparators agreed on a 2% increase, as proposed by the City, in this case. Each of the above cities also provided a wage increase for 1998. There is no evidence that any of the cities on the comparator group agreed to a wage freeze in 1998, other than Aberdeen. When the 1998 wage freeze is combined with the 1999 police officer wage settlements, the Arbitrator finds the City's proposed 2% increase to be inadequate.

The 4% wage increase awarded by this Arbitrator, effective January 1, 1999, will raise the maximum salary for an Aberdeen police officer to \$3,870 per month. The maximum salary of \$3,870 will position Aberdeen police officers at number 5 in the ranking of the ten cities. In addition, the top salary will be \$9 above the average of the nine comparators. The award of a 4% increase places Aberdeen within the range of reasonableness when compared to their police counterparts in the nine other western Washington comparators. There is no evidence before this Arbitrator that the City is unable to afford a 4% increase for its police officers in 1999.

G. Cost of Living

The record evidence established that the national CPI-W and the CPI-U has been recording increases between 2.5% and 3% over the past five years. The 1998 Seattle CPI-W was 2.6%. Assoc. Ex. 10. For the first half of 1999, the Seattle CPI-W showed a 3% increase.

The City believes the CPI overstates "consumer prices" by about one percent. The City reasons the Arbitrator should use a revised CPI figure of 2% in analyzing the cost of living factor. The Arbitrator declines the City's invitation to tinker with the officially published CPI figures by a reduction of one percent to account for the purported overstatement in the measurement of

increases in the price of goods and services.

The Arbitrator concurs with the City and the Association that the cost of living factor is to be used as one of the guidelines for setting the appropriate level of wages for employees. The CPI measures price increases in a set market basket of goods and services. The CPI is not intended to measure the impact on any particular individual because not all persons purchase that same market basket of goods and services, nor does it reflect changes in buying patterns. However, the CPI is widely recognized as an important factor in determining appropriate wage adjustments.

The Arbitrator finds the evidence regarding cost of living supports a wage settlement closer to the City's position than the 13% offered by the Association. The City's evidence proved the members of this bargaining unit have fared well in recent years when negotiated wage increases are compared with the corresponding changes in the CPI over the past several years. City Ex. 27. While the City's study is not perfect, the analysis does give the Arbitrator a long-term picture of wage increases for Aberdeen police officers in relation to the CPI. The City's CPI evidence does not factor in the Association's evidence that police officers have generally enjoyed wage increases that have exceeded the CPI and the fact the 1998 salary schedule was frozen for 1999.

In sum, the 4% wage increase awarded by this Arbitrator for 1999 is consistent with the past and projected increases in the cost of living as measured by the Consumer Price Index.

H. Other Traditional Factors

A host of potential guidelines are suggested by the catchall of "other factors . . . normally or traditionally taken into consideration in the determination of wage, hours, and conditions of employment." RCW 41.56.465(1) (f) . As this case was driven by the comparability factor, neither party made a strong argument there were "other factors" at play in this dispute which would override the enumerated statutory criteria.

The issue of internal comparability is of some significance to the resolution of this dispute. The City explained that no employee of Aberdeen received a wage increase in 1998. In addition, the City stated the majority of bargaining units and non-bargaining unit employees received a 2% increase based on 80% of the CPI for 1999. City Ex. 7. The City notes that firefighters also received a 2% increase effective January 1, 1999, plus an additional 2% to be applied on July 1, 1999, in recognition of the fact that over the past fifteen years police wages have increased faster than firefighter wages.

The Arbitrator is authorized by law to resolve the wage dispute between the City of Aberdeen and the Aberdeen Police Association. He is not here to settle the wages for other employees of the City of Aberdeen. The 4% awarded by this Arbitrator is consistent with the statutory criteria and compatible with wage increases enjoyed by other employees of the City of Aberdeen.

AWARD

The Arbitrator awards the 1999 wages should be adjusted as follows:

Effective January 1, 1999, the existing salary schedule for police officers shall be increased by four percent (4%) across the board.

Respectfully submitted,

**Gary L. Axon
Arbitrator
Dated: February 19, 2000**