BEFORE THE ARBITRATOR

IN THE MATTER OF	)	
	)	
INTEREST ARBITRATION	)	P.E.R.C. NO. 19013-1-04-0443
	)	
BETWEEN	)	ARBITRATORS'
	)	
AMALGAMATED TRANSIT UNION LOCAL 1015, AFL-CIO,	)	DECISION AND AWARD
	)	
Union,	)	OCTOBER 1, 2004 – SEPTEMBER 30, 2007
	)	
and	)	COLLECTIVE BARGAINING
	)	
SPOKANE TRANSIT AUTHORITY,	)	AGREEMENT
	)	
Employer.	)	

HEARING DATES:	September 12 and 13, 2005
POST-HEARING BRIEF DUE;	February 7, 2006
RECORD CLOSED ON RECEIPT OF BRIEF:	February 18, 2006
REPRESENTING THE UNION:	Steven A. Crumb Crumb & Munding, P.S. Attorneys at Law 1950 Bank of America Financial Center 601 West Riverside Spokane, WA 99201-0611
REPRESENTING THE EMPLOYER:	Bruce L. Schroeder Summit Law Group, PLLC Attorneys at Law 315 Fifth Avenue, Suite 1000 Seattle, WA 98104-2682
ARBITRATION PANEL:	John Leinen *Union Appointed Member* Elizabeth Kennar *Employer Appointed Member* Herman Torosian *Neutral* 4813-2 East Hazel Drive Phoenix, AZ 85044

INTRODUCTION

This interest arbitration is conducted pursuant to RCW 41.56.492 and the regulations promulgated thereunder. The parties to this dispute are the Spokane Transit Authority, hereinafter referred to as the Employer or Agency, and the Amalgamated Transit Union Local 1015, hereinafter referred to as the Union or ATU. The parties have been parties to a number of collective bargaining agreements, the last of which expired September 30, 2004. The parties engaged in a good faith effort to negotiate a successor collective bargaining agreement but were unsuccessful. Impasse was declared by PERC on November 30, 2004, and the matter, accordingly, was submitted to arbitration. Hearing was held on September 12 and 13, 2005. The proceeding was recorded and a transcript of 519 pages was submitted to the parties and arbitrators. The parties submitted briefs postmarked February 7, 2006. The hearing was officially closed on February 18, after receipt of the final briefs. [1] Due to the length of the transcript and evidence produced, the parties agreed to extend by ten days the deadline for issuance of the award.

The briefs filed by the parties were comprehensive and well reasoned and supportive of their respective positions. Because of the extensive two-day record of evidence, including the substantial volume of exhibits, in this case and the length of the parties' briefs, it would be impractical for the arbitrators to restate the evidence and the arguments of the parties in the decision and Award. The parties should be assured, however, that the Arbitrator has read the

[1] The delay in receipt was due to mailing problems experienced by the neutral arbitrator.

record, exhibits and their briefs in their entirety in formulating the instant Award. Of course, both the relevant facts and key arguments of the parties will be discussed when each proposal is addressed.

Collective bargaining is a process of reason and rationale. It is a give and take process. Any proposed changes, modifications, additions or deletions must be based on need or other reasonable basis. Therefore, the party proposing a change has the burden of establishing the reasons therefor and whether its proposal addresses the reason for the changes. Collective bargaining, of course, is not done in a vacuum. The parties in support of their positions rely on a number of factors or criteria. Interest arbitration must also be guided by the same factors. The statutory factors to be considered by the Arbitration Panel are the following as enumerated in RCW 41.56.430:

> (a) The constitutional and statutory authority of the employer;
>
> (b) Stipulations of the parties;
>
> (c) Compensation package comparisons, economic indices, fiscal constraints, and similar factors determined by the arbitration panel to be pertinent to the case; and
>
> (d) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment.

The Arbitration Panel will base their decision on the specific statutory factors listed, if applicable, and factors normally or traditionally taken into consideration in negotiations.

Each issue will be discussed and awarded separately in the order presented, but with the recognition that the issues must ultimately be viewed as a "total package." In this regard, except for equity items, the cost of individual items must be costed as part of a total package cost.

At the arbitration hearing, the Union made clear its position that its proposal for retroactivity only applies to its wage proposal.

BACKGROUND

Spokane Transit Authority (STA) operates within an area encompassing approximately 370.8 square miles of Spokane County which includes approximately 368,265 residents or 88.1 percent of the county population. STA is governed by a Board of Directors consisting of nine members appointed by the membership of the elected governing bodies of Spokane County and the seven cities (Airway Heights, Cheney, Liberty Lake, Medical Lake, Millwood, City of Spokane Valley, and City of Spokane), included within its boundaries.

The Board employs a Chief Executive Officer (CEO) to carry out the day-to-day administration of the system.

It is the CEO's responsibility to assure that all facets of public transportation are operated in concert with the policies established by the Board of Directors. Two divisions are currently organized under the CEO: the Operations Division and the Finance and Administration Division. In addition, a Regional Light Rail Division was established in early 2001. This Division will coordinate the activities of both consultant services and STA staff teams to manage the overall development of this feasibility study. STA provides a variety of transportation services, including fixed route, paratransit and rideshare services to Spokane County and the neighboring cities noted above. As of the time of the arbitration hearing, STA's fixed route fleet was comprised of 124 vehicles. STA also had 67 paratransit vans which provide service to the disabled in accordance with state and federal law.

STA has three collective bargaining units. ATU Local 1015 is the largest with 34 job classifications and represents 338 employees, including fixed route operators and maintenance employees. ATU Local 1598 represents all Unit Supervisors in both fixed route and paratransit, representing 17 employees. AFSCME Local 3939 represents all 76 paratransit employees, not including supervisors. In addition to these three bargaining units, STA has approximately 42 non-represented employees.

Since its formation in 1981, one of the Agency's major sources of funding was the Washington state motor vehicle excise tax. In 1999, this major funding source was eliminated due to Initiative 695. As a result, STA lost more than forty percent of its funding. In 2002, the Agency went to the Spokane County voters to approve a modest increase in the sales tax. The voters rejected the initiative, forcing the Agency to continue to reduce its already diminishing reserves, while continuing to undertake aggressive cost-cutting measures.

In 2004, the Agency again asked the voters to approve a modest .3% increase to the sales tax in order to continue its service. The voters approved this small increase. In 2009, the sales tax increase is automatically eliminated unless again approved by the voters in late 2008.

ISSUES

Sixteen issues were certified for arbitration. The parties resolved several of the issues and submitted the following remaining issues to arbitration:

EMPLOYER ISSUES

1.	Article XV – Sections 5(B), 5(L)	Part-Time Operators and Provisions.
2.	New Appendix, Wage Table	Wages; Effective Date
3.	New Appendix, Wage Table	New Job Classification (Lead Customer Service Rep II)

UNION ISSUES

1.	Article VI, Section 8	Paid Funeral Days
2.	Article VI, Section 7(A)	Instruction Pay Bonus
3.	Article VII, Section 3	Vacation Allowances
4.	Article VIII, Section 1	Holidays
5.	Article VIII, Section 1(B) 1(C), 1(F), 2 New Sections	Sick Leave
6.	Article XV, Sections 5(F) 5(K), 5(O), 5(P)	Part-Time Operators and Provisions
7.	Article XVI, Section 7	Instruction Pay Bonus
8.	New Appendix, Wage Table	Adjust wages for numerous specified job classifications
9.	Wage Table	Wages; Retroactivity; Applicability

APPROPRIATE COMPARABLES

The parties agree on three comparables: Ben Franklin, C-Tran and Kitsap. The Arbitration Panel accepts the parties agreed upon comparables. The Agency would add Lane Transit to the list of comparables. The Agency argues that the indicia of comparability should be: population served, geographic location in the northwest, and operational similarities. The three agreed upon comparables and Lane Transit fit these factors.

With respect to population, the Agency applied a 50% up and 50% down band (i.e., those that had a service population of at least 167,425, but no more than 502,285). Using this definition, the comparables have the following population that is similar to the Agency's service population of 347,857: C-Tran, 313,000; Kitsap, 237,000; and Lane, 272,272.

Also, the Agency contends that its list of comparables fairly represents STA's location in the Pacific Northwest and they are operationally similar. With respect to the latter, the Agency considered the maximum number of vehicles in service, revenue hours and revenue miles because these factors are strong indicators of size and type of service offered by a transit agency.

The Union proposes the additional transit agencies of King County Metro, Tri-Met, Pierce Transit and Community Transit as comparables.

The Agency opposes all of the Union's additional comparables because, according to the Agency, they do not meet the three commonly applied criteria as applied by the Agency.

AWARD

Generally speaking, in interest arbitration (as in collective bargaining) two of the most important criteria in making comparisons is geographic location (including proximity to a major metropolitan area) and size of the Employer involved. Here the size of the Employer as determined by the population served is all important.

With respect to size, arbitral decisions have adopted a 50% up and 50% down band as a useful measure in determining the appropriate population to consider. [2]

Also appropriate in making comparisons is to compare the size of the community in which the Employer entity is located. In other words, large metropolitan areas cannot be compared to smaller rural areas, nor large urban cities and counties with small cities and counties, or small school districts with large school districts. The comparison should be "apples to apples."

Additionally, the type and nature of the Employer is important in making meaningful comparisons.

---

[2] Whitman County, (Gaunt, 2004); Walla Walla County, (Krebs, 2003); Intercity Transit, (Krebs, 1995); and City of Vancouver, (Beck, 1997).

There are a number of other criterion that are used, but, here, given the positions of the parties regarding comparability indices, the Arbitration Panel finds these to be the most important.

In applying same, the Arbitration Panel finds the Agency's analysis and discussion regarding population, size and operational similarities to be reasonable. Therefore, its addition of Lane Transit to the list is found to be appropriate.

The Union proposes King County Metro, Tri-Met, and Pierce Transit with populations of 1,788,300; 1,253,502; and 702,060, respectively. The location and the population served by these transit agencies is, alone, enough to disqualify them as comparables. Additionally, their size of operations in terms of employees, equipment revenue, hours and miles is so much greater that they must be disqualified as meaningful comparables.

The Union's remaining proposed comparable is Community Transit. The Arbitration Panel suggests that the parties discuss for future consideration whether the addition of Community as a comparable would be appropriate. The panel does not adopt Community as a comparable now because, among other things, there is no evidence of wage rates or wage increase granted in 2004, 2005 or 2006. We make the suggestion because of the following. While its population is large, 700,682, and is near Seattle, it compares well enough on vehicles in service, revenue hours and revenue miles to be included. Community has 142 vehicles in service compared to 104 for STA which is about 40% greater. But, STA has 100% more vehicles than Ben Franklin (104 vs. 52). Community has about 56,000 more revenue hours, but STA in turn has more than double the amount of Ben Franklin (354,985 vs. 152,322) and Kitsap (354,985 vs.

155, 322) and 110,000 more hours than C-Tran. Further, under the circumstances, a fifth comparable would be helpful. It is also noted that the parties in their last arbitration agreed to Pierce Transit which is larger in all categories than Community.

ISSUES [3]

Union Issue 1: Article VI, Section 8 -Funeral Leave

Current Contract Provision:

. . .

SECTION 8 – PAID FUNERAL DAYS

In the event of death of an eligible employee's immediate family member(s), i.e., parent, child, spouse, mother-in-law, father-in-law, sister or brother, the AUTHORITY agrees to allow two (2) days off with eight (8) hours pay per day, and when requested, up to three (3) additional days of unpaid leave, to attend to matters related to the death of the eligible employee's immediate family member(s). The AUTHORITY may request employee to provide proof of death.

Union's Proposal

SECTION 8, FUNERAL DAYS
Modify language: include step parents, domestic partner, step children, step brother, step sister, grandparents, grandparents-in-law, grand children. Increase paid funeral days to three (3) for family in the local area and 5 paid days for family outside the local area.

Employer's Proposal

Maintain status quo.

[3] The issues are discussed in the order presented at the hearing.

DISCUSSION

Jim Fitzgerald, Coach Operator and Record Secretary of Local 1015, testified in support of the Union's position. The Union argues, as testified to by Fitzgerald, that the expansion of the definition of family is warranted because of the changing nature of the family. Additionally, its request for additional paid days is warranted because traveling since 9-11 has become more difficult and time consuming. It is the Union's position that its comparables support its proposal. From the Union's perspective, this is merely a recognition that times have changed in terms of the make-up of a family and that employees should not be penalized if they have to travel outside the area for a funeral. This is a family value and fairness issue.

The Employer offered the testimony of Superintendent of Transportation Andrew Overhauser who testified that employees can use sick leave and vacation for funeral and bereavement purposes. He costed the Union's proposal at approximately $40,500 per year. The Employer argues that the Union's proposal is costly and any additions are not needed because of the availability of other leave.

AWARD

Based on internal and external comparables, the Arbitrators find it reasonable to modify the definition of family to include step parents and step children as provided in the AFSCME 3939 and ATU Local 1598 contracts. The current provision for two paid days is not increased, but one paid day is added to attend the funeral of family if travel in excess of 200 miles one way is required. The present additional three unpaid days remains. Lastly, the following from the AFSCME 3939 contract is added:

Employees may use up to two (2) days of their accumulated sick leave for the purposes of attending a funeral for grandparents/grandchildren, not to be counted as a sick leave incident.

This award with respect to funeral leave shall become effective the third year of the contract.

Union Issues 2 and 7: Article VI, Section 7(A) - Instruction Pay Bonus and Article XVI, Section 7 - Instruction Pay

Current Contract Provisions:

ARTICLE VI, SECTION 7(A)

A. All coach operators assigned to train and instruct a student shall be paid fifty (50) cents per hour in addition to their regular rate of pay, and in no event will the operator be paid for less than four hours of instruction time. Overtime provisions do not apply.

ARTICLE XVI, SECTION 7

Section 7 – Instruction Pay Bonus

First Class Mechanics assigned an apprentice(s) to train, shall be paid a premium of fifty cents ($.50) per hour, in addition to their regular rate of pay, for all hours spent training. Overtime provisions do not apply.

Union's Proposal

Section 7, INSTRUCTION PAY BONUS
Modify language; all coach operators assigned to train and instruct a student shall be paid the Safety/Training Instructors' hourly rate of pay, and in no event will the operator be paid less than four (4) hours of instruction time.

SECTION 7, INSTRUCTION PAY
Modify language; first class and second class mechanics assigned an employee/ apprentice(s) to train, shall be paid a premium wage equal to the Foreperson's rate of pay, for all hours spent training. The employee shall be entitled to receive the step in the wage range of the foreperson range that is the same step they held in the lower level.

Employer's Proposal

Maintain status quo in both Union proposals.

DISCUSSION

Mary Bent Fitzgerald, Coach Operator, and Carol Hawkins, Human Resources Manager, STA, testified on behalf of the Union and Employer, respectively.

It is the Union's position that this is a "fairness" issue. Training is a difficult and stressful task in that operators are not only training, but are also responsible for the duties associated with their regular run. They deserve the same rate of pay for training as received by the Training Instructor.

The Employer takes the position that Training Instructors have other duties and responsibilities other than training as performed by the operators. Maintaining the differential in pay recognizes the Training Instructors' other duties of his job.

AWARD

The Arbitrators certainly understand the operator's viewpoint that as a matter of fairness they should receive the same rate as the Training Instructor receives when he/she is training the same trainees. However, the Training Instructor has other responsibilities in the overall training of trainees such as scheduling, preparation, presentations and addressing safety concerns. The Training Instructor's pay reflects those duties and responsibilities. The operators when training are not assuming all of the work and responsibilities of the Training Instructor. The difference in pay of 14¢ per hour is not unreasonable.

For the same reasons discussed above, the Arbitrators find no justification for changing the status quo regarding the Mechanic's training pay. The difference in pay between what the

Mechanic receives in pay for training and the Foreperson's rate of pay is 64¢ per hour. However, the Foreperson is a lead worker and is responsible for the assignment of work in the shop and has some supervisory responsibilities including lower level discipline.

Union Issue 3: Article VII, Section 3 -Vacation

Current Contract Provision:

. . .

> Employees will be credited with a month of service based on a minimum of sixteen (16) days worked per month.

Union's Proposal

> **ARTICLE VII, SECTION 3, VACATION ALLOWANCES**
> Modify language; employees will be credited with a month of service based on a minimum of 10 days worked per month.

Employer's Proposal

> Maintain status quo.

DISCUSSION

The Union argues, citing Fitzgerald's testimony, that this proposal is not a significant monetary issue and only impacts those with a long-term illness or injury. Normally, a full-time employee works 20-21 days per month. This protects the employee who, due to injury or lengthy illness, misses five days of work. Such employees should not lose full vacation accrual.

The Company objects to such a significant reduction because of its direct and indirect impact on attendance management. Attendance is a critical issue for STA and directly affects the customer service in terms of timeliness and reliability. The Employer contends that the vacation requirement creates an incentive for employees to come to

work. The Company, citing Superintendent Overhauser's testimony, places a cost of approximately $32,000 per year on the Union's proposal, (Employer Exhibit 8.3).

AWARD

It is unclear from the evidence produced by the Union exactly how many employees this proposal would likely impact or to what extent, if any, reducing the required days from 16 to 10 would result in an attendance problem. The Employer places the anticipated cost at $32,000 per year.

Given the above, and viewed in a total package concept, the Arbitration Panel believes the money potentially involved is better spent elsewhere. Therefore, maintain status quo.

Union Issue 4: Article VIII, Section 1 - Holidays

Current Contract Provision:

SECTION 1 – HOLIDAYS / GENERAL

All employees covered under this Agreement shall be paid at one and one-half (1-1/2) times their regular straight time hourly rate, plus holiday pay, for all work they are required by the AUTHORITY to perform on the following days:

New Year's Day	Labor Day
Memorial Day	Thanksgiving
Fourth of July	Christmas

. . .

C. All employees covered by this Agreement will receive one (1) additional holiday on their birthday. If employee's birthday falls on a day off, vacation, or other holiday, the employee will receive eight (8) hours additional holiday pay.

SECTION 2 – FLOATING HOLIDAYS

A. Employees covered by this Agreement will receive two (2) floating holidays per calendar year. Employees shall select their floating holidays

at the December markup. Days available will be posted by the AUTHORITY.

Union's Proposal

ARTICLE VIII, SECTION 1, HOLIDAYS/GENERAL
Modify language to include four (4) additional paid holidays:

1. Martin Luther King Day
2. Veterans Day
3. Day after Thanksgiving
4. Presidents Day

Employer's Proposal

Maintain status quo.

DISCUSSION

The Union argues that transit operations in other cities and in the states of Washington and Oregon all provide substantially more holidays than STA. Bellingham receives a total of 12 paid holidays. Everett, Seattle and Tacoma receive 11. Eugene, Oregon and Vancouver, Washington receive 10. Linwood, Washington and Bremerton, Washington receive 9, (Union Exhibit 4-010).

Further, as testified to by Fitzgerald, employees would like to catch up to their comparables and, moreover, others in STA are receiving more holidays.

The Agency contends that this proposal is inconsistent with all other employee groups within STA including those represented by ATU Local 1598, AFSCME 3939 and the non-represented employees who have the same six paid holidays as provided to ATU 1015 members.

Further, and importantly, the estimated cost of four additional holidays is $892,000 over the life of the contract, (Employer Exhibit 9.5). Full transit service would be required on the

holidays proposed because records establish an average of 60% ridership on those holidays. Sunday or holiday service would not be sufficient to meet the needs of the City.

AWARD

The cost of four additional holidays is so great that such a financial burden cannot be imposed on the Employer.

However, while this unit compares well with other STA units, there is overwhelming external comparable support for an improvement.

Internally, ATU 1015's holiday benefit is comparable with ATU 1518 and AFSCME 3939. ATU 1518 receives six paid holidays and three floating holidays, for a total of nine. ATU 1015 receives the same six holidays, two floating holidays and a holiday on employee's birthday, for a total of nine. AFSCME 3939 receives six holidays with no additions.

This is a case where this unit compares well with the internal comparables, but STA's internal holiday benefit with all of its units suffers noticeably when compared to the external comparables. Ben Franklin provides 6 designated holidays, plus 8 floating holidays, for a total of 14; Kitsap 9 plus 2, for a total of 11; Lane 7 designated holidays, 2 floating holidays; and the employee's birthday, for a total of 10; and C-Tran 8.

Normally, internal comparables are considered more important and given more weight than external comparables, especially in the area of benefits. This, however, does not prohibit improvements when the external comparables convincingly support such a change. [4] Here there is such support. We find that an additional floating holiday to be reasonable. A floating holiday is preferred because it is less costly and causes less interference with STA's operation.

[4] Otherwise change would only occur if agreed to by the Employer. Further, this unit is by far the largest of the internal comparables and would be the "dog wagging the tail".

However, since five months of the second year of the contract has already elapsed, this benefit shall become effective in the third year of the contract such that it will be selected using the same procedure now used per the contract (Article VIII, Section 2-Floating Holidays). The additional floating holiday shall be taken in the 2007 calendar year.

Union Issue 5: Article VIII, Section 1(B), 1(C), 1(F), 2 New Sections - Sick Leave

Current Contract Provision:

ARTICLE XIII
LEAVES

SECTION 1 – SICK LEAVE

A. All employees covered by this Agreement shall be eligible for a maximum accrual of twelve (12) days sick leave per contract year. Sick leave will accrue on a per pay period basis.

B. Total sick leave may be accumulated to a maximum of one hundred eighty (180) days.

C. Under the conditions and per the schedule as follows, employees who elect to retire will be eligible to collect pay at their prevailing rate and on the basis of eight (8) hours per day, to a maximum of eighty (80) days (six hundred forty [640] hours), for their accrued and unused sick leave:

Employees have a minimum of

25 years of service / Accrual up to 80 days
22 yrs of service / Accrual up to 60 days

. . .

E. Employees must work at least fifty (50) percent of each month to accrue sick leave for that period. Employee attendance records will be reviewed at the end of each year, and accrual adjustments will be made for each month the employee did not work at least fifty (50) percent of the month. Employees must have at least eight (8) hours of sick leave accrued in order to be eligible to take paid sick leave and the sick leave must be taken in eight (8) hour increments.

F. After the fifth (5th) sick leave incident in a twelve (12) month period, and each October 1 thereafter, the first (1st) day of absence due to sickness will be unpaid.

Union's Proposal

ARTICLE XIII LEAVES, SECTION 1 SICK LEAVE

Paragraph B Modify language, ~~Total sick leave may be accumulated to a maximum of one hundred and eighty (180) days.~~ ***The Authority agrees to pay sick leave accumulated in excess of one hundred and eighty (180) days will be deposited into the employees VEBA account on the last pay period of the year. In the event an employee leaves the service of the Authority prior to the last pay period of the year the payment will be made no later than thirty (30) days from the date of separation.***

Paragraph C Modify language; Under the conditions as ***set forth above*** and per the schedule as follows, employees who elect to retire will be eligible to collect pay at the prevailing rate and on the basis of eight (8) hours per day, to a maximum of eighty (80) days six hundred and forty (640) hours, for their accrued and unused sick leave

Employees have a minimum of

25 years of service/Accrual up to 80 days
22 years of service/Accrual up to 60 days
20 years of service/Accrual up to 50 days
18 years of service/Accrual up to 40 days
15 years of service/Accrual up to 10 days

Paragraph E. Modify language: Employees must have at least ~~eight (8)~~ ***two(2) hours of sick leave accrued in order to be eligible to take sick leave and the sick leave must be taken in two (2) hour increments.***

Paragraph F. Delete language: ~~After the fifth (5) sick leave incident in a twelve (12) months period, and each October 1 thereafter, the first (1st) day of absence due to sickness will be unpaid.~~

Paragraph H. New language; Sick Leave Buy-Back: Upon application, on an authorized form, employees will be entitled to buy-back accumulated sick leave in excess of two hundred (200) hours from the sick leave bank. The buy-back will be allowed once each year and the application must be submitted not later than the fifteenth (15) of November for payment on the first (1st) pay period in December. The buy-back is limited to forty (40) hours per year and the

payment will be made at the rate of fifty percent (50%) of the employee's current regular base wage rate.

Employer's Position

Maintain status quo.

DISCUSSION AND AWARD

The Union cites the testimony of Dennis Antonellis, President and Business Agent for ATU Local 1015, in support of its proposals.

The Union argues that its proposal to modify paragraph C by lowering the threshold for payment to include 15, 18 and 20 years is needed because the age of new hirees is older and, therefore, many will not reach the 22 and 25 year eligibility. The Union points out that this is also beneficial to the Employer because it is an incentive for employees to save their sick leave.

The two-hour increment is also needed and is a reasonable request because now employees who want to take sick leave for a doctor's appointment must take the entire day, 8 hours, as sick leave.

The Union argues that its proposal to add a new benefit, buy-back of sick leave, would just give them what AFSCME 3939[5], ATU 1598[6] and the non-represented employees already enjoy. Employees would be allowed to turn in a maximum of 40 hours of sick leave annually for 20 hours of pay. This benefits the employee and the Employer because it is another incentive to not use sick leave.

---

[5] AGSCME 3939 has the same buy back of sick leave as proposed by ATU 1015.

[6] Under the ATU 1598 agreement employees must maintain a minimum sick leave balance of 240 hours and for sick leave in excess of 240 hours, employees may trade up to a maximum of 120 hours at the employee's existing rate of pay on a 3:1 ratio.

The Employer opposes all of the changes. With respect to the two-hour increment proposal, the Employer contends it is very difficult to cover work on the fixed route environment. Overtime would have to be assigned to those already at work or call in employees on their day off. If an employee is called in on a day off, the Employer is obligated to pay a minimum of 5½ hours.

The "fifth incident" proposal, as argued by the Employer, should also be rejected because it has been a proven deterrent to abuse of sick leave, (Employer Exhibit 10.3 and 10.4).

The Employer costs the Union's proposals as follows (Employer Exhibit 10.6):

	Approximately per year	3 year total
Sick leave in 2-hour increments	227,000	440,646
Sick buy-back up to 40 hours per year	115,000	351,301
Sick leave accruals in excess of 1440 Hours paid to employee VEBA account	7,500	22,159
The improved sick leave buy-out options With the addition of 15, 18 and 20 years	5,300	15,772
Drop fifth incidence	227,910	666,342

The Union's two-hour increment sick leave proposal is certainly reasonable on its face. Employees should not have to take a full day of sick leave for a two-hour doctor's appointment. Some may be able to visit the doctor on their off hours, but others may not. The nature of a bus service operation, however, requires that the absent operator be replaced. The Employer places the cost at about $227,000 per year. While there may be some flex in the figure provided based on the assumption made, there is no record evidence on which the Arbitrators can question the cost. The Arbitrators believe this is an issue that should be reviewed by the parties in their next

negotiations in terms of the validity of the assumptions and the overall cost. They should also explore alternative solutions.

The Employer also attributes a substantial cost to the "fifth incident" rule. The Employer assumes three additional operators would be required for the extra board. Off-hand, this seems quite a drastic assumption for the anticipated sick leave abuse. The cost, however, is not the determining factor on this issue.

The Union is proposing to delete an existing sick leave rule and has a burden to justify its request. There is no evidence that the rule is unfair or that its application or experience under it establishes a need for change. It is apparently discouraging abuse as intended. The parties should maintain the status quo.

With respect to the remaining proposals, the Arbitration Panel, based on internal comparisons, concludes as follows:

- Paragraph B - VEBA – maintain status quo.

- Paragraph C – Pay Back – maintain status quo.

- Paragraph F – 5th Incident – maintain status quo.

- Paragraph H – Buy-Back – provide the same buy-back as provided in the Local 1598 agreement except a minimum buy-back of 30 hours is added to make the provision administratively feasible. It shall read as follows:

  An employee shall be allowed to buy-down their accumulated sick leave annually according to the policies and criteria as set forth:

  1. At an employee's option, written election may be made to the Payroll Department during the month of November for a buy-down of accumulated leave to be paid on a regular pay date not later than December 15th.

  2. A maximum of one hundred twenty (120) hours may be traded in at the employee's existing rate of pay on a 3:1 ration. That is, three hours traded will yield one hour of pay. By example, the maximum of one hundred twenty hours (120) traded (3 weeks of sick leave) will yield forty hours of pay. Each requested cash out must be in no less than 30 hour increments.

3. A minimum balance of two hundred forty (240) hours of sick leave must remain after the buy-down election is made.

The buy-back is not as generous as enjoyed by Local 3939, but Local 3939 have no pay back benefit. This benefit will become effective in the third year of the contract.

Union Issue 6 and Employer Issue 1 – Article XV, Sections 5(B), 5(F), 5(K), 5(L), 5(O) and 5(P) - Part-Time Operators and Provisions

Current Contract Provision:

ARTICLE XV, SECTION 5 – PART-TIME OPERATIONAL PROVISIONS

. . .

F. Part-time operators shall receive one (1) week of paid vacation after completion of one (1) year of service, two (2) weeks paid vacation upon completion of two (2) years of service, and three (3) weeks of paid vacation upon completion of five (5) years of service. The weekly vacation pay will be based upon the part-time operator's contractual workweek.

. . .

K. The employer, at its discretion, may move temporarily, part-time operators to full-time status during the summer vacation period. This will be done by seniority on a voluntary basis. During this period, those part-time operators who are moved to full-time shall be eligible for only those benefits they are provided as part-time employees, except that they shall be eligible or compensated for all paid holidays which occur during the period they are temporarily full-time.

. . .

O. Eligibility for fringe benefits for part-time operators is limited to vacations, medical-dental plan participation, dependent passes and uniform allowance, but does not include participation in the pension plan. Additionally, part-time operators shall receive six (6) prorated holidays per year after 180 days of service.

P. All other working conditions contained within this Agreement, which apply to full-time operators, unless specifically restricted to full-time

operators, including the grievance procedure, markup provisions, and layoff and rehire rules, shall be applicable to part-time operators.

Union's Proposal

ARTICLE XV, SECTION 5, PART TIME OPERATORS AND PROVISIONS

Paragraph F. Modify language; to part time operators subject to Article VII, Section 1.

Paragraph K. Modify language; the employer at its discretion, may move temporarily, part time operators to full time status during the summer vacation period. This will be done on a voluntary basis. During this period, part time operators who move to full time status shall be eligible and compensated for all benefits at the full time rate.

Paragraph O. Modify language; Part time operators shall receive ten (10) pro-rated holidays per year.

Paragraph P. Modify language; all working conditions and fringe benefits contained in this agreement, which apply to full time operators, shall be applicable to part time operators.

Employer's Position

Maintain status quo.

DISCUSSION

The Union offered the testimony of part-time Coach Operator Rhonda Bowers and Coach Operator and Assistant Business Agent Tom Dompier in support of its position to increase the benefits of part-time operators. Both testified that part-timers should receive all the same benefits on a pro-rated basis as full timers because they do the same work and are subject to the same policies, procedures and attendance policy as the full timers.

The Employer strongly opposes the Union's proposal because, among other reasons, of its exorbitant cost. Over the life of the agreement the cost would be $1,650,000. Further, the

proposal would not produce any increase in service. Part-time employees work 27½ hours, not 40 hours per week. They are not entitled to the same benefits as full-time employees.

AWARD

The Arbitration Panel has reviewed all of the external comparables offered by the parties. No transit operation provides to part-time operators the full range of benefits equal to full-time operators as proposed here. There are some comparables with better benefits, but STA is not significantly different than most. The major problem, however, with the Union's proposal is its cost. It alone equates to an approximate 10% overall increase. [7]

Based on the merits of the Union's proposal and its significant cost, the proposal cannot be justified as a component of an overall package.

EMPLOYER'S PROPOSAL RE PART-TIME OPERATORS – ARTICLE XV, SECTION 5

Delete

~~B. Part-time operators are limited to a maximum of five and one half (5½) hours of work per day.~~

. . .

~~L. Part-time operators may work any and all types of work on weekends but are restricted to trippers, except for work which occurs between the hours of 1:45 p.m. and 8:00 p.m., on weekdays. The weekday restriction shall not apply to part-time operators assigned to the Valley Freeway Express. For clarification purposes, trippers are designed as follows:~~

~~1. Extra service provided during the AM and P.M. peak hours on any and all routes to assist regular scheduled coaches.~~

[7] Based on current wage base including wages related to fringe benefits of approximately $15.4 millions (Employer Exhibit C-8).

~~2. Short pieces of work on regular scheduled service that does not exceed two (2) hours, when regular or full-time extra board operators are not available.~~

Union's Proposal

Maintain status quo.

DISCUSSION

The Employer proposes to maintain the agreement's language that caps the number of hours a part-time operator can work each week at 27.5 hours, but seeks to eliminate the per day limitation and limitation on the types of work they can perform.

The Employer argues that the Agency's right to schedule part-time operators up to 27.5 hours per week has effectively been abdicated by restrictions in the agreement barring the Agency from working part-timers more than two hours in the morning and more than 5.5 hours a day. This, it is argued, is because service runs range from four hours and two minutes to five hours and twenty-eight minutes. Thus, each day, there may be as much as 1.5 hours of time per driver the Agency is unable to use. This will result in a savings of $75,000 each year of the contract in overtime wages or $90,000 in total compensation.

Furthermore, the Agency contends that its proposal does not in any way threaten to convert part-time operators to full-time operators. The contract will continue to limit part-time operators to 27.5 hours of work per week and limit the number of part-time operators. Additionally, this will not adversely affect the number of runs for full-time operators because the contract requires the Agency to maximize the number of straight rungs for them.

The Agency argues that its proposal is consistent internally because in no other unit is the time of part-timers limited. Also, no external comparable limits the use of part-time operators as limited in this unit.

The Union strongly opposes the Agency's proposal because of its concern about the potential loss of full-time operators and the splitting up of straight runs. Further, there will be a description of the regularity of the operator's schedule.

AWARD

The provision the Agency is seeking to change has been in the contract for quite a long time. While the proposed change will generate cost savings, the removal of the hours restrictions will likely result in considerable disruption to the part-time operator's schedule. The Union has been cooperative in the past in working with the Agency regarding this provision. The Arbitration Panel is not convinced that a change based strictly on cost is warranted given the impact on the operator's schedule.

Union Issue 8 and Employer Issue 3: Reclassifications and Creation of New Classifications

Union's Proposal

10. New Appendix, Wage Table	**Adjust wages for numerous specified job classifications**

APPENDIX C

A. The following clerical position wages shall be adjusted to the level of Storeroom Clerk/Buyer:
   1. Accounting Technician
   2. Payroll Specialist
   3. Cashier

B. The following position wages shall be adjusted to the level of Accounting Technician:
   1. Clerk Typist

2. Accounting Specialist
3. Storeroom Clerk/Typist

C. The following position wages shall be adjusted to the level of Cashier:
1. Revenue Clerk

D. The following position wages shall be adjusted to the level of Clerk/Typist Assistant:
1. Lead Data Technician

E. The following position wages shall be adjusted to the level of Lead Data Technician:
1. Data Technician

F. The following position wages shall be adjusted to the level of Para Transit Reservationists:
1. Customer Service Representative

G. The following position wages shall be adjusted to the level of Clerk/Typist Assistant:
1. Lead Customer Service Representative

Employer's Proposal

The Employer urges the Arbitration Panel to reject the Union's proposal because (1) the Union failed to offer any justification for its proposed reclassifications during negotiations; (2) the Agency is currently performing a comprehensive position and wage study to determine if its positions are appropriately classified when considering internal and external comparisons; (3) the cost of the Union's proposed reclassification is substantial, totaling more than $394,733; and (4) the positions at issue perform fundamentally different duties that justify the difference in wage rates.

Also, the Employer has its own classification proposal. It is related to the Union's Customer Service Representative classification. The Employer proposes to create two new positions: the Customer Service Representative (CSR) II and Lead Customer Service Representative III positions. This higher level of CSR is sought to assist with the anticipated

installation of new software known as Trapeze that will change the way customer service work is performed.

DISCUSSION AND AWARD

The issue of reclassifications and adjustments as a whole is problematic for the panel. Although both parties did an excellent job in presenting supporting rationale for their positions on each reclassification or wage adjustment request, the Panel is being asked to upgrade as a matter of equity 11, or one-third, of the bargaining unit positions. The cost as one might expect is substantial, close to $400,000. Even though reclassifications or wage adjustments are not necessarily costs the Union should bear, it nevertheless is a substantial cost to an employer that has financial concerns.

However, even putting the above aside, the real problem here is that there is in progress a complete classification and compensation study of the positions at the Agency. Many of the positions included in the study are those in the Union's proposal. The study is being performed by an outside firm that specializes in reclassification and job comparison issues. They consider much more than what was presented as evidence in this arbitration proceeding. The study includes internal and external comparisons. The study itself is complex because all jobs within an organization are in a sense inter-related. Although the duties of various positions may be totally different, certain measuring standards are used to evaluate and compare the requirements of the jobs (skill, knowledge, etc.) in determining the pay of both similar and unsimilar positions. The Panel is reluctant to enter the fray while a comprehensive study is in progress. It would not serve the parties' best interest for the panel to independently rule on the appropriate pay and classification of approximately one-third of the unit positions while such a comprehensive study is in progress.

This is not to say that the Union must accept the conclusions of the classification and compensation study regarding the appropriate wage rate. The results are not so perfect as to preclude reasonable differences. After all, such studies are not a perfect science and are in part based on subjective inputs. In fact, it should be made clear that the Panel, in reaching its conclusion, is relying on the sincerity of the Employer's intention, as stated in arbitration, to meet with the Union to discuss the study results once completed, (Transcript, 193). The Panel believes that the Employer should, as it stated it would, meet with the Union upon completion of the study and during the term of the contract to get the Union's input. Ultimately, of course, any change in compensation must be bargained with the Union. Had the study been completed prior to the arbitration, the Panel would have addressed any outstanding reclassifications or wage adjustments issues.

With respect to the Employer's proposal, the Arbitration Panel will adopt it's proposal for a second tier of Customer Service Representative positions titled Customer Service Representative II and Lead Customer Service Representative II. The Union does not object except for the wage rate for the positions. The rate shall be as proposed by the Employer, except it should be adjusted if the Customer Service Representative wage rate is increased as a result of the study or subsequent agreement of the parties. It appears from the record that this is likely in that the Employer agrees an increase for the Customer Service Representative is warranted.

Union Issue 9 and Employer Issue 2 - Wages

Union's Proposal

> The employer shall pay all employees a wage increase of 100% of the Seattle, Tacoma, Bremerton Consumer Price Index for the Urban Wage Earners and Clerical Workers Index from July 1, 2003, to July 1, 2004, on October 1, 2004, and from July 1, 2004, to July 1, 2005, on October 1, 2005, and from July 1,

2005, to July 1, 2006, on October 1, 2006, with a minimum of 3% and a maximum of 5%.

Wage increases shall be retroactive for all employees, including employees who have retired or left the service of the employer for any reason beyond October 1, 2004, and the date of a resolution of this issue.

Employer's Proposal

STA proposes a 1% per year general wage increase for each of the three years of the contract. October 1, 2004 through September 30, 2005; October 1, 2005 through September 30, 2006; and October 1, 2006 through September 30, 2007. Retroactivity for all active employees effective the date the arbitration decision is received, and all retired employees retiring after the expiration date of the collective bargaining agreement.

Union's Argument

The Union argues that both parties rely on comparables and that the most comparable situation to look at is STA itself in terms of percentage pay increases it has given to other employees of the STA.

The Union notes that the Agency in its letter of December 16, 2004, (Union Exhibit 11-226-227), to the Board, used internal comparisons and two private sector employers comparisons in support of its proposed 2004 increase to the non-represented employees of STA. The comparison establishes that for the period 2001-2004 management received a 10.75% increase, ATU 1598 (supervisors) an 11.46% increase, AFSCME 3939 an 8.50% increase and Local 1015 a 6.3% increase. Further, Avista (formerly Washington Water Power) non-union employees, which was used by STA, received a 15.2% increase over the same period of time.

With respect to local public employer comparables, AFSCME Local 270 which represents the largest group of employees for the City of Spokane, received a 5% increase on October 1, 2004; a 2% increase on April 1, 2005, and a 3% increase on October 1, 2005; and will receive another 3%, 2% split on April 1, 2006 and October 1, 2006, respectively. This is a 15%

wage increase. The Union argues that the cost of living for Local 1015 members is no less than for city employees.

Evidence was offered at the hearing comparing the Agency's Coach Operators with school bus drivers and light truck drivers. The Agency offered the testimony of Grant Forsyth, Associate Professor of Economics at Eastern Washington University. He explained his EWU report and his comparisons of STA Coach Operators and Mechanics.

The Union presented its own expert witness, Kathleen Hurley, Private Consultant, [8] to testify regarding Forsyth's EWU report. The Union argues that the Arbitrators should credit Hurley's testimony regarding appropriate comparisons over Forsyth's testimony because Hurley, unlike Forsyth, is an expert in classifications. Forsyth by this own admission is not an expert when it comes to comparing different job classifications. He admitted he did not use the Federal Department of Labor Occupational Employment Statistics (OES) classification system to compare a truck driver and/or a school bus driver to a transit coach operator. He arrived at and used the comparables suggested to him by STA.

Hurley was very emphatic that the STA and Forsyth's linking of truck drivers and school bus drivers with transit and inter city bus drivers was fatally flawed. They are not comparable. These very distinct job classifications have different OES codes. A school bus operator is 53-3022; an inter city coach operator is 53-3021.

Union Exhibit 11-231 outlines the different OES classifications for a school bus driver (53-3022); truck drivers and light duty services (53-3033); and bus driver, transit and inter city (53-3021) as well as Washington state salary data from the Bureau of Labor Statistics. It is

---

[8] She has her own consulting firm: K.J. Hurley and Associates.

clear-the duties are significantly different and the wages are also significantly different. The mean and median hourly wages are as follows:

		Median	Mean
53-3022	Bus driver, school	$15.01	$14.58
53-3033	Truck driver, light & delivery services	$12.51	$13.66
53-3021	Bus driver, transit and inter city	$18.78	$18.34

Using the same data from the BLS, Hurley discussed, through bar graphs, the difference between wage rates for STA's coach operators and other operators throughout the state of Washington.

Union Exhibit 11–233 shows that the current hourly rate for an STA Coach Operator is $1.30 or 7.44% less than the median hourly rate for other transit and inter city drivers in the state of Washington.

In conclusion, the Union argues that school bus drivers/truck drivers are not remotely comparable to transit Coach Operators in terms of job duties or pay. Further, STA's coach operators on a median basis make 7.44% less than similar Coach Operators involved in public transportation in the state of Washington.

The Union in addressing STA's budget takes the position that STA historically overstates its budget and understates its revenue when compared with actual annual numbers.

One of the issues raised by the Agency was affordability and accountability as a justification for its 1% per year proposal.

STA called Dr. Donohue, Doctorate in Economics, University of Texas, as an expert witness. He has been involved in approximately 70 interest arbitrations, including a number of

transit interest arbitrations on the west coast. He reviewed the annual financial reports and quarterly reports generated by STA.

The Union contends that Dr. Donohue's review of the financial condition of the STA indicates that intentionally or unintentionally the STA has historically understated revenues and overstated expenses. Union Exhibit 11-255 shows how STA's revenue projections took a dive right before commencing negotiations with Local 1015. Union Exhibit 11-254 illustrates how the STA historically understated sales tax revenues, its primary funding source. STA's projections under estimate annual sales tax since 1991 by an average of 12% per year. Particularly noteworthy is the projection for 2004. STA projected sales tax revenue of approximately $17 million when in fact it received approximately $23 million. The STA was off by 26%.

Additionally, it is asserted, that STA consistently under projected unrestricted reserves. As indicated by Union Exhibit 11-258, the STA underestimated annual unrestricted revenues by 45% on average since 1997.

Dr. Donohue's conclusions were that STA consistently overstated the budget, understated the reserve, and further, that the unrestricted reserves were also constantly understated in terms of STA's projections.

The Union notes that, as testified to by Jim Plaster, the Director of Finance and Administration for the STA, a primary source of revenue for the STA is the .6% sales tax. The Union contends that even Mr. Plaster agrees that the .6% sales tax creates a situation where the STA is over funded. This statement is consistent with Dr. Donohue's conclusion that STA is more than adequately funded and that STA's budget and revenue projections do not square with the actual numbers.

Plaster also candidly testified that over the past 12 years the wages of STA employees as an operating expense has been reasonably constant, and in fact, is less than it was ten years ago. Plaster also testified that for the past four years the medical premium rate for STA has not gone up.

In summary, the Union argues that STA's approach is to find the smallest geographic area with the smallest transit system and compare actual wages. The Union does not agree with this approach. It argues that over the course of time, employees and unions have set wage levels for their employees. Large metropolitan areas historically have higher wages and smaller areas to cover. The more relevant factor is comparing percentage wage increases for the local area, including STA itself and other local public agencies and other transit systems, large and small. The evidence clearly suggests that no one is receiving 1% annual pay increases. According to the Union, the 3% it is requesting is right about in the middle of the increases of other entities over the past several years. Some are higher and some are lower. Local 1015 maintains that its request is fair and reasonable, having in mind its service to the public and STA's ability to pay.

Employer's Argument

It is the Agency's position that its proposal on wages should be adopted because it represents a fair wage in light of the Agency's financial situation, local labor market and comparability factors.

The Agency argues that its wage is supported by comparables. Such comparisons should be based on total cost of compensation, i.e., base wages and cost of benefits. Total cost of compensation is mandated by the transit arbitration statute and by arbitral decisions.

The Agency contends that its wage proposal would exceed the average of the comparables, including those proposed by the Union. The STA for 2004 is 7% higher than the

average total compensation average of STA's comparables and 1.1% above the Union's comparables.

The Agency, however, argues that in making comparisons, cost-of-living adjustments should be factored in to adjust the averages. When doing so, STA's average would be much higher than the average.

The Agency also submits that its wage proposal is supported by other economic differences between Spokane and its comparables. For one, Spokane's economy is isolated from western Washington's metropolitan areas and has not been the beneficiary of the boom in Central Puget Sound. Dr. Forsyth testified to this issue. The differences in this regard are that:

- Spokane's personal income and household income are far lower than in those counties proposed as comparables by the Union;
- Spokane's average wage is significantly less than those in western Washington;
- Spokane has a relatively high unemployment rate, adding to its low cost of living;
- Spokane's minimal taxable retail sales are substantially lower than in King County;
- The differences in cost of living are particularly acute when considering median home prices.

It is also STA's position that the fiscal resource factor does not support the Union's wage demand. The interest arbitration statute expressly requires the Arbitration Panel to consider fiscal restraints of the Employer.

In this regard, it is argued, that STA has all but exhausted its reserves as a result of Initiative 695. One of the primary funding mechanisms for STA was the state motor vehicle excise tax. The Washington voters elected to eliminate this tax though in Initiative 695. This

left STA with a loss of 40% funding. The Agency had to dig into its reserves. STA asked Spokane voters for a 0.3% sal3es tax increase to help with the revenue shortfall. It failed. STA tried again and to make it saleable a 2009 sunset provision was put in the Initiative thereby automatically terminating the proposed 0.3% sales tax unless approved in 2008. It passed.

The Agency argues that it must act as fiscally responsible and conservatively as possible to persuade the voters to continue the sales tax increase in 2008. Thus, the Agency believes that to meet the public's expectations it would be imprudent to increase wages more than 1%.

Lastly, it argues that the turnover evidence does not support the Union's wage proposal. Moreover, Operators are not being asked to increase their workload. The Union's evidence simply does not justify a larger wage award. In this regard, the Union's wage analysis is inappropriately skewed in favor of larger metropolitan transit agencies resulting in misleading and incorrect results. Further, wages paid to other STA employees do not justify the significant wage increase requested by the Union.

For all of the above reasons, the Agency believes its proposal is fair and reasonable.

DISCUSSION AND AWARD

The parties agree that the term of the contract should be three years, i.e., October 1, 2004 through September 30, 2007.

The parties are a minimum 2% and potentially 4% apart on the wage increase for each year.

The Arbitration Panel must determine a fair and reasonable three-year wage increase using the following statutory criterion:

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

(b) stipulations of the parties;

(c) compensation package comparisons, economic indices, fiscal constraints, and similar factors determined by the arbitration panel to be pertinent to the case; and

(d) such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment.

No issue was raised with the first two criteria. Therefore, they need not be discussed. It is abundantly clear from the statutory criterion that the Arbitration Panel in evaluating the parties' wage proposals and ultimately awarding a wage increase, must base its determination, in part, on "compensation package comparisons." Other important factors are "economic indices" and "fiscal constraints." Further, similar factors and such other factors normally or traditionally taken into consideration in determining wages should be considered.

The Employer, in support of its proposal, relies primarily on the factors of "compensation package comparisons," "fiscal restraints" and "economic indices."

The factors relied upon by the Union in support of its proposal are cost of living (economic indices), the wage rate and total compensation of its employees compared to internal comparables and its set of external comparables.

Much testimony and exhibits were presented regarding STA's fiscal constraints. There is no question STA's history with regard to its source of funding has been rocky. In 1999, STA lost approximately 40% of its revenues when state-wide voters repealed the Motor Vehicle Excise Tax. In fall 2002, the voters rejected a 0.3% sales tax increase, but when faced with a second vote in 2004, they passed a 0.3% increase in sales tax (to a cumulative 0.6%), but with a sunset provision in 2008.

There is no question that the source of funding is a constant legitimate worry for STA. On the other hand, the financial situation does not present an inability to pay a fair and reasonable wage increase. For instance, STA's revenues have exceeded its budget for a number of years. Further, it appears the current level of funding is sufficient and even possibly a little more than needed. [9]

The concern appears to be more a worry over the possibility of the voters not continuing the present 0.3% sales tax when it comes to vote in 2008. STA argues that they are being watched closely and must prove to the public that it is operating responsibly and efficiently. The Arbitration Panel agrees, but we do not believe that a fair and reasonable contract settlement as compared to internal and local settlements and to external comparable transit agencies is inconsistent with STA's objective. Additionally, a successful operation requires a workforce with high morale. Susan Meyer testified that customer service is all important in gaining the confidence and backing of the public. This unit of employees, of course, is important in developing community confidence and support by providing courteous and reliable service.

With regard to the factor of "economic indices," the Arbitration Panel has reviewed all of the evidence presented but find most non-determinative of the issues because so much of it relates to the comparison of Spokane, its economy, etc., to the large metropolitan area in the western part of the state. We, however, for reasons discussed earlier and below have not adopted the larger western transit agencies as comparables. Therefore, much of the economic data is not directly pertinent. The cost-of-living aspect of the "economic indices" is considered when discussing the reasonableness of the wage increases.

---

[9] Plaster's testimony, September 13 morning Tr., p. 23. He testified that STA is probably somewhat over funded at six-tenths total sales tax level, but under funded at five-tenths sales tax level. State law does not allow splitting a tenth of a per cent in sales tax levy.

First, the Panel, for reasons discussed above, has determined the appropriate external comparables to consist of: Ben Franklin, Kitsap, C-Tran and Lane transits. Therefore, for comparison purposes, these are the comparables used to compare wages and fringes.[10] In making wage and total package comparisons with the comparables, the evidence establishes that STA ranks second to C-Tran in wages and is first in total compensation. It is, of course, above the average in both categories. This, however, is not surprising because STA is the largest transit operation among the comparables. STA ranks first in population served, first in revenue hours (over twice as much as Ben Franklin and Kitsap), first in revenue miles (almost double Kitsap), and first in maximum vehicles in service (twice Ben Franklin). Thus, while STA ranks first in total compensation, there is no apparent reason why it should not be so ranked and continue to be so ranked given the size of its operation.

Thus, while total compensation for comparison purposes is a very important criterion, the fact that STA ranks the highest does not in itself establish the Employer's 1% proposal as a fair and reasonable wage increase. Other factors normally or traditionally considered in determining wages must be applied. In this regard, what is almost universally considered in bargaining wages are internal and external settlements and, as argued by the Union, the percentage increase of settlements among the comparables.

Here, internally STA has two other represented units: ATU Local 1598 and AFSCME 3939. In 2004, AFSCME 3939 received a 1.5% increase and Local 1598 a 2.5% increase. The non-represented received a lump sum equal to 2.5%. The parties in the instant

---

[10] Therefore, there is no need to discuss all of the evidence and arguments comparing STA with the larger western transit operations located in a much more populated area.

unit have decided to apply their proposed wage increases across the board and not in a lump sum payment. The Arbitration Panel agrees and, like the parties, prefers an across-the-board increase.

The internal comparables neither support the Employer's 1% increase nor the Union's cost-of-living wage increase with parameters of 3% and 5%. Both AFSCME 3939 and ATU Local 1598 settled for more than 1%, but less than 3.0%. Further, the concept of a cost-of-living generated wage increase incorporated into the contract is something new to STA and one that has not been adopted in any of its other contracts. Aside from that, the Arbitration Panel finds such a formula in the contract problematic for the Employer. Cost of living is a legitimate indicia in determining a reasonable wage increase, but not as a determinator of future increases. Relying on a cost-of-living adjustment for future years instead of a specific wage increase is just too unpredictable and uncertain and as such presents a significant problem for an employer to budget for its operation. Also, there may be other valid reasons why a straight cost-of-living adjustment is not appropriate. For said reasons, the Arbitration Panel will not incorporate a cost-of-living clause in the parties' collective bargaining agreement.

Another factor that is normally considered is settlements in the local area. The evidence regarding same, however, is less then complete. It appears the City of Spokane M & P, for 2004, settled for a 2.5% increase effective January and an additional .5% in August. The City of Spokane and AFSCME settled a 3 year (2004-2006) contract for split increases of 5% (10/1/04), 2% (4/1/05), 3% (10/1/05), 3% (4/1/06), and 2% (10/1/06). Avista, whose employees are non-represented, granted its employees a 3.2% increase in 2004. There are no settlement figures for Spokane County or Humanix.

Certainly, the settlements that are known are more supportive of the Union's proposal, at least at the lower end, than that of the Employer's. However, the Panel cannot put too much

emphasis on the local settlements when at least two of the settlements are unknown and very little information is known for 2005 or 2006.

We turn now to the external comparables as set forth below[11]:

[11] The panel is working off the comparison charts provided by the Employer with the addition of the figures for a 2% and 3% increase.

TOTAL COST OF COMPENSATION
STA COMPARABLES – 2004

JURISDICTION	HOURLY RATE	5 YR AVG BENEFITS	TOTAL COMP HRLY
Ben Franklin	$18.43	$8.70	$27.13
Kitsap	$19.56	$8.85	$28.41
C-Tran	$20.13	$8.60	$28.73
Lane	$18.45	$11.54	$29.99
Average	**$19.14**	**$9.42**	**$28.57**
Spokane (1% increase)	$19.61	$10.95	$30.56
% Difference [12]	2.5%	16.2%	7.0%
Spokane (2% increase)	$19.81	$10.95	$30.76
% Difference	3.5%	16.2%	7.7%
Spokane (3% increase)	$20.00	$10.95	$30.95
% Difference	4.5%	16.2%	8.3%

TOTAL COST OF COMPENSATION
STA COMPARABLES – 2005

JURISDICTION	HOURLY RATE	WAGE INCR.	% INCR.	5 YR AVG BENEFIT	TOTAL COMP HRLY
Ben Franklin	$18.89	.46	2.5	$8.70	$27.59
Kitsap	$20.05 [13]	.49	2.5	$8.85	$28.90
C-Tran	$20.73	.60	3.0	$8.60	$29.33
Lane	$18.73	.28	1.5	$11.54	$30.27
Average	**$19.60**	**.46**	**2.4**	**$9.42**	**$29.02**
Spokane(1% increase)	$19.81	.20	1.0	$10.95	$30.76
% Difference	1.1%			16.2%	6.0%
Spokane (2% increase)	$20.21	.40	2.0	$10.95	$31.16
% Difference	3.1%			16.2%	7.4%
Spokane (3% increase)	$20.60	.60	3.0	$10.95	$31.55
% Difference	5.1%			16.5%	8.7%

[12] There is no evidence of what the differentials were in 2003 so the Panel could not determine if the 2.5% and 7.0% "difference" relied on by the Employer represented an increase or decrease or status quo from 2003. It is probably safe to assume that the comparables settled for more than a 1% increase in 2004 which means the difference decreased in 2004.

[13] STA's average of comparables is skewed because it shows no increase for Kitsap in 2005. Kitsap has not settled for 2005, but since the Employer has offered a 2.5% increase, (Tr. p. 86, September 13 morning session), the Panel will use the 2.5% proposed increase for comparison purposes.

Although the parties did not provide the Arbitration Panel with the percentage wage increases of the comparables for 2004 and 2005, the Panel was able to calculate the percentage increases for 2005 off of the hourly rate increases provided. [14] The Panel worked off of the comparison charts provided by the Employer. The Ben Franklin settlement was 46¢ per hour or 2.5%, Kitsap 49¢ per hour or 2.5%, C-Tran 60¢ per hour or 3.00%, and Lane 28¢ per hour or 1.5%. The average was 2.4%.

STA's 1% in 2004 and 1% in 2005 generates a 20¢ per hour wage increase in 2004 and 2005. Under STA's proposal, Spokane would go down from 2.5% above the average to 1.1% above the average. Its total compensation would go down from 7% above the average to 6.0% above the average. A 3% increase would improve STA's hourly rate to 5.1% above the average and the total compensation to 8.7% above the average.

Again, as with the internal comparables, the settlements of the external comparables do not support either a 1% or 3% across-the-board wage increase.

What the Arbitration Panel deems to be a fair and reasonable wage increase is one that compares favorably with the comparables and one that maintains the same total compensation benefit relative to the average of its comparables. This would be consistent with the statutory requirement of giving consideration to "compensation package comparisons" and other factors such as comparing percentage wage increases among the comparables as traditionally done.

---

[14] We agree with the Union that a comparison of percentage wage increases should be considered.

In so doing, the Arbitration Panel awards a 2.25% wage increase in 2004, a 2.25% wage increase in 2005 and a 2.25% increase in 2006. The rationale for the package is that a 2.25% increase in 2004 (a 44¢ per hour increase) compares well with the internal comparables and the cost of living. It is lower than the 2.5% and 2.7% settlements of the non-represented and ATU 1598, but they were lump sum settlements. The 2.25% is higher than the AFSCME 1.5% settlement. The 2.25% in 2004 is lower than the June 2003 – June 2004 [15] cost-of-living increase of 2.5% in the Seattle area, but probably near the Spokane cost of living. When the two, internal comparables and cost of living, are considered, the Arbitration Panel believes that a 2.25% increase in 2004 is fair and reasonable.

There were no figures provided from which the Arbitration Panel could determine what the hourly rate or percentage increases for the external comparables were for 2004.

In 2005, the CPI-W from June 2004 to June 2005 was 2.3%, but probably lower in Spokane. Thus, a 2.25% increase compares well with the cost of living. The 2.25%/45¢ compares with the comparables average of 2.4%/46¢. The Panel did not award any improvements in fringes in 2005.

The 2.25% increase in 2005 also compares well with the percent differential between STA's hourly rate and total compensation as measured against the averages of the comparables. The differentials in 2004 and relied on by the Employer were a +2.5% in hourly rate and +7.0% in total compensation in favor of STA based on a 1% increase. STA's 1% offer in 2005 would

---

[15] Seattle-Tacoma-Bremerton Consumer Price Index ('CPI") for urban wage earners and clerical workers (CTI). There are no Department of Labor statistics for Spokane. (Exhibit A7).

reduce those differentials to +1.1% and +6%, respectively, while a 2.25% increase would change the differentials +3.6% and +7.8%. The latter are closer to the 2004 differentials of +2.5% and +7.0% relied on by the Employer. (Again, those differentials in all likelihood decreased in 2004 because the settlements among the comparables for 2004 were undoubtedly in excess of 1%). Further, STA will maintain its number one ranking in overall compensation and second in wage rate, while the STA's 1% proposal would drop STA's ranking in wage rate to third.

For 2006, there is no evidence available or presented. The Arbitration Panel believes a 2.25% wage increase to be appropriate because of the rise in inflation in 2005 that will impact negotiations in 2006. The cost of living will undoubtedly be reflected in the settlements among its comparables. It is very likely they will all settle in excess of the 2.4% average of 2005. On the other hand, the Panel has added improvements in fringe benefits in 2006 and the Employer will be faced with costly health insurance premium increases in 2006.[16] Lastly, the Panel is mindful that the Agency will be approaching the 2008 sunset provision of the sales tax, which the Panel has taken into consideration. No other transit agency has a sunset provision in its funding[17]. The Arbitration Panel believes that STA should not and will not gain ground on the comparables with a 2.25% wage increase.

---

16 September 13 morning Tr., p. 62.

17 September 13 morning Tr., p. 22.

Other factors such as turnover and the comparison of coach drivers to school bus drivers/light truck drivers [18] were considered, but not found to be influential in the disposition of the issues.

[18] A fair amount of evidence was presented including expert testimony on behalf of STA and the Union regarding this comparison. The Arbitration Panel found the Union's expert to be more persuasive that the two, bus drivers/light truck drivers, are not good comparables.

SUMMARY OF AWARD

After considering the applicable factors described in RCW 41.56.430 and the record as a whole, including the parties' arguments, the Arbitration Panel makes the following Award:

Article VI, Section 8 – Paid Funeral Days

- modify the definition of family to include step parents and step children.

- add one (1) paid day to attend funeral of family if travel in excess of 200 miles one way is required.

- add: Employees may use up to two (2) days of their accumulated sick leave for the purposes of attending a funeral for grandparents/grandchildren, not to be counted as a sick leave incident.

- This award with respect to funeral leave shall become effective the third year of the contract.

Herman Torosian, Neutral Arbitrator

John Leinen, Union Designee

Elizabeth Kennar, Employer Designee

Article VI, Section 7(A) – Instruction Pay Bonus

Maintain status quo.

Herman Torosian, Neutral Arbitrator

John Leinen, Union Designee

Elizabeth Kennar, Employer Designee

Article XVI, Section 7 – Instruction Pay

Maintain status quo.

Herman Torosian, Neutral Arbitrator

John Leinen, Union Designee

Elizabeth Kennar, Employer Designee

Article VII, Section 3 – Vacation Allowances

Maintain status quo.

Herman Torosian, Neutral Arbitrator

John Leinen, Union Designee

Elizabeth Kennar, Employer Designee

Article VIII, Section 1 – Holidays/General

Add one floating holiday in the third year of the contract to be selected using the same procedure now used per the contract (Article VIII, Section 2-Floating Holidays). The additional floating holiday shall be taken in the 2007 calendar year.

Herman Torosian, Neutral Arbitrator

John Leinen, Union Designee

Elizabeth Kennar, Employer Designee

Article XIII, Section 1 – Sick Leave

Paragraph B – VEBA – Maintain status quo.

Paragraph C – Payback – Maintain status quo.

Paragraph F – 5th Incident – Maintain status quo.

Paragraph H – Buyback effective the third year of the contract as follows: –

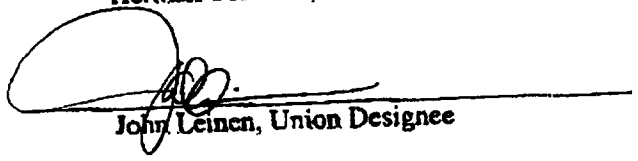
An employee shall be allowed to buy-down their accumulated sick leave annually according to the policies and criteria as set forth:

1. At an employee's option, written election may be made to the Payroll Department during the month of November for a buy-down of accumulated leave to be paid on a regular pay date not later than December 15th.

2. A maximum of one hundred twenty (120) hours may be traded in at the employee's existing rate of pay on a 3:1 ration. That is, three hours traded will yield one hour of pay. By example, the maximum of one hundred twenty hours (120) traded (3 weeks of sick leave) will yield forty hours of pay. Each requested cash out must be in no less than 30 hour increments.

3. A minimum balance of two hundred forty (240) hours of sick leave must remain after the buy-down election is made.

Herman Torosian, Neutral Arbitrator



John Leinen, Union Designee

Elizabeth Kennar, Employer Designee

Article XV, Section 5 – Part-Time Operational Provisions
(Union's Proposal)

Section 5, F (Vacation) – Maintain status quo.

Section 5, K (Summer Benefits) – Maintain status quo.

Section 5, O (Holidays) – Maintain status quo.

Section 5, P (Application of all Working Conditions and Benefits) – Maintain status quo.

Herman Torosian, Neutral Arbitrator

John Leinen, Union Designee

Elizabeth Kennar, Employer Designee

Article XV, Section(s) 5(B), 5(L) – Part-Time Operators and Provisions
(Employer's Proposal)

Section 5(B) (Maximum Hours Per Day) – Maintain status quo.

Section 5(L) (Restricting Work During Day) – Maintain status quo.

Herman Torosian, Neutral Arbitrator

John Leinen, Union Designee

Elizabeth Kennar, Employer Designee

Wages – New Appendix (Reclassifications)

Add new classifications of Customer Service Representative II and Lead Customer Service Representative II at the wage rate proposed by the Employer. However, once the classification and compensation study is completed, the wage rates of the new classifications should be adjusted to reflect any changes made to the Customer Service Representative wage rate.

All remaining classifications maintain status quo, unless otherwise agreed to, but Employer is to meet with Union following the issuance of the classification and compensation report.

Herman Torosian, Neutral Arbitrator

John Leinen, Union Designee

Elizabeth Kennar, Employer Designee

Wages

2.25% across-the-board increase effective October 1, 2004.

2.25% across-the-board increase effective October 1, 2005.

2.25% across-the-board increase effective October 1, 2006.

The retroactive increases shall be applied to all employees of the Agency as of the date of the Arbitration Award and all retired employees retired after the expiration of the collective bargaining agreement.

Herman Torosian, Neutral Arbitrator

John Leinen, Union Designee

Elizabeth Kennar, Employer Designee

DATED: March 30, 2006