

BEFORE THE INTEREST ARBITRATOR

In the matter of the
interest arbitration between

PACIFIC COUNTY

and

TEAMSTERS LOCAL 252

CASE 24235-I-11-572

INTEREST ARBITRATION
OPINION AND AWARD

Reid, Pedersen, McCarthy and Ballew, by *Tom Leahy*, Attorney at Law, for the union.

Pacific County, by *David Burke*, Prosecuting Attorney, for the employer.

PROCEDURAL MATTERS

On September 12, 2011, the Executive Director of the Public Employment Relations Commission certified that Teamsters Local 252 (union) and Pacific County (employer) were at impasse for a successor collective bargaining agreement and that the parties could advance three open issues to interest arbitration for resolution. On September 15, 2011, the parties waived their right to appoint partisan arbitrators and, pursuant to WAC 391-55-210(2), asked the Commission to appoint a staff member to serve as arbitrator. The Commission appointed Jamie L. Siegel, who conducted a hearing on February 23, 2012, in South Bend, Washington. At the tape-recorded hearing, witnesses testified under oath and the parties presented documentary evidence. The parties filed post-hearing briefs on April 4, 2012.

BACKGROUND

Pacific County is located in Southwestern Washington and borders the Pacific Ocean. The employer's workforce includes four different bargaining units plus a group of unrepresented employees. The union represents 15 commissioned employees in the Sheriff's Department who hold the positions of deputy and sergeant. The most recent collective bargaining agreement

between the parties expired December 31, 2010. The prior agreement expired December 31, 2009, and the parties rolled the contract through December 31, 2010, with no wage or benefit increase. As a result, employee wages have remained unchanged since 2009.

The parties sought resolution of three issues: wages, health and welfare benefits, and duration. After certification of the issues, the parties resolved duration and agreed that the three-year collective bargaining agreement will be effective from January 1, 2011, through December 31, 2013.

STATUTORY CRITERIA

RCW 41.56.450 provides interest arbitration as a method for designated public employers and uniformed personnel to resolve disputes concerning terms of the parties' collective bargaining agreements. RCW 41.56.430 articulates the legislative purpose of interest arbitration as follows:

The intent and purpose of chapter 131, Laws of 1973 is to recognize that there exists a public policy in the state of Washington against strikes by uniformed personnel as a means of settling their labor disputes; that the uninterrupted and dedicated service of these classes of employees is vital to the welfare and public safety of the state of Washington; that to promote such dedicated and uninterrupted public service there should exist an effective and adequate alternative means of settling disputes.

In reaching their decisions, RCW 41.56.465(1) requires arbitrators to consider the above-referenced legislative purpose as well as the following "standards or guidelines":

- (a) The constitutional and statutory authority of the employer;
- (b) Stipulations of the parties;
- (c) The average consumer prices for goods and services, commonly known as the cost of living;
- (d) Changes in any of the circumstances under (a) through (c) of this subsection during the pendency of the proceedings; and

(e) Such other factors, not confined to the factors under (a) through (d) 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) [RCW 41.56.030(13)] 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.

RCW 41.56.465(2) further provides that:

For employees listed in RCW 41.56.030(7) (a) through (d) [RCW 41.56.030(13)], the panel shall also consider a 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.

The statute does not specify how much weight to give any of these standards or guidelines, leaving that determination to the arbitrator's discretion. With respect to RCW 41.56.465(1)(e), although each case has unique considerations, arbitrators traditionally consider the following: ability to pay, recruitment and retention, and internal equity.

APPLICATION OF STATUTORY CRITERIA

Constitutional and Statutory Authority of Employer

The parties raised no issues relating to the employer's constitutional or statutory authority.

Stipulation of Parties

The parties resolved duration, agreeing that the collective bargaining agreement will be effective from January 1, 2011, through December 31, 2013. Other than this agreement on duration, the parties reached no additional stipulations relevant to this matter.

Cost of Living and Interim Changes

With respect to changes in cost of living, the consumer price index, as published by the United States Department of Labor, Bureau of Labor Statistics (BLS), shows the following:

Month/Year	All Cities		Seattle-Tacoma-Bremerton	
	CPI-U	CPI-W	CPI-U	CPI-W
June 2011	3.6	4.1	3.2	3.7
2011 annual avg	3.2	3.6	2.7	3.2
January 2012	2.9	3.1	n/a	n/a
February 2012	2.9	3.1	2.7	2.8
March 2012	2.7	2.9	n/a	n/a

Other than some limited anecdotal testimony about the cost of living in Eastern Washington being less than the cost of living in Western Washington, the parties introduced no specific evidence relating to regional differences in the cost of living.

Ability to Pay

Most of Washington's public sector employers have suffered significant economic declines since approximately 2008. In many counties, property and sales tax revenues have fallen sharply. The employer in this case has been impacted by the economic declines.

The employer's 2011 budget was approximately \$30 million, including dedicated revenues from grants. Testimony revealed that from 2007 to 2010, the employer's general fund revenue declined by approximately one million dollars.

With the exception of forest excise taxes, the parties introduced limited evidence on the employer's revenue sources and how the economic declines impacted the revenue sources. The employer introduced no revenue-related or budget documents into evidence. In 2010, the employer collected \$76,000 from forest excise taxes. It anticipated receiving no revenue from that source in 2011; the employer unexpectedly collected \$278,570 from forest excise taxes that year. For 2012, the employer budgeted \$200,000 in revenue from forest excise taxes, anticipating that the market surge resulting in the 2011 increase had already declined. County Commissioner Jon Kaino testified that timber, a significant industry for Pacific County's economy, is a volatile revenue source. He explained that economic recovery in a natural resource-based economy is more difficult. Kaino has served as a commissioner since 1993 and testified that the economic downturn the employer has faced recently is "nothing close" to the challenges they have faced before.

As a result of the economic downturn, the employer reduced staffing. From 2009 to 2011, the employer reduced staffing levels from 196 FTEs to 165 FTEs, a reduction in 31 positions. This represents a 15 percent cut in staffing. The record does not reveal what kind of service cuts may have been associated with this reduction in personnel. Additionally, the record does not indicate whether the employer achieved these reductions through attrition, leaving vacancies unfilled, layoffs, or a combination.

Despite its economic challenges, the employer appears to have prioritized maintaining deputy staffing levels and, in fact, added two deputy positions in January 2012. Testimony described various steps the employer took to fund the additional deputies; in addition to acquiring grants, the employer shifted funding, lowered internal service rates, and used reserve funds.¹ The employer recognizes such steps are not sustainable.

The employer expressed significant concern about its capacity to fund wage or benefit increases indicating that it has already cut all the non-personnel-related costs that it can.

Recruitment and Retention

Arbitrators often consider recruitment and retention issues when addressing compensation. Evidence of an employer's challenges in recruiting new employees or retaining existing employees can indicate that the compensation and benefit packages are not sufficiently competitive. The parties introduced no evidence on recruitment and retention so I do not consider this factor.

Internal Equity

Arbitrators sometimes consider settlements reached by employers with its other bargaining units, recognizing employers' interests in achieving some level of consistency among bargaining units. In doing so, however, arbitrators understand that there are unique circumstances involved with each bargain and that those unique circumstances lead to variations in the resulting agreements.

The weight arbitrators give to internal equity varies depending on the issue involved and the economic circumstances. As Arbitrator Jane Wilkinson described, during difficult economic

¹ The record does not include the amounts maintained in the employer's reserve fund.

times when it becomes necessary to ask all employees to make sacrifices, internal parity can be a valid consideration: "Obviously, it does nothing for the morale of one employee segment to accept, for instance, a wage freeze, and then see another group receive a whopping increase, no matter how deserving the latter group is of that increase." *City of Redmond and Redmond Police Association*, PERC No. 16791-I-02-387 (Wilkinson, 2004).

In addition to the employer's non-represented employees and the sheriff's deputies and sergeants, employees are represented in three other bargaining units. Only the sheriff's deputies and sergeants are eligible for binding interest arbitration. Neither party offered evidence at hearing regarding recent wage adjustments for other employees. In its post-hearing brief, the employer presented information on multi-year wage freezes for two bargaining units. At hearing the employer introduced evidence of the difference in the employer's contribution to health and welfare benefits between this bargaining unit and other bargaining units' employees. I will discuss this later in the decision.

COMPARATORS

Testimony at hearing and the parties' post-hearing briefs reflect a sharp difference of opinions regarding which jurisdictions to use as comparators as well as which methodology to apply in calculating the comparison data. As is the situation in most interest arbitrations, the comparator jurisdictions the arbitrator selects play a pivotal role in the award.

RCW 41.56.465(2) requires arbitrators to compare "like employers of similar size" on the west coast. The statutes do not, however, specify how to measure similar size. Arbitrators traditionally use population and assessed valuation to determine similar size, generally selecting jurisdictions with populations and assessed valuations that fall as low as 50 percent below and as high as 150 percent above the subject jurisdiction. At times, this band results in an insufficient number and distribution of comparators and arbitrators broaden it to include jurisdictions as high as 200 percent above the subject jurisdiction to secure a sufficient number of comparators. *City of Pullman and Pullman Police Officers' Guild*, PERC No. 12399-I-96-0296 (Gaunt, 1997).

In *City of Tacoma and IAFF Local 31*, PERC No. 20635-1-06-0481 (Wilkinson, 2007) (citations and footnote omitted), Arbitrator Wilkinson described the selection of comparators as follows:

When selecting comparators, arbitrators primarily consider those whose population and assessed valuation are no less than 50% and no more than 150% to 200% of the subject jurisdiction's. Ideally, both total assessed valuation and assessed valuation per capita will fall within these ranges. The objective is, if possible, to create a list of comparators somewhat balanced on the high and low side, although with particularly large or particularly small jurisdictions, this is not always possible. Arbitrators also prefer using comparable employers having geographic proximity because they more accurately reflect the subject jurisdiction's labor market.

In this case, the parties introduced no history of comparators which they have agreed upon or otherwise used in the past. Additionally, this appears to be the first time the parties have pursued interest arbitration so no prior awards exist to help inform the selection of comparators.

The parties agree on the following five comparator counties: Adams, Asotin, Klickitat, Pend Oreille, and Skamania. The employer submits that these five comparators are the only appropriate jurisdictions. The union disagrees and proposes five additional comparators: Douglas, Jefferson, Kittitas, Okanogan, and San Juan. The following chart shows the population, assessed valuation, and percentage comparisons to Pacific County for the union's ten proposed comparators. Pacific County's population is 20,900 and its assessed valuation is \$2,645,599.

Jurisdiction	Population	%	AV	%
Adams	18,950	91%	1,613,642	61%
Asotin	21,650	104%	1,465,250	55%
Douglas	38,650	185%	3,682,245	139%
Jefferson	30,500	146%	5,421,260	205%
Kittitas	41,300	198%	6,437,116	243%
Klickitat	20,500	98%	3,335,201	126%
Okanogan	41,200	197%	3,968,432	150%
Pend Oreille	13,000	62%	1,365,825	52%
San Juan	15,900	76%	8,136,499	308%
Skamania	11,150	53%	1,332,265	50%

Union Comparable Analysis

To select its comparators, the union applied a 50 percent below, 200 percent above analysis, using three screening criteria: population, assessed valuation, and tax collections. The union acknowledges that the assessed valuations of Jefferson and San Juan Counties fall outside the 200 percent range but argues that the importance of including Western Washington jurisdictions requires inclusion of these two counties. Without Jefferson and San Juan Counties, Skamania County is the only comparator from Western Washington.

Darren O'Neil, Teamsters Local 252 Secretary-Treasurer, testified that many of the Western Washington counties in closer proximity to Pacific County were too small to include and not interest arbitration-eligible.² He testified about his perception of differences between Eastern and Western Washington jurisdictions, including that the cost of living in Eastern Washington is generally lower than the cost of living in Western Washington.

Employer Comparable Analysis

The employer confined its analysis to jurisdictions falling 50 percent below and 150 percent above the employer's population and assessed valuations and argues that the five resulting jurisdictions are sufficient. The employer articulates that Eastern Washington counties are just as viable comparators as Western Washington counties. The employer distinguishes Jefferson and San Juan Counties based upon their substantially greater assessed valuations. The employer distinguishes Kittitas and Okanogan Counties based upon their larger populations. The employer argues that Douglas County is an unfair comparator because it has a close relationship with Chelan County. These two neighboring counties share services and compete for employees in the same labor market.

Arbitrator Analysis and Award

In formulating a list of comparators consistent with the statutory mandate, I reject both the employer's and the union's proposed lists. I find that the five comparators agreed upon by the parties are not sufficient, and I must decide which of the union's proposed comparators shall be

² For law enforcement officers employed by a county to be eligible for interest arbitration, the county must have a population of ten thousand or more. RCW 41.56.030(13).

included. Although arbitrators have found five comparators sufficient in some cases, this situation is distinguishable.

If I were to adopt the five jurisdictions the employer proposes, Pacific County would have the second highest population and the second highest assessed valuation, as the charts below demonstrate:

County	Population
Skamania	11,150
Pend Oreille	13,000
Adams	18,950
Klickitat	20,500
Pacific	20,900
Asotin	21,650

County	Assessed valuation
Skamania	1,332,265
Pend Oreille	1,365,825
Asotin	1,465,250
Adams	1,613,642
Pacific	2,645,559
Klickitat	3,335,201

In addition to the lack of balance in terms of having only one jurisdiction with a larger population and only one jurisdiction with a higher assessed valuation, the employer’s proposed comparators lack geographic balance. The five agreed upon comparators geographically span Washington with Pend Oreille County in the Northeastern corner and Asotin County in the Southeastern corner. Both Adams and Klickitat Counties are east of the Cascades. Of the five agreed upon comparators, Skamania County is the only jurisdiction west of the Cascades. Ideally, a sufficient number of comparators would share close proximity or a comparable labor market with the subject jurisdiction to help ensure that like employers are being compared. The employer’s lack of comparators west of the Cascades supports the union’s argument to include Jefferson and San Juan Counties.

Both Jefferson and San Juan Counties generate considerably higher assessed valuations than Pacific County. San Juan County’s assessed valuation is 308 percent of Pacific County’s. The

location of San Juan County within Western Washington does not overcome the fact that San Juan County's assessed valuation is more than three times greater than Pacific County's. Because of this significant disparity, I exclude San Juan County. Although Jefferson County's assessed valuation is also considerably larger than Pacific County's at 205 percent, I include it based upon its close proximity to Pacific County and because its population is well within the 200 percent range at 146 percent of Pacific County's. Jefferson and Pacific Counties are separated by Grays Harbor County and both border the Pacific Ocean.

The union proposes to include Kittitas County. Because its assessed valuation at 243 percent is well beyond the 200 percent range, I exclude it. To achieve a more balanced and larger group of comparators, I include both Douglas and Okanogan Counties as proposed by the union. Their populations fall below the 200 percent population range and at or below 150 percent of assessed valuation.

In sum, I find the following eight counties are appropriate comparators: Adams, Asotin, Douglas, Jefferson, Klickitat, Okanogan, Pend Oreille, and Skamania. As demonstrated by the following table, these counties provide a balanced range of jurisdictions when compared to Pacific County with four smaller and four larger in population, and four higher and four lower in assessed valuation:

County	Population
Okanogan	41,200
Douglas	38,650
Jefferson	30,500
Asotin	21,650
Pacific	20,900
Klickitat	20,500
Adams	18,950
Pend Oreille	13,000
Skamania	11,150
AVERAGE	24,450

County	AV
Jefferson	5,421,260
Okanogan	3,968,432
Douglas	3,682,245
Klickitat	3,335,201
Pacific	2,645,559
Adams	1,613,642
Asotin	1,465,250
Pend Oreille	1,365,825
Skamania	1,332,265
AVERAGE	2,773,015

The average population of the comparators is 17 percent higher than Pacific County. The average assessed valuation of the comparators is less than five percent higher than Pacific County.

WAGES

The collective bargaining agreement's current salary schedule provides deputies and sergeants with a seven step wage schedule. After six months, the employee advances from step one to step two. After step two, the employee advances one step every 12 months. After a total of 60 months, the employee reaches the top step, step 7. Employees receive longevity increases after 61, 121, 181, and 241 months of service. Based upon the evidence admitted at hearing, as of January 1, 2011, the average experience for bargaining unit employees was approximately ten years. The collective bargaining agreement provides sergeants a 13.5 percent differential above deputies. Neither party proposes a change in the differential or any other adjustment for sergeants.

Union Position

The union's analysis shows that Pacific County deputies are behind their comparators as follows:

Step	Percentage behind
Entry	13.07 percent
5 Year	8.40 percent
10 Year	9.76 percent
15 Year	10.31 percent
20 Year	10.68 percent

For each of the three years of the agreement, the union proposes to increase wages by 90 percent of CPI-U (for all cities July to July) with a 1.5 percent minimum and a four percent maximum. The union recognizes that its proposal does not achieve comparability because the employees are so far behind, but articulates that its proposal would at least help the employees avoid falling further behind. The union calculates that the employer's proposal, after combining both wages and health and welfare benefits, would result in employees losing \$5,500 in take home pay over the three-year term of the agreement. Although the union understands the difficult economic times, it argues that the comparable jurisdictions have also faced difficult economic times and they have provided their deputies with wage increases.

Employer Position

The employer's analysis shows that Pacific County deputies who are at the ten year experience level are one percent ahead of their comparators. Based upon its comparable analysis, the employer proposes no wage increase for 2011 and 2012, and proposes that for 2013, wages either increase by one percent or the collective bargaining agreement contain a provision allowing the parties to re-open negotiations on wages. The employer objects to using a CPI formula for future years because of the uncertainty involved for planning purposes. The employer indicates the parties have historically used fixed amounts for wage adjustments, and have avoided using CPI formulas.

Arbitrator Analysis and Award

To compare the subject jurisdiction's wages to the comparators' wages, the arbitrator must first determine the appropriate data to use. This is often a more complex task than meets the eye. Parties rarely agree on methodology and sometimes present the arbitrator with discrepancies in data. In this case, the parties disagreed on methodology and discrepancies exist between their data. The discrepancies do not consistently favor one party and represent one of the challenges inherent in performing comparable wage analysis.³

Elements included in analysis. I analyzed the monthly wage data at the entry step, top step, 5 years, 10 years, 15 years, and 20 years experience. I include longevity premiums. My analysis does not include a net hourly wage comparison as proposed by the employer. Using a net hourly wage comparison is a common approach in many arbitration decisions and, in many situations, is critically important. In this case, however, my evaluation of the employer's data demonstrates no significant difference in results between the monthly salary and the net hourly wage comparisons.

My analysis also does not include education premiums, as the union proposes, or health and welfare benefits, which both parties included. With respect to health and welfare benefits, because that is one of only two issues presented in this matter, I choose to address it separately.

³ As a result of the discrepancies, I relied on the collective bargaining agreements supplemented with information contained in e-mails the parties exchanged with representatives from comparator jurisdictions.

With respect to education premiums, Article 7.12 of the bargaining agreement provides that employees possessing or obtaining special skills or qualifications which the Sheriff determines to be beneficial to the Sheriff's Office may be provided supplemental compensation or an allowance. Examples of special skills or qualifications include fluency in foreign languages common to the service areas, professional recognition or certification of completion of post secondary education, specialized training, or fitness level. The maximum an employee could receive is a 3.5 percent increase. The parties presented no evidence at hearing showing the number of employees receiving such pay and the union's evidence reflected that only three of the comparators offer education premiums.

In *City of Tacoma and IAFF Local 31*, PERC No. 20635-1-06-0481 (Wilkinson, 2007), Arbitrator Wilkinson excluded education premiums from her analysis explaining as follows:

Typically, special premiums that only a portion of the bargaining unit enjoys are not included in a total compensation analysis unless the proponent shows that virtually all the bargaining unit enjoys the premium pay. These premium pays can be separately noted in order to view the broader picture of the compensation paid by various jurisdictions. However, they are difficult to incorporate into a quantitative analysis.

2011 wage analysis. In its analysis, the employer uses 2011 data mixed with 2012 data when available. This approach can be confusing. I use 2011 data as a base and address known adjustments for 2012 and 2013 separately. The following is the comparison of 2011 wage data:

Jurisdiction	Entry	Top	5 Year	10 Year	15 Year	20 Year
Adams	\$3,569	\$4,240	\$4,282	\$4,325	\$4,367	\$4,410
Asotin	\$3,516	\$3,846	\$4,021	\$4,071	\$4,121	\$4,171
Douglas	\$4,360	\$4,889	\$4,889	\$5,011	\$5,060	\$5,109
Jefferson	\$3,853	\$5,554	\$5,587	\$5,621	\$5,654	\$5,687
Klickitat	\$3,396	\$4,124	\$4,174	\$4,224	\$4,224	\$4,224
Okanogan	\$3,750	\$4,627	\$4,627	\$4,720	\$4,766	\$4,812
Pend Oreille	\$3,844	\$4,503	\$4,563	\$4,603	\$4,653	\$4,708
Skamania	\$3,723	\$4,424	\$4,424	\$4,443	\$4,459	\$4,474
AVERAGE	\$3,751	\$4,526	\$4,571	\$4,627	\$4,663	\$4,699
PACIFIC	\$3,408	\$4,286	\$4,350	\$4,393	\$4,436	\$4,479
Percent below average	-10%	-5.60%	-5.08%	-5.33%	-5.12%	-4.91%

This table demonstrates that at each experience level for 2011, Pacific County employees earn less than their comparators.

For 2011, the union's CPI formula proposal results in a 1.5 percent wage increase. The following table is the same as the preceding table except I increased Pacific County wages by 1.5 percent and adjusted the percentage below average accordingly:

Jurisdiction	Entry	Top	5 Year	10 Year	15 Year	20 Year
Adams	\$3,569	\$4,240	\$4,282	\$4,325	\$4,367	\$4,410
Asotin	\$3,516	\$3,846	\$4,021	\$4,071	\$4,121	\$4,171
Douglas	\$4,360	\$4,889	\$4,889	\$5,011	\$5,060	\$5,109
Jefferson	\$3,853	\$5,554	\$5,587	\$5,621	\$5,654	\$5,687
Klickitat	\$3,396	\$4,124	\$4,174	\$4,224	\$4,224	\$4,224
Okanogan	\$3,750	\$4,627	\$4,627	\$4,720	\$4,766	\$4,812
Pend Oreille	\$3,844	\$4,503	\$4,563	\$4,603	\$4,653	\$4,708
Skamania	\$3,723	\$4,424	\$4,424	\$4,443	\$4,459	\$4,474
AVERAGE	\$3,751	\$4,526	\$4,571	\$4,627	\$4,663	\$4,699
PACIFIC	\$3,459	\$4,350	\$4,415	\$4,459	\$4,503	\$4,546
Percentage below average	-8.44%	-4.05%	-3.53%	-3.77%	-3.55%	-3.37%

The table below shows wage settlements for 2012 and 2013 known at the time of hearing:

County	2012	2013
Adams	Unknown	Unknown
Asotin	5% increase	5% increase
Douglas	Unknown	Unknown
Jefferson	2.5% increase	90% CPI Seattle, 2.5 min, 3.75 max
Klickitat	Unknown	Unknown
Okanogan	0	1.75% increase
Pend Oreille	Unknown	Unknown
Skamania	Unknown	Unknown

Although it is possible that for 2012 or 2013 some of the comparators will negotiate wage freezes, or conceivably reductions, it is unlikely that the five comparators labeled as "unknown" in the above table will negotiate no salary increases for 2012 and 2013. In the unlikely event that occurred, the average increases would still be .9375 percent for 2012 and 1.156 percent for 2013.

Based upon the above comparable considerations, I find support for the union's wage proposal. The 1.5 percent increase in 2011 helps to reduce the gap for the first year of the agreement and the 3.2 percent CPI increase proposed for 2012 would further close the gap, depending upon future settlements among the comparators.

This is not, however, the end of the analysis. I must next consider whether other statutory factors necessitate an up or downward adjustment to the proposed wage increases under consideration.

Other statutory considerations. The primary considerations include the employer's economic circumstances and internal equity. I cannot ignore the reality that the employer has been significantly impacted by the economic downturn which resulted in the employer eliminating 15 percent of its staffing. With respect to internal equity, the evidence at hearing was limited concerning settlements with the employer's other bargaining units. Even if the employer had introduced evidence of multi-year wage freezes with two of its other bargaining units as presented in its post-hearing brief, those bargaining units are not eligible for interest arbitration. Additionally, it is unclear whether those bargaining unit employees received other working condition enhancements in exchange for wage freezes. With respect to wage freezes, as referenced earlier in this decision, the employer and the union agreed to freeze wages and employer contributions to health and welfare benefits for 2010.

Despite the employer's difficult financial situation, I reject its proposal to freeze wages for another two years, 2011 and 2012, and to increase wages by only one percent for 2013. The employer has not made a sufficiently compelling case of its inability to pay wage increases that close the gap in wages between it and the comparators.

This award seeks to increase bargaining unit wages to the average of the comparators over the course of three years. To do so, I accept the union's proposal of a 1.5 percent wage increase for 2011. For 2012, I award a 2.88 percent wage increase based upon 90 percent of the June 2011 CPI-U for Seattle-Tacoma-Bremerton. In considering regional differences, I find that using a discounted percentage of the Seattle-Tacoma-Bremerton index is more appropriate than the union's proposal to use the "all cities" index. For 2013, I award 90 percent of the CPI-U (June

2012) for Seattle-Tacoma-Bremerton with a minimum wage increase of 1.5 percent and a maximum wage increase of three percent. Although the employer prefers a specific amount for planning purposes, arbitrators commonly tie wage increases to changes in a selected cost of living index. The parties will know the June 2012 figure well-before the end of the year and the employer knows that its obligation will not exceed three percent. I cap the potential increase for 2013 at three percent to try to ensure that wages reach the average of the comparators over the course of three years and not exceed the average.

Neither party proposed a change in the sergeants' differential and I will not address that issue. Sergeant pay will increase based upon the existing differential.⁴ Additionally, although the wage gap for entry level deputies was greater than any other experience level regardless of which comparators were used, neither party made a proposal to address the disparity. As a result, I do not address that issue.

After carefully considering all the evidence, the parties' arguments, and the statutory criteria, I make the following award for wages:

1/1/2011	1.5% wage increase
1/1/2012	2.88% wage increase
1/1/2013	90% CPI-U Seattle-Tacoma-Bremerton, June-June; minimum 1.5%, maximum 3%

HEALTH AND WELFARE BENEFITS

Currently, bargaining unit employees receive health insurance benefits through the Washington Teamsters Welfare Trust (the Trust). The Trust offers three medical plans (Medical Plans A, B, and C) and various additional benefits such as dental, vision, life/disability insurance, and retiree medical insurance.

The medical plans are composite rate plans with one cost for each employee regardless of the inclusion of a spouse and/or dependents. In 2011, the total cost of the medical plan and the

⁴ The collective bargaining agreement does not address lieutenant pay although it appears that the bargaining unit includes one lieutenant position; the position is paid based upon a differential from sergeant pay. The parties do not seek to change the differential so lieutenant pay will increase based upon the existing differential.

additional benefits, including retiree medical insurance, was approximately \$1,301 per employee per month. In 2012, the cost increased to approximately \$1,367 per employee per month. The current collective bargaining agreement provides that the employer contributes a maximum of \$1,060 per employee per month; employees pay the difference.

The parties' 2001-2003 collective bargaining agreement, the earliest agreement in the record, required the employer to contribute a fixed dollar amount toward the health and welfare benefit and to pay 90 percent of any premium increases occurring during the term of the agreement, with employees paying the remaining ten percent. The parties eliminated the 90/10 premium increase cost-sharing formula in their 2004-2006 collective bargaining agreement. Since 2004, the employer has contributed a fixed dollar amount toward each employee's health and welfare benefits. The table below shows those maximum employer contributions as well as the employer's proposal for 2012:

Year	Employer Maximum
2004	\$ 865.00
2005	\$ 915.00
2006	\$ 965.00
1/1/2007	\$ 965.00
6/1/2007	\$ 990.00
2008	\$ 1,025.00
2009	\$ 1,060.00
2010	\$ 1,060.00
2011	\$ 1,060.00
2012	\$ 1,085.00 (proposed)

The record is not clear as to when employees started contributing toward the cost of insurance. By operation of the status quo, the employee's monthly contribution increased to \$241 in 2011 and to \$307 in 2012.

Union Position

For each year of the agreement, the union proposes to maintain the Teamsters Trust Medical Plan A, the highest cost plan which affords employees and their families the lowest co-payments and deductibles and more favorable co-insurance than the other plans. The union also proposes to

retain the additional benefits, including dental, vision, life/disability insurance, time loss, and disability waiver. The union proposes that the employer contribute \$1060 per month toward the health and welfare benefit plus 90 percent of any premium increases each year. Under the union’s proposal, each employee would bear the cost of 10 percent of any premium increases each year.

The union’s proposal raises two additional issues, retiree medical insurance and part time employees. Regarding retiree medical insurance, the union proposes that the employer separately fund retiree medical insurance. Regarding part time employees, the current collective bargaining agreement addresses medical benefits for part time employees although no bargaining unit employee has ever worked part time. Seeking to keep a placeholder in the agreement for the possibility of part time employees, the union proposes a change to Medical Plan C (to replace the eliminated Plan 100) with the employer paying 100 percent of the premium (\$699.65 in 2011 instead of \$370.65). Including 2010 as a point of reference, the union’s proposal for full time employees includes the following:

	2010	2011	2012	2013
Employer Contribution	\$1,060	\$1,152.52	\$1,212.41	\$1,212.41 + 90% of increase
Retiree Medical, Employer Contribution	Cost included as part of \$1,060 total	\$93.85	\$93.85	\$93.85 + 90% of increase
Total Employer Contribution	\$1,060	\$1,246.37	\$1,306.26	\$1,306.26 + 90% of increase

Employer Position

The employer proposes to increase its monthly health and welfare benefit contribution to \$1085 beginning in 2012. This proposal would decrease employee monthly contributions to approximately \$282. According to the employer, increasing its contribution by \$25 per month is consistent with increased contributions for insurance it has made for employees in other bargaining units. With respect to employees in other bargaining units and unrepresented employees, the employer contributes \$775 to \$800 per month toward health benefits.

The employer does not agree to separately fund the cost of retiree medical insurance or to increase its contribution for part time medical insurance beyond the additional \$25 per employee per month provided to full time employees. The employer agrees to change the part time medical plan from Plan 100 to Plan C.

Arbitrator Analysis and Award

Comparisons of health and welfare benefits have become increasingly complex. The challenge of comparisons in this case is exacerbated by the significant differences among the plans and some of the discrepancies in the parties' data. With respect to the data, I used the collective bargaining agreements supplemented with information contained in e-mails the parties exchanged with representatives from comparator jurisdictions.

The following tables show the 2011 employer and employee contributions to full-family health and welfare benefits. The first table lists the comparators in alphabetical order and includes the average contributions for employers and employees. The second table lists the comparators in order of employers that contribute the most to those that contribute the least. The third table lists the comparators in order of employees who contributed the least to employees who contributed the most. With respect to Pacific County, while the employer contributed less than the average of the comparators in 2011, so did the employees:

County	Employer	Employee
Adams	\$1,146	\$382
Asotin	\$807	\$749
Douglas	\$2,101	\$342
Jefferson	\$855	\$128
Klickitat	\$1,472	\$376
Okanogan	\$1,821	\$287
Pend Oreille	\$720	\$330
Skamania	\$1,141	0
AVERAGE	\$1,258	\$324
Pacific	\$1,060	\$241
% difference	-19%	-34%

County	Employer
Douglas	\$2,101
Okanogan	\$1,821
Klickitat	\$1,472
Adams	\$1,146
Skamania	\$1,141
Pacific	\$1,060
Jefferson	\$855
Asotin	\$807
Pend Oreille	\$720

County	Employee
Skamania	0
Jefferson	\$128
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Okanogan	\$287
Pend Oreille	\$330
Douglas	\$342
Klickitat	\$376
Adams	\$382
Asotin	\$749

In 2004, the parties shifted from a fixed dollar amount coupled with a 90/10 cost-sharing formula for premium increases to the employer's contribution of a fixed dollar amount. The union proposes to return to the premium increase cost-sharing formula while also requiring the employer to pay the cost of the retiree medical insurance. The union points to no comparator that pays the cost of retiree medical insurance. Furthermore, while most of the comparators maintain some form of premium cost-sharing, the employees share the cost of the premiums, not just the increases in premium costs as the union proposes. The prevailing practice of the comparables does not support the changes proposed by the union.⁵

Additionally, I am mindful that the employer's other employees receive a significantly lower contribution toward their health and welfare benefits and may receive little to no increase in wages. Arbitrator Fred Rosenberry discussed internal equity with respect to medical insurance in *City of Bellevue and IAFF Local 1604*, PERC No. 23780-I-11-0563 (Rosenberry, 2011), where the City's non-interest arbitration eligible employees contributed a significantly greater co-premium than the firefighters:

Many arbitrators, including this one, find the disparity troublesome and do not desire to see the interest arbitration process become a divisive wedge between employees. Arbitrator Howard S. Block shared this concern and commented in his June 30, 1982, Bellevue decision, stating: "Deviations from a uniform benefit pattern can be disruptive to employee morale. In short, comparison among employee groups of the same employer are no less important than comparisons with other employers."

⁵ None of the comparators uses the Teamsters Trust Plan A. Jefferson and Pend Oreille Counties purchase insurance through the Trust, but use the less expensive Plan B.

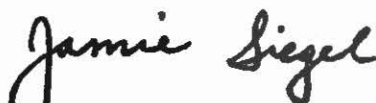
I agree. In light of the statutory criteria, concerns for internal equity, and after considering all of the evidence and the parties' arguments, I find the evidence at this time is not sufficiently compelling to revert to a premium increase cost-sharing formula or to otherwise adjust the employer's contribution beyond the employer's proposal.⁶

THE INTEREST ARBITRATION AWARD

After carefully considering all the evidence, the parties' arguments, and the statutory criteria, I make the following award:

Year	Wages	Health and Welfare Benefits
1/1/2011	1.5% wage increase	Change part time plan to Medical Plan C
1/1/2012	2.88% wage increase	Increase employer contribution for full time employees to \$1,085 per month; increase employer contribution for part time employees by \$25 per month
1/1/2013	90% CPI-U Seattle-Tacoma-Bremerton, June 2012; minimum 1.5%, maximum 3%	Maintain increase in employer contribution for full time employees at \$1,085 per month; maintain employer's increased contribution for part time employees

DATED at Olympia, Washington this 2nd day of May, 2012.


 JAMIE L. SIEGEL, Arbitrator

⁶ Because the majority of the comparators use a premium sharing model, as premiums increase, so do the contributions for both the employers and the employees. In contrast, as the premiums increase for the Trust in 2013, the employees will bear the entire increase. The Trust has been successful in maintaining lower premium increases than many other plans. It is my hope that any increases for 2013 are small so that the employee contribution remains below the average and the disparity between the employer's contribution and that of the comparators remains approximately the same.