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PUBLIC EMPLOYMENT  
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IN THE MATTER OF THE INTEREST ARBITRATION BETWEEN: )  
OMAK POLICE OFFICERS GUILD )  
and )  
CITY OF OMAK, WASHINGTON )

ANALYSIS  
AND  
AWARD

PERC CASE NO. 17803-I-03-416

HEARING SITE: Omak City Hall  
Omak, Washington

HEARING DATES: May 15 & 16, 2004

POST HEARING BRIEFS: September 3, 2004

DATE OF AWARD: October 12, 2004

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## **BACKGROUND**

### **I. Introduction**

In accordance with RCW 41.56.450, an interest arbitration hearing was held in Omak, Washington on May 15, and 16, 2004, between the Omak Police Officers Guild ("Guild") and the City of Omak ("City"). The arbitration panel and parties' representatives are listed on the cover sheet of this Analysis and Award. At the hearing, witnesses were examined and cross-examined, exhibits introduced, and the parties presented oral opening statements. Written briefs and reply briefs were submitted, and the record closed on September 3, 2004, upon my receipt of the parties' briefs. A recording of the proceedings was made by the City of Omak and retained by the City. A copy of the recording was provided to the parties and the arbitration panel.

The parties' exhibits and post-hearing briefs provide detailed support of their positions. It is impractical for me to restate and refer to each and every piece of evidence, testimony, and argument presented. However, I have carefully reviewed and evaluated all of the evidence and arguments in accordance with the criteria established by RCW 41.56.465.

### **II. Statement of the Issues**

In accordance with RCW 41.56.450, the Executive Director of the Washington State Public Employment Relations Commission certified the following issues for interest arbitration:

Article 11	Hours of Work
Article 11	(New Section) Compensatory Time
Article 13.5	Advance Notice for Leave Request
Article 18.1	Health and Welfare
Article 22.1	Wage Schedule
Article 22.3	Longevity
Article 22	(New Section) Education Pay
Article 23	Term of Agreement

### **III. Statutory Criteria**

When certain public employers and their uniformed personnel are unable to reach agreement on new contract terms by means of negotiation and mediation, RCW 41.56.450 provides for the settlement of the parties' dispute by interest arbitration. Arbitrators are generally mindful that interest arbitration is an extension of the bargaining process. They recognize those contract provisions upon which the parties could agree and decide the remaining issues in a manner which would approximate the result which the parties would likely have reached in good faith negotiations

considering the statutory criteria. *See generally, Kitsap County Fire Protection District No. 7 & IAFF Local 2876*, PERC No. 15012-1-00-333 (Krebs, 2000); *City of Centralia & IAFF Local 451*, PERC No. 11866-I-95-253 (Lumbley, 1997).

Interest arbitration panels are required to be mindful of the enumerated legislative purpose of RCW 41.56.430, which provides:

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.

Furthermore, interest arbitration panels must consider certain factors or criteria set forth in RCW 41.56.465, which are:

- (a) The constitutional and statutory authority of the employer;
- (b) Stipulations of the parties;
- © (I) For employees listed in RCW 41.56.030(7)(a) through (d), comparison of the wages, hours, and conditions of employment of personnel involved in the proceedings with the wages, hours, and conditions of employment of like personnel of like employers of similar size on the west coast of the United States;  
(ii) . . .
- (d) The average consumer prices for goods and services, commonly known as the cost of living;
- (e) Changes in any of the circumstances under (a) through (d) of this subsection during the pendency of the proceedings; and
- (f) Such other factors, not confined to the factors under (a) through (e) of this subsection, that are normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment. For those employees listed in RCW 41.56.030(7)(a) who are employed by the governing body of a city or town with a population of less than fifteen thousand, or a county with a population of less than seventy thousand, consideration must also be given to regional differences in the cost of living.

## COMPARABLES

### IV. Selection of Comparables

#### A. Introduction

This is the most hotly contested issue between the parties, because of the “comparables” impact on wages and the other issues in dispute. The Washington statute requires that an interest arbitrator use as a standard or guideline 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.” RCW 41.56.465(1)(c)(I).

Oftentimes the parties may negotiate a list of comparable jurisdictions and include that list in their CBA. Oftentimes the parties will produce evidence of comparable jurisdictions which they have relied upon during previous negotiations. This is not one of those times. The parties strongly disagree on the selection of comparable jurisdictions, and how to select those comparable jurisdictions.

#### B. Background

Omak, Washington (population 4,705) is a remote city in north central Washington along the Okanagon River. Omak is the commercial hub of the Okanogan Valley, and it is the largest city in Okanogan County (39,000). The combined population in the incorporated and rural area is approximately 10,000 – 15,000 people. Omak is immediately adjacent to the county seat, Okanogan, and borders the Colville Indian Reservation.<sup>1</sup> Omak is a tourist attraction for fishermen, hunters, and other outdoor enthusiasts; and Omak hosts the Omak Stampede which draws thousands of spectators annually.

The City Council is Omak’s legislative and policy making branch of government. The Omak Police Department has 1 chief, 2 sergeants, 8 officers, 1 code enforcement officer, and 2 office staff.

City revenues from taxes have increased slightly over the past four years. Omak’s 2004 current expense budget, shows \$1,830,200 in tax revenue which reflects an increase of \$50,000 in retail sales from the 2003 budget. In 2004, Omak expects to receive \$940,000 in sales tax

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<sup>1</sup>Part of the Colville Indian Reservation is actually within Omak’s city limits.

revenues, while property tax revenues account for \$635,000. In 1997 and 1998 sales tax revenue increased 2.19% and 3.6% respectively; in 1999, 2000, and 2001 sales tax revenue remained relatively flat. However, in 2002 and 2003 sales tax revenue increased by 6.32% and 8.4% respectively, primarily due to the expansion of Walmart into a "Super Walmart."

In addition to the increasing Omak's sales tax revenue, the new Super Walmart employs more than 325 people. Additionally, Omak is home to several other fairly large "chain" or franchised retail establishments including Penny's, Safeway, and Ace Hardware. Omak is also the medical center for the area. The Omak Clinic has recently expanded, and a new Eye and Ear Clinic has opened. Omak shows other signs of a growing economy, e.g., increased auto sales and new housing developments.

The City of Omak attempts to maintain a beginning fund balance (i.e., surplus) of \$201,227 which equals 10% of the current year's operating expenditure. The beginning fund balance for 2003 was \$840,000; for 2004 it was \$867,116, and for 2005 the projected beginning fund balance is \$671,425. The current budget fund balance includes a budget estimate for police employee salary increases in 2003 and 2004 of 4% per year.

**C. Parties' Positions**

The parties each proposed six comparable jurisdictions; however, Colville is the only "common" jurisdiction contained in the parties' proposals. The City's proposed comparables are shown in Table 1, and the Guilds in Table 2.

**Table 1. City Proposed Comparables.**

City	Population	County	Population
Airway Heights	4,590	Spokane	428,600
Colville	4,965	Stevens	40,600
Medical Lake	4,215	Spokane	428,600
Prosser	4,940	Benton	151,600
Quincy	5,165	Grant	77,100
Wapato	4,525	Yakima	226,000
Omak	4,705	Okanogan	39,600

**Table 2. Guild Proposed Comparables**

<b>City</b>	<b>Population</b>	<b>County</b>	<b>Population</b>
Clarkston	7,290	Asotin	20,600
Colville	4,965	Stevens	40,600
Ephrata	6,855	Grant	77,100
Sequim	4,440	Clallam	65,300
Woodland	4,045	Clark (part) Cowlitz (part)	372,300 94,900
Yelm	3,830	Thurston	214,800
Omak	4,705	Okanogan	39,600

A major reason for the difference in comparable jurisdictions is the "methodology" used by the parties in following the statutory language of "like personnel of like employers of similar size." See RCW 41.56.465.

*Guild's Methodology*

The Guild selected its comparables on a statewide basis using eight different selection factors with a range of plus 100% and minus 50%. The eight selection factors were: population, assessed valuation, assessed valuation per capita, number of commissioned officers, retail trade, retail trade per capita, retail sales, and retail sales per capita. The Guild "ran" the selection factors against Omak, and took the top six matches as its comparables. The Guild contends that by using these multiple factors and concrete demographic data, a greater degree of objectivity is attained. According to the Guild, jurisdictions are identified as "comparable" not because they "seem" comparable but because the selected jurisdictions share common demographic factors which statistical studies confirm are predicative of wages.

The Guild contends that reliance on assessed valuation to the exclusion of other measures of a tax base can result in a distorted view of comparability – particularly when a jurisdiction has either a particularly high or particularly low retail sales base relative to other jurisdictions in the same size range. Furthermore, retail sales in Washington are an important source of revenue.

Washington cities have the right to tax retail sales and receive a net of approximately 0.85% on retail sales.<sup>2</sup>

The Guild also argues that the number of commissioned officers is a good measure of comparability because the larger police departments are more complex and involve greater specialization. Further, the Guild submits the variance range for selecting comparables should be a ratio of two to one – or 100% above and 50% below. Finally, the Guild uses a statewide basis for its comparables.

#### *City's Methodology*

The City did not specify its methodology of selecting comparables. By inference, the City first considered cities in Eastern Washington only, then selected "3-up and 3-down" in population and assessed valuation. The City argues there is no need to use sophisticated criteria because comparable jurisdictions are easily identified from these simple and standard criteria.

#### D. Analysis and Conclusions

This is the first interest arbitration between the parties, and I have not been advised the parties relied on any comparable jurisdictions during their negotiations. RCW 41.56.465 requires me to compare wages, hours and conditions of employment of the target jurisdiction to those of "like personnel of like employers of similar size."

Given the statutory requirements, my first task is to determine an appropriate list of comparable jurisdictions. Ideally, I would develop a list of cities of identical size, identical makeup and identical cost of living; but this is not an ideal world. As Arbitrator Carlton Snow noted:

There is no mathematically precise formula that can be used for producing comparable jurisdictions. Each case is unique and must be handled individually.<sup>3</sup>

Furthermore, comparisons by their nature are imprecise and abound with ambiguity. For example, imprecision can result when one attempts to compare geographical distinct areas; or when one fails to consider characteristics unique to a particular jurisdiction.

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<sup>2</sup>*A Revenue Guide for Washington Cities and Towns* (August 1999)(Exhibit U-15) at 7.

<sup>3</sup>*City of Ellensburg & IAFF Local 1758*, PERC No. 09140-I-91-00202 (Snow; 1992)



Finally, it is important to remember that interest arbitration does not occur in a vacuum. It is a part of the continuing relationship between the parties. Part of my responsibility as an arbitrator is to attempt to understand the dynamics of the collective bargaining relationship between the parties. Again, as Arbitrator Snow noted:

In interest arbitration, it is the task of an arbitrator to render an award that applies statutory criteria. If the process is to work correctly, it should not produce a result that is substantially different from what would have been obtained had the parties resolved the dispute at the bargaining table. Interest arbitration is an extension of the bargaining process, and it is not a forum in which a party should expect to obtain a novel result.<sup>4</sup>

Thus, potential and selected comparables must be considered in the context that they may be imprecise, and the data from comparables must be considered in terms of the relative bargaining powers of the parties.

Selecting comparables for Omak is not an easy task because Omak is unique in many ways. Omak's uniqueness has probably led to the parties' inability to jointly agree on comparable jurisdictions with the exception of Colville. First, Omak is isolated. The nearest equal-sized or larger town is Wenatchee, a city of 8,400, one hundred miles away. Omak is also unique because, despite its relatively small size, it is a commercial hub for the surrounding area. The magnitude of Omak's commercial activity, and sales tax revenue is significantly larger than those of a city's with much larger populations. Omak is also in Eastern Washington. Interest arbitrators have repeatedly struggled with the so called "Cascade Curtain" in selecting appropriate comparable jurisdictions. In one instance, Arbitrator Gary Axon noted: "In establishing the comparables in this case, the uniqueness of the Eastern Washington labor market cannot be ignored."<sup>5</sup> Other arbitrators have made similar statements or findings.<sup>6</sup>

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<sup>4</sup>*City of Ellensburg, supra.*

<sup>5</sup>*Spokane County & AFSCME, PERC No. 14916-I-99-329 (Axon, 2000)*

<sup>6</sup>*City of Ellensburg, supra* [A comparison of wages in several smaller communities in Western Washington supports a conclusion that such communities tend to experience the impact of a different labor market than Ellensburg].

Both parties have struggled to provide a list of comparables representing a blend of Omak's unique aspects. However, I find each party emphasized a different aspect of Omak in the selection of its comparable criteria. The City emphasized cities in Eastern Washington, and ignored Omak's sales tax revenue. As a result, the City's comparables match up fairly well in assessed valuation and population, but those aspects of Omak which relate to its activities and revenues as a commercial hub are ignored.

The Guild proposed a more mathematical or statistical driven model, but the criteria selected tends to favor sales tax revenue. One half (four out of eight) of the Guild's criteria for selecting comparables relate to sales tax revenues.<sup>7</sup> Furthermore, the Guild has ignored any difference between Eastern and Western Washington.

Both parties agree population, assessed valuation and assessed valuation per capita are relevant factors to determine comparable jurisdictions. The Guild proposes using the number of commissioned officers as a factor, and the City agrees size of a police department "has been recognized" as a factor when considering comparability. The City does not object to using the number of commissioned officers as a factor, and points out that the "comparables proposed by both jurisdictions are relatively close in terms of number of officers with the exception of Medical Lake at five (5) officers and Woodland at six (6) officers."

The Guild contends these factors are not enough, and that reliance on assessed valuation to the exclusion of other measures of a tax base can result in a distorted view of comparability – particularly when a jurisdiction has either a particularly high or particularly low retail sales base relative to other jurisdictions in the same size range. The Guild argues for the inclusion of several retail sales criteria because retail sales in Washington are an important source of revenue, and high retail sales affect the enforcement activities of the police department. To "screen" potential comparable jurisdictions, the Guild proposes four additional factors: retail trade, retail trade per capita, retail sales and retail sales per capita. According to the Guild, the "retail trade" factor measures the dollar value of SIC codes 52-59, while "retail sales" measures all business activity.<sup>8</sup>

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<sup>7</sup>Retail trade, retail sales, retail trade per capita, and retail sales per capita.

<sup>8</sup>SIC codes 52 through 59 include the following activities: Building Materials, Hardware, Garden Supply, And Mobile Home Dealers; General Merchandise Stores; Food Stores; Automotive Dealers And Gasoline Service Stations; Apparel And Accessory Stores; Home Furniture, Furnishings, and Equipment Stores; Eating And Drinking Places; and Miscellaneous Retail.

As I stated earlier, there is no precise formula which can be used to produce a list of comparable jurisdictions. Certainly the factors agreed to by the parties are relevant to determining comparability. Relative size is one of the most important factors because it is specifically mentioned in the statute. For a city, size is typically measured by the size of the population. Assessed valuation provides a comparable basis for the wealth of a city, and assessed valuation per capita equalizes that wealth between cities of different sizes. Assessed valuation per capita also provides insight into the cost of living within a community because communities with higher costs of living will typically have high property values which are reflected in the assessed valuation, and assessed valuation per capita. Furthermore, I find comparing the number of commissioned officers provides a basis for selecting similar employers, i.e., police departments of similar complexity and specialization.

With respect to the retail trade and retail sales factors proposed by the Guild, I find the following. First, I note that in general retail trade and retail sales are not considered by Washington interest arbitrators. While this may be the result of neither party providing data on these factors (as the Guild contends), nevertheless retail sales and retail trade are not typically included as a "screen" for comparables. Arbitrator Wilkinson notes that the omission of retail sales "probably is because assessed valuation is assumed to suffice as a measure of a jurisdiction's underlying tax base."<sup>9</sup>

In this case, the Guild makes a valid point by presenting the retail trade and retail sales data. Omak's retail activity is substantially higher than all but one of the City-proposed comparables, and higher than many cities with larger populations and greater assessed valuations. Without question the retail sales level is a factor in determining a City's tax base.<sup>10</sup> Furthermore, the retail sales figures support the anecdotal evidence that Omak is a commercial hub which provides a broad range of goods and services to outlying communities. When comparing like "police-personnel of like employees," a "hub" city may compare with larger "non-hub" cities because of the need to provide police service to more business and the need to police the population which

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<sup>9</sup>*City of Pasco & Pasco Police Officers' Association*, PERC No. 10526-I-93-00225 (Wilkinson, 1994).

<sup>10</sup>As noted earlier, Washington cities receive approximately 0.85% of retail sales as tax revenue. The City of Omak expects nearly one and one-half times as much in 2004 revenues from sales tax (\$940,000) as from property tax (\$635,000).

includes residents and non-residents procuring goods and services. Thus, I find Omak's retail activity should be considered. However, I find the Guild has not sufficiently explained why it is necessary to have four of the eight criteria for screening comparables relate to retail sales levels.

#### *Geographic Proximity.*

The parties disagree on the geographical scope of the comparable jurisdictions. The City contends there are ample Eastern Washington cities which can be used as comparables, while the Guild argues for the inclusion of cities on both side of the Cascades. Typically geography is important in selecting comparables because the cost of living between regional comparables tends to be similar. Furthermore, equality is generally perceived on a regional basis. A police officer in Pasco is much more interested in the wages of a Kennewick police officer than the wages of a Seattle police officer. Not only can the Kennewick police officer consider easily changing employers, but he knows how those wages relate to the cost of living within the area.

In this case geography takes on a different meaning because none of the comparables are proximate to Omak. Instead, the term "geography" applies to similar geographic attributes of the comparables. One major geographic distinction between the comparables is their relationship to the Cascade Range of mountains, another geographical distinction is the distance between the comparable city and a larger metropolitan area.

The Cascades are a dividing line between Eastern and Western Washington. As stated earlier, many arbitrators recognize a difference between Eastern and Western Washington. Sometimes referred to as the "Cascade Curtain," the economies of Western Washington are often seen as not comparable to the economies in Eastern Washington. In large part this thinking reflects the disparity in population and job availability along a large part of the I-5 corridor in Western Washington and the largely rural areas in Eastern Washington. I find the issue of whether to use comparable jurisdictions from the opposite side of the Cascades is best addressed after first considering whether there are sufficient and reliable comparables on the same side of the Cascades and the target jurisdiction.<sup>11</sup>

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<sup>11</sup>See generally, *City of Aberdeen & Aberdeen Police Association*, PERC No. 14678-I-99-00322 (Gary Axon, 2002)

### *Selection of comparables.*

In selecting my list of comparables, I first considered all of the comparables provided by both parties. All of the comparables, with the exception of Clarkston, have populations within 50% of Omak's. I eliminated Medical Lake because the size of its police department was significantly smaller than Omak and the other comparables. With only four (4) commissioned officers compared to Omak's eleven (11), I find Medical Lake does not satisfy the statutory requirement of being a similar employer.

I also eliminated Woodland and Yelm because I find them not to be similar to Omak primarily in geography. As stated previously, Omak is small isolated town in Eastern Washington which is 96 miles from the next largest city, and 140 miles from Spokane, a city with a population of 200,000. Although both Woodland and Yelm are smaller than Omak, I find that size is deceptive in this instance because of Woodland's and Yelm's geographic proximity to large metropolitan areas in Western Washington. Yelm is approximately twelve miles off the I-5 corridor between Olympia and Tacoma. Yelm is approximately 33 miles from Olympia and 30 miles from Tacoma. Woodland is on the I-5 corridor and is 20 miles from Vancouver and 20 miles from Kelso/Longview. Both Yelm's and Woodland's wages are necessarily influenced by the surrounding metropolitan area. Thus, I find the cities of Woodland and Yelm are not similar employers.

I also eliminated Clarkston, primarily because of its dissimilar size and geography. Clarkston is the largest jurisdiction selected in terms of population. Furthermore, it is immediately adjacent to Lewiston, Idaho, a city with a population of 31,000 which has an airport with frequently scheduled flights to Boise and Seattle. Thus, I find the metropolitan area of Lewiston/Clarkston with 38,000 people has very little similarity to Omak.

Although located in Western Washington, Sequim has many similar characteristics to Omak. Sequim is similar to Omak in population; somewhat isolated; and enjoys a relatively high level of retail sales. On the other hand, Sequim is in Western Washington, and the assessed valuation *per capita* is nearly double that of Omak's. This high assessed valuation per capita is indicative of a higher property values, higher home prices, and a higher cost of living. Furthermore, Sequim's population demographics are dissimilar to Omak's. Sequim is a popular retirement area. According to the 2000 census, 44.5% of Sequim's population is 65 years of age or older, compared to 15.4% of Omak's population.

I find a closer look at the two communities shows they are not comparable. First, Sequim is not nearly as "remote" as Omak. Sequim is only 17 miles from Port Angeles (population 18,000), and only 60 miles from Bremerton (population 38,000). Second, the "wealth" and cost of living of Sequim is substantially greater than Omak's. Not only is the assessed valuation of Sequim nearly double that of Omak's, the number of businesses in the chamber of commerce illustrate the differences between the two communities. For example, the Sequim chamber of commerce lists the following number of businesses by classification: two (2) real estate sales; one (1) mortgage loan; five (5) banks and credit unions; and two (2) property management companies. The Sequim chamber of commerce lists: nineteen (19) real estate sales; nine (9) banks; and ten (10) property management companies. After considering all of the above factors, I find the city of Sequim is not a comparable employer.

Although the remaining comparables selected by the parties have shortcomings here and there, I find the list provides a balanced list of comparable jurisdictions. Two jurisdictions (Airway Heights and Wapato) are less populated less than Omak, while Prosser, Quincy, Colville and Ephrata are larger than Omak. Colville is perhaps the best single comparable in terms of size, remoteness, and commercial activity. Like Omak, Coville is an isolated community which is 162 miles from Spokane, Washington. It is slightly larger than Omak, and like Omak it has a relatively high level of retail sales for a small Eastern Washington city indicating it is a "hub" city as well.

Despite many dissimilarities, I have included both Ephrata and Airway Heights. Airway Heights is only nine (9) miles from Spokane. Thus, unlike Omak, Airway Heights it is proximate to a fairly large city. Furthermore, Airway Heights' retail sales per capita are quite low which is expected in a small city on the outskirts of Spokane. However despite these dissimilarities, Airway Heights is proximate to Omak in size, assessed value, and size of police department. I have included Ephrata although it is the largest city on my list of comparables (145.7% larger than Omak). Despite its larger population, Ephrata is very similar to Omak in terms of assessed valuation per capita and retail sales. Furthermore, Ephrata is somewhat isolated and it is located in Eastern Washington.

My list of comparable jurisdictions is shown in Table 3.<sup>12</sup> This list is weighted towards larger jurisdictions in Eastern Washington because Omak's larger retail sales gives it many characteristics of a larger city. In terms of population, there are four cities larger than Omak, and two smaller cities.

**Table 3. Selected List of Comparables**

City	Population	Assessed Valuation	Assessed Valuation Per Capita	Number of Officers	Retail Sales
Ephrata	6,855	\$255,697,198	\$37,301	13	\$100,338
Quincy	5,165	\$256,189,951	\$49,601	10	\$55,512
Colville	4,965	\$249,654,525	\$50,283	12	\$141,404
Prosser	4,940	\$273,165,249	\$55,297	11	\$68,112
Omak	4,705	\$186,827,572	\$39,708	11	\$107,835
Airway Hts.	4,590	\$128,875,968	\$28,078	9	\$49,313
Wapato	4,525	\$119,997,877	\$26,519	14	\$31,171
<b>Comps &gt; Omak</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>1</b>
<b>Comps &lt; Omak</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>5</b>
<b>Range</b>	<b>+45.7%</b>	<b>+46.2%</b>	<b>+39.3%</b>	<b>+27.3%</b>	<b>+31.1%</b>
	<b>-3.8%</b>	<b>-35.8%</b>	<b>-33.2%</b>	<b>-18.2%</b>	<b>-71.1%</b>

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<sup>12</sup>In compiling this list, I only considered jurisdictions proposed as a comparable by one of the parties.

## ISSUES

Although I will be addressing the parties' proposals on wages and health care separately, the two issues are not entirely separable. These two issues are the biggest "money" issues and they are the two issues where the parties are the furthest apart. Unquestionably these two issues were "linked" during the bargaining sessions. By linked, I mean a party's settlement threshold on one of the issues would have been affected by the settlement terms of the other issue.

### V. Article 18.1 Health and Welfare

#### A. Introduction and Background.

In recent years, one of the most challenging subjects of collective bargaining is health and welfare benefits. Four straight years of double digit inflation in health care premiums has increased tension between collective bargaining parties, and led to protracted negotiations and even strikes. The cause of this tension is easy to see. When employers pay higher premiums, they believe they are providing an increased benefit to their employees. When employees pay more for health care, they believe their wages are being reduced. When both the employer and the employees pay higher premiums, they both feel like they are giving something up. This lose-lose scenario is a typical backdrop in today's labor negotiations. This problem is not going away. Double digit premium growth is forecast for 2005.<sup>13</sup> Furthermore, Drew Altman, president and chief executive of the Kaiser foundation, states: "I see no scenario for the future that doesn't have health care costs continue to outpace increases in wages and inflation by a wide margin."

As one might expect, the City and the Guild sharply disagree on the scope of the City's obligation to provide health coverage. I find it useful to review the history of the parties' agreements regarding health coverage.

The parties historically have negotiated a "cap" on the City's obligation to pay employees' monthly health care. Additionally, in the 1997-1999 agreement the parties negotiated a "pool" arrangement for the payment of health care benefits. Under this "pool" plan, the City provided a specific dollar amount for each employee. This dollar amount was more than the premium for full coverage of a single employee, but less than the coverage of an employee, spouse, and dependants. The City agreed to "pool" any surplus when an employee's premium was less than

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<sup>13</sup>September 9, 2004 USA Today citing a Segal Company report.



the city' maximum, and use that surplus to reduce the out-of-pocket premium for those employees seeking dependent coverage. Guild witness Sergeant Isaac testified that this "pool" system was a temporary fix, which was noted in the agreement.<sup>14</sup> The 1997-1999 CBA also provided for a joint committee to "study insurance benefits, costs and alternatives during the term of the agreement."

In the 2000-2002 CBA the parties abandoned the "pool" arrangement, and negotiated a "medical Plan B," dental, vision, and life for employees and eligible dependents. The City agreed to contribute a specific dollar maximum to each of these coverages, and the parties agreed that any increase in premiums would be split 50 / 50 for dependent coverage, with the City's 50% added to the maximum contributions set forth above to establish the City's new maximum contribution. The parties further agreed that employees whose spouses or dependents are covered by another insurance provider are not eligible for the employer contribution for dependent coverage.

On December 19, 2000, the parties modified CBA Article 18.2 by agreeing to a new formula to allocate premium increases beginning on January 1, 2002. For the medical and dental plans, the City agreed to pay the increase in employee only premium cost plus split 50 / 50 any increase in the premium cost for dependent coverage. The increase in employee-only premium cost plus the City's one-half of the increased dependant coverage premium was picked up by the City as part of its new maximum medical contribution and maximum dental contribution for 2002. For the vision plan, the City and the Guild agreed to split 50 / 50 any increase in premium between the City and the employee, with the City's one-half of the premium increase used to establish the City's new maximum vision contribution.

On December 18, 2002, the parties agreed they were at impasse on a successor agreement. The City took the position its maximum contributions were those outlined in the 2000 - 2000 agreement as modified by the December 19, 2000 Amendment, and Employer had no obligation to pay any premium increases in excess of the employer maximum established in 2002.

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<sup>14</sup>The 1997-1999 CBA Article 18.1 provides in part:

The parties agree the provisions contained in this agreement regarding insurance coverage is a trial program. Each party is free to submit alternative insurance proposals upon the expiration of this agreement.

Table 4 shows the City's maximum contribution for medical, dental, vision, and life insurance as stated in the 2000 – 2002 CBA. Table 5 shows the total medical premium for Omak's police officers from 2000 through 2004, and the contributions for the City and employees for medical coverage between 2000 – 2002. As illustrated in Table 5, over this four-year period the premium for an employee-only increased \$149 (88%); while the premium for a spouse and two dependants increased \$428 (88%). The dental and vision plan premiums increases during this period were significantly less dramatic. For 2002 the City's maximum dental plan contribution was \$83.93 (an employee with 2 dependents co-pay obligation was \$5.87); the maximum vision plan contribution was 14.84 (employee co-pay \$0.92).

**Table 4. Maximum City Contribution per 2000 – 2002 CBA**

Coverage	2000 Maximum City Contribution	2001 Maximum City Contribution	2002 Maximum City Contribution
Plan B Medical	475.00	491.43	563.90
Dental	74.70	80.90	83.93
Vision	13.90	14.28	14.84
Life	2.00	2.00	2.00
<b>Total</b>	<b>565.60</b>	<b>588.61</b>	<b>664.67</b>

**Table 5. Plan B Medical Premiums Paid by City & Employees (EE)**

Coverage	2000			2001			2002			2003	2004
	Total	City	EE	Total	City	EE	Total	City	EE	Total	Total
EE	\$170	\$170	\$0	\$179	\$179	\$0	\$216	\$216	\$0	\$250	\$319
EE+SP	\$340	\$340	\$0	\$361	\$357	\$4	\$432	\$409	\$23	\$499	\$639
EE+SP+1D	\$419	\$419	\$0	\$446	\$440	\$6	\$533	\$499	\$34	\$615	\$787
EE+SP+2D	\$487	\$475	\$12	\$511	\$491	\$20	\$619	\$564	\$55	\$715	\$915
EE+1D	\$249	\$249	\$0	\$261	\$259	\$2	\$317	\$306	\$11	\$365	\$468
EE+2D	\$317	\$317	\$0	\$333	\$329	\$4	\$403	\$383	\$20	\$465	\$596

NOTES: 1. Numbers are truncated.  
 2. 2000 – 2002 paid pursuant to agreement. 2003 and 2004 show total premium only.

An examination of Table 5 illustrates the City's obligation to pay the "maximum medical contribution" under the parties' CBA. The actual amount paid per employee clearly depends on whether a spouse or dependant coverage is included. Furthermore, even though coverage for an employee and spouse was less than the City's "maximum," an employee still paid a portion of the premium based on 50% of the premium increases for that coverage since 2000.

### B. The Parties' Positions

The Guild proposes the City provide full health and welfare benefits for the police officers. The City proposes a maximum contribution by the City of \$664.27 for 2003, and starting January 1, 2004, the City proposes a "pool" arrangement (similar to the parties' arrangement in the 1997-1999 CBA) with a maximum City contribution of \$640.00 in 2004 and \$680.00 in 2005.<sup>15</sup>

### C. Analysis and Conclusion

The comparable jurisdictions provide a test of fairness and reasonableness. However, comparing health and welfare benefits between jurisdictions is not an easy task. First, there is the problem of comparing coverage or comparing cost. Typically, agreements specify a coverage and then provide a maximum contribution (or percentage contribution) for one party or the other. The premium cost is not provided in the agreement. The parties have provided comparable data, but I find there are discrepancies in the data. For example, City Exhibit 24 (Bates 165A) shows the City of Prosser contributing \$668.41 for health and welfare benefits in 2003. Guild Exhibits 115 and 117 show Prosser contributing only \$614.00.<sup>16</sup>

Furthermore, the comparable data may ignore cost (or benefit) sensitive language in the agreement. For instance, Omak's agreement has always excluded spouses and dependants who

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<sup>15</sup>The decreased City maximum for 2004 is due to the nature of the "pool" arrangement. As described earlier, under the "pool" arrangement the City expends the full amount of the maximum because any surplus after paying one employee's premium is allocated to the dependent coverage of other employees. Under the non-pool plan, the city does not spend its maximum unless the employee covers a spouse and two children.

<sup>16</sup>Comparisons were based on Employee, spouse and 2 (or more) dependants.

are covered under other agreements. This provision saves the City the cost of medical premiums for those excluded family members. Employees in some of the comparable jurisdictions belong to single-rate health and welfare plans. Under a single-rate plan the employer pays a certain amount per employee and coverage is provided for the entire family. In other words, the same premium is paid under a single rate plan whether the employee is single or is married with five children. The difference in cost to the Employer is therefore a function of the demographics of the police force. For example, in 2002 Ephrata paid \$643.00 per employee for health and welfare coverage. With today's work force, Omak would have paid an average of \$505 in 2002,<sup>17</sup> even though the CBA's formula specified a maximum of \$664. The point being, it is difficult to extrapolate data from CBA's and determine the actual cost to an employer or an employee.

With the above caveats in mind, Table 6 shows the health and welfare costs (benefits) between Omak and the comparable jurisdictions I have previously selected. I have attempted to compare apples to apples by determining an "equivalent" employer cost in some instances. In other words, where data is lacking, confusing, or suspect, I have assumed the premium for providing a certain level of insurance is the same premium as that paid by the City of Omak for comparable coverage.

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<sup>17</sup>The "average" employer cost was derived using the 2002 premium rates, but the City's present workforce. In other words, I took the information provided in the "Omak Police Guild Insurance Survey" (Guild Appendix A), and assumed coverage for every eligible spouse and dependant (Two employees-only; two employees with spouse and one dependant; one employee with one dependant (no spouse); two employees with two dependants (no spouse); and three employees with spouses and two or more dependants. As provided in the CBA, working spouses with other coverage were not covered under the City's plan. Using my calculations the City's total annual cost for health and welfare would have been \$60,600. The City's actual employer cost during 2002 was much less (\$51,760) due to the fewer officers, more working spouses, and one less married officer. See Guild Exhibit 112, Bates 746.

**Table 6. Health and Welfare Premiums Paid by Comparable Jurisdictions**

City	2003 Premiums Paid by City		2004 Premiums Paid by City		2005	Notes
	EE Only	EE+S+2	EE Only	EE+S+2		
Ephrata	693.55	693.55	743.55	743.55	NA	This is a single premium plan. The 2002-2004 CBA calls for Employer contributions of 643.50 with maximum increases in 2003 and 2004 of \$50.
Quincy	550.00	550.00	550.00	550.00	NA	This is a single premium plan. Effective May 1, 2002 the Employer contribution is capped at \$550.
Colville	292.00*	342.00*	292.00*	342.00*	NA	Full amount of employee-only medical and dental. Vision up to \$11.35 per mo. + \$50 toward dependant coverage.
Prosser	242.78	668.41	50/50 split on all premium increases	50/50 split on all premium increases	50/50 split on all premium increases	This is a multiple rate plan. Any premium increases in 2004 or 2005 are to be split on a 50/50 basis. If the increase is more than 6%, the parties may reopen, but the cost share remains in effect unless otherwise agreed to.
Airway Heights	330.65 <sup>#</sup>	330.65 <sup>#</sup>	?????	?????	??? Reopen?	The City pays 100% of premium for each employee and 50% of increase for 2004 only. The city pays for employee dental insurance and provides \$50 per month toward a VEBA.
Wapato	896.05 (Plan A Medical)	896.05	1,089.60	1,089.60	50/50 split on all premium increases	This is a single premium plan. Effective January 2005 coverage transitions from Plan A to Plan B. City and employees cost share on 50/50 basis the increase in Plan B premium from 2004 to 2005 and 2005 to 2006. Dental contribution capped at \$50.20, Vision capped at \$11.35.

Notes: \*Assumes premium based on Omak's premium cost for equivalent coverage.

When considering the statutory criteria in a manner which would approximate the parties' results achieved through traditional bargaining, I must do more than look at the health plans of comparable jurisdictions. I find it is useful to consider the past agreements between the parties, and settlement trends.

I note the following significant aspects of the parties' past agreements regarding health and welfare. The parties always agreed on some maximum contribution, or premium share, as the City's obligation. The past agreements have acknowledged an obligation by the City to contribute an amount which pays 100% of the employee's health and welfare coverage. The parties have agreed in the past to sharing the cost of increases for coverage of spouses and dependents. The

parties have agreed to restrict coverage to spouses and dependants not covered by other insurance policies. The parties tried a "pool" arrangement on a trial basis in the 1997 – 1999 CBA, and abandoned that concept in the 2000 – 2002 CBA. The Guild is adamantly opposed to reinstating a "pool" arrangement. The health and welfare benefits provided to Omak's police officers is higher than those provided to other represented and non-represented City employees.<sup>18</sup>

Regarding settlement trends, I note the national trend is toward employees picking up a increasing share of health and welfare premium contributions (e.g. , the recent settlements between UFCW Union and Safeway *et. al.* in Seattle and Southern California), or for employers to reduce the level of coverage provided to employees. This trend can be seen in the recent settlements in the comparable jurisdictions.<sup>19</sup> For example:

- The City of Airway Heights, which just provided employee-only coverage, is requiring its police officer employees to pay one-half (½) of the premium increase for 2004.
- The City of Ephrata, which previously provided full coverage through a single-rate plan, now limits its obligation for health and welfare to \$50 increases in 2003 and 2004.
- In 2002, the City of Quincy capped its health and welfare contribution at \$550 requiring employees to pay for all premium increases beyond that amount.
- The City of Prosser assumed only 50% of the premium increase for 2004 and 2005; and
- The City of Wapato and its police officers very recently agreed to transition from a fully paid Plan A medical, to a Plan B medical with the employees paying for 50% of the Plan B premium increases for the remaining two years under the contract.

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<sup>18</sup>In 2002 the City's maximum health and welfare contribution was: \$400 for non-represented employees; \$410 for the represented public works employees, and \$664 for the police officers. The contribution for the City's non-police employees are under a "pool" arrangement.

<sup>19</sup>The exception to this trend is Colville which increased its health and welfare coverage by agreeing to pay \$50 toward dependant coverage. However, Colville is at the bottom end of the comparables because it previously just provided employee-only coverage for its police officers.

This trend can also be seen at a more local level where:

- Okanogan County and its Sheriffs agreed in 2004 for the employees to pay 30% of dependant coverage for Medical and Vision, and 20% of dependant coverage for dental; and
- The City of Clarkston, in its 2002 – 2004 agreement (which was not concluded until September 2003) reduced coverage from Plan A to Plan B effective September 2003. On January 2004 a 50/50 cost share was agreed to for dependant care premium increases.

In analyzing the above factors, I find a good starting point is the *status quo*.<sup>20</sup> With respect to health and welfare benefits, the parties agreed in 2000 – 2002 on a formula, at least during the life of that agreement, whereby the parties split the increase in premium for dependant coverage on a 50/50 basis, and established a new City maximum contribution based on the City's additional premium.

Looking at comparable jurisdictions, I find the parties' 2000 – 2002 agreement was in the mid-range with respect to the level of health and welfare benefits provided police officers in the comparable jurisdictions. See Table 6. Both Wapato and Ephrata contributed more to health and welfare coverage, Colville and Airway Heights pay less, and Prosser and Quincy's health and welfare benefit was approximately the same as Omak's.<sup>21</sup>

I find a reasonable allocation of the health and welfare premiums is found in the parties' formula set forth in their 2000 – 2002 CBA. In other words, the City will continue to pay 100% of the premium for the employees' health and welfare coverage, but only 50% of the premium increases for dependant coverage.

This is not an optimal solution for either party. There is no optimal solution to address double digit increases in health care premiums. As proposed, an officer with a spouse and two or more dependants would pay nearly \$160 in premiums in 2004. On the other hand, the City's share of the premium for the same officer rises to nearly \$870 in 2004. The average premium for the

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<sup>20</sup>The parties also dispute the *status quo* of the health and welfare benefits. Employer contends the parties agreed to a cap on benefits; Guild contends the parties have agreed on a formula for allocating future premium increases.

<sup>21</sup>Quincy's single premium plan was approximately the same at Omak's "average" employer cost in 2002 of \$505. See footnote 17, *supra*.

City based on the Omak Police Guild Insurance Survey is \$666.82. See footnote 17. Under this formula, an employee's share of total premium and dependant premium could increase on an annual basis. For example, an officer with a spouse and two or more dependants paid 11% of the total premium, and 18% of the premium for dependant coverage in 2003. In 2004, the same officer pays 15% of the total premium, and 24% of the premium for dependant coverage. The parties are free to address this issue at their next bargaining session.

After giving due consideration to all of the fact discussed earlier, I find this solution maintains Omak's level of health and welfare benefits when measured against the comparable jurisdictions. For example, as proposed the City of Omak continues to provide less health and welfare benefits than Wapato, Prosser, and Ephrata. On the other hand, Omak continues to provide better health and welfare benefits than Colville, Airway Heights, and Quincy. While the cities of Ephrata, Wapato and Prosser currently provide greater health and welfare benefits, they are in the process of transferring some premium increases to employees. In 2004, Ephrata only picked up \$50 of the premium increase. In 2004, Wapato begins its transition to a plan which caps Wapato's dental contribution at \$50.20 and splits all future premium increases between the City of Wapato and its employees. The City of Prosser now only pays 50% of the premium increases. The solution also continues to recognize the parties' past commitment to pay 100% of the employees' health and welfare coverage.

Closer to home, the solution is consistent with the share of the health and welfare premium borne by Okanogan County deputies beginning in 2004; and Clarkson's officer's increased share of premium beginning in 2004.

In short, I find the above solution recognizes: the health and welfare plans of the comparable jurisdictions in 2003 through 2005, and their settlement trends; the time-frame of the negotiations; the benefits provided by the parties' 2000 – 2002 agreement; rising premium costs; and settlement trends in health and welfare plans at the national and local level. Accordingly, my award will reflect the above resolution.

Under my award, the 2003 premium increases and allocation of those increases are shown in Table 7. The 2003 City's maximum contribution totals \$735.64 (Medical – \$628.66; Dental – \$90.14; Vision – \$14.84; and Basic Life – \$2.00). The 2004 premium increases and allocation



of those increases are shown in Table 8. The 2004 City's maximum contribution totals \$867.60 (Medical – \$758.66; Dental – \$92.10; Vision – \$14.84; and Basic Life – \$2.00).

**Table 7. 2003 Premium Increases and Allocation per Award**

	Coverage	2003 Premium	\$ Increase	Employee Portion	City's Portion
D E N T A L	Employee	\$31.15	\$2.95	\$0.00	\$2.95
	1 <sup>st</sup> Dependant	\$28.80	\$2.75	\$1.37	\$1.38
	2 <sup>nd</sup> Dependant	\$39.30	\$3.75	\$1.87	\$1.88
	Increased City Maximum				\$6.21
M E D I C A L	Employee	\$249.50	\$33.50	\$0.00	\$33.50
	Spouse	\$249.50	\$33.50	\$16.75	\$16.75
	1 <sup>st</sup> Dependant	\$115.80	\$15.55	\$7.77	\$7.78
	2 <sup>nd</sup> Dependant	\$100.00	\$13.45	\$6.72	\$6.73
	Increased City Maximum				\$64.76

Notes: 1. The allocation and increased City maximum contribution was calculated consistent with the City's methods when allocating the 2001 and 2002 premium increases.  
2. The premiums for vision coverage and life insurance did not change in 2003.

**Table 8. 2004 Premium Increases and Allocation per Award**

	Coverage	2004 Premium	\$ Increase	Employee Portion	City's Portion
D E N T A L	Employee	\$32.10	\$0.95	\$0.00	\$0.95
	1 <sup>st</sup> Dependant	\$29.65	\$0.85	\$0.42	\$0.43
	2 <sup>nd</sup> Dependant	\$40.45	\$1.15	\$0.57	\$0.58
	Increased City Maximum				\$1.96
M E D I C A L	Employee	\$319.50	\$70.00	\$0.00	\$70.00
	Spouse	\$319.50	\$70.00	\$35.00	\$35.00
	1 <sup>st</sup> Dependant	\$148.00	\$32.20	\$16.10	\$16.10
	2 <sup>nd</sup> Dependant	\$118.00	\$18.00	\$9.00	\$9.00
	Increased City Maximum				\$130.00

Notes: 1. The allocation and increased City maximum contribution was calculated consistent with the City's methods when allocating the 2001 and 2002 premium increases.  
2. The premiums for vision coverage and life insurance did not change in 2004.

The total premium paid for each coverage by the City and the employees are shown in Table 9.

**Table 9. Total Premiums Paid by City & Employees 2004 & 2005**

	Coverage	2003			2004		
		Total	City	Employee	Total	City	Employee
M E D I C A L	Employee Only	\$249.50	\$249.50	\$0.00	\$319.50	\$319.50	\$0.00
	Employee & S	\$499.00	\$442.50	\$56.50	\$639.00	\$547.50	\$91.50
	Employee, S & 1D	\$614.80	\$532.08	\$82.72	\$787.00	\$653.18	\$133.82
	Employee, S & 2D	\$714.80	\$628.66	\$86.14	\$905.00	\$758.66	\$146.34
	Employee & 1D	\$365.30	\$346.86	\$18.44	\$467.50	\$432.96	\$34.54
	Employee & 2D	\$465.30	\$430.91	\$34.39	\$585.50	\$542.11	\$43.39
D E N T A L	Employee	\$31.15	\$31.15	\$0.00	\$32.10	\$32.10	\$0.00
	Employee + 1D	\$59.95	\$57.01	\$2.94	\$61.75	\$58.39	\$3.36
	Employee + 2D	\$99.25	\$90.14	\$9.11	\$102.20	\$92.10	\$10.10
V	Vision	\$15.76	\$14.84	\$0.92	\$15.76	\$14.84	\$0.92
L	Life	\$1.60	\$1.60	\$0.00	\$1.60	\$1.60	\$0.00

I find the new language should read:<sup>22</sup>

18.1 Both parties agree that the Employer will provide one health and welfare program, which consists of major medical Plan B, dental, vision, and life for the employee and eligible dependents. Effective January 1, 2003, the Employer shall contribute up to a maximum, the following amounts for coverage.

<u>Coverage</u>	<u>Employer Contribution</u>
Plan B Medical	\$628.66
Dental	\$ 90.14
Vision	\$ 14.84
Life	\$ 2.00

<sup>22</sup>No changes in CBA Sections 18.2 through 18.5.

Effective January 1, 2004, and January 1, 2005, any increase in premiums shall be split as follows:

1. **Medical:** The City will pay the increase in employee only medical premium cost, plus split 50% / 50% any increase in medical premium cost for dependent. The Employer's 50% of the increase in dependent coverage premium cost shall be added to the maximum medical contributions set forth above to establish a new maximum medical contribution by the Employer for the year 2004 and 2005, as applicable.
  
2. **Dental:** The City will pay any increase in the employee only dental premium cost plus split 50% / 50% any increase in dental premium cost for dependent coverages. The increase in employee only premium cost plus the Employer's 50% of the increase in premium cost shall be added to the maximum dental contributions set forth above to establish a new maximum dental contribution by the Employer for the year 2004 and 2005, as applicable.
  
3. **Vision:** The vision plan rate is one rate, any increase in premium will be split 50% / 50% between the City and the employee. The City's 50% will be added to the Employer vision contribution set forth above to establish a new maximum vision contribution by the Employer for the year 2004 or 2005, as applicable.

## VI. Article 22.1 Wage Schedule

### A. The Parties' Positions

The parties' proposals for increasing the CBA's Appendix "A" wage rates are set forth in Table 10. Both parties proposed "across the board" increases. Neither party proposed changing the relative rates of pay between officers.

**Table 10. Parties' Proposed Wage Increases**

	1/1/2003	1/1/2004	1/1/2005
<b>City Proposal</b>	1.5%	2.0%	2.5%
<b>Guild Proposal</b>	5.0%	5.0%	4.0%

B. Analysis

*Wage Gap.*

The Guild contends a wage gap exists between Omak's police officers and the police officers of comparable jurisdictions. Table 11 lists the wages for Omak and the comparable jurisdictions for 2002 – the year the parties' concluded their last agreement. After reviewing the comparable data, I find a wage gap did not exist at the start of the parties' negotiations for a new contract. According to Table 11, Omak's wages were above average for the comparable jurisdictions, and second only to Ephrata's wages at five and ten years seniority. Omak's wages fall behind Prosser's at fifteen and twenty years seniority, but still remain above average. I note that Omak's wages in 2002 were approximately \$200 less than a deputy sheriff's wages in Okanogan County during that same time period.

**Table 11. 2002 Wage Comparisons of Comparable Jurisdictions**

Comparable City	Years of Service			
	5 Years	10 Years	15 years	20 years
Airway Heights	\$3,090.00	\$3,090.00	\$3,090.00	\$3,090.00
Colville	\$2,966.00	\$3,210.00	\$3,210.00	\$3,210.00
Ephrata	\$3,405.00	\$3,455.00	\$3,505.00	\$3,555.00
Prosser	\$3,062.00	\$3,215.00	\$3,425.00	\$3,475.00
Quincy	\$3,202.00	\$3,212.00	\$3,222.00	\$3,242.00
Wapato	\$3,186.00	\$3,186.00	\$3,186.00	\$3,186.00
Average w/o Omak	\$3,151.83	\$3,228.00	\$3,273.00	\$3,293.00
Omak	\$3,278.00	\$3,341.00	\$3,378.00	\$3,428.00

Notes: 1. No wage comparisons were made between jurisdictions for less than 5-years of service because the criteria between jurisdictions for pay increases is too inconsistent.  
2. Includes Longevity increases and Education (AA degree only)

*Wages in Comparable Jurisdictions*

After determining a "wage gap" did not exist at the end of the parties 2000 – 2002 CBA, the comparable wages for 2003 through 2005 must be examined. Tables 12 and 13 show the Wages for the comparable jurisdictions, and the Omak wage proposed by each party for 2003 and 2004 respectively. I have not provided a similar table for 2005 because only Prosser and Wapato have agreed on wage levels for 2005. However, in Table 14 the percentage wage increases for the comparable jurisdictions are shown through 2005.

**Table 12. 2003 Wage Comparisons**

Comparable City	Years of Service			
	5 Years	10 Years	15 years	20 years
Airway Heights	\$3,168.00	\$3,168.00	\$3,168.00	\$3,168.00
Colville	\$3,025.00	\$3,275.00	\$3,275.00	\$3,275.00
Ephrata	\$3,505.00	\$3,555.00	\$3,605.00	\$3,655.00
Prosser	\$3,359.00	\$3,625.00	\$3,625.00	\$3,625.00
Quincy	\$3,298.00	\$3,308.00	\$3,318.00	\$3,338.00
Wapato	\$3,264.00	\$3,264.00	\$3,264.00	\$3,264.00
Average w/o Omak	\$3,269.83	\$3,365.83	\$3,375.83	\$3,387.50
Guild Proposal	\$3,512.00	\$3,547.00	\$3,582.00	\$3,627.00
City Proposal	\$3,397.00	\$3,432.00	\$3,467.00	\$3,512.00

Notes: 1. Comparable jurisdictions' wages include longevity increases and education pay (AA degree only).  
 2. The parties' proposals include the awarded longevity and education pay (AA degree only)<sup>23</sup>

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<sup>23</sup>In Section X (page 39), I award education pay of \$35 for an AA, and \$70 for a BA. In Section VIII (page 35), I award longevity increases of \$35 at five years; \$70 at ten years; \$105 at fifteen years; and \$150 at twenty years.

**Table 13. 2004 Wage Comparisons**

Comparable City	Years of Service			
	5 Years	10 Years	15 years	20 years
Airway Heights	\$3,231.00	\$3,231.00	\$3,231.00	\$3,231.00
Colville	\$3,086.00	\$3,340.00	\$3,340.00	\$3,340.00
Ephrata	\$3,613.00	\$3,668.00	\$3,723.00	\$3,758.00
Prosser	\$3,459.00	\$3,730.00	\$3,730.00	\$3,730.00
Quincy	\$3,396.00	\$3,406.00	\$3,416.00	\$3,436.00
Wapato	\$3,744.00	\$3,744.00	\$3,744.00	\$3,744.00
Average w/o Omak	\$3,421.50	\$3,519.83	\$3,530.67	\$3,539.83
Guild Proposal	\$3,684.00	\$3,719.00	\$3,754.00	\$3,799.00
City Proposal	\$3,464.00	\$3,499.00	\$3,534.00	\$3,579.00

Notes: 1. 1 Comparable jurisdictions' wages include longevity increases and education pay (AA degree only).  
 2. The parties' proposals include the awarded longevity and education pay (AA degree only).

*Other Factors: CPI*

RCW 41.56.465 establishes one factor as the "average prices for goods and services, commonly known as the cost of living." This criteria is assumed to be a reference to the Consumer Price Index, or CPI, although the CPI is not the same as a "cost of living index." The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a fixed market basket of consumer goods and services. The CPI provides a way to compare what this market basket of goods and services costs this month with what the same market basket cost, say, a month or year ago. The CPI-W averaged approximately 2.2% for 2003, and is approximately the same so far in 2004.

*Other Factors: Retention*

The length of service for the Okanogan police officers is an average of 6.5 years. Seventy percent of the department has less than seven (7) years service. Only two officers have more than 10 years of service. Furthermore, both the number of applicants and the number of qualified

applicants has declined since 1998. However, Omak maintained its full complement of officers in 1999, 2000, and 2001.<sup>24</sup> In 2002, 2003 and 2004 Omak has frequently been one officer short of its full staffing level.<sup>25</sup> Presently Omak has a full complement of 10 officers, but one officer is new and still in training. Thus, while not critical, the City should be concerned about retention-related issues. The City has managed to maintain adequate staffing, but appears to be providing that staffing from a smaller and less qualified pool of applicants. While some of the recent decline in applicants could be due to the lack of a labor agreement since January 1, 2003, the decline in the number of applicants first started in 1999. However, based on the information provided, I cannot conclude the wages or benefits provided by the City are a substantial contributing cause in the decline of applicants and qualified applicants.

*Other Factors: Job Characteristics*

The Guild introduced testimony concerning the danger facing, and the stress levels of, Omak's police officers. I do not doubt the officers' testimony; however, I find the evidence is anecdotal in nature, and insufficient to provide a basis for comparing the stress levels of, or the danger faced by Omak police officers to police officers in comparable jurisdictions.

*Other Factors: Settlement Trends*

Data compiled by BNA shows state and local government settlements averaged first year wage increases of 3.9% in 2002 and 3% in 2003. State and local government settlements first year wage increases have continued to average approximately 3%.<sup>26</sup> Wage increases of the comparable jurisdictions are set forth in Table 14, which also identifies when the settlement occurred. At a local level, Okanogan County and its deputy sheriffs negotiated a 4% increase in 2003, and a 2.5% increase in 2004.

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<sup>24</sup>See Guild Exhibit 99.

<sup>25</sup>See Guild Exhibit 98

<sup>26</sup>Labor Relations Reporter, December 12, 2003 (Guild Exhibit 84)

**Table 14. Wage Increases of Comparable Cities**

Comparable City	Most Recent Agreement		2002 Base Wage Increase	2003 Base Wage Increase	2004 Base Wage Increase	2005 Base Wage Increase
	Term	Date Signed				
Airway Heights	2004--2006	2003	2.50%	2.50%	2.00%	Unknown
Colville	2002--2004	2001	2.60%	2.00%	2.00%	NA
Ephrata	2002--2004	2002	3.00%	3.00%	3.00%	NA
Prosser	2003--2005	Sept. 2003	2.00%	4.00%	3.00%	3.00%
Quincy	2002--2004	April 2002	Unknown	3.00%	4.00%	NA
Wapato	2004--2006	July 2004	2.60%	2.50%	15.00%	2.50%
<b>Average</b>			<b>2.54%</b>	<b>2.83%</b>	<b>4.83%</b>	<b>2.75%</b>

Notes: 1. In 2003, Prosser also increased education pay by \$15 (AA) and \$25 (BA).  
 2. Ephrata also increased longevity pay by \$1/ month/year of service in 2002, 2003, and 2004.

*Other Factors: Relationship with Medical Plans*

I discussed earlier the interrelatedness of the health and welfare benefits and wages, i.e., a party's settlement threshold on one of the issues is affected by the settlement terms of the other issue. A recent example of that relationship can be seen in the Wapato agreement where a 15% wage increase for 2004 occurs simultaneously with a substantial reduction in Wapato's health and welfare outlay for 2005. On a lesser scale, Prosser's wage increase in 2003 of 4% exceeds the national and regional average; but it occurs in the same year the parties agreed to a 50/50 split on health and welfare premium increases.

C. Conclusion

Considering all of the above factors, particularly the wages of the comparable jurisdictions, the settlement trends of the comparable jurisdictions, and my previous award regarding health and welfare benefits, I find the following wage increase is reasonable and in keeping with the statutory criteria.

Effective January 1, 2003 a 3% wage increase  
 Effective January 1, 2004 a 5% wage increase  
 Effective January 1, 2005 a 3% wage increase



Table 15 shows the comparable jurisdictions wages in 2003 and 2004 for a 10-year officer with longevity and education pay (AA only). Looking at 2004, Omak's position slips from its 2002 and 2003 relative standings of its wages to the comparable jurisdictions; however, Omak's wages exceed the average wage of the comparable jurisdictions by a greater margin than in 2002.<sup>27</sup> Furthermore, while Omak's wages were the second highest in 2002 its wage rate was less than 2% higher than Colville's, Prosser's, and Quincy's. In 2004 Omak's wages slip behind Prosser's and Wapato's; however, Omak's 2004 wage rate exceeds Colville's by more than 9%, and Quincy's by more than 7%. Finally, Omak's 2004 wage rate is within ½% of Ephrata's which had the highest wage rate in 2002. I conclude the awarded wage increase maintains Omak's wages in line with the comparable jurisdictions.

**Table 15. 2003 and 2004 Wage Comparisons for a 10-year officer**

Comparable City	2002	2003	2004
Airway Heights	\$3,090.00	\$3,168.00	\$3,231.00
Colville	\$3,210.00	\$3,275.00	\$3,340.00
Ephrata	\$3,455.00	\$3,555.00	\$3,668.00
Prosser	\$3,215.00	\$3,625.00	\$3,730.00
Quincy	\$3,212.00	\$3,308.00	\$3,406.00
Wapato	\$3,186.00	\$3,264.00	\$3,744.00
<b>Average w/o Omak</b>	<b>\$3,228.00</b>	<b>\$3,365.83</b>	<b>\$3,519.83</b>
<b>Omak</b>	<b>\$3,278.00</b>	<b>\$3,481.00</b>	<b>\$3,650.00</b>
Comparables > Omak	1	2	3
Comparables < Omak	5	4	3

Notes: 1. Wages include longevity increases and education pay (AA degree only).

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<sup>27</sup>In 2002 Omak's wage was 1.5% above the average of the comparables; in 2004 Omak's wage is 3.7% above the average of the comparables.

Overall the changes in the agreement can be summarized as follows. In 2003 the formula for allocating health and welfare premium increases is maintained: and a wage increase is provided which is consistent with the comparative jurisdictions, and national and local trends. Many of the officers will see additional increases from the implementation of a five-year longevity pay and education pay. In 2004, the effect of continuing the 50 / 50 split for increases in dependant health and welfare premiums results in officers with dependants paying a greater share of total premium cost and in a greater share of the premium for dependant coverage. The wage increase slightly exceeds national trends, and is approximately equal to the local average when Wapato's 15% wage increase is considered. More importantly, however, the wage increase maintains Omak's wages with the comparable jurisdictions as shown in Table 15, and as discussed above. In 2005, the wage increase is in accord with projected national trends and the few available comparative jurisdictions.

#### **VII. Article 13.5 Advance Notice for Leave Request**

The City proposes an amendment to existing CBA 13.5 while the Guild argues for the existing language to remain intact. The current provision (with the City's proposed additional language underlined) is:

Choice of Annual Leave Period: Annual leave shall be granted at the time requested by the employee subject to mutual agreement. If the nature of the work makes it necessary to limit the number of employees on annual leave at the same time, an employee with greater seniority shall be given the employee's choice of annual leave period in the event of any conflict, providing the senior employee requests that annual leave period off, at least thirty (30) calendar days prior to the commencement date of the annual leave period. Employees shall request at least one-half (½) of the employee's yearly annual leave on or before May 1 for the ensuing calendar year. Requests for annual leave must be made at least five (5) calendar days in advance except in cases of emergency or as approved by the Chief.

The City argues the additional language is necessary for management to be able to plan the work schedule. The Guild argues that under the current language, leave requests with less than five days notice are granted or denied by the Sergeants based on the needs of the

department. The Guild contends there is no need to change the language of this provision, and agrees the City has discretion to deny leave requests if it is not "mutually agreeable."

I find the City has not provided sufficient justification for the new language because the existing language provides the City the discretion to deny annual leave requests made on short notice if the needs of the department are compromised.

**VIII. Article 22.3 Longevity**

The current agreement calls for longevity bonuses at 10, 15, and 20 years in the amounts of \$62.50, \$100.00 and \$150.00 per month respectively. Both parties are interested in providing a longevity bonus at 5 years, but the Guild also proposes changing the manner by which the longevity bonus is calculated. The parties' proposals are summarized in the table below.

**Table 16. Longevity Pay Proposals**

Years Service	Current Provision	City Proposal	Guild Proposal	
			% Increase	\$ Equivalent*
5 Years	- 0 -	\$35 per month	1.25% of top step pay	\$40.54
10 Years	\$65 per month	\$65 per month	2.50% of top step pay	\$81.08
15 Years	\$100 per month	\$100 per month	3.75% of top step pay	\$121.61
20 years	\$150 per month	\$150 per month	5.00% of top step pay	\$162.15

Notes: \*"\$ Equivalent" is the percentage increase times the 2002 Base Wage of \$3,243

Only the comparable jurisdictions of Ephrata and Quincy provide a 5-year longevity increase. See Table 17. On a local level, Okanogan county provides a 6-year longevity increase of 1%.

**Table 17. 2003 5<sup>th</sup> Year Officers – Base Wages Plus Longevity**

Comparable City	5 <sup>th</sup> Year Base Wage	5 <sup>th</sup> Year Longevity	5 <sup>th</sup> Year Base Wage Plus Longevity
Airway Heights	\$3,168.00	\$0.00	\$3,168.00
Colville	\$3,025.00	\$0.00	\$3,025.00
Ephrata	\$3,430.00	\$50.00	\$3,480.00
Prosser	\$3,334.00	\$0.00	\$3,334.00
Quincy	\$3,288.00	\$10.00	\$3,298.00
Wapato	\$3,203.00	\$0.00	\$3,203.00

Longevity pay may be the most important “bonus” pay for police officers. There is no substitute for experience as a police officer. An experienced police officer is more valuable to the employer and the community, and it is reasonable to give more experienced officers greater compensation. The parties obviously recognize these facts because they have agreed to longevity increases at ten, fifteen and twenty years. I find there is not a significant difference in the parties’ proposals in terms of dollars. The Guild’s proposal is slightly higher and would increase proportionally as wages rise. However, I find the parties have not embraced percentage increases for longevity or incentive pay in their current agreement, and I am not inclined to change that practice in an interest arbitration. I have changed the longevity pay amounts at ten and fifteen years to make the steps more uniform.

**22.3 Longevity:** In addition to the established wage rate, each employee shall be given additional compensation as follows:

5 years	\$35 per month
10 years	\$70 per month
15 years	\$105 per month
20 years	\$150 per month

**IX. Article 11 (New Section) Compensatory Time**

The parties agree a new section is necessary to address compensatory time. They disagree on the maximum amount of compensatory time which can be accumulated, and the City wants to "empty the compensatory account" at the end of each year.

The City's proposal is:

Compensatory Time. An employee may receive compensatory time off in lieu of overtime pay. Compensatory time will be accrued at one and one-half (1 ½) hours for each hour of overtime worked. Compensatory time may be accumulated to a maximum of twenty (20) hours, provided, any accumulated compensatory time will be paid off in the December paycheck of each year.

The Guild proposes:

Compensatory Time. Employees may receive compensatory time in lieu of overtime pay. Accrued compensatory time shall not exceed eighty (80) hours per individual.

The parties have traditionally engaged in "comp" time in lieu of overtime on an semi-informal basis, and without written guidelines. Officers who work overtime fill out slips which allow the officer to request "COMP" time instead of overtime. COMP time was provided at 1 ½ times the overtime hours worked. According to Sgt. Eddy, his predecessor (Sgt Rogers) simply kept the COMP-time request forms under his calendar until the hours were used by the officers. Currently, Sgt Eddy keeps a file marked "COMP" in the payroll file with sticky notes to maintain the total unused COMP hours for an officer. When officers want to use their COMP time, they submit a vacation request marking "other," and handwriting COMP on the form.<sup>28</sup>

According to Eddy: 1) Officers have always been expected to use up their accrued compensatory-time in a matter of 3-4 months; 2) Generally compensatory-time accumulations have been between eight (8) and twenty (20) hours; 3) On one occasion an officer accumulated 40 hours and was informed he could accrue no further compensatory time.<sup>16</sup>

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<sup>28</sup>See Guild Exhibit 118.

The compensatory-time provision of the comparable jurisdictions are set forth in Table 18.

**Table 18. Compensatory Time Provisions of Comparables**

<b>Comparable City</b>	<b>Compensatory Time Provision</b>
Airway Heights	Employee must submit a request for comp time at end of work shift- must be taken within 180 days from date overtime is worked – accrual limited to 60 hours
Colville	Comp time granted by mutual consent - must be taken within pay period earned – if not taken, will be paid out at employee's classified rate of pay
Ephrata	Comp time subject to approval by Chief – maximum accrual: 48 hours
Prosser	Maximum accrual: 40 hours; shall not be taken if such would result in payment of overtime for replacement employees.
Quincy	Overtime/comp time – must be approved in advance by supervisor overtime must be paid or added to comp bank no later than 15th of month following month overtime was earned. No stipulation regarding maximum accrual
Wapato	Subject to prior approval. Maximum accrual: 32 hours

I find the positions taken by both parties are in the extreme given their past practice, and in light of the comparables I have selected (and even reviewing the comparables submitted by each party). I find a reasonable cap on compensatory time is 40 hours. This is consistent with the parties' past practice.

The City argues for the December payoff because it would "reduce future liability and avoid significant unfunded costs." I find these are insufficient reasons to justify a compensatory time payoff in December because: 1) accrued compensatory time is really no different than accrued annual leave; 2) the 40-hour cap on compensatory time limits unfunded costs; 3) the amount of "future" liability is relatively insignificant; and 4) the City-proposed provision is inconsistent with the parties' past practice.

With these findings in mind, I find the Compensatory Time Provision should be:

11.10 Compensatory Time. An employee may receive compensatory time off in lieu of overtime pay. Compensatory time will be accrued at one and one-half (1 ½) hours for each hour of overtime worked. Compensatory time may be accumulated to a maximum of forty (40) hours.

**X. Article 22 (New Section) Education Pay**

Once again both parties agree to a new provision providing educational incentive pay. However, the parties disagree on the amount of pay, the method of computing the incentive pay, the necessary education level for eligibility, and the effective date. The City proposes a specific dollar incentive for an AA degree and a BA degree retroactive to January 1, 2004. The Guild proposes an incentive pay base on a percentage (presumably of base wage) for either a BA degree; or an AA degree or its equivalent (90 credits). The parties also disagree on an effective date, and on retroactivity to former employees. Specifically, the City proposes:

*Education Incentive:* Effective January 1, 2004. Retroactive only to employees employed at the date of arbitration order:

- AA \$35.00 per month
- BA \$70.00 per month

The Guild proposes:

*Education Incentive:* Employees obtaining or possessing education shall receive an incentive in the following amount:

- AA/ 90 credits: 2%<sup>17</sup>
- BA: 4%<sup>18</sup>

I have listed the education pay for the comparable jurisdictions in Table 19.

**Table 19. Comparable Cities Education Incentive Pay**

Comparable City	2003		2004	
	AA	BA	AA	BA
Airway Heights	\$0.00	\$0.00	\$0.00	\$0.00
Colville	\$0.00	\$0.00	\$0.00	\$0.00
Ephrata	\$25.00	\$50.00	\$25.00	\$50.00
Prosser	\$25.00	\$50.00	\$25.00	\$50.00
Quincy	\$0.00	\$0.00	\$0.00	\$0.00
Wapato	\$61.00	\$122.00	\$61.00	\$122.00
<b>Average</b>	<b>\$18.50</b>	<b>\$37.00</b>	<b>\$18.50</b>	<b>\$37.00</b>

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<sup>17</sup>Approximately \$65 per month based on 2002 base wage rate of \$3,243.

<sup>18</sup>Approximately \$130 per month based on 2002 base wage rate of \$3,243.

I find a reasonable education pay is \$35 for an AA degree (or 90 credits) and \$70 for a BA degree. I base my finding on the following. First, \$35 and \$75 are reasonable incentives based on the education pay of the comparable jurisdictions. Second, the parties do not use percentage based increases for longevity, so I am not inclined to establish that tradition in an interest arbitration. Third, neither party suggested limiting the incentive to a particular type of degree, so I find it reasonable to award the \$35 incentive for either an AA degree or 90 credit hours. Finally, this is a new provision in the agreement. The parties can adjust the amount of, or method of determining, the incentive in future negotiations should they mutually agree. Accordingly, I find a new provision should be added to the collective bargaining agreement as follows:

22.4 Education Incentive: Employees shall receive as additional compensation thirty-five dollars (\$35) per month for an AA, or 90 credit hours; and seventy dollars (\$70) per month for a BA or BS degree.

#### **XI. Article 23 Term of Agreement**

Both parties agree the award should be for a three year term – January 1, 2003 until December 31, 2005.

#### **XII. Retroactivity**

Several of Employer's proposals are "retroactive only to employees employed at the date of the arbitration order." These proposals include: Wages, Longevity Pay, and Education Pay. Employer has offered no justification for distinguishing the application of any retroactivity, and I see no reason to make that distinction. Had the parties concluded their negotiations in a timely manner, the increases would have been received by any former employees during the term of their employment.



## AWARD

As the impartial arbitrator, I make the following award modifying the Collective bargaining agreement between the City of Omak and Omak Police Guild:

- A new provision is added to Article 11 as follows:

11.10 Compensatory Time. An employee may receive compensatory time off in lieu of overtime pay. Compensatory time will be accrued at one and one-half (1 ½) hours for each hour of overtime worked. Compensatory time may be accumulated to a maximum of forty (40) hours.

- Section 18.1 is changed to read:

18.1 Both parties agree that the Employer will provide one health and welfare program, which consists of major medical Plan B, dental, vision, and life for the employee and eligible dependents. Effective January 1, 2003, the Employer shall contribute up to a maximum, the following amounts for coverage.

<u>Coverage</u>	<u>Employer Contribution</u>
Plan B Medical	\$628.66
Dental	\$ 90.14
Vision	\$ 14.84
Life	\$ 2.00

Effective January 1, 2004, and January 1, 2005, any increase in premiums shall be split as follows:

1. Medical: The City will pay the increase in employee only medical premium cost, plus split 50% / 50% any increase in medical premium cost for dependent. The Employer's 50% of the increase in dependent coverage premium cost shall be added to the maximum medical contributions set forth above to establish a new maximum medical contribution by the Employer for the year 2004 and 2005, as applicable.
2. Dental: The City will pay any increase in the employee only dental premium cost plus split 50% / 50% any increase in dental premium cost for dependent coverages. The increase in employee only premium cost plus the Employer's 50% of the increase in premium cost shall be added to the maximum dental contributions set forth above to establish a new

maximum dental contribution by the Employer for the year 2004 and 2005, as applicable.

3. Vision: The vision plan rate is one rate, any increase in premium will be split 50% / 50% between the City and the employee. The City's 50% will be added to the Employer vision contribution set forth above to establish a new maximum vision contribution by the Employer for the year 2004 or 2005, as applicable.

- Section 22.3 is modified to read:

22.3 Longevity: In addition to the established wage rate, each employee shall be given additional compensation as follows:

5 years	\$35 per month
10 years	\$70 per month
15 years	\$105 per month
20 years	\$150 per month

- A new provision is added to Article 22.4 which reads:

22.4 Education Incentive: Employees shall receive as additional compensation thirty-five dollars (\$35) per month for an AA, or 90 credit hours; and seventy dollars (\$70) per month for a BA or BS degree.

- Section 23.1 is modified to read:

23.1 This Agreement shall be in full force and effect from January 1, 2003 except as provided otherwise in this Agreement, and shall remain in full force and effect until December 31, 2005. Either party may, upon ninety (90) calendar days notice prior to the date of expiration, give notice to terminate or amend to the other party. In the event only notice to amend is given, the Agreement shall remain in effect while the parties negotiate a successor agreement.

- Appendix "A" is modified to read:

APPENDIX "A"

Monthly Wage Rates for Patrolmen

	1/1/03	1/1/04	1/1/05
	(3%)	(5%)	(3%)
Police Officer, Step I:			
No academy training	\$2,797.00	\$2,937.00	\$3,025.00
Academy trained	\$2,991.00	\$3,141.00	\$3,235.00
Police Officer, Step II (upon completion of 12 month probation)	\$3,194.00	\$3,354.00	\$3,455.00
Police officer, Step III (upon completion of 3 years service)	\$3,315.00	\$3,481.00	\$3,585.00
Police Officer, Step IV (upon completion of 5 years)	\$3,376.00	\$3,545.00	\$3,651.00
Sergeant	\$3,557.00	\$3,735.00	\$3,847.00

Dated this 12<sup>th</sup> day of October 2004.



William F. Reeves,  
Neutral Interest Arbitrator