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BEFORE THE NEUTRAL ARBITRATOR

In the Matter of the Interest Arbitration Between)
Washington State Ferries)
the State)
and)
Marine Employees Beneficial Association (MEBA))
the Union)
_____)

**ARBITRATOR'S OPINION
AND AWARD**

PERC No. 26641-I-14-0654

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Date of Award: September 16, 2014

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Ben Goldrich, MEBA Representative, Juneau
Mike Lacroix, Marine Engineer, Staff Chief
Jerry Holder, Lead Negotiator, Labor Relations

EXHIBIT LIST

State Exhibits:

1. State's Certification of Issues to PERC Dated July 24, 2014
2. Union's Certification of Issues to PERC - Dated July 24, 2014
3. MEBA - Licensed CBA 2013-15
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5. Letter of Understanding - Hours of Work and Rates of Pay Documentation and Notification to Employees
6. Agreement - State of Washington and MEBA - No. 1 - PCD
7. Office of Financial Management Marine Employees' Compensation Survey
8. Office of Financial Management Marine Employees' Compensation Survey PowerPoint MEBA
9. Ferries Fleet Guide
10. Ferries Route Map
11. MEBA - Licensed Projected Costs 20 13-15
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13. Office of Financial Management - Background Information on Washington State Ferries
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26. Shoe Reimbursement Comparison
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30. Seniority List - MEBA Licensed
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32. Seattle Times, 7/16/14 "Jobless Rate in Seattle (4.8%), State (5.8%) Lowest Since 2008."
33. Transportation Revenue Forecast Council, June 2014
34. Economic and Revenue Forecast Council Report, June 2014
35. Economic and Revenue Forecast Council, Final June 2014 Economic Forecast
36. MMP (Masters) CBA, 2013 - 2015
37. MMP (Mates) CBA, 2013 - 2015
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46. Employer proposal to MM&P-Mates 2015-2017 on callback pay, July 10, 2014, T.A.'d (*agreed to Union's assignment pay proposal*)
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48. Employer-prepared Engine Room and Eagle Harbor Demographic, prepared 2/12/14

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- A. Alaska - MEBA 2000 - 2003 (wage pages only)
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- D. Alaska - MEBA 2008 - 2011 (wage page only)
- E. Alaska-MEBA 2011 -2014
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- G. May, 2012 LOA regarding Wage Relocation
- H. Alaska - MEBA - Wage Tables, 7/01/2011, 2012, & 2013
- I. Alaska - IBU 2000 - 2003 (wage pages only)
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- O. B.C. Ferries Wage Raises 2003 - 2009
- P. B.C. Ferries 2003 - 2015 (with raise and wage appendix, 2010-2015)
- Q. B.C. Ferries Salary Raises '06 -'10
- R. Black Ball - MEBA 1998 - 2002 (wage pages only)
- S. Black Ball - MEBA 2002 - 2006 (wage pages only)
- T. Black Ball - MEBA 2006 - 2010
- U. Blackball - MEI3A 2010 - 2014
- V. Black Ball - MEBA Salary Raises '00 - '10
- W. Black Ball - MEBA - Raise and Wages, 4/01/2014
- X. Black Ball - IBU 2003 - 2006 (wage pages only)
- Y. Black Ball - IBU 2007 - 2011 (wage pages only)
- Z. Black Ball - IBU 2012 -2015
- AA. Black Ball - IBU Salary Raises '00 -'10
- BB. Alaska - IBU - Wage Table 2010 - 2013
- CC. Blackball wage rates, per letter March 7, 2014
- DD. Master Agreement, King County and MMP, MEBA and IBU
- FF. Collective Bargaining Agreement, Whatcom County and MMP/IBU, 2013
- GG. Settlement Agreement, Whatcom County and MMP/IBU, Nov. 2013

I. PROCEEDINGS

This interests dispute is between the Washington State Department of Transportation (WSDOT), and specifically the Washington State Ferry System, which together shall be referred to as the "State" or "WSF," and the Marine Engineers Beneficial Association, referred to here as "MEBA" or the "Union." It concerns bargaining unit wages and other compensation terms under a two-year labor agreement starting July 1, 2015, and ending June 31, 2017. The Union represents two bargaining units whose contract provisions are essentially the same. The first is a bargaining unit of licensed engineers (staff chief engineer, alternate staff chief engineer, chief engineer and assistant engineer classifications) and the second is a bargaining unit of unlicensed engineers (oilers and wipers). Approximately 360-400 employees comprise both bargaining units, with the unlicensed unit being somewhat larger. Although the parties tentatively agreed to most provisions of their new contract, they reached an impasse in their negotiations on wages and certain other compensation issues. Pursuant to RCW 47.64.300(1), the Public Employment Relations Commission certified the wage issue for interest arbitration and the parties submitted their dispute to neutral Arbitrator Jane R. Wilkinson for resolution. The Arbitrator conducted evidentiary hearings, in Seattle, Washington, on August 7, 8 and 11, 2014. Each party had the opportunity to present evidence, examine and cross-examine witnesses and argue its case. The hearing was transcribed by court reporters. At the conclusion of those proceedings, the hearing closed.

II. STATUTORY AUTHORITY AND CRITERIA

Particularly relevant statutory provisions are as follows:

RCW 47.64.005 Declaration of policy.

The state of Washington, as a public policy, declares that sound labor relations are essential to the development of a ferry and bridge system which will best serve the interests of the people of the state.

RCW 47.64.006 Public policy.

The legislature declares that it is the public policy of the state of Washington to: (1) Provide continuous operation of the Washington state ferry system at reasonable cost to users; (2) efficiently provide levels of ferry service consistent with trends and forecasts of ferry usage; (3) promote harmonious and cooperative relationships between the ferry system and its employees by permitting ferry employees to organize and bargain collectively; (4) protect the citizens of this state by assuring effective and orderly operation of the ferry system in providing for their health, safety, and welfare; (5) prohibit and prevent all strikes or work stoppages by ferry employees; (6) protect the rights of ferry employees with respect to employee organizations; and (7) promote just and fair compensation, benefits, and working conditions for ferry system employees as compared with public and private sector employees in states along the west coast of the United States, including Alaska, and in British Columbia in directly comparable but not necessarily identical positions.

RCW 47.64.300 Interest arbitration - Procedures.

(2) The parties may agree to submit the dispute to a single arbitrator, whose authority and duties shall be the same as those of an arbitration panel. The full costs of arbitration under this section shall be shared equally by the parties to the dispute.

(5) Within thirty days following the conclusion of the hearing, or sooner as the October 1st deadline set forth in RCW 47.64.170(6)(c) and (7) necessitates, the neutral chair shall make written findings of fact and a written determination of the issues in dispute, based on the evidence presented. A copy thereof shall be served on each of the other members of the arbitration panel, and on each of the parties to the dispute.

....

RCW 47.64.320 Parties not bound by arbitration - Arbitration factors.

(3) In making its determination, the arbitrator or arbitration panel shall be mindful of the legislative purpose under RCW 47.64.005 and 47.64.006 and, as additional standards or guidelines to aid it in reaching a decision, shall take into consideration the following factors:

(a) The financial ability of the department to pay for the compensation and fringe benefit provisions of a collective bargaining agreement;

(b) Past collective bargaining contracts between the parties including the bargaining that led up to the contracts;

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

(d) Stipulations of the parties;

(e) The results of the salary survey as required in RCW 47.64.170(8);¹

¹ RCR 47.64.170(8) (Collective bargaining procedures) states:

(8) The office of financial management shall conduct a salary survey, for use in collective bargaining and arbitration, which must be conducted through a contract with a firm nationally recognized in the field of human resources management consulting.

(f) Comparison of wages, hours, employee benefits, and conditions of employment of the involved ferry employees with those of public and private sector employees in states along the west coast of the United States, including Alaska, and in British Columbia doing directly comparable but not necessarily identical work, giving consideration to factors peculiar to the area and the classifications involved;

(g) Changes in any of the foregoing circumstances during the pendency of the proceedings;

(h) The limitations on ferry toll increases and operating subsidies as may be imposed by the legislature;

(i) The ability of the state to retain ferry employees;

(j) The overall compensation presently received by the ferry employees, including direct wage compensation, vacations, holidays and other paid excused time, pensions, insurance benefits, and all other direct or indirect monetary benefits received; and

(k) Other factors that are normally or traditionally taken into consideration in the determination of matters that are subject to bargaining under this chapter.

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

III. PARTIES' FINAL OFFERS

A. Base Hourly Pay (Section 6 and Rule 19)²

1. State's Final Offer

Table 1

Classification	Proposed Wage Increase 7-1-15	Proposed Wage Increase 7-1-16
Licensed, all classifications	3%	0%
Unlicensed, all classifications	3%	0%

2. Union's Final Offer

Table 2

Classification	Proposed Wage Increase 7-1-15	Proposed Wage Increase 7-1-16
Licensed, all except Assistant	6%	6%
Licensed, Assistant Engineer	8%	6%
Unlicensed – Oilers	8%	7%
Unlicensed – Wipers	2%	2%

Watch turnover pay is proportionally affected by the basic wage change. It will not be discussed as a separate issue here, although I do note the State has costed it separately.

² The licensed engineers' contract is divided into "sections," and the unlicensed engineers is divided into "rules."

B. Assignment Pay (Section 6 and Rule 19):

The Union proposed language requiring the relief engineer and the relief oiler wage rates to apply to annual leave, sick leave and compensatory hours' time. The State opposed this proposal.

C. Call Back Pay Minimum (Section 6(d) and Rule 11:07):

The Union proposed increasing the call back minimum from 3 to 6 hours. The State would retain the status quo.

D. Holiday Pay (Section 7(c)(2) and (d) and Rule 25.02 and 25.03):

The Union proposed increasing holiday pay from 8 hours to 12 hours. The State opposed the proposal.

E. Penalty Pay (Section 8(c)(4) and Rule 30.14, 30.22 and 30.23):

For licensed engineers, the Union proposed to delete the current limitation to Super class vessels on exhaust uptake work and to add penalty pay for maintaining or repairing equipment impregnated with fiberglass. The State opposed the change.

For unlicensed engineers, the Union proposed to delete the current limitation to Issaquah class vessels and to add penalty pay for fiberglass. It also proposed penalty pay for harness work and/or work ten feet up, with a one hour minimum. Its language would allow the employee to refuse such work without penalty. The State also opposed these changes.

F. Uniforms (Shoes) (Section 21(i) and Rule 28.05):

The Union proposed adding a new sub-section requiring partial reimbursement for the purchase of safety shoes up to a maximum of \$250, every biennium. The State would not agree to the proposal.

G. Education (Documents and Licenses) (Section 29(e) and Rule 31):

The Union proposed adding a new sub-section requiring the reimbursement for the cost of obtaining the Transportation Workers Identification Card (TWIC) and the U.S. Coast Guard License and Merchant Mariner Credentials (MMC). Maximum reimbursement would be \$225. The State opposed any reimbursement language.

IV. DISCUSSION OF STATUTORY CRITERIA

The legislature requires the Arbitrator to make her award after considering a list of statutory criteria, which are set forth above. Those criteria are the focus of the discussion that follows.

A. The Financial Ability of the Department to Pay for the Compensation and Fringe Benefit Provisions of a Collective Bargaining Agreement

This consideration is an important one to the State. Although it has the ability to pay the Union's demands, it contends that it cannot do so without straining its continuing tight resources. The legal structure of its funding sources also complicates matters. The State always operates with a balanced budget.

1. Transportation and Ferry Revenues and Expenditures

Transportation budgetary expert Erik Hansen testified that the State has three legislatively approved budgets to fund the State of Washington:

- Operating budget (also referred to here as the general fund): \$67.6 Billion, largely supported by sales, business and property taxes. It funds, *inter alia*, education, social programs, pension contributions, debt service, but not transportation.
- Capital budget: \$3.6 Billion - funded by general obligation bonds and cash revenues from dedicated accounts. Nothing goes to transportation.
- Transportation budget: \$9.3 Billion - 75% from the gas tax, 25% from licenses, permits, fees and some taxes. That budget has two principal components: capital and operating. By statute, no transfers are permitted between the operating and capital programs for transportation.

Hansen testified that the Legislature appropriates most transportation funds and it also authorizes revenue sources, rates, and uses. It determines the funds/accounts into which revenues will be deposited. He further testified to significant current pressures on the State's transportation finances, including very large capital transportation projects. With respect to the total transportation budget, the WSDOT currently receives the lion's share, 74.1%. More specifically, the WSF operating budget is about 29.5% of the WSDOT budget, according to Hansen.³

Regarding ferry revenues, Hansen stated that 70% of the system's revenue is recovered at the fare box; those revenues must be used for ferry operations. The remaining 30% is funded

³ The figure 25% also was bandied about at hearing.

(at least in the current biennium) by non-fare box revenues, including food sales, gas taxes, licenses, permits and fees, as well as transfers from other transportation department funds.

On the expenditures side, labor comprises the largest share of ferry expenditures, at 59.8%. This equates to about 17.6% of the WSDOT operating budget. Fuel is the next largest share (23.4%) though Hansen noted that fuel costs have dropped about 21% between the last biennium and the current one. The legislature specifically allocates ferry fuel funds and these cannot be touched.

2. Reasons to Exercise Fiscal Caution.

The State maintained that it cannot afford to pay the Union's offer, or presumably any amount substantially greater than its own offer.

It pointed out that there are significant pressures on the State's general fund budget. I don't question that. Although the general fund is separate from the transportation fund, a witness for the State testified that the legislature can dip into the transportation fund to pay "current obligations that are being funded by the general account." Tr. Vol. 3, at 894. An example might be moving school bus transportation costs from the general fund to the transportation fund.

The State noted that the MEBA bargaining units at issue here are only two among many. A significant increase (over its offer) for this unit would compel it to give similar increases to all shipboard bargaining units. This is something that should be kept in mind, the State contends.

The State also presented information that its general fiscal health does not correlate well to the fiscal health of the overall economy. It presented evidence that in 2011, it ranked 35th among states in a score the measures what state government collect per \$1000 of personal income. Not in the record was evidence of how the state's overall economy ranks on a per capita basis. However, that evidence is readily available from reliable sources, and it shows that Washington ranks 15th in per capita GDP. See, <https://bber.unm.edu/econ/st-gdp5.htm>. (This ranking includes the District of Columbia.) This data indeed shows that the State coffers are not as robust as the State's overall economy would suggest.

With respect to gas tax revenues (which comprise a significant portion of the WSDOT budget, some of which goes to the ferry system), Hansen testified that because gas taxes are a fixed dollar amount as opposed to a percentage of cost, and because more fuel efficient cars have decreased gas consumption, gas tax revenues are not keeping up with inflation. This puts a continuing strain on the ferry system operating budget. The State presented similar information to me in a 2012 proceeding. (*Interest Arbitration between WSDOT and PCMTC*, Wilkinson, 2012, at 6, (hereafter referred to as the PCMTC 2012 award).

The Union pointed out that gas tax revenues comprise only 14.75% of WSF's operating budget. It also challenged the State's calculations. The Union presented calculations showing that gas tax revenues have risen 61.7% since 2001 (to 2013), while inflation was 31%. (One reason, Hansen indicated, was that there were gas tax increases, but he also stated that the increases went to capital projects). The Union pointed out that fuel tax receipts are expected to go up (a very modest) 1% in the next biennium, and that gas consumption grew 1.5% in the recent year. Later In his testimony, Hansen clarified his earlier statements about the relative decline in fuel tax revenues to mean that the rate of increase in state fuel tax revenues has declined.⁴

Countering the State's case for exercising fiscal caution was the Union's analysis (and supporting evidence for the same) of the State's figures.

First, the Union points out that the economy of Washington as a geographical entity and of Seattle in particular is now healthy and continued growth is expected. Unemployment is at a six-year low. Personal income adjusted for inflation is projected to grow by over 4% in the next biennium. So even if State revenues aren't on a par with states having similar economies, they will be growing. The Union's subsequent arguments more specifically underscore this point.

⁴ Note that federal fuel tax revenues are irrelevant here as they go to the capital fund.

The Union next asserts that State general fund and transportation revenues are up. General Fund revenues rose 8.4% or 8.6% (depending on which document one views) in 2011-2013 over the prior biennium. Transportation revenues increased 6.9% in the current biennium (2013-15) over the previous one. In addition, the ferry budget appropriation has increased substantially between 2005 and 2013 (by about \$1.2 billion). This, according to the Union, exceeded the rate of inflation by 20.5%.

Third, continuing increases are projected for both general fund and transportation revenues. General fund revenues are projected to rise 8.2% in 2013-2015 and 8.3% in 2015-2017. Transportation revenues in the next biennium (2015-17) are projected to increase 3.37% over the current biennium. Ferry revenue is projected to rise by a similar amount (3.69%).⁵

Fourth, despite the magnitude of the recent recession, the WSF has maintained healthy end-of-biennium balances. In fact, those balances since the start of the 2011-2013 biennium are greater than those both during and prior to the recession. See, Exh. U-44. The evidence also shows that except for the fiscal years 2008 and 2011, the State has consistently over budgeted labor expenses. For fiscal years 2013 and 2014, the State over budgeted labor costs by \$5.3 million and nearly \$2.8 million respectively. *Id.* and Exh. S-19.

Finally, the Union points out that the State's projections have historically tended to be overly cautious. In particular, for 2013-15 (the current biennium) the Puget Sound Ferry Operations Account was predicted to be \$33.2 million in the red but it ended up being \$17.3 million in the black, a positive swing of over \$50 million. Another example is the Motor Vehicle Account (funded primarily by fuel tax), which was previously predicted to be dramatically in the red, is now projected to be in the black through 2023.⁶

⁵ Since the State's general fund is separate from the transportation fund, a growth or shrinkage of one does not result in a lockstep growth or shrinkage in the other. Nevertheless, external economic forces do produce a correlation.

⁶ The State agreed in its closing statement that budget estimates are in the red, but it pointed out that budget accounts must and will end up in the black.

3. Cost of Proposals

The State's cost estimate of the Union's proposals is shown on the next table:

Table 3
Cost of Union's Proposal for Licensed Unit, see Exh. S-11

Union Wage Proposal Cost	Biennial Total Cost Est
All wage increases	\$3,882,265
Assignment pay applicable to Comp/Annual/Sick Leave	\$110,418
Watch turnover	\$35,219
Callback pay to 6 hours	\$653,035
Holiday pay to 12 hours	\$525,770
Penalty pay for fiberglass	indeterminate
Shoe reimbursement	\$92,000
License/document reimbursement	\$16,560

Table 4
Cost of Union's Proposal for Unlicensed Unit, see Exh. S-12

Union Wage Proposal Cost	Biennial Total Cost Est
All wage increases	\$2,539,624
Watch turnover	\$23,633
Assignment pay applicable to Comp/Annual/Sick Leave,	\$21,734
Callback pay to 6 hours,	\$141,606
Holiday pay to 12 hours	\$228,824
Penalty pay for fiberglass and for elevation/harnessing	indeterminate
Shoe reimbursement (worst case-assumed one reimbursement per year, or 368 pairs per biennium)-Union clarified proposal at hearing that would bring cost down)	\$86,500
License/document reimbursement	\$15,570

As is clear from the above tables, there are significant costs associated with several of the Union's proposals. However, more modest costs are associated with the Union's assignment pay, shoe and license/document reimbursement proposals.

4. Arbitrator's Conclusion on the State's Ability to Pay More than its Last Best Offer

The recession which started at the end of 2007 hit the State of Washington's coffers very hard and it had a profound impact on employee wages. (See discussion below).

The state itself (as a geographical entity) is experiencing a healthy economic recovery and this is expected to continue. However, as I noted previously, State revenues do not necessarily grow at the same rate as the economy within its borders and they also fall short of what one would expect when compared with other states. In 2012 the recovery was still on shaky grounds and I factored that into my award for the joint crafts unit. PCMTC 2012 award, *supra*, at 11. Some of the fears I cited in 2012 have not materialized. At this point, the State is in a much better position to fund all or part of the Union's demands, and I will take that into consideration in rendering my award. On the other hand, I agree with the State that there is merit to continued fiscal prudence, given the enormous financial pressures on the State's budget. Although the worst is behind the State from the recession, its coffers have not become so flush so as to preclude consideration of the State's relative ability to pay in this proceeding.

B. Past Collective Bargaining Contracts Between the Parties Including the Bargaining that led up to the Contracts.

The recent history of bargaining unit wages has been a difficult one because of the recent recession. The wage increase and other total compensation items awarded in 2008 for the 2009-11 biennium were never funded; instead, employees took a wage freeze. Then in 2011, the Union agreed to a 3% pay cut and some cuts in other areas. The 3% cut was restored in the current Collective Bargaining Agreement, along with a 1% increase for each year awarded by Arbitrator Michael Cavanaugh.

There is also some recent bargaining history that is relevant to one or more of the Union's proposals here. That history will be addressed when I take up said proposals.

C. The Constitutional and Statutory Authority of the Employer

The prior discussion of the State's finances included consideration of the evidence concerning the constitutional and statutory of the State. Apart from that, no other evidence or argument was presented at hearing concerning this criterion.

D. Stipulations of the Parties

The parties made some stipulations at hearings concerning the proposals. These resulted in their agreement on certain minor matters, as well as the clarification on others.

E. Comparability Data, Salary Survey and Overall Compensation

Two important statutory criteria are "The results of the salary survey as required in RCW 47.64.170(8)" and "Comparison of wages, hours, employee benefits, and conditions of employment ... with those of public and private sector employees in states along the west coast of the United States, including Alaska, and in British Columbia doing directly comparable but not necessarily identical work, giving consideration to factors peculiar to the area and the classifications involved." The legislature reinforced the importance of this latter consideration in its policy statement declaring that it is the public policy of the State of Washington to, inter alia:

promote just and fair compensation, benefits, and working conditions for ferry system employees as compared with public and private sector employees in states along the west coast of the United States, including Alaska, and in British Columbia in directly comparable but not necessarily identical positions.

RCW 47.64.006. In addition, the legislature requires a consideration of the total compensation paid to employees - that is, an arbitrator must look at their nonwage benefits. Given that nonwage benefits cannot be considered in isolation but instead may be considered relative to what comparable employers are offering, I have included that criterion in this discussion. I am considering these three statutory criteria together because they are interrelated.

I am considering here the statutorily required salary survey produced by the Hay Group (acting under contract with the State) together with the comparable analysis produced by the Union. Although the statutory language on salary surveys does not contain the same limitations

found in the wage comparator subsection, the survey itself is essentially a comparator analysis. The State did not present comparator evidence apart from the salary survey. I will refer to it here as the State's survey. The State's and the Union's selection of comparable jurisdiction and some of their methodologies differed. I will address those where the differences are significant.

1. Selection of Comparables

The State and the Union used the Alaska Marine Ferry System, the British Columbia (BC) Ferries and the Black Ball Line (a private employer) as comparable employers. The Washington State Ferry system is the largest of the four ferry lines in terms of number of engineers (licensed and unlicensed) employed. The Alaska, BC and Blackball ferries rank second, third and fourth, respectively. These are the only car ferry lines in the Pacific Northwest. The State also considered wages paid by King County, Whatcom County and Skagit County,⁷ each of which operates passenger ferries only, do not employ licensed personnel on board, employ only a few arguably comparable positions, and by comparison to the WSF, are miniscule in size. I will utilize the comparable jurisdictions that are in common with both parties. The county ferries are not comparable, in my opinion. Although Blackball operates only one ferry, I am including it, but not the county-run ferries, because the Blackball ferry is a car ferry that plies a cross-border route, utilizes licensed engineers on board, and has been historically utilized as a comparable. The use of county-run ferries as comparables, in any event, would not materially affect the results of a weighted average comparability analysis.⁸

⁷ Virtually no evidence was presented concerning the Skagit ferry operation.

⁸ Prior arbitrators in ferry cases have considered Alaska, BC and Blackball as comparables:

- IBU award for 2009-2011, Arb. Beck (2008). The State's salary survey did not include the county systems in 2008.
- MEBA award for 2013-2015, Arb. Cavanaugh (2012). The arbitrator mentioned that the State's salary survey included the county systems, but he appears to have give weight only to Alaska, BC and Blackball.
- MEBA award for 2009-2011, Arb. Vivenzio (2008). Both the union and State used Alaska, BC and Blackball as comparables. They also used Golden Gate, which was not proposed as a comparable in this proceeding.

2. Selection of Comparable Positions

The statute requires me to compare the compensation paid in comparable jurisdictions in positions "doing directly comparable but not necessarily identical work, giving consideration to factors peculiar to the area and the classifications involved." RCW 47.64.320(3)(f).

There was debate between the parties regarding which licensed positions in the Alaska Marine Highway most closely matched to the bargaining units' positions at issue. The parties' job matches with Alaska ferries were as follows:

Table 5

WSF Position	State's Choice of AK position	Union's Choice of AK position
Staff Chief	Chief	Lead Chief
Chief	1st Assistant Engineer	Chief
Assistant Engineer	2nd Assistant Engineer	1st Assistant Engineer

Kameron Durocher, who conducted the State's salary survey for the Hay Group, testified that she used an 80% job description match criterion.⁹ The Union's methodology was based on MEBA representatives' personal knowledge of the Alaska positions and on the logic of using a hierarchical sequencing, staffing numbers in each classification, and licensing correlation, since that's the way large vessels are staffed. Hierarchical sequencing means that there is someone in charge of everything, there is a second in charge, and so on down the line. In Alaska and Washington, the lead chief and the staff chief respectively are in charge of the boat. There is one each per vessel. With respect to chiefs, there can be multiple chiefs per vessel in both systems. A chief is the top person in the engine room during that person's watch. An assistant engineer in both systems is the next in command and must have an assistant engineer's license. An assistant engineer's license does not qualify the person to serve as a chief, even

⁹ According to Exh. S-7, page 7, the Hay Group survey "collected CBAs and/or MOUs from each survey participant and it audited each CBA/MOU against participant survey submissions in order to check abnormally high or low data, fill in missing/incomplete information, verify salary information, and verify premium pay as submitted." In 2014, it "asked participants to provide job descriptions for the jobs matched to the survey where there were few benchmark job matches or the job title or submit data showed a significant variance from the market median. Hay Group reviewed these job descriptions (when provided) to eliminate any inappropriate job matches (less than 80% job description match)." *Id.*

temporarily. After reviewing the evidence on this point, I find the Union's choice of matching positions to be more persuasive.

Another issue was whether to include the top two BC Ferry positions which recently were removed from the bargaining unit. (There was conflicting evidence as to whether one chief remained in the bargaining unit). Because of this removal, the State did not include their pay in its salary survey. The Union included it because there are rates still in the BC collective bargaining agreement, one person remains in the unit (the State disputes this), and the positions' removal did not hurt their pay (or so the Union represented). I will include the two positions in my own analysis for the reasons cited by the Union. The need is particularly compelling given that with the positions' exclusion, there would remain only two comparators for the top two engineer positions.

3. The Matter of Total Compensation

One statutory criterion is a "direct wage compensation, vacations, holidays and other paid excused time, pensions, insurance benefits, and all other direct or indirect monetary benefits received." RCW 41.64.320(3)(j). This provision refers to what is commonly called "total compensation." The State salary survey included total compensation, but did not break it down so I did not find it very helpful. However, the Union did not perform any total compensation analysis, which is even less helpful. When doing a wage analysis, I prefer to focus on total compensation, since it includes the entire pay package.¹⁰ In any event, it is a statutory criterion.

Nevertheless, in some cases, including here, looking at total compensation when doing a wage analysis is problematic because of the impossibility of making an "apples and apples" comparison with every item of non-wage compensation. The principal area of dispute here concerns health care benefits. Alaska and Blackball pay relatively large amounts towards their

¹⁰ Things considered in a total compensation analysis may include holiday pay, vacation pay, widely available forms of premium pay, longevity pay, disability, life and medical care premiums paid by the employer, and the employer's retirement contribution.

employees' health care benefits (and the employees' share is not miniscule either). B.C. Ferry workers are on the Canadian national health care plan, although their employer makes a modest premium contribution. Obviously, employee health care under the Canadian system is tax supported, but there is no record evidence (assuming anyone knows) showing the taxed amount that a wage earner in British Columbia pays for health care. The Union argued that it is impossible to do a total compensation comparison of each of the comparables. Therefore, base pay is the relevant benchmark.

Although I am very reluctant to ignore total compensation, I agree with the Union that in this case the base wage comparison is the best one for making apples to apples comparison. I do not have the raw data before me to perform a total compensation analysis that excludes health care. I note, however, that even if I were to use the State's figures on total compensation, the outcome of wage analysis below would still show a substantial lag in MEBA wages relative to the comparable employers.¹¹

4. Whether or Not to Include Alaska's Cost of Living Differential (COLD) Paid to Licensed Engineers and its Analogous Resident Premium Paid to Unlicensed Engineers.

There was some dispute as to whether the resident premium paid to Alaska ferry workers should be considered part of their base pay. For licensed employees, it is called a Cost of Living Differential (COLD) but it is paid only to Alaska residents. For unlicensed employees, it is simply called a resident premium. The Union presented evidence that there no longer exists a cost of living difference between Anchorage/Juneau and Seattle. The State did not dispute this, but argued that the resident premium is a special pay that not all employees receive. Neither party had evidence concerning the percentage of Alaska personnel who receive the premium, but

¹¹ The States salary survey for licensed engineers, which I consider flawed for the reasons herein explained, shows that the bargaining unit's' benefits range from \$1.76 to \$0.02 higher than the State's comparable average, depending on job classification See Exh. S-5. That converts to about 4.2% to .07% of licensed engineers base wage, depending on job classification. Even if I were to accept these figures, they are not sufficient to close the substantial wage lag of the bargaining unit as shown on Table 5, below.

given the difficulties of commuting from British Columbia or Washington State to Alaska, I would surmise the majority, if not most, of the comparable bargaining unit members receive this pay.¹²

I hold that COLD/resident pay should be included as part of the Alaska base wage.

5. Whether or Not to Discount BC Wages Because of the Lower Value of the Canadian Dollar

The Union objects to discounting BC wages because of the weakened Canadian dollar. However, the BC wages are paid in Canadian dollars. I believe it is appropriate to convert those wages to U.S. dollars. One would do this when measuring wages of any other country. The question remains, how much of a discount should be taken? The Canadian dollar has gone from parity or better with the U.S. dollar to about 8-9% below at present. Needless to say, the value fluctuates. The State's figure was that \$1.064 CAD equals \$1.00 US, according to Kamaron Durocher, and I will use that figure also (it amounts to about a 6% discount on the Canadian dollar).

6. Arbitrator's Analysis of Base Pay: WSF Units to Comparators

The next table shows the wages paid by the agreed upon comparable as I have determined them to be. All figures are for hourly wages within eight months of the June 30, 2015 WSF wage. I have used the Union's wage figures for the BC Ferries, but have discounted those wages by 6%, per my discussion above. I also have used the WSF wages paid after the 1% increase they will receive on July 1, 2015. The State's salary survey used pay before that date, no doubt because the exigencies of the task required the survey to be performed much earlier.

¹² I am aware that commuting is not impossible, given that bargaining unit employees work two week on, two week off shifts and one significant Alaska route goes from Haines or Skagway to Juneau to Prince Rupert (B.C.) and then to Bellingham (Washington).

Table 6

Job Class	WSF	Alaska	Blackball	BC	Simple Comp. Ave	WSF Lag to Comp. Ave.	Comp. Wtd Ave	WSF Lag to Comp. Wtd Ave.
Staff Chief Eng.	\$46.27	\$53.55	None	\$52.09	\$52.82	-14.16%	\$53.03	-14.61%
Chief Engineer	\$42.17	\$52.48	\$61.84	\$49.37	\$54.56	-29.39%	\$52.09	-23.53%
Assistant Eng.	\$35.53	\$42.07	\$54.19	\$40.91	\$45.72	-28.69%	\$41.92	-17.99%
Oiler	\$23.69	\$28.62	\$33.27	\$25.87	\$29.25	-23.48%	\$27.74	-17.08%
Wiper	\$20.87	\$23.86	\$29.45	\$24.88	\$26.06	-24.89%	\$24.46	-17.21%

Notes: Wages for Alaska are for July 1, 2015; they include COLD/resident pay and "nonwatch" pay.
Wages for Blackball are as of October 1, 2014 (licensed) and April 1, 2014 (unlicensed)
BC wage is converted to US dollars and is for April 1, 2015

The above table shows a rather astounding lag in bargaining unit wages as compared with those of the three comparators, whether considered individually, as an average or a weighted average. Tiny privately-owned Blackball pays considerably more than its government run counterparts, particularly the Washington State Ferry system. Although, as I have stated previously, someone has to rank below average and even last, the jurisdiction under consideration should not be an outlier. (PSMTC award, at 19) Here, the MEBA bargaining units wages fall so far behind the comparators (even with States benefits figures added back in) as to appropriately be characterized as an outlier.

F. Changes in Any of the Foregoing Circumstances during the Pendency of the Proceedings

The parties did not present evidence pertaining to this consideration.

G. The Limitations on Ferry Toll Increases and Operating Subsidies as May be Imposed by the Legislature

The legislature has delegated the responsibility for setting ferry tolls and increases to the Transportation Commission. Little evidence was presented on fare increase in this proceeding, but in my 2012 PCMTC award, I noted that there were no fare increases in 2008 and 2009, but there were 2.5% increases in both FY 2010 and FY 2011. In FY 2012, fares were increased by a total of 5.5%. There was no increase in FY 2013. There was a suggestion made in the instant

proceeding that fares may go up 2.5% in FY 2015, but the record is not clear. There was no evidence or suggestion that more money could be extracted at the fare box in the form of higher fares.

H. The Ability of the State to Retain Ferry Employees

The parties presented only anecdotal evidence concerning the WSF's ability to retain bargaining unit employees. Both sides, however, presented evidence that it is either an existing problem or a potential problem.

For the State, Elizabeth Kosa, Senior Port Engineer, testified that up to eight bargaining unit employees have resigned for better jobs in the past several years. She is more worried about the number of people eligible for retirement. "[W]e're not ready for them all to decide to leave at once," she stated. Tr. Vol. 1, at 185. She expressed concern that recruiting will be very difficult if a significant number of eligible employees retire. She also acknowledged that it has become more difficult to recruit employees over the past five years.

A Union witness, Jeff Duncan (MEBA branch agent for Seattle) testified that MEBA maintains a hiring hall for oilers, wipers and licensed assistants. He stated that MEBA was recently unable to fill all 24 oiler vacancies sent by dispatch. This is a new development he stated. It has become more difficult to fill these positions in the past five years. He also testified that he is seeing a trend with employees using the ferry system as a base for obtaining the needed experience for a certain credentials and then walking away to other jobs. He believes he has seen an increase in turnover in the past three or four years, perhaps ten engineers have left to take other maritime jobs in the past four or five years. Duncan further expressed concern over his assertion that 95% of the WSF chiefs will be eligible for retirement in the next five to ten years.

As I stated previously, this evidence is anecdotal. I would discount it except for the fact both the Union's and the State's witnesses were concerned about turnover and recruiting as a present or near-future issue.

I. Other Factors: CPI Growth Relative to Compensation Growth

The statute requires the interest arbitrator to consider "Other factors that are normally or traditionally taken into consideration in the determination of matters that are subject to bargaining under this chapter." RCW 47.64.320(k).

I could identify only one such traditional consideration, which is the determination as to whether bargaining unit wages are keeping up with inflation. This is done by comparing changes in the Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) over a reasonable period to wage changes.

The Union presented evidence showing that prior to 1983, the bargaining unit's wage increases were well ahead of the growth in the consumer price index (CPI-W). In 1983, ferry employees went on strike. In response, the legislature passed a law mandating interest arbitration for all unionized ferry employees. Since 1983 (to July 1, 2014) bargaining unit wage increases have trailed increases in the consumer price index by a cumulative average of 25.6%. (My calculation based on Exh. U-9). Oilers lost the most ground, with wage gains at nearly 37% behind the inflation rate. Assistant Engineers have fared best, with a 12.5% lag. *Id.* The Union also presented evidence showing a cumulative change in the CPI-U and CPI-W (Seattle-Tacoma-Bremerton) of 30.1% and 32.7% respectively between June 2002 and June 2014. During the same period, bargaining unit members' wages increased, but not at a rate that kept up with the change in the cost of living index as shown on the next table:

Table 7
Bargaining Unit Wage Increases, 2002-14¹³

Classification	Actual wage increase	Total loss or gain of purchasing power
Staff Chief Engineer	24.18%	- 7.22%
Chief Engineer	18.26%	-13.14%
Assistant Engineer	39.12%	+ 7.72%
Oiler	16.01%	-15.39%
Wiper	14.84%	-16.56%

¹³ Data is based on and extrapolated from Exh. U-9.

Thus, only the Assistant Engineers have come out even or ahead. The real wage decline experienced by the other four bargaining unit positions seems to me to be very high in historical terms. On the other hand, one must keep in mind the offset that comes from the substantial increases in the State's contribution to health care premiums over time. I presume that these increases have far outpaced inflation, as has been the case with employer (and employee) contributions everywhere. How much this ameliorates the employees' loss of purchasing power is not something that is on the record. Because a typical employer's contribution to premiums typically amounts to a fraction of pay (albeit a hefty one), I will assume that the increases in the cost of employer paid health care would only partially offset the considerable loss of purchasing power by members of the bargaining units.

While on the topic of cost of living changes, I find it disturbing that the State could not even manage a proposal that would exceed or perhaps even match the rate of inflation. The inflation rate during the past year has been growing slowly and now hovers near 2% (June 2013 to June 2014 change in the CPI-U, Seattle-Tacoma-Bremerton). It is not unreasonable to expect an annual 1.5% to 2% growth in the CPI over the next biennium.¹⁴ Yet the State proposed only a 3% increase for the biennium.

V. ARBITRATOR'S DISCUSSION AND AWARD ON THE FINAL PROPOSALS

A. Wages (Section 6 and Rule 19)

One very important statutory criterion that pertains to wages (comparable pay) strongly favors a significant wage increase over the probable cost of living changes that will take place. Turnover - actual or quite possible - also favors something more than a cost of living increase. Finally, the evidence that wages have not come close to keeping up with changes in the cost of

¹⁴ Although no one has a crystal ball, I looked at projections from several credible sources. For instance, the Congressional Budget Office expects the rate of inflation to hover at or below 2% over the next decade. See, <http://www.cbo.gov/publication/45010>. There are a number of websites projecting U.S. inflation rates, or reporting on other analysts' projections. While the forecasts range from under 1.5% annually to as high as 2.5%, the consensus seems to be in the 1.5% to 2% annual range nationally.

living over the past one to three decades favors a substantial wage increase. On the other hand, the need for continued fiscal caution with respect to State spending partially offsets those considerations.

I believe that the State's proposed increase is insufficient, but the Union's wage demands are overly ambitious in view of the State's finances (though not in view of comparator pay or the loss of buying power experienced by these bargaining units). Accordingly, I will award the following increases for the next biennium:

FY 2016	4.00%
FY 2017	2.75%

My second year award is intended to be an approximation of the change in the CPI for the previous year plus a very modest 1%. I would simply award a CPI increase plus 1%, but it is not clear to me that the OFM and legislature would be comfortable with not having a solid number for purposes of budgeting.¹⁵ Therefore, I have selected a figure that approximates the most recent change in the CPI (Seattle-Tacoma-Bremerton) for which data is available (plus 1%).¹⁶

I believe this relatively modest award is well within the State transportation fund's ability to absorb without threatening its resource use for other areas. Although the Union proposed a larger increase for assistant engineers than it did for other members of the bargaining units and a smaller increase for oilers, my analysis indicates that an equal increase along all bargaining unit classifications is more appropriate.

B. Other Compensation Issues

My predilection is to view compensation issues as part of one large pie. In negotiations, parties may divide it as they see fit. For this reason, and because non-wage pay enhancements often affect bargaining unit members unevenly, I prefer to focus on wages when it comes to

¹⁵ The 1.75% figure may be a little conservative in the short-run, but it is the half-way point between most projected increases for the next decade, as indicated in the previous footnote.

¹⁶ I would have gone somewhat higher than 1% over CPI for the second year, but I also factored in the holiday pay award made to the Union. Overall (including the holiday pay), I calculate my award to be a little over 4% above the State's offer.

compensation issues. I will award nonwage proposals, however, when there appears to be a compelling justification - such as strong comparator or compelling internal equity support and when most bargaining unit members have the ability to benefit from the proposal. It also helps when the costs associated with the same are modest. As a matter of fairness, I also am prone to favor reimbursement for required employee expenditures.

1. Assignment Pay (Section 6 and Rule 19):

The Union proposed language requiring the relief engineer and the relief oiler wage rates to apply to annual leave, sick leave and compensatory hours' time. The State opposed this proposal.

Under the current Collective Bargaining Agreement, bargaining unit members filling in as relief engineers and oilers receive a 17.5% pay premium for the time they fill in.

The Relief Assistant Engineer pay is \$41.75/hr, as compared to the Assistant Engineer pay, which is \$35.53/hr. The Relief Chief Engineer pay is \$49.55/hr, while the Chief Engineer pay is \$42.17/hr and the Staff Chief pay is \$43.01/hr. Licensed CBA, Section 6, Exh. U-3. A Relief Oiler is paid \$27.85/hr, while the base Oiler pay is \$23.69. Unlicensed CBA, Rule 19, Exh. U-4.

However, that premium is not calculated into their annual leave pay, sick leave pay and compensatory time off pay.

This higher assignment pay given to relief employees was a quid pro quo in 2011 negotiations for the bargaining units giving up travel pay for relief employees. (Apparently relief employees must typically travel some distance to their assigned vessel). This saved the State some money and lessened the effective rate of compensation for relief employees, according to Arbitrator Cavanaugh. MEBA award for 2013-15 (Arb. Cavanaugh, 2012) at 11. The Collective Bargaining Agreements in this case also mention that relief employees require enhanced skill and expertise because they are expected to work on a variety of vessels. Licensed CBA, Section 12(b), Exh. U-3. Unlicensed CBA, Rule 10.02, Exh. U-4.

The Union contends that extending relief pay to paid time off is logical and it invokes internal equity in its argument. It points out that Arbitrator Cavanaugh did what it seeks here in a MMP-Masters bargaining unit award. MMP-Masters award for 2013-2015) (Arb. Cavanaugh, 2012) at 21-22, Exh. U-21. It also contends that Arbitrator Lankford would have extended the pay with a Mates/Pilots unit, but instead chose to raise the pay premium. MMP-Mates/Pilots award for 2013-2015) (Arb. Lankford, 2012), at 21-22, Exh. U-22.

Arbitrator Cavanaugh indeed awarded what the Union seeks here, but he also noted that Staff Masters already received the pay sought. He further refused to award an increased premium, citing cost concerns. Arbitrator Lankford, however, did the opposite. He awarded the increased premium because the Union presented convincing evidence that the existing premium was inadequate to cover travel costs. But, he did not view favorably the notion of extending the premium pay to hours not worked. He noted that the pay was a trade off for travel time, and there is no travel in conjunction with paid time off. He also indicated that extending the pay would effectively create a new classification of employees, something not contemplated in the Collective Bargaining Agreement.

The Union also points to the fact the State recently conceded this issue with the MMP-Mates (for the forthcoming biennium). Jerry Holder, lead negotiator for the State on that contract, stated he traded this concession for dispatch changes he wanted from the Mates. He also noted the need for parity with the Masters, who like the two MEBA units here, are represented along with their companion classification by the same union, but under separate agreements.

I agree with Arbitrator Lankford's logic more than Arbitrator Cavanaugh's (though the latter makes a good case). Given Jerry Holder's testimony, I also do not find the internal equity argument compelling. I will not extend assignment pay to paid time off.

2. Call Back Pay Minimum (Section 6(d) and Rule 11:07):

The Union proposed increasing the call back minimum from three to six hours. The State would retain the status quo. Call back pay was added to the Collective Bargaining Agreements in 2011 in exchange for bargaining unit members giving up double time pay. If call back pay is increased to six hours, then employees called in on overtime will effectively receive double time pay. (Bargaining unit members work 12-hour shifts).

The Union's bases its proposal on an internal equity rationale. IBU and MMP-Mates bargaining unit members receive four hours of call back pay, which is half of their eight-hour day. Those employees then effectively receive double time when they are called back to work overtime. Jerry Holder testified that he "bought" a deal on dispatch with the MMP-Mates with this concession and with the one previously discussed on assignment pay. He made a similar trade-off with the IBU. There was a quid pro quo.

The Union made a deal with the State in 2011 that it now wants to undo. Rather than asking for a return of double time (which was the subject of some media and legislative pressure in 2011), it seeks to receive the same through the back door. Again, its internal equity argument is not persuasive. I am unable to find a compelling reason to undo the 2011 agreement the Union made with the State.

3. Holiday Pay (Section 7(c)(2) and (d) and Rule 25.02 and 25.03):

The Union proposed increasing holiday pay from 8 hours to 12 hours. (This is pay for holidays not worked). The State opposed the proposal. The Union's rationale is that the holiday pay should match the shift, which is 12 hours.

It appears from the evidence that IBU and the MMP bargaining units receive holiday pay that is equal to their shift. The evidence also was that Blackball employees receive 12 hours of holiday pay (the ferry does not run on at least key holidays) and they work 12-hour shifts. It appears to me that Alaska MEBA members are paid 12 hours for holidays not worked (they also

work 12-hour shifts). From my review of the BC Ferries contract, I glean that comparable employees work ten-hour or twelve-hour shifts and their holiday pay equates to their shift length.

I find that comparator considerations, internal equity and logic compel the conclusion that the Union's proposal should be granted. I also am favorably disposed to this change in the contract because it will affect all bargaining unit members equally (at least theoretically). It is a significant cost item to the State (estimated \$754,595 for the biennium, or very roughly 1/3 of a 1% wage increase), and I kept this in mind when formulating my final wage award.¹⁷ In fact, I considered not granting the holiday pay and adding an equivalent amount to the wage award. It should amount to the same thing and it makes a neater package, in my opinion. However, that would technically leave the discrepancy (internally and among comparators) in holiday pay unaddressed. Some time later, it could be forgotten that the bargaining unit employees received a wage increase in lieu of the holiday pay increase and the issue would come up again. Therefore, I have decided to award the Union's proposal on holiday pay.

4. Penalty Pay (Section 8(c)(4) and Rule 30.14, 30.22 and 30.23):

For licensed engineers, the Union proposed to delete the current limitation to Superclass vessels on exhaust uptake work and to add penalty pay for maintaining or repairing equipment impregnated with fiberglass. The State opposed the changes.¹⁸

For unlicensed engineers, the Union proposed to delete the current limitation to Issaquah class vessels and to add penalty pay for fiberglass. It also proposed penalty pay for harness work and/or work ten feet up, with a one hour minimum. Its language would allow the employee to refuse such work without penalty. The State also opposed these changes.

¹⁷ The State's cost estimate was based on the full Union proposal. Since I am awarding less, its cost for increased holiday pay will be proportionally less.

¹⁸ At hearing, the parties agreed to include asbestos, but a State witness did not believe bargaining unit members work with asbestos.

a. Fiberglass.

According to the State's evidence, fiberglass is an irritant and not a hazardous material. For that reason, I find it is inappropriate to make it a basis for penalty pay.

b. Superclass and Issaquah ferries limitation.

The State could not identify a reason why penalty pay should be limited to these ferries. Hazardous materials pose a hazard, no matter what the class of vessel. Therefore, it is my award that these limitations be deleted from the 2015-2017 Collective Bargaining Agreements.

c. Harness work and work ten feet up.

The Union's proposal was confusing, though it clarified it somewhat at hearing. However, it never was clear to me how or when it would apply, nor was there persuasive evidence as to its justification. It is not awarded.

5. Uniforms (Shoes) (Section 21(i) and Rule 28.05):

The Union proposed adding a new sub-section requiring partial reimbursement for the purchase of safety shoes up to a maximum of \$250, every biennium. (It modified its proposal at hearing to make the frequency clear). The State would not agree to the proposal.

Workers are not required to wear safety shoes. However, it probably would be foolish not to. I generally favor reimbursement for required employee expenses. (Although the shoes in question are not explicitly required, as a practical matter, employees need them). On the other hand, the Union pointed to no comparators or other bargaining units that receive a shoe reimbursement and I could find nothing analogous in the comparables' contract. The Union also did not provide evidence of how it came up with the \$250 figure. (Although it proposed a lesser figure for non-steel toed shoes, presumably if given the allowance, bargaining unit members would buy the more expensive model).

I have decided not to award the Union's proposal.

6. Education (Documents and Licenses) (Section 29(e) and Rule 31):

The Union proposed adding a new sub-section requiring the reimbursement for the cost of obtaining the Transportation Workers Identification Card (TWIC) and the U.S. Coast Guard License and Merchant Mariner Credentials (MMC). Maximum reimbursement would be \$225. The State opposed any reimbursement language. These documents constitute conditions of employment for bargaining unit members. They must obtain them. As I previously stated, I believe employees should be reimbursed for expenditures required for their employment. In this case, the cost to the State will be low, since the evidence indicated these credentials are renewed every five years. The Union's proposal is awarded.

VI. RECAP: ARBITRATOR'S AWARD

A. Wages:

The bargaining units wage award is as follow:

FY 2016	4.00%
FY 2017	2.75%

B. Assignment Pay (Section 6 and Rule 19):

The Union's proposal is not awarded.

C. Call Back Pay Minimum (Section 6(d) and Rule 11:07):

The Union's proposal is not awarded.

D. Holiday Pay (Section 7(c)(2) and (d) and Rule 25.02 and 25.03:

The Union's proposal is awarded.

E. Penalty Pay (Section 8(c)(4) and Rule 30.14, 30.22 and 30.23):

The Union's proposal to include all classes of ferries is awarded. The remainder of its proposals are not awarded.

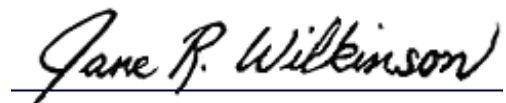
F. Uniforms (Shoes) (Section 21(i) and Rule 28.05):

The Union's proposal is not awarded.

G. Education (Documents and Licenses) (Section 29(e) and Rule 31):

The Union's proposal is awarded

Date: September 16, 2014

A handwritten signature in cursive script that reads "Jane R. Wilkinson". The signature is written in black ink and is positioned above a horizontal line.

Jane R. Wilkinson
Labor Arbitrator