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BEFORE THE ARBITRATOR

In the matter of the Interest Arbitration between:

CITY OF WALLA WALLA

and

WALLA WALLA POLICE GUILD

INTEREST ARBITRATION AWARD

PERC Case No. 25787-I-13-627

Summit Law Group by **Bruce L. Schroeder**, Attorney at Law, appeared on behalf of the City of Walla Walla. **Peter A. Altman**, Attorney at Law, joined on the closing brief.

Makler, Lemoine and Goldberg, by **Jaime B. Goldberg**, Attorney at Law, appeared on behalf of the Walla Walla Police Guild.

The City of Walla Walla (Employer) and the Walla Walla Police Guild (Union) selected the undersigned Arbitrator to determine the terms of a successor collective bargaining agreement to follow the contract in effect from January 1, 2011 through December 31, 2012. A hearing was conducted on February 12, 2014 in Walla Walla, Washington. During the course of the hearing, both parties presented testimony and exhibits and had the opportunity to examine and cross-examine witnesses.

The proceedings were recorded, and a copy of the hearing transcript was made available to the Arbitrator for use in writing the instant award. At the close of the hearing, the parties agreed to submit closing briefs by April 11, 2014. The Arbitrator received the briefs in a timely manner. At the Arbitrator's request, the parties agreed to waive the requirement

found in RCW 41.56.450 that the written determination of the issues must be issued within 30 days following the conclusion of the hearing.

APPLICABLE STATUTORY PROVISIONS

When certain public employers and their uniformed personnel cannot reach agreement on new contract terms through negotiations and mediation, RCW 41.56.450 calls for interest arbitration to resolve their dispute. The parties stipulate that RCW 41.56.450 applies to the instant dispute.

> The intent and purpose of the law 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.

Pacific County, PERC Case 24235-I-11-572 (Siegel, 2012).

RCW 41.56.465 sets forth criteria which must be considered by the Arbitrator in deciding the issues in dispute:

> (1) In making its determination, the [arbitrator] shall be mindful of the legislative purpose enumerated in RCW 41.56.430 and, as additional standards or guidelines to aid it in reaching a decision, the panel shall consider:
>
> (a) The constitutional and statutory authority of the employer;
>
> (b) Stipulations of the parties;
>
> (c) The average consumer prices for goods and services, commonly known as the cost of living;
>
> (d) Changes in any of the circumstances under (a) through (c) of this subsection during the pendency of the proceedings; and
>
> (e) Such other factors, not confined to the factors under (a) through (d) of this subsection, that are normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment. . . .
>
> . . . .
>
> For employees listed in RCW 41.56.030(7) (e) through (h), the [arbitrator] shall also consider a comparison of the wages, hours, and conditions of employment of

personnel involved in the proceedings with the wages, hours, and conditions of employment of like personnel of public fire departments of similar size on the west coast of the United States. However, when an adequate number of comparable employers exists within the state of Washington, other west coast employers may not be considered.

The statute does not provide guidance as to how much weight should be given to any of these standards or guidelines but leaves that determination to the Arbitrator's reasonable discretion.

PRINICIPLES OF THE INTEREST ARBITRATION PROCESS

I agree with Arbitrator Carlton Snow who set forth a controlling principle for interest arbitration decisions in *City of Seattle*, PERC Case No. 6502-I-86-148 (Snow, 1988):

> [A] goal of interest arbitration is to induce a final decision that will, as nearly as possible, approximate what the parties themselves would have reached had they continued to bargain with determination and good faith.

A number of other arbitrators have expressed the same goal for interest arbitration. *See Kitsap County Fire Protection District No. 7*, PERC Case No. 15012-I-00-333 (Krebs, 2000); and *City of Centralia*, PERC Case No. 11866-I-95-253 (Lumbley, 1997). Arbitrator Snow's observation serves to provide a general framework for analyzing specific language and wage proposals. As the Employer properly notes in its closing brief, the Washington State Supreme Court has recognized that interest arbitration is an extension of the collective bargaining process. *City of Bellevue vs. International Association of Firefighters, Local 1604*, 119 Wn.2d 373 (1992). Arbitrator Timothy Williams stated this principle in the following terms:

> [T]he panel is mindful that the basic function of interest arbitration is to provide what should have been achieved at the bargaining table.

Clark County Public Transportation Benefit Area v. Amalgamated Transit Union, Local 757, PERC Case No. 24063-I-11-570 (2011).

Having established that interest arbitration must be considered as an extension of the collective bargaining process, several other principles have also been developed to refine the use of arbitration to conclude bargaining. For example, it must be remembered that interest arbitration is conducted in the context of an existing collective bargaining relationship. The arbitrator must be aware of the parties' bargaining history to provide an appropriate context for an award that will set their future rights and obligations. *See City of Seattle*, PERC Case No. 6576-I-86-150 (Beck, 1988). As noted in Elkouri and Elkouri, *How Arbitration Works*, Sixth Edition (BNA, 2003):

> interest arbitration is more nearly legislative than judicial . . . our task here is to search for what would be, in the light of all the relevant factors and circumstances, a fair and equitable answer to a problem which the parties have not been able to resolve by themselves.

In crafting the award, the arbitrator has broad discretion in setting terms and conditions. *Pierce County*, PERC Case No. 22679-I-09-539 (Krebs, 2010). However, an arbitrator must consider the parties' bargaining history as expressed in their most recent collective bargaining agreement. As Arbitrator George Lehleitner reasoned in *City of Yakima*, PERC Case No. 15379-I-00-346 (Lehleitner, 2000):

> When a party seeks to change existing contract language, it is incumbent upon them to come forward with compelling reasons to justify the proposed language. This is particularly true where the language has been in the contract for many years and there has been no showing of problems with its application.

The reluctance to change existing contract language is particularly strong when it comes to recently modified contractual terms. Typically, an arbitrator will change recently modified contract language only if the moving party can prove that the language at issue did not achieve its objective or if it had unintended consequences. *City of Camas*, PERC Case No. 6303-I-02-380 (Wilkinson, 2003).

ISSUES

On June 20, 2013, Executive Director Michael Sellars certified nine issues for interest arbitration. Those issues were:

Article 6.04	Seniority and New Hire
Article 22	Health Care and Disability Insurance
Article 23.01	Salaries
Article 23.02	Special Assignments and Training
Article 23.03	Deferred Compensation
Article 24	Senior Officer/Sergeant
Article 30.02	Disciplinary Actions and Procedures
Article 32	Duration of Agreement
Appendix A	Pay Schedule

WAC 391-55-200 sets forth the steps to initiate interest arbitration in the following terms:

> (1) If a dispute involving a bargaining unit eligible for interest arbitration under RCW 41.56.028, 41.56.029, 41.56.030(7), 41.56.475, 41.56.492, 41.56.496, 41.56.510, 47.64.300, or 74.39A.270 (2)(c) has not been settled after a reasonable period of mediation, and the mediator is of the opinion that his or her further efforts will not result in an agreement, the following procedure shall be implemented:
>
> (a) The mediator shall notify the parties of his or her intention to recommend that the remaining issues in dispute be submitted to interest arbitration.
>
> (b) Within seven days after being notified by the mediator, each party shall submit to the mediator and serve on the other party a written list (including article and section references to parties' latest collective bargaining agreement, if any) of the issues that the party believes should be advanced to interest arbitration.
>
> (2) The mediator shall review the lists of issues submitted by the parties.
>
> (a) The mediator shall exclude from certification any issues that have not been mediated.
>
> (b) The mediator shall exclude from certification any issues resolved by the parties in bilateral negotiations or mediation, and the parties may present those

agreements as "stipulations" in interest arbitration under RCW 41.56.465 (1)(b), 41.56.475 (2)(b), or 41.56.492 (2)(b).

(c) The mediator may convene further mediation sessions and take other steps to resolve the dispute.

(3) If the dispute remains unresolved after the completion of the procedures in subsections (1) and (2) of this section, interest arbitration shall be initiated, as follows:

(a) Except as provided in (b) of this subsection, the mediator shall forward his or her recommendation and a list of unresolved issues to the executive director, who shall consider the recommendation of the mediator. The executive director may remand the matter for further mediation. If the executive director finds that the parties remain at impasse, the executive director shall certify the unresolved issues for interest arbitration.

(b) For a bargaining unit covered by RCW 41.56.492, the mediator shall certify the unresolved issues for interest arbitration.

The parties followed the terms of WAC 391-55-220 by submitting the list of issues to the Arbitrator prior to hearing in the "14-day list". WAC 391-55-220 specifies:

> At least fourteen days before the date of the hearing, each party shall submit to the members of the panel and to the other party written proposals on all of the issues it intends to submit to arbitration. Parties shall not be entitled to submit issues which were not among the issues certified under WAC 391-55-200.

At the outset of the hearing, the parties stipulated that they had settled all issues except Article 22, (Health Care and Disability Insurance), Article 23.01, (Salaries). I accepted the parties' stipulation, and the hearing proceeded on those two issues. Accordingly, the issues for determination can be stated as follows:

Article 22 - Health Care and Disability Insurance

The Guild requests to maintain the current 5% employee contribution for medical insurance premiums.

The Employer requests an increase in employee contribution to 10% for medical insurance premiums, and requests a conditional re-opener for 2014 to deal with unforeseen consequences of the Affordable Care Act, including an insurance rate increase of more than 10%.

Article 23 – Salaries and Appendix A – Pay Schedule

> The Guild requests wage increases of 5% for 2013, 4% for 2014 and 4% for 2015.
>
> The Employer requests wage increases of 1.5% for 2013, 1.5% for 2014 and 1.5% for 2015.

BACKGROUND INFORMATION

Walla Walla is located in the southeast portion of Washington State. With a population of 31,930, the city has become a tourist destination for a growing wine industry, and a number of businesses have either started or grown because of the increased tourist trade. The City of Walla Walla employs approximately 250 employees in several departments to provide municipal services to residents. The Employer has collective bargaining relationships with three unions:

- Washington State Council of County and City Employees, Local 1191 represents approximately 104 employees in a variety of departments, including public works, parks and recreation and clerical support positions
- International Association of Firefighters, Local 404 represents approximately 43 commissioned firefighters employed by the Walla Walla Fire Department
- Walla Walla Police Guild which represents 38 commissioned employees of the Walla Walla Police Department.

At the time of hearing, there were approximately 64 non-represented employees working for the City of Walla Walla.

The Walla Walla Police Department is comprised of 69 employees. The Department's staff is made up of 41 commissioned personnel (including the 38 officers represented by the Guild) and 28 civilian employees. Seventeen of the 28 civilian employees staff WESCOM, the local emergency dispatch center.

The Employer and the Guild have a collective bargaining relationship for a bargaining unit described in the January 1, 2011 through December 31, 2012 collective bargaining agreement as:

> . . . all uniformed/commissioned personnel of the Walla Walla Police Department excluding the Police Chief, Captains, Non-sworn Supervisors, and confidential employees.

The Police Department is under the general direction of the Police Chief. The rest of the commissioned staff consists of two captains, six sergeants and 32 police officers. For 2014, the department's operating budget was $7.6 million. Walla Walla police officers average 14.65 years of service. Of the 38 personnel represented by the Union, 15 do not have any college degree, 12 hold AA degrees, and 11 have BA degrees.

COMPARABLE JURISDICTIONS

RCW 41.56.465 specifies that the Arbitrator must compare the wages, hours and conditions of employment of the Walla Walla police officers 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", unless there are sufficient comparators to be found in Washington State.

Arbitrators have routinely used mutually agreed upon comparators as the basis for comparability analysis. *City of Lynnwood*, PERC Case No. 24694-I-12-588 (Beck, 2013). However, arbitrators do not feel constrained to rely only on stipulated comparables if other comparables are available and apply to the case at hand.

In this case, the Union presented the following list of comparable jurisdictions:

- Pasco
- Richland
- Kennewick
- Wenatchee

- Pullman
- Longview
- Mount Vernon
- Camas
- Mountlake Terrace

The Employer's list of proposed comparables was composed of:

- Pasco
- Ellensburg
- Pullman
- Moses Lake
- Wenatchee
- Mount Vernon
- Longview

Comparison of the two lists reveals that the parties agreed on Pasco, Wenatchee, Pullman, Longview, and Mount Vernon. I accept the parties' agreement on these jurisdictions, and will use them as part of this award.

The parties disagreed on the use of Richland, Kennewick, Camas, Mountlake Terrace, Ellensburg, and Moses Lake. I will examine which, if any, of these jurisdictions should also be used as comparable. The first step in this process is to examine why the parties disagreed over these jurisdictions and to determine factors that should be used to create a comprehensive list of comparables for this case.

Comparability Methodology

The Union's Argument for its Proposed Comparables

In its closing brief, the Union expressed its comparability analysis on the basis of three general principles: bargaining history, population and geographic proximity to Walla Walla. Using those criteria, the Union started its comparability analysis by relying on a set of comparable jurisdictions set for the City of Walla Walla and the Walla Walla Police Guild by Arbitrator Thomas Levak in a 1986 interest arbitration award. In *City of Walla Walla*, 6213-I-86-139 (1986), Arbitrator Levak held that Walla Walla was comparable to Pasco, Richland, Kennewick, Wenatchee and Pullman, Washington.[1] In addition to Arbitrator Levak's list of Washington jurisdictions, the Union proposed to use Longview, Mt. Vernon, Camas and Mountlake Terrace as comparables.

In assembling its list of comparables, the Union acknowledged that it did not follow "strict" factors that have often been applied in interest arbitration cases, such as assessed valuation or size of jurisdiction. In the case of jurisdiction size, the Union has focused on jurisdictions within a range of "50% to 200%" smaller and larger than Walla Walla. The Union argued that it created a list of comparables reflecting similarities to Walla Walla's unique status in the state. The Union maintained that the local economy was on the upswing and that the area was experiencing sustained economic growth because of the winery and tourist industries.

The Union noted that Walla Walla has become a well-respected tourist destination. While recognizing that Walla Walla is located on the east side of the "Cascade Curtain", the Union maintained that it could be favorably compared with other tourist destinations as much as Seattle. Recognizing that such a comparison would not be appropriate, the Union relied on

[1] It should be noted that Arbitrator Levak found other comparable jurisdictions in Oregon and California. Neither party has advanced any jurisdictions outside Washington State, so the Oregon and California cities will not be addressed in this decision.

existing Washington State comparators from the 1986 interest arbitration, as well as four new comparables from the west side of the state. The Union contended that its list of comparables allowed a realistic appraisal of the Walla Walla bargaining unit's relative position in the labor market, and highlighted glaring problems with existing wage rates and the Employer's proposed change in medical insurance payments.

The Union opposed the list of comparables proposed by the Employer for a number of reasons. The Union argued that the Employer's proposed comparables were not representative of the realities faced by Walla Walla police officers, and were too constrained to be meaningful. For example, the Union opposed Employer's proposal to limit analysis to a strict "50% bigger and 50% smaller" standard for population and assessed valuation, arguing that such a narrow view of comparability would artificially limit the scope of the real labor markets most like Walla Walla to a group of jurisdictions that do not match the city's vitality or growth.

In addition, the Union opposed the Employer's attempt to exclude Richland and Kennewick from the list of comparables. The Union noted that Richland, Kennewick and Pasco form a natural labor market within 60 miles from Walla Walla, and exclusion of two of those three cities would lead to an incomplete and inaccurate view of an important labor market that has real impact on Walla Walla's economy. The Union also objected to the Employer's attempt to exclude consideration of any jurisdictions within the "central Puget Sound" area, because the exclusion of such jurisdictions created an unrealistic limitation on a meaningful examination of wages and insurance benefits.

The Union also questioned the Employer's refusal to include employees without degrees in its list of comparables. In all of its proposed comparables, the Employer used only data relating to those officers who held an AA or a BA degree. The Union asserted that in this

case a majority of bargaining unit employees do not hold a degree, so disregarding employees without degrees caused inaccuracies in the comparables relied on by the Employer.

The Union also objected to the completeness and accuracy of the Employer's comparables because the Employer's comparables did not include the value of leave time, and contained inaccurate information concerning Ellensburg, Moses Lake, and Pasco which generally lowered the average wage analysis to the Union's detriment. In like manner, the Union contended that a comparison to Moses Lake and Ellensburg would lead to artificially lower wage and benefit rates, and these two proposed comparators must be disregarded. The Union further noted that the Employer attempted to inject irrelevant data on Walla Walla County and a small local community, College Place, to support its position, even though these jurisdictions were never identified as "comparable". Given these factors, the Union argued that its set of proposed comparables was more realistic and pertinent to the instant matter, and should be adopted as part of this award.

Finally, the Union noted that it included Camas and Mountlake Terrace as comparables only if the Arbitrator felt it necessary to vary from those jurisdictions found in the 1986 list. The Union believed that the "traditional list" still forms the best basis for comparison and should be applied to the situation at hand.

The Employer's Argument for its Proposed Comparables

The Employer presented a different list of comparables for consideration. The Employer created its list of comparables by using population size, (defined as a range of 50% lower to 50% higher than Walla Walla) qualified by assessed valuation (within 50% of Walla Walla) and location outside the Central Puget Sound area. Using these factors, the Employer argued

that the appropriate comparable jurisdictions are: Longview, Mount Vernon, Wenatchee, Pullman, Moses Lake, Ellensburg and Pasco.

The Employer did not rely on the list of comparable jurisdictions created by Arbitrator Levak. The Employer contended that Arbitrator Levak's list of comparables was created almost 30 years ago, and that economic and demographic changes in some of the major jurisdictions found in that list required a new analysis. With that in mind, the Employer argued that it selected a group of comparables that meet the statutory requirement to be "like employers". In creating its list of comparables, the Employer noted that it selected two jurisdictions from western Washington (Mount Vernon and Longview), even though their inclusion had an adverse effect on the City's overall comparable list.

The Employer argued that the Union's optimistic view of the local economy was not accurate. While agreeing that Walla Walla was becoming a tourist destination, the Employer contended that the effects of the tourist trade had not translated into the kind of tax revenue that would be necessary to fund the Union's proposals. The Employer contended that the City of Walla Walla was still trying to recover from the effects of the 2008 recession, and had to be very careful in its budgeting process.

The Employer argued that its list of comparables presented a realistic set of jurisdictions to be used in this matter. The Employer contended that it removed Kennewick and Richland from its list of comparables because both cities grew dramatically since they were used in the 1986 list, and that their inclusion would lead to unrealistic and unsustainable results. The Employer noted that it kept Pasco as a comparable because of its proximity to Walla Walla.

The Employer contended that its comparability analysis should be adopted. Apart from using a "50% above and 50% below" range for population and assessed valuation, the

Employer also sought jurisdictions outside of the central Puget Sound area. By rejecting central Puget Sound jurisdictions, the Employer argued that it eliminated issues concerning small jurisdictions in close proximity to major metropolitan areas. Since Walla Walla is not near any major metropolitan area like Seattle or Tacoma, the Employer believed that it had to analyze jurisdictions that are similarly situated.

The Employer argued that the Union's proposed comparables should be rejected for a number of reasons. The Employer contended that the Union's reliance on the 1986 list of comparables unrealistically included several jurisdictions (notably Kennewick and Richland) that have grown dramatically, and are no longer comparable to Walla Walla. The Employer argued that Richland and Kennewick have both grown in population and assessed valuation so that they no longer have any direct correlation to Walla Walla. Since those two cities have grown so dramatically, the Employer contended that the Union's reliance on the 1986 list meant that the Union could not present a list of "like employers" as required by the statute.

The Employer further objected to the Union's use of Camas and Mountlake Terrace as comparables. The Employer argued that both jurisdictions are located within metropolitan areas, close to major population centers. Mountlake Terrace is located near Seattle, and Camas is located near Vancouver, Washington. The Employer maintained that including either of these jurisdictions would artificially inflate wage rates and insurance payments, and would lead to an unrealistic result in this case. The Employer noted that arbitrators avoid using urban or suburban jurisdictions when comparing to rural locations, and asked for a similar result in this case.

Finally, the Employer objected to the Union's reliance on Camas and Mountlake Terrace because the Union did not advance those jurisdictions during negotiations or in mediation, and only proposed them for the purposes of interest arbitration. The Employer argued that

the Union's addition of those two jurisdictions was an unfair labor practice in line with the holding in *City of Clarkston*, Decision 3246 (PECB, 1989).

Conclusion on Comparability Methodology

In interest arbitration, the parties seek to persuade the Arbitrator that their respective positions should be adopted. Those arguments are made in the context of comparable jurisdictions which do (or do not) have similar wages, hours and conditions. The parties have used their own set of comparables to shape their bargaining positions and now ask the Arbitrator to agree with the analysis presented at hearing. In a sense, selection of comparables allows the parties an opportunity to gain an advantage in the proceeding. It is the moment in the proceedings where the parties' relative positions are most focused and refined.

Obviously, the parties have different views of comparability. The Union strenuously argued that the 1986 list of comparables must be used as the basis for any analysis. While the Union agreed with the Employer on the inclusion of Longview and Mount Vernon as comparables, it only did so in the context of maintaining the 1986 list of Washington jurisdictions. The Union also added two new jurisdictions (Camas and Mountlake Terrace) that were not discussed before interest arbitration. The Employer used several of the jurisdictions from the 1986 list (Pasco, Wenatchee and Pullman), but added a number of different jurisdictions for comparison purposes. The Employer adamantly believed that the 1986 list of comparables was no longer relevant to Walla Walla's situation.

First, I must address the Union's late addition of Mountlake Terrace and Camas as comparables. It is well established that interest arbitration is an extension of the collective bargaining process. *City of Bellevue vs. International Association of Firefighters, Local*

1604, 119 Wn.2d 373 (1992). Collective bargaining does not require the parties to reach agreement on any particular issue, but anticipates a good faith effort to reach agreement wherever possible. Good faith can be determined by examining the parties' bargaining history. As long as the parties have worked to narrow their differences toward reaching a comprehensive agreement, good faith bargaining has taken place. If a party takes actions designed to frustrate or otherwise delay agreement, the offending party's good faith can be called into question.

As the Employer properly noted in its closing brief, the good faith obligation follows the parties as they enter interest arbitration. In *City of Clarkston*, Decision 3246 (PECB, 1989), I concluded that a union committed an unfair labor practice by escalating bargaining demands once interest arbitration was initiated. In like manner, *Spokane Fire District 1*, Decision 3447-A (PECB, 1990) stands for the proposition that parties must disclose their comparable jurisdictions if they are to be considered in interest arbitration. A party's refusal to disclose its proposed comparables is evidence that the party is not bargaining in good faith.

In this case, the Guild used one set of comparables through the negotiation and mediation processes, and only added Camas and Mountlake Terrace for purposes of interest arbitration. This late addition of comparables caught the Employer off guard, and created the impression that the Union was more interested in gamesmanship than it was in bargaining. Even if I accept the Union's stated reason for adding the two disputed jurisdictions, I do not find the Union's analysis compelling. If the Union wanted to use Camas and Mountlake Terrace as comparables, it should have advanced them through the bargaining process. I find that their late introduction is not constructive for this process, and I reject Camas and Mountlake Terrace as comparable jurisdictions.

Having decided that I will not use Camas and Mountlake Terrace as comparables, I must address the formula that I will apply for the remaining jurisdictions to determine which should be used in this case. In addition, I must consider the jurisdictions in dispute: Kennewick, Richland, Ellensburg and Moses Lake.

As a starting point, it must be recognized that both parties agreed to retain a number of jurisdictions from the 1986 list. The Employer sought the largest deviation from the original list, noting the rationale set forth by Arbitrator Sandra Smith Gangle in *Yakima County* PERC Case No. 17918-I-03-422 (Gangle, 2004):

> Also, arbitrators generally agree that heavy weight should be given to any list of comparable jurisdictions that the parties have agreed upon in previous contract negotiations. Arbitrator Levak clarified that past comparators should not become a "tail that wags the dog", however; he said a list that has been used in the past can be changed if conditions warrant a change. A party wishing to discontinue an historical comparator bears the burden of proving the loss of that jurisdiction's comparability, according to Arbitrator Levak.

I agree with Arbitrator Gangle's analysis, and will consider any variation from the 1986 comparable list carefully.

The Employer's method for analysis relied on population size and assessed valuation. Arbitrator Jane Wilkinson explained the use of population and assessed valuation as primary comparability factors in *City of Camas* PERC Case No. 16303-I-02-380 (Wilkinson, 2003):

> There are so many arbitration awards that have considered only population and assessed valuation as a measure of size that no citation is needed. These awards have spanned many decades without any correction from the Legislature or the courts. Thus, I emphasize that it is both usual and appropriate to confine one's inquiry to the population and assessed valuation indicators (with consideration also given to geographic proximity) as is seen from any interest arbitration adjudications.

Arbitrator Howell Lankford noted that it is common to relate population size to assessed valuation in comparability analysis. Arbitrator Lankford explained his reliance on "per capita assessed valuation" as follows:

> It can be argued that assessed value per capita is at least as significant as simple assessed value in determining the 'economic size' of a potential comparable.

Clark County, PERC Case No. 23615-I-10-559 (Lankford, 2012).

The Employer argued that the "per capita assessed valuation" analysis should be refined to a range of "50% above and 50% below" the City of Walla Walla. By applying this model, the Employer derived the list of comparables presented in this case.

While the Union argued that it relied on a combination of factors, including bargaining history, geographic proximity to Walla Walla, and population, it recognized that it needed to set a limit on how population should be analyzed. In effect, the Union has set forth a "labor market" approach for this case. The Union relied on a set of comparables dating back to 1986, all located within a reasonable distance from Walla Walla. The Union's addition of Longview and Mount Vernon provided a "western Washington element" for its analysis, and supplemented the general labor market approach that it has set forth.

The labor market analysis must be made within the context of the limitations set forth in RCW 41.56.465, particularly the direction set forth in RCW 41.56.465 (3) specifying that "like employers" must be considered. As Arbitrator Howell Lankford reasoned in *Kitsap County*, PERC Case 24341-I-11-580 (Lankford, 2013):

> But once again, the statutory scheme requiring comparison with employers of similar size severely limits the usefulness of a labor market analysis. A small shop of half a dozen mechanists located in Everett, for example, might

> compare its wages with other employers of similar size—which *would not* include Boeing—or it might look at the local labor market— which would nearly be defined by Boeing. Similarly, if we were really looking at local labor market here, King County would almost certainly be significant; but the statutory language does not allow us to ignore the difference in "size." That does not mean that labor market analysis is entirely insignificant under this statute, but it means that we can look at the local labor market only within the statutory limitation of employers of similar size.

(Emphasis in original.)

The Union refined its labor market analysis by focusing on a "50%/200%"size analysis to describe the scope of the labor market advanced as comparable. This analytical tool has been used by several other arbitrators. *See City of Pullman*, PERC Case 6811-I-87-162 (Gaunt, 1988); *City of Seattle*, PERC Case 4369-I-82-98 (Beck, 1983) and *Thurston County*, PERC Case 14083-I-98-312 (Axon, 1999).

An assessed valuation model is a good analytical tool in determining the extent of the local labor market, but it is not complete. Comparison of assessed valuations between jurisdictions does not take into account the personnel factors that the parties to a collective bargaining relationship must consider as they negotiate contracts. In essence, an assessed valuation model, used alone, focuses only on how much money may be available to a particular jurisdiction because of tax assessments. It ignores the practical application of tax resources on the wages, hours and conditions of employment that exist through collective bargaining.

The parties must know and appreciate what nearby jurisdictions offer in the way of wages, hours and conditions of employment to recruit and retain qualified personnel. Assessed valuation may be referred to in such an analysis, but it is very unlikely that parties would rely solely on a valuation model in determining where they stand in a labor market. In other

words, the parties must know how the Walla Walla wage and benefit rates compare to other jurisdictions so the Walla Walla Police Department can hire and retain qualified police officers.

I believe that the "per capita assessed valuation" methodology to be useful in this case, and I will use it as part of my analysis. I will apply the "per capita assessed valuation" model along with the Union's labor market model. By combining both analytical models, I will be able to get the most complete description of comparable jurisdictions. This includes geographic proximity to Walla Walla, the size of the respective departments, the cost of living in the comparator jurisdictions, and the nature of the services provided. The parties must recognize that they perform their duties in a labor market. The local labor market determines what prevailing wages and benefits are being paid and, conversely what funding limitations may be in effect because of local economic conditions.

I have carefully considered the parties' respective arguments concerning comparability. In this case, I find that that appropriate labor market for purposes of comparison consists of Pasco, Kennewick, Richland, Wenatchee, Pullman, Longview, Mount Vernon, and Moses Lake. This list of comparables uses several jurisdictions that the parties agreed to; namely Pasco, Wenatchee, Pullman, Longview and Mount Vernon. It also uses a new eastern Washington jurisdiction (Moses Lake) and two new jurisdictions from western Washington (Mount Vernon and Longview).

I reject the Employer's attempt to limit the upper and lower range of comparables by including Richland and Kennewick and eliminating Ellensburg from consideration. I conclude that it was necessary to include Richland and Kennewick, along with Pasco, to present a realistic view of the labor market that Walla Walla must face in recruiting and retaining police officers. The "Tri-Cities" are generally viewed as a distinct market, and

ignoring two of them would not provide complete and accurate economic data. All three jurisdictions must be viewed as a unit, each with its own unique characteristics, because the "Tri-Cities" must be considered as a major competitor for police officer services. It would not make sense to ignore that reality because of the relative wages and benefits offered there. In fact, it is that kind of information that is crucial to determine what an appropriate award should be.

I reject Ellensburg from consideration because of its remote geographic location and its size. Ellensburg is a small college town that is located east of the Cascade Range on Interstate 90. It is not near any other of the comparables, and the fact that it is on the east side of the "Cascade Curtain" does not overcome the small size of its police force, population and assessed valuation. Ellensburg is not a comparable for Walla Walla.

I have included Moses Lake in the list of comparables. Moses Lake is located approximately 80 miles from Spokane, Washington, and its size and assessed valuation fit well within the range of comparability being used in this matter. In its closing brief, the Union argued that Moses Lake should not be considered as a comparable for a number of reasons, including its attractiveness as a destination or residence. I must conclude that a jurisdiction's economic vitality will determine whether a person wants to live there or not. Moses Lake will be used as a comparable. Having established the set of comparables to be applied, analysis now turns to the issues in dispute between the parties.

THE ISSUES FOR DETERMINATION

The parties disagreed over the appropriate amount to be paid for health insurance and the proper wage increase for bargaining unit members. In determining how to apply information from the comparable jurisdictions to this situation, several other factors must be addressed.

To this point, I have focused on external factors that will have a bearing on my award. These external comparables will be used to establish Walla Walla's position among the comparable jurisdictions that have been determined to apply here. There is also an internal component that must be addressed. This internal analysis deals with bargaining history and how it affects the parties' expectations.

As the Employer noted in its closing brief, the City of Walla Walla suffered severe economic losses as a result of the 2008 recession. Between the loss of federal funds and a downturn in local tax revenues, the Employer faced a budgetary deficit. In August 2010, the Walla Walla City Manager approached the Union, stating that the City was in a financial crisis. It appeared that the City of Walla Walla was facing a budget shortfall of $1.3 to 1.5 million. The City Manager informed the Union that the Employer was going to seek concessions from employees to help meet the shortfall. The Union studied the Employer's budget before it would agree to any concessions.

During the course of these discussions, City Manager Nabiel Shawa told the Union that the Employer would not give any city employees a raise. This "zero raise" position was reflected in the budget documents provided to the Union. The Union agreed to the concessions sought by the Employer. Specifically, the Union agreed to forego wage increases, suspending the Employer's deferred compensation matching payments, and suspending the vacation buy-back program. The Union also agreed to modify insurance coverage by going to a less expensive plan. Under terms of the new plan, the employees would be responsible for higher payments, and the Employer would realize savings by paying lower premium rates. The Union recognized that the Employer would eliminate two bargaining unit positions as part of its cost containment efforts. For its part, the Employer agreed to keep savings from the concessions within the bargaining unit. The parties concluded a collective bargaining agreement memorializing the concessions on February 10, 2011.

In April 2011, less than two months after the collective bargaining agreement was signed, the Employer began granting wage increases to a number of City employees. Department directors were given a 7.1% increase. As many as 21 other non-represented employees received wage increases from 5% to 7%. Not surprisingly, Union members were very upset about the raises, and felt that they had been "set up" by the Employer during the last round of bargaining. Mr. Shawa met with the bargaining unit to explain the situation. He informed the employees that the raises were necessary to bring the non-represented employees up to the median in a labor study that the Employer had commissioned. Employees asked where the Employer found the money for the raises. Mr. Shawa said that money was found from the 2% across-the-board cuts he enacted, the reduction and/or elimination of training and travel requests, and some money found in the budget at the end of the fiscal year.

Evidently, there was some confusion about the information presented by Mr. Shawa. It appeared that the Employer saved approximately $900,000 from the sources listed by Mr. Shawa, but the non-represented employee raises only amounted to about $200,000. Mr. Shawa could not account for the $700,000 difference. Mr. Shawa referred the bargaining unit employees to Deputy City Manager Tim McCarty to answer specific budget questions.

Deputy City Manager McCarty stated that the City of Walla Walla did not use savings from cancelled training and travel for wage increases. Mr. McCarty explained that the Employer realized savings from the bargaining unit's decision to switch to a less expensive medical insurance plan.

The union argued that the wage and benefit concessions had immediate and long-reaching impact on bargaining unit employees, and that the employees are still feeling the effects of

lower wage rates and benefit payments. The Union noted that bargaining unit members lost ground against employees in comparable jurisdictions, and that the resulting disparity continued to the time of the instant proceedings.

It was necessary to detail the transactions set out above to give context for this dispute. It is clear that the Union believed that the Employer did a "bait and switch" in the last round of collective bargaining. Even with legitimate business reasons, the timing of the Employer's decision to grant wage increases to non-represented employees was unfortunate.

Since the Union had doubts about the Employer's motives, it would have been a virtual impossibility to reach a comprehensive agreement in the latest round of negotiations. It is a real complement to the dedication and professionalism of both parties that they were able to narrow their dispute to two issues presented for determination. The scope of disagreement could have been much wider, but the parties worked diligently to reach agreement where they could and to limit these proceedings to the medical insurance and wage issues.

Article 22 - Health Care and Disability Insurance - Health and Disability Insurance

The Union asked to maintain the current 5% employee contribution for medical insurance premiums. The Union made its request in light of information that it obtained from its proposed list of comparable jurisdictions. The Union further argued that the 5% employee contribution amount was still reasonable since the Employer could not prove that an increase in employee contributions was necessary.

The Union noted that the bargaining unit had absorbed a number of changes in medical insurance coverage and rates that had detrimental effects on bargaining unit employees. In 2004, the bargaining unit had been on a comprehensive and well-established insurance plan

offered through the Association of Washington Cities (AWC). Commonly referred to as "AWC Plan A", this plan became very expensive for employers to maintain, and the Employer approached the Union about moving to a less expensive plan, "AWC Plan B". The Union agreed with this change, even though it meant changes in coverage and increased employee costs.

At some unidentified time, the Employer created the Employee Benefits Advisory Committee (EBAC) to help contain insurance cost increases. The committee was composed of members from each bargaining unit, a non-represented employee, and a member of City management. At all times pertinent to this matter, the City's member was Human Resources Director Jennifer Seekamp. Ms. Seekamp also served as the committee's facilitator.

In 2008, the Employer asked EBAC to explore ways to reduce insurance costs. After a thorough examination of available insurance plans, EBAC unanimously recommended an insurance plan offered by Clearpoint Insurance. The committee believed that a shift to Clearpoint plans would lead to a 15% saving in insurance costs. The committee's recommendations were forwarded to City Manager Shawa, who decided not to switch insurance coverage to Clearpoint. Mr. Shawa decided that it would be prudent to keep the Employer's insurance with AWC, even if it meant that the City of Walla Walla would have to pay more. Mr. Shawa was concerned that Clearpoint was not well known, and he believed that AWC was a more established insurance option for the city's purposes.

During the course of negotiations for the instant collective bargaining agreement, the Employer asked the Union to move out of AWC Plan B to a less expensive plan a year earlier than required. The parties had previously agreed to make that move, but the Employer asked the Union to move up the implementation of the plan change by one year.

The Union agreed to the Employer's request. The Union estimated that the move saved the Employer over $40,000.

The Employer does not question the timeline presented by the Union, but emphasizes that it did not make financial decisions with a discriminatory intent. The Employer argues that it had to make difficult choices to save money because the City of Walla Walla was still trying to recover from the 2008 recession. The Employer believes that it has undertaken an even-handed approach that attempts to spread reductions throughout the city's workforce.

The Employer notes that the rest of the city's employee groups, including the non-represented employees, agreed to sizable increases in employee contributions, some even higher than that proposed for the Union in this matter. The employee contribution amounts range from 6% for non-represented employees, to 10% for the Walla Walla firefighters, and 12% for WSCCCE bargaining unit members. Taken together, these increases average out at a 9% increase, and the Employer contends that the amount sought in this case is in line with the other uniformed bargaining unit within the City of Walla Walla. In its closing brief, the Employer notes arbitrator Gary Axon's reasoning about internal health insurance comparisons in *Snohomish County (Paine Field Airport)*, PERC Case No. 17497-I-03-403 (Axon, 2004): "[I] find that internal comparisons with other [internal] County employees are particularly relevant when it comes to health insurance.

With that explanation in mind, the Employer requested an increase in employee contribution to 10% for medical insurance premiums. The Employer further requested a conditional re-opener for 2014 to deal with unforeseen consequences of the Affordable Care Act, including an insurance rate increase of more than 10%.

With that history in mind, it is appropriate to review insurance premiums offered by comparable jurisdictions. Each reference to comparable jurisdictions will be based on information provided by the parties in the form of the most recent collective bargaining agreements from each jurisdiction.

In the City of Kennewick, the parties' 2014 – 2016 collective bargaining agreement specified employee insurance premium costs as:

	Single	Married	Married w/ Dependent(s)
1/1/14	$120	$130	$140
1/1/15	$130	$140	$150
1/1/16	$140	$150	$160

In the City of Richland, the collective bargaining agreement for 2012 through 2014 stated employee payments in a "tiered" arrangement as:

Contribution Tier	2012	2013	2014
Employee Only	$45.00	$100.00	$110.00
Employee & Spouse	$110.00	$122.00	$134.00
Employee & Child/Children	$100.00	$110.00	$121.00
Employee, Spouse & Child/Children	$125.00	$137.00	$150.00

In the City of Pasco, the 2011-2013 collective bargaining agreement provides that bargaining unit employees receive medical benefits for themselves. As to dependent coverage, the contract stated, in pertinent part:

Effective 1/1/13 employee premiums will be 12% of the composite premium, with a top of 2.5% of the 36+ month officer pay step…

In the City of Wenatchee, the 2011- 2013 also provided coverage for the bargaining unit employees, and defined the dependent medical insurance premium obligation as:

* * *

9.3 Officers covered by this Agreement may obtain coverage for their legal dependents under the City's Medical (AWC HealthFirst)/Dental (Washington Dental Service Premier)/Vision Insurance Program. The City shall pay ninety percent (90%) of the premium for this insurance program.

In the City of Moses Lake, the 2012 through 2014 collective bargaining agreement states that the city will provide medical benefits for bargaining unit employees. As to dependents, the contract states, in pertinent part:

13.04 Effective 2012 and 2013… [t]he members of the bargaining unit contribution rate will be a composite rate based on fifteen percent (15%) of the dependent medical premium and ten percent (10%) dental premium and in 2014 fifteen percent (15%). The composite rate will be calculated at the beginning of each contract year.

The 2011 through 2013 collective bargaining agreement between the City of Mount Vernon and the Mount Vernon Police Services Guild (Commissioned Officers) collective bargaining agreement specifies:

20.1 Upon ratification of the contract, the Employer shall pay 100% of the monthly premium amounts for enrolled employees and 90% of dependents' premiums for the Association of Washington (AWC) HealthFirst Medical, AWC Plan E Dental with Ortho IV and AWC $0 deductible VSP vision plan.

In the City of Pullman, the 2012-2014 collective bargain agreement provides that the city will provide bargaining unit members a "high deductible insurance plan". Under terms of a

high deductible plan, insurance premiums are paid in full by an employer, but employees are expected to pay higher deductibles if medical services are necessary.

The 2012-2014 collective bargaining agreement between the City of Longview and the Longview Police Guild also provides for a high deductible insurance approach. Employees do not have to contribute to insurance premiums, but they have high deductibles to pay if they need medical service.

While there are variations in approach, it is clear that each of the comparable jurisdictions expect employees to participate in medical insurance payment, either by paying a portion of the premium cost or paying higher deductibles for services rendered. The days of 100% employer payment for dependent medical coverage are certainly over.

Turning to the instant matter, I conclude that the Employer's proposal to pay 90% of the insurance premium is well reasoned and supported by the comparables. In addition, the Employer's proposal aligns this bargaining unit with the rest of the City of Walla Walla's workforce, increasing the bargaining unit's contribution to 10%. I recognize that the Union desired a maintenance of the status quo on this issue, and felt that its members had been adversely affected by the Employer's economic decisions. As an arbitrator, I am not in a position to rectify those problems. The statute gives me authority to consider "other matters" that routinely arise in the course of collective bargaining, but having considered the situation presented here, I do not believe I can create an arbitration award that somehow mitigates against the actions that the Union complained of.

I must create an award that is durable and sets the rights and obligations of the parties in light of the set of comparables used to determine an appropriate labor market. In this case, the

comparables support an increase in employee insurance premium contributions, and I believe that the Employer's proposal to increase contributions from 5% to 10% is within the scope of comparability that is presented here. Accordingly, I will order that the Employer will be responsible for 90% of the medical insurance premium for dependent coverage, and the bargaining unit employees will be responsible for 10% of the dependent medical premiums.

It is a practical impossibility to "re-invent" the time that has already passed for insurance premium payments, and it would create a great deal of work and confusion to apply the new rate retroactively. Accordingly, I will order the start of the 10% premium contribution with the date of this award, and the payments will be expected to start on August 1, 2014. This gives the parties time to prepare for the new contribution amounts.

A second issue must be addressed in the area of medical insurance premium rates. The Employer requested a reopener for 2014 to deal with changes in medical insurance caused by the Affordable Care Act. Given the timing of this decision, I find that it is unnecessary to grant the Employer's proposal. The parties need to have some stability in the bargaining process, and while I recognize that there may be some unanticipated issues arising from the enactment of the Affordable Care Act, I believe that it is more important to give the parties some time away from the bargaining table to better prepare for the next round of negotiations which will be forthcoming. Accordingly, the Employer's request for a reopener will not be part of my final award.

Article 23 – Salaries and Appendix A – Pay Schedule

The parties have presented differing proposals for wage increases over the term of the instant collective bargaining agreement. While the Union seeks increases of 5% for 2013, 4% for 2014 and 4% for 2015, the Employer believes that a settlement of 1.5% for 2013, 1.5% for

2014 and 1.5% for 2015 is appropriate for this bargaining unit. Once again, bargaining history has a great deal of influence on the current round of bargaining and the positions taken by the parties.

As in the case of the medical insurance premiums, the Union argues that the Employer has shown a pattern of granting substantial wage increases to non-represented employees, while trying to give smaller (or no) wage increases to represented groups. The Union points to the 7.1% wage increase given to department directors and the 5% increase given to certain other non-represented employees. The Union further argues that the Employer granted the wage increases almost immediately after securing wage and benefit concessions at the bargaining table.

As in the case of the insurance benefits issue, it is instructive to see how the City of Walla Walla compares to the list of the comparable jurisdictions. The 2014-2016 collective bargaining agreement between the City of Kennewick and the Kennewick Police Officers Benefit Association calls for wage increases in the following terms:

> **Section 9.2 Salaries** Wages for new hires ("hire step") shall be increased by 1.5% in each year of the contract, beginning on January 1, 2014. Wages for all other members shall be increased by 2% in each year of the contract, beginning on January 1, 2014.

The Kennewick contract uses the "hire rate" as the base rate for the contract, with percentage increases built in for "officer first class" (2.5% more than the base rate), "senior officer" (6% more than the base rate) and "master officer" (10% more than the base rate). The agreement also establishes a number of "specialties", such as K-9, SWAT, detective and training officer, paying 2% of the "top step officer" rate. Officers may receive one specialty pay. In addition, an officer holding a BA degree in Spanish, or meeting established training

requirements for Spanish will receive an additional 2% premium, in addition to any specialty pay he/she receives.

The collective bargaining agreement in effect between the City of Richland and the Richland Police Guild for 2012-2014 sets forth an annual 2% wage increase for 2012 and 2013. For 2014, a formula is used to determine the wage increase:

> Wages 2014 – Effective the first payroll January 2014 (December 16, 2013) the base wage shall be increased across-the-board as follows:
>
> If the bimonthly June Seattle-Tacoma-Bremerton CPI-W increase reported in July 2013 (for information from June 2013 compared to the 12 months beginning June 2012), is less than 2.0% then the wage increase shall be 1.0% plus a lump sum cash bonus, paid in the first payroll of 2014 of $500.00; or
>
> If the bimonthly June Seattle-Tacoma-Bremerton CPI-W increase reported in July 2013 (for information from June 2013 compared to the 12 months beginning June 2012), is greater than 2.0% but less than 3.0%, then the wage increase shall be 1.5% plus a lump sum cash bonus, paid in the first payroll of 2014 of $250.00.

The Richland contract also recognizes the existence of a number of specialties, and provides for longevity pay starting at ten years of service. In addition, officers holding an AA degree receive a 5% premium. Officers holding a BA or BS degree receive a 10% premium.

The collective bargaining agreement in effect between the City of Pasco and the Pasco Police Officer's Association for 2011 through 2013 sets forth wage increases as:

> **Section 1. 2011 Wages.** 3% increase effective January 1, 2011; 1% increase effective the first full pay period in July, 2011.
>
> **Section 2. 2012 Wages.** 2% increase effective first full pay period of 2012; 2% increase full pay period of July 2012
>
> **Section 3. 2013 Wages.** First full pay period of 2013: 100% CPI-U, b/c western cities October/October, 1-4% min-max.

In addition, the Pasco contract provides for premiums for AA and BA degrees, with the amount of premium based on years of service:

Degree Level Achieved	0-10 years	11-20 years	21+ years
AA (AS)	3%/mo.	4%/mo.	5%/mo.
BA (BS)	6%/mo.	8%/mo.	10%/mo.

The collective bargaining agreement in effect for 2011- 2013 between the City of Wenatchee and the Wenatchee Police Guild calls for salary increases in the following terms:

> 12.4 The City shall pay to the officers in the bargaining unit a .5% (one half percent) increase effective 1/1/11; 100% CPI-U June-June, (Seattle/Tacoma/Bremerton) .5% (one half percent) minimum 4.5% (four and a half percent) maximum plus .5% (one half percent) effective 1/1/12; and 100% CPI-U June-June, (Seattle/Tacoma/Bremerton) 1% (one percent) minimum/5% (five percent) maximum plus .5% (one half percent) effective 1/1/13…

The City of Moses Lake and the Moses Lake Police Officers' Guild collective bargaining agreement for 2012 through 2014 provides wage increases as:

> <u>12.01</u> Effective December 19, 2011 (for 2012) wages for members will be increased by amount equal to 100% of the change in the Consumer Price Index for west Coast Cities size B/C with a minimum of 2% and a maximum of 4.25% using the September to September index as applied to Top Step…
>
> Effective July 2, 2012, increase wages by a half percent (.5%) (market adjustment)
>
> Effective December 17, 2012 (for 2013) wages for members will be increased by amount equal to 100% of the change in the Consumer Price Index for west Coast Cities size B/C with a minimum of 2% and a maximum of 4% using the September to September index as applied to Top Step.
>
> Effective December 16, 2013 (for 2014) wages for members will be increased by amount equal to 100% of the change in the Consumer Price Index for west Coast Cities size B/C with a minimum of 2% and a maximum of 4.25% using the September to September index as applied to Top Step,

The Moses Lake contract also establishes education incentives, with employees holding an AA or AAS degree receiving an additional 2% and employees holding BA or BS degrees receiving a 4% premium.

The 2011 through 2013 collective bargaining agreement between the City of Mount Vernon and the Mount Vernon Police Services Guild (Police Commissioned Officers) discusses wage increases as:

> 2011 Mid-term increase (July 2011) of 1%
>
> 2012 Effective January 1, 2012, increase of 2%
>
> 2013 Effective January 1, 2013, increase of 3%

Employees holding an AA degree receive a 2% premium. Employees holding a BA degree receive a 4% premium, and employees holding an MA degree receive a 4% premium.

The City of Pullman and Pullman Police Officers' Guild (Uniformed Employees) 2012-2014 collective bargaining agreement sets wage increases as:

> <u>29.01</u> Effective and retroactive to January 1, 2012, an across the board increase of two and one-half percent (2.5%).
>
> Effective and retroactive to January 1, 2013, an across the board increase of three percent (3%).
>
> Effective January 1, 2014, an across the board increase of three percent (3%).

In addition, the contract provides educational incentives of 2% for an AA degree and 4% BA degree.

The 2012-2014 collective bargaining agreement between the City of Longview and the Longview Police Guild states:

> 6.01 Wage Rate Schedule
>
> The wage rate schedules during the term of this Agreement shall be calculated as follows:
>
> A. Effective and retroactive to January 1, 2012, wages in effect on December 31, 2011 at each and every step of the base salary for the position of Police Officer shall be increased by two and one-half percent (2.5%).
>
> B. Effective January 1, 2013, wages at each and every step of the base salary for the position of Police Officer shall be increased by one hundred percent (100%) of the unadjusted CPI-W, Portland-Salem, July 2011-July 2012.
>
> C. Effective January 1, 2014, wages at each and every step of the base salary for the position of Police Officer shall be increased by one hundred percent (100%) of the unadjusted CPI-W, Portland-Salem, July 2012-July 2013.

I have two sets of comparators to use in fashioning an appropriate wage rate for this case. I have the information provided in contracts from the comparable jurisdictions, and I have information about the salary increases granted to other City of Walla Walla employees. I cannot give one type of comparator (external or internal) a predominant position, and must consider the effects from both economic sources.

In this situation, the parties' bargaining history has become as important as any economic data that has been presented. The Union firmly believes that the Employer convinced the bargaining unit to accept a series of concessions on insurance and wage matters, only to grant substantial raises to non-represented employees shortly after the concessionary contract was

ratified and executed. This is a perception that will take a number of years to overcome, and it is incumbent on both parties to work toward that goal. In the meantime, it has become necessary to set salary and insurance benefit premiums through this interest arbitration process. Having set the insurance premium rate, I must turn to an appropriate wage increase.

I have reviewed the information provided to me by both parties, and I have carefully considered which jurisdictions should be considered as comparable. Having completed those tasks, I have determined that the City of Walla Walla should grant wage increases to the bargaining unit as follows:

Retroactive to January 1, 2013 - 2.5% salary increase across the board

Effective January 1, 2014 - 2.5% salary increase across the board

Effective January 1, 2015 - 3% salary increase across the board

These salary increases do not move the City of Walla Wall up to the top of the comparability list, and general maintains the city's relative position versus the other jurisdictions. More importantly, these increases reflect a reasonable salary range for these employees, given the scope and nature of their duties, and how the City of Walla Walla matches up with the comparable jurisdictions in their labor market.

AWARD

Based on the foregoing and the record as a whole, I award the following terms and conditions for resolution of this interest arbitration matter:

Article 22 - Health Care and Disability Insurance

Effective August 1, 2014, an increase in employee contribution to 10% for medical insurance premiums shall take effect. There shall not be a contract reopener on the insurance issue for the term of this contract.

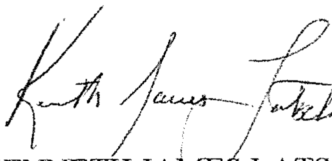
Article 23 – Salaries and Appendix A – Pay Schedule

The salary increases for this matter are stated as:

Retroactive to January 1, 2013	-	2.5% salary increase across the board
Effective January 1, 2014	-	2.5% salary increase across the board
Effective January 1, 2015	-	3% salary increase across the board

I retain jurisdiction in this matter for a period of 60 days from the date of this award to address issues that may arise over the implementation of the award's terms and conditions.

DATED at Lacey, Washington, this 30th day of June, 2014



KENNETH JAMES LATSCH, Arbitrator

RECEIVED
By PERC at 8:18 am, Jul 01, 2014

From: Ken Latsch
To: Boudia, Majel (PERC)
Subject: City of Walla Walla interest arbitration, PERC Case No. 35787-I-13-267
Date: Monday, June 30, 2014 9:09:50 PM
Attachments: City of Walla Walla Interest Arbitration Award.pdf

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Dear Majel --

I am providing a .pdf of the interest arbitration award in this matter. If you have any questions, please contact me at your earliest convenience.

Thank you for your courtesy.

Sincerely,

Kenneth James Latsch
360-790-6433