THE MATTER OF THE INTEREST

ARBITRATOR'S

OPINION & INTEREST AWARD

SPOKANE COUNTY

"THE COUNTY" OR "THE EMPLOYER"

AND

SPOKANE COUNTY DEPUTY SHERIFFS'

ASSOCIATON

"SDA" OR "THE ASSOCATON"

PERC CASE# 128358-I-16

HEARING: March 8 2017

Spokane, Washington

HEARING CLOSED: May 8, 2017

ARBITRATOR: Timothy D.W. Williams

2700 Fourth Ave., Suite 305

Seattle, WA 98121

REPRESENTING THE EMPLOYER:

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REPRESENTING THE ASSOCIATION:

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Kevin Ritchey, President Association David Skogen, Spokane County Detective

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#### BACKGROUND

The County of Spokane (County) and the Spokane County Deputy Sheriffs' Association (Association) have a collective bargaining relationship. The last collective bargaining agreement (CBA) expired on December 31, 2014. The Parties have been negotiating a successor agreement but those efforts have not been successful.

Under the State of Washington public sector collective bargaining statutes, the Parties are required to use interest arbitration in order to resolve a continuing dispute over the terms of a collective bargaining agreement (RCW 41.56.450). The Parties proceed to arbitration on issues certified by the Washington Public Employment Relations Commission (PERC). Consistent with the requirements of WAC 391-55-200 and by letter dated August 3, 2016 (C-A 4), PERC certified the following issues for arbitration:

- Issue 1: Article 10.1/Appendix A Wage Scale, retroactivity of wage schedule
- Issue 2: Article 10.13.14 Detective specialty pay (inclusion of detectives who are not currently receiving the specialty pay, e.g. major crimes detective)

In accordance with WAC 391-55-205, each Party had the right to name one partisan arbitrator to serve as a member of an arbitration panel. Part one (1) of the cited code provides that "The use of partisan arbitrators shall be deemed waived if neither Party has notified the executive director of its appointee within

fourteen days following the issuance of a certification of issues for interest arbitration, and the Parties' principal representatives shall then select the neutral chairperson". Both Parties waived the use of partisan arbitrators and Timothy Williams was selected as the neutral Arbitrator.

A hearing was held on March 8, 2017 in Spokane, Washington. At the hearing, both Parties had full opportunity to make opening statements, examine and cross-examine sworn witnesses, present documentary evidence, and make arguments in support of their positions.

RCW 41.56.450 requires that a recording of the proceedings be taken. For this requirement an official transcript of the proceedings was made and a copy provided to the parties and one to the Arbitrator. The Parties agreed to submit written closing arguments, by May 8, 2017, in the form of briefs. The briefs were timely received by the Arbitrator and he declared the hearing closed on May 8, 2017. The Arbitrator requested and was granted an extension of time for filing the final decision. This document contains the Arbitrator's findings, analysis and final award on the two certified issues.

### INTEREST ARBITRATION OVERVIEW

Interest arbitration is a process commonly used in the public sector for bargaining units that provide critical public services

and whose work is deemed essential for public safety. Police, fire suppression personnel and prison guards usually fall into this category and interest arbitration is granted by statute in exchange for a prohibition against a work stoppage (strike). The statutes that provide for interest arbitration inevitably include a set of criteria that the arbitrator must use in fashioning his or her decision.

The State of Washington follows this model in that it does provide for interest arbitration and in RCW 41.56.465 sets forth the following criteria for uniformed personnel:

- (1) In making its determination, the panel shall be mindful of the legislative purpose enumerated in RCW  $\underline{41.56.430}$  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.
- (2) For employees listed in RCW  $41.56.030(7)^{1}$  (a) through (d) the panel shall consider a comparison of the wages, hours, and conditions of employment of personnel

Award Summary: 2015 Interest Arbitration between City of Vancouver and VPOG, pg. 8

<sup>&</sup>lt;sup>1</sup> The statute contains a footnote that provides:  $RCW \ \underline{41.56.030}$  was alphabetized pursuant to  $RCW \ \underline{1.08.015}$  (2) (k), changing subsection (7) to subsection (14).  $RCW \ \underline{41.56.030}$  was subsequently amended by 2011 1st sp.s. c 21 § 11, changing subsection (14) to subsection (13).

involved in the proceedings with the wages, hours, and conditions of employment of like personnel of like employers of similar size on the west coast of the United States.

The Arbitrator's opinion and awards in the instant case are submitted, having given careful consideration to the above criteria, on an issue-by-issue basis. The Arbitrator's award is based on a careful analysis of the evidence and argument presented during the hearing, as well as the arguments found in the written briefs. On each of the two issues, the Arbitrator will set forth the position of the Parties, his analysis and the award.

The County reminded the Arbitrator that "such other factors" found under (e) are routinely determined by interest arbitrators to include such things as "general economic conditions, internal parity with other bargaining units, turnover rates, and the fiscal condition of the employer" (C Br 3). Similarly, the Association notes that "other factors" usually include "recruitment and retention, the employer's ability to pay or financial responsibility, work load and internal equity" (A Br 6).

As is true in most interest arbitration proceedings, the Parties were represented by experienced, highly competent labor professionals. The arguments and evidence set forth by each were carefully crafted to address the pertinent points of dispute between the two Parties. The record in the instant case is voluminous with both Parties presenting extensive documentary and

testimonial evidence. The Arbitrator has carefully reviewed this evidence in the context of the above stated statutory criteria. While he has given consideration to the whole record, the Arbitrator will not attempt to provide an exhaustive discussion of all points raised or respond to every piece of documentary evidence. The simple fact is that each side provided compelling arguments sufficient to warrant adopting its position on the two issues. Ultimately the Arbitrator's job is to sift through the arguments and the evidence and make a determination as to which Party made the stronger case; a case supported by the statutory criteria. The analysis that is provided is focused on setting forth the particular points of argument that led to the final award.

# ARBITRATOR'S REASONING AND AWARD ON THE ISSUES

# ISSUE 1

The first issue involves wage increases which includes what is usually called cost of living adjustments to the salary schedule. Additionally, the wage issue includes the matter of retroactivity and the term of the collective bargaining agreement. The prior agreement expired on December 31, 2014. Thus the Parties are concluding negotiations on a successor agreement that would have commenced January 1, 2015.

Article 10.1 provides that the wage schedule is found in Appendix A. Appendix A provides for three classifications:

Deputy Sheriff

Detective/Corporal

Sergeant

# Position of the Association

The Association proposes a three year agreement expiring on December 31, 2017. The Association proposes that the following new language be placed in Appendix A:

Effective January 1, 2015 a retroactive (for anyone working at any time after 1/1/15, regardless of whether he/she is on the payroll at the time the contract is finally ratified by both the DSA and the Employer) 5% across-the-board increase.

Effective January 1, 2016 a retroactive (for anyone working at any time after 1/1/16, regardless of whether he/she is on the payroll at the time the contract is finally ratified by both the DSA and the Employer) 3.25% across-the-board increase.

Effective January 1, 2017 a retroactive (for anyone working at any time after 1/1/17, regardless of whether he/she is on the payroll at the time the contract is finally ratified by both the DSA and the Employer) 3% across-the-board increase.

# Position of the County

The County proposes a four year agreement that would expire on December 31, 2018. It offers the following retroactive wage increases:

	1/1/15	1/1/16	7/1/16	1/1/17	7/1/17	1/1/18	7/1/18
Deputy Sheriff	0%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Detective/Corporal	0%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Sergeant	0%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%

# Analysis

The majority of the Parties' arguments and evidence focused on wage adjustments in the new collective bargaining agreement. The Arbitrator carefully reviewed all of this evidence and considered the arguments provided by the Parties. Ultimately he fashioned an award based by striking a balance amongst a number of offsetting variables. This analysis continues by systematically explaining the reasoning that led to the final determination.

# Comparability

As is usually the case with interest arbitration, issues around comparability are a primary focus of the evidence and arguments provided by the Parties. Consistent with their historical practice, they are in agreement to use the following five Washington counties as comparable jurisdictions.

Clark

Kitsap

Pierce

Snohomish

Yakima

On January 1, 2014 this bargaining unit was provided a 2.5% pay increase by Arbitrator Wilkinson. In that decision, Arbitrator Wilkinson used the above five five comparables when she wrote:

In sum, a total compensation analysis shows that Spokane deputies would run roughly in middle of the comparable jurisdictions in pay, even without an increase during the current contract term... The pay increase proposed by the DSA would again place the pay of bargaining unit members well above average. The County's proposal also would cause the average bargaining unit pay to rise at all levels to above average, but with a more modest result. (A 6, P 11)

Arbitrator Wilkinson discusses the matter of total compensation on pages 8 through 11 of her decision and she does not indicate how, if at all, she factored in the cost of the medical insurance benefit. The instant Arbitrator notes that the County argues against factoring in the cost of the Medical Insurance benefit (Br 13); the Association, on the other hand, strongly supports its inclusion (Br 9-11).

In prior decisions this Arbitrator has set forth the conclusion that the appropriate method of comparing compensation between different jurisdictions is the actual, total hourly cost of providing services. Since the cost of the medical insurance benefit is usually the second largest cost, next to the basic wage,

it cannot be ignored. Moreover, negotiations leading to a collective bargaining agreement can and often do involve a tradeoff between wages and medical insurance. In some cases the parties will agree to a lesser medical insurance benefit in order to acquire higher wages and in other circumstances the exact opposite can happen.

The Arbitrator would agree with the County that making the comparison is difficult because there are a number of different variables related to the cost of the benefit and the terms of the benefit that make a comparison troublesome at best. Still, a rough approximation can be made as to the impact on comparability when the cost of medical insurance is included and to exclude it makes a mockery of the concept of total cost of compensation.

The Arbitrator carefully studied each Party's comparability data. The County arrives at the conclusion that it does not have a comparability problem with regard to the wages being paid members of this bargaining unit. Moreover, the wage increase it is offering will, from the County's perspective, maintain a favorable relationship to the wages provided by the comparables. The Association provides evidence that arrives at an exactly opposite conclusion; the County does have a comparability problem with regard to its wage structure.

What quickly becomes evident in studying the data provided by the Parties is that the critical component involves the cost of

the medical insurance benefit; the Association includes it while the County leaves it out. Comparable jurisdictions have a richer medical insurance benefit and thus provide higher wages on a total compensation basis. This factor, therefore, supports providing wage increases greater than that offered by the County.

# Recruitment

Recruitment and retention have regularly been considered by interest arbitrators as a significant variable in setting wage increases for a bargaining unit. The Arbitrator notes that finding acceptable, qualified candidates is not always easy for a police agency. The Association, in its brief, emphasizes the fact that, between 2009 and 2016, 99 members of the bargaining unit separated from employment. During this time the Department was able to recruit 69 employees to fill open positions. Undersheriff Tower testified that low wages were "definitely a factor" in recruiting difficulties.

The Arbitrator takes special notice of the obvious fact that the City of Spokane is a direct competitor for the Spokane County Sheriff's Department when it comes to recruitment and retention. There is evidence, for example, that officers leave the Sheriff's Department to go work for the City while the reverse is not true. Simply put, the City pays better.

In short, recruitment and retention is a factor that supports a wage increase greater than what the County is offering.

# Cost of Living

As previously noted, one of the criteria that an interest Arbitrator is required to consider is the average consumer prices for goods and services, commonly known as the cost of living. The Parties provided extensive discussion of this point. In the final analysis, what the Arbitrator found particularly applicable to the instant case involves the relative cost of living differences between those jurisdictions on the east side of the mountains in the state of Washington versus those on the west side. There is no dispute that goods and services, in general, cost less on the east side of the mountains. Money spent in the Spokane area will get you more than the same money spent in the Seattle area. Thus, when considering comparability, wages that are below average for the comparable jurisdictions are less of a problem when greater purchasing power is taken into consideration.

Arbitrator Wilkinson, in her award referenced above, makes this point in strong language when she states:

This cost of living data strongly supports the County's position that the pay for bargaining unit members should rank behind all of the Western Washington comparable jurisdictions but perhaps someone ahead of the Yakima Sheriff's bargaining unit.

The simple fact is that wages go further in Spokane County then in comparable jurisdictions which the Arbitrator has taken into account when setting the final award on wages.

## Financials

The County's financial condition is the second issue thoroughly discussed by the Parties in their briefs. Thus, the Arbitrator turns next to a short discussion of the impact of the County's financial arguments on the ultimate award. Both Parties provide a great deal of evidence with regard to the question of whether or not the County has the financial ability to fund wage increases. The County strongly emphasizes that the Association is asking for "\$6,305,594" new dollars over its 3 year proposal; a sum "not reflecting reality" (E Br 1). The County further emphasizes that its offer is roughly 1/3 of what the Association is asking (E Br 6).

Again, the Arbitrator carefully reviewed the testimony and the documentary evidence related to the County's financial condition. He arrives at the conclusion that the County's concerns are justified and that there are good financial reasons for a more conservative approach to setting wages. What was most convincing to the Arbitrator were the facts related to the County's need to transfer money from its road fund into the general fund (Tr 125, 126 and E C 9). This obviously cannot be a permanent solution to the County's financial issues and it is certainly a strong factor in urging a conservative approach to wage increases.

## Summary

As previously noted, the Arbitrator's ultimate award was based on his best effort to balance factors that support a

significant increase in wages against those factors that urge caution and a much more conservative approach. Basic structural issues with the County's finances is a pertinent factor supporting the conservative approach while comparability issues favored a more robust wage scale. Comparability issues, however, are mitigated by the fact that goods and services cost less in the Spokane area. And, there are recruitment concerns for the County which again would drive wages higher.

Balancing all of these factors, the Arbitrator arrived at the conclusion that the percentage of wage increases should roughly keep pace with those of the comparables. Using increases given to similar bargaining units by the comparables for 2014, 2015, 2016 and 2017, what the County is offering is sufficiently less of an increase than every comparable<sup>2</sup> (E 1.8). The Arbitrator is not convinced that it is in the County's best interest to fall further behind on the comparables. The Arbitrator's award should come close to keeping pace but by providing 0% increase in 2015 the award should minimize the financial impact on the County. Additionally, there is nothing robust in any of the wage increases granted by this award; they only keep pace or slightly less than pace with the increases that are being given by the comparables around the State of Washington.

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 $<sup>^2</sup>$  This assumes for 2017 a minimum of 2.5% increase for Clark and Kitsap counties. The Arbitrator finds this a very safe assumption given the state of the economy and the nature of the collective bargaining process.

## Term

Finally, the Arbitrator notes that the Parties disagree with regard to the final year for this collective bargaining agreement. The Association contends that it should expire as of December 31, 2017 while the County supports an additional year with the agreement to expire on December 31, 2018.

The Arbitrator notes that his award is provided on June 29, 2017 which means under the Union's proposal the agreement would expire in six months. Realistically speaking, negotiations over a successor agreement would have to commence almost immediately. The Parties needed a breather and time to digest the results of their current negotiations. The Arbitrator is convinced that the 2.5% wage increase he is providing for 2018 will be consistent with the average increase offered during that period of time by the comparables. With this in mind, the award is for the contract to extend through December 31, 2018.

### Award

The Arbitrator's wage award (see below) is fully retroactive meaning that for anyone working at any time after 1/1/16, regardless of whether he/she is on the payroll at the time the contract is finally ratified by both the DSA and the Employer will receive an appropriate wage adjustment.

	1/1/15	1/1/16	1/1/17	7/1/17	1/1/18	7/1/18
Deputy Sheriff	0%	5%	1.25%	1.25%	1.25%	1.25%
Detective/Corporal	0%	5%	1.25%	1.25%	1.25%	1.25%

# ISSUE 2

# Position of the Association

Article 10.13 of the CBA provides for *Specialty Pay*.

Currently Section 10.13.4 provides a 3% specialty pay as follows:

Investigative Support Unit (ISU) members shall receive three percent (3%) of a top step Deputy's wage each month they are assigned to ISU, in addition to their regular pay.

The Association seeks to modify this provision so that all investigators (detectives) would receive the 3% pay premium.

All detectives shall receive three percent (3%) of a top step Deputy's wage each month they are assigned as detectives, in addition to their regular pay.

# Position of the County

The County argues to maintain the existing language and not to extend the 3% pay premium to all detectives.

## Analysis

The Arbitrator begins his analysis of this issue by noting that specialty pay, as outlined in Article 10.13, addresses added compensation for work performed over and above the standard duties of a position. Not all deputies are dog handlers and those that do take on this challenging, additional task are compensated with 4.5% additional pay. Not all deputies are members of SWAT, but those that are receive added compensation of 3%, etc.

Section 10.13.4 provides 3% specialty pay for those bargaining unit members assigned to the investigative support unit (ISU). The Association proposes to change the language so that all detectives received this 3% specialty pay. The Association argues:

The only full-time investigators not receiving specialty pay are those assigned to the Major Crimes Unit, Sex Crimes Unit, and Traffic Unit. This has created an internal inequity. Employees within the Sheriff's Office, who perform fundamentally similar duties, receive different rates of pay.

There is no logical reason to deprive some investigators of detective specialty pay. None of the units receiving detective specialty pay require certification(s), license(s), or more training than the investigative units not receiving specialty pay. In fact, in some ways, the units currently not receiving specialty pay are far more demanding than the units receiving it. (A Br 37)

The Union's argument, from this Arbitrator's perspective, has some merit. If there is nothing that distinguishes the work performed by the ISU group that currently receives specialty pay from the other detectives who do not receive such pay, then there truly is a problem with internal equity. Moreover, the County tacitly admits this inequity when it sets forth the following summary in its brief:

Undersheriff Tower explained that the original basis for paying a detective premium was associated with increased risks in handling drug crimes. Several years ago the Department combined property crimes and the drug unit, allowing those in property crimes to also handle drug crimes. When this occurred the office approached the Association with the idea of taking the total value of the detective premium paid to the expanded drug and property crime unit and spread

it amongst all detectives. The Association rejected that proposal. [transcript citations omitted] (C Br 26)

The question, therefore, is whether the internal inequity should be resolved by extending the specialty pay premium to all members of the detective classification? Ultimately the Arbitrator has a substantial problem with the Union's proposal primarily because it simply ignores the concept of "specialty pay." Work performed by all employees in a classification cannot be called specialty pay. Payment for all work common to the classification should be found in the base wage. Specialty pay would be for something not common to the classification but rather undertaken by a few members of the classification.

This point of analysis is clearly demonstrated in the Parties existing collective bargaining agreement. If all Deputies were dog handlers, then why would there be K-9 Dog Handlers specialty pay? It is only because the dog handling duties extend beyond the regular duties of a deputy and that only a few deputies perform these duties that there is any justification for specialty pay. The Arbitrator's review of the language found in Article 10.13 leads him to the conclusion that the other specialty pay provisions are of a similar nature; duties not common to the classification and/or above and beyond and done by the few receive specialty pay.

This Arbitrator further concludes that a proposal to extend specialty pay to all members of a classification because they are

all doing the same level of work changes the concept of specialty pay to an issue of comparability. Are detectives currently being compensated appropriately for the type of work they are performing? How are these detectives compensated versus detectives in comparable jurisdictions? Is a 3% across the Board increase for this classification warranted? There is no evidence that the Arbitrator can find indicating that detectives in the Spokane County Sheriff's Department ought receive a special, general wage increase based on comparability.

The evidence does indicate that initially detectives working drug crimes were viewed as taking extra risks that justified specialty pay. It is clear that this justification no longer exists and thus the bases for specialty pay per Section 10.13.4 no longer exists.

The County's effort to work with the Association to apply the existing value of the specialty pay provision across the detective classification appears to this Arbitrator as a step in the right direction. Obviously this is a matter that would have to be worked out between the Association and the County. The bottom line is that this award will not grant the extension of the specialty pay provisions found in Section 10.13.4.

### Award

The Parties are directed to maintain the language as found in Section 10.13.4 of the expired agreement.

This interest arbitration award is respectfully submitted on the 29th day of June, 2017 by,

Temothy DW Williams

Timothy D. W. Williams Arbitrator