

BEFORE THE ARBITRATOR

In the matter of the Interest Arbitration

between:

CITY OF RIDGEFIELD

and

RIDGEFIELD POLICE GUILD

INTEREST ARBITRATION

AWARD

PERC Case No. 25491-1-13-624

Summit Law Group by **Bruce L. Schroeder**, Attorney at Law, appeared on behalf of the City of Ridgefield.

Emmal, Skalbania and Vinnedge, by **Patrick Emmal**, Attorney at Law, appeared on behalf of the Union.

The City of Ridgefield (Employer) and the Ridgefield 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, 2011. A hearing was conducted on March 19, 2014 in Ridgefield, Washington. During the course of the proceedings, the parties requested the Arbitrator to engage in a mediation-arbitration (medarb) approach to resolve outstanding issues. The Arbitrator agreed, and met with the parties separately, as well as together. The parties understood that the Arbitrator would announce his decision as part of the med-arb procedure, and he did at the close of the hearing. The Employer requested an opportunity to submit post-hearing briefs on the issues. The Union did not object to the Employer's request. The parties submitted briefs in a timely manner on May 23, 2014.

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 Interest Arbitration Award arbitration to resolve their dispute. Arbitrator Jamie Siegel explained the application of the statute in the following terms:

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 24235-1-11-572 (Siegel, 2012).

RCW 41.56.465 sets forth criteria which must be considered by the Arbitrator in deciding the issues in dispute involving a situation like that presented in this case:

(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 those employees listed in RCW 41.56.030(7)(a) who are employed by the governing body of a city or town with a population of less than fifteen thousand, or a county with a population of less than seventy thousand, consideration must also be given to regional differences in the cost of living.

(2) For employees listed in RCW 41.56.030(7)(a) through (d), the panel shall also consider a comparison of the wages, hours, and conditions of employment of personnel involved in the proceedings with the wages, hours, and conditions of employment of like personnel of like employers of similar size on the west coast of the United States.

The statute does not 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.

PRINCIPLES 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. 6502-1-86-148 (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. 15012-1-00-333 (Krebs, 2000); and *City of Centralia*, PERC Case No. 11866-1-95-253 (Lumbley, 1997).

Arbitrator Snow's observation provides a general framework for analyzing specific language and wage proposals. 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 3 73 (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. 24063-1-11-570 (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. 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. 6576-1-86-150 (Beck, 1988). As noted in Elkouri and Elkouri, *How Arbitration Works*, Sixth Edition (BNA, 2003):

[I]nterest 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. 22679-1-09-539 (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. 15379-1-00-346 (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. 6303-1-02-380 (Wilkinson, 2003).

ISSUES

On February 25, 2013, Executive Director Michael P. Sellars certified the following issues for interest arbitration:

Article 4.01	Regarding scheduling of training days
Article 4.02(c)	Regarding overtime when shift flexing is not available
Article 4.02(d)	Regarding time off when another member is on approved leave
Article 4.04	Regarding compensatory time accrual
Article 5.03	Regarding holiday pay
Article 6.03	Regarding vacation accrual

Article 7.03	Regarding sick leave payout
Article 8	Regarding health and welfare
Article 12 and Appendix A	Regarding salaries
Article 13.02	Regarding police officer gear
Article 13.03	Regarding take home cars

Prior to the start of the hearing, the parties agreed to withdraw a number of issues from consideration. At the start of the proceeding, the parties stated that the only issues for resolution were:

Article 8	Health and Welfare
Article 12 and Appendix A	Salaries
Article 13.03	Take home cars

I accepted the stipulations presented by the parties, and the proceedings went forward on the three listed issues.

FACTUAL BACKGROUND

The City of Ridgefield is located in Clark County, Washington. The city operates under the general policy direction of an elected seven member City Council. The City Council serves four-year terms, and selects one member to serve as Mayor. The Mayor serves for two years and represents the City of Ridgefield in ceremonial matters and acts as the city's chief spokesperson. Having a population of 5,545 citizens, the city is within 30 miles of Vancouver, Washington and Portland, Oregon. The Employer has collective bargaining relationships with two unions: Teamsters Union, Local 58, and the Ridgefield Police Guild. The Employer also has a group of unrepresented employees in its workforce.

Of most immediate interest to this matter, the Ridgefield Police Guild represents a bargaining unit of six police officers who meet the requirements of RCW 41.56.13(a) as "uniformed employees" eligible for interest arbitration. At all times pertinent to this matter, Carrie Greene served as Police Chief. The Employer and the Union were parties to a collective bargaining agreement that was in effect from January 1, 2011 through December 31, 2011. The police department provides service by having officers on different work schedules during the day. One officer is on duty for each shift (day shift,

swing shift and night shift), for a total of three officers on shift each 24-hour period. The work schedule is divided into "A" and "B" sides, with three officers assigned to each grouping. The two sides alternate Interest working four days and having four days off. The average length of service for bargaining unit employees is 10.6 years.

Like other municipalities, the City of Ridgefield was severely affected by the 2008 recession. Apart from making a series of budget cuts, the Employer also had to reduce its workforce, leading to several layoffs. As the Employer noted in its closing brief, the Employer uses money from its general fund to pay for a majority of municipal services, including police department operations. However, the general fund's current financial capacity is actually lower than 2007 because of the City of Ridgefield's population growth.

The city is considered to be one of the fastest growing municipalities in the state of Washington, but tax revenue for general fund use has not kept pace with the population increase. When adjusted for inflation, sales tax revenue is actually 27% lower than the level existing in 2007. In addition, increases in tax receipts must be analyzed in the context for the use of the revenue raised. For example, revenue gained from gasoline taxes must be used for street and traffic improvements, and cannot be used for general fund spending, such as police department operations. The Employer must meet increased spending obligations with less income available to provide essential services to local residents.

Taken together, these economic factors force the City of Ridgefield to make conservative financial decisions, and to look for savings wherever possible on those economic factors under its control. Personnel costs are among those economic factors. At the time of hearing, personnel costs were the Employer's largest cost, amounting to 58.6% of the City of Ridgefield's total expense for 2013. Even though the Employer's workforce was reduced, its personnel costs rose. The Ridgefield Police Department makes up 42.5% of the total personnel costs to the Employer, making it the largest single personnel component that must be accounted for.

Personnel costs rose in several ways. Apart from any wage increases, the Employer's pension contributions to the Public Employees Retirement System (PERS) have risen. At the time of hearing,

the Employer was contributing 9.2% of each employee's gross salary to PERS, and this rate is expected to rise again in 2015. In addition, health care costs have gone up dramatically. The Employer estimates that health insurance premiums have gone up as much as 31 % since 2007. Health insurance costs for the Union's bargaining unit members have gone up even more, almost doubling since 2007. Monthly insurance premiums have more than doubled as well.

The Union did not disagree about the increases in personnel costs facing the Employer. However, the Union noted that the City of Ridgefield is dealing with a number of employment pressures caused by low pay and quickly growing population. The Union explained that a number of local jurisdictions pay more than the City of Ridgefield, and this disparity in salary and benefits has created recruitment difficulties.

ANALYSIS

At this point in the proceedings, it is typical to analyze the Employer's position based on comparisons with other jurisdictions of similar size. As the Employer notes in its closing brief, the parties did not present comparability information during mediation, and that information was not used in the med-arb process leading to this award. The Union has presented information about local comparables, but I am not going to consider it for purposes of this award. As I informed the parties during the med-arb process, I will use the information that they had used through mediation, and will state my award on that basis.

Wages

The parties had differing opinions on the propriety of wage increases. In light of its continuing economic difficulties, the Employer sought to limit the amount of wage increases to 2.5% for 2012, 2.25% for 2013 and 1.98% for 2014. The Union sought a 4% increase for each year of the new contract. The Union contended that its proposed wage increases reflected an appropriate raise for its employees after suffering through a number of years of economic difficulties. During the course of the med-arb process, I was satisfied that the parties worked diligently to settle the wage increase issue. While aware of wage rates being paid in the immediate vicinity, the Employer sought to focus its economic analysis on its ongoing expenditures and its uncertain revenue future. Taken together, the Employer argued that it had to maintain a very conservative approach on wage matters, and contended

that it could not spend additional funds on the police department, other than the amount set forth in its proposal.

The Union argued that the Employer could afford an increase in wage rates, so the 4% per year request was appropriate for its bargaining unit employees and that such an increase would be competitive with increases offered in the geographic area.

Having listened to both parties, I concluded that a wage increase was appropriate. I informed the parties that I would order a wage increase of 2% retroactive to January 1, 2012; a 2.25% wage increase retroactive to January 1, 2013; and a 2.5% wage increase retroactive to January 1, 2014. I believe that these increases are appropriate, and they are ordered in the spirit of the collective bargaining process that the parties pursued. In other words, these increases are well within the range of economic increases discussed by the parties in negotiations, and reflect the type of settlement that the parties could have reached in bilateral negotiations.

Health Insurance

The other major economic provision at issue in these proceedings dealt with increases in health insurance premium payments. The Employer sought flexibility to change insurance plans for the bargaining unit. Currently, the Employer had to insure all employees through the same insurance plan, and it believed that the ability to change insurance plans could lead to meaningful savings.

Second, the Employer sought to change the method of addressing health insurance premium costs by changing the amount of employee contribution from \$50.00 per month to 10% of the dependent insurance premium cost. The bargaining unit employees would continue to pay \$25.00 per month for individual coverage. The Union sought to maintain the existing medical insurance payment schedule for individual as well as dependent coverage. As in the case of the wage increase discussion, I am certain that that the parties have attempted to reach an agreement in good faith, and that they exchanged meaningful proposals about the medical insurance issue.

Having considered the positions presented by both parties, I informed them that I would agree with the Employer's proposal on medical insurance cost, requiring the employees to pay for 10% of dependent medical premiums while maintaining the \$25.00 per month for individual coverage. The use of a percentage for dependent coverage allows adjustments in the amount to be paid in a more orderly and predictable manner, and is in line with the overwhelming majority of municipal employers throughout the state of Washington.

As a point of clarification, I will direct the changes in medical insurance payments to begin on September 1, 2014. It is impossible to reconstruct medical premium use, so it would not make any sense to try and re-apply the increased amount in 2012 and 2013. Furthermore, it would be unfair to penalize bargaining unit members for the timing of this award. By making the change in medical premiums start on September 1, 2014, the parties will have time to make necessary payroll adjustments and will give both parties sufficient notice that the change is about to start.

As far as the use of a new insurance plan, I do not believe that this is the appropriate time for such a change. There is only a short period of time before the parties are back at the bargaining table for negotiations on a successor collective bargaining agreement. It would be appropriate to allow them to consider the insurance issue in the context of a complete agreement. In addition, the creation of a new insurance plan just for police officers could very well lead to increased premiums, since the "pool" of participants would be reduced so dramatically.

Take Home Cars

While the issues of wage increases and health insurance premium payments were important to resolving the instant dispute, the primary issue separating the parties revolved around the practice of allowing police officers to take police cars home. Under this practice, the officers started their patrol activities as they drove to work, rather than reporting to a central location and then leaving in an assigned police vehicle to start their regular work. The Employer noted that the current practice was not efficient and led to a number of administrative problems. For example, the Employer argued that the police officers were allowed to take the police cars home, even if they did not live within city limits. As far as the Employer was concerned, any time in transit to work while outside the city limits could not be counted as patrol time and took time away from work that should be performed within

the police department's jurisdiction. The Union argued that the existing program was reasonable and one of the few meaningful benefits of employment with the City of Ridgefield.

I considered both parties' positions and advised them I concluded that the existing program should continue. Both parties made compelling arguments, but it was apparent that the parties were in serious disagreement over the issue, and that they spent a great deal of time trying to resolve it. The issue of take-home cars was also the most emotional issue presented in this matter. Both parties had deeply held reasons for their respective positions, and they were more interested in explaining why they were right than exploring alternatives to the existing program.

I made my decision to maintain the existing program without reference to the emotion associated with the take-home car issue. I concluded that the City of Ridgefield did not have an adequate place for police officers to come in, change into their uniforms, and then begin their patrol duties. In fact, there are no locker facilities at the police department at all. In addition, I did not believe that the Employer's proposed solution would be more efficient for the community.

It must be remembered that the City of Ridgefield is a small municipality with a small police force. By allowing each officer to keep his or her police car at their homes, the Employer could actually get a quicker response to an emergency than having off-duty officers come in to the police station to get their police car and then report to the incident. Given these factors, I have concluded that the existing take-home car program should be retained for the 2012 through 2014 collective bargaining agreement.

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:

1. Wage increases:

2% retroactive to January 1, 2012;

2.25% wage increase retroactive to January 1, 2013

2.5% wage increase retroactive to January 1, 2014.

2. Medical insurance premiums:

Effective September 1, 2014, medical insurance premium rates for dependent medical coverage shall be changed from \$50.00 per month to 10% of the monthly medical insurance premium amount. The existing insurance plan will be in effect for the 2012-2014 time period.

3. Take-home cars:

The existing take-home car program will be retained during the 2012- 2014 collective bargaining agreement period.

I am retaining 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 23rd day of July, 2014

KENNETH JAMES LATSCH, Arbitrator