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PUBLIC EMPLOYMENT  
RELATIONS COMMISSION  
OLYMPIA, WA.

In the Matter of the Interest Arbitration between:	)	
	)	PERC CASE NO.
PUBLIC SAFETY EMPLOYEES, LOCAL 519, SEIU, AFL-CIO,	)	5500-I-84-125
SEATTLE, WASHINGTON,	)	
	)	CALENDAR YEAR '85
The Union,	)	BASE WAGE RATES
	)	
and	)	
	)	
KING COUNTY, WASHINGTON, SEATTLE, WASHINGTON,	)	
	)	
The County.	)	

Dates and Place of Public Hearings: February 25 and 26, 1985;  
March 8, 1985;  
Seattle, Washington.

Dates and Place of Executive Sessions of the Interest Arbitration Panel : February 25, 1985;  
April 1, 15 and 17, 1985;  
Seattle, Washington.

Representing the Union: Will Aitchison, Esq.  
Aitchison, Imperati, Paull,  
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Portland, Oregon.

Jared Karstetter  
Business Representative  
Public Safety Employees,  
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Representing the County: Albert G. Ross  
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Seattle, Washington.

REPORT OF THE NEUTRAL CHAIRMAN  
INTEREST ARBITRATION PANEL

## INTRODUCTION

On March 30, 1984, the Union and the County entered into a collective bargaining agreement covering the two-year period January 1, 1984 to December 31, 1985 (see Joint Exhibit I).

For the two-year period in question, this agreement fixed the wages, hours, and other terms and conditions of employment for the sworn personnel of the County's Department of Public Safety who are below the rank of captain.

However, Section 1(b) of Article VIII, Wage Rates, of this Agreement expressly provided that:

"Effective January 1, 1985, the base wage rates as set forth in the 1984 wage addendum shall be adjusted by an amount as negotiated between the parties during 1984 or as established through binding arbitration as provided for in R.C.W. 41.56." (Arbitrator's emphasis; page 21 of Joint Exhibit I.)

Negotiation and mediation ultimately proved unsuccessful in establishing "the base wage rates" to be effective January 1, 1985. Accordingly, by a letter dated October 16, 1984, Mr. Marvin L. Schurke, Executive Director of the Public Employment Relations Commission of the State of Washington, informed the parties that he had concluded that they "remained at impasse" and that therefore they must proceed to interest arbitration (see Joint Exhibit II).

By a letter dated December 12, 1984, the parties informed both the Neutral Chairman and the Public Employment Relations Commission that the interest arbitration panel in this case would be composed of the following persons:

William H. Dorsey, Neutral Chairman  
Arbitrator, Portland, Oregon

Dustin N. Frederick, Union Arbitrator  
Business Representative  
Public Safety Employees Local 519  
Seattle, Washington

James R. Anshutz, County Arbitrator  
Budget Supervisor, King County Budget Office  
Seattle, Washington.

The parties then agreed with the Neutral Chairman that the public hearings in this case would be held on February 25 and 26, 1985 in Seattle, Washington (see Joint Exhibit III). When a third day of public hearing proved to be necessary, it too was held in Seattle, Washington on March 8, 1985.

In addition, the panel members met in executive session in Seattle, Washington on February 25, 1985 and April 1, 15, and 17, 1985.

#### ISSUE

Because of the express language used by the parties in Section 1(b) of Article VIII of their 1984-1985 Agreement (page 21 of Joint Exhibit I), the sole issue before this interest arbitration panel is:

By what amount, if any, should the base wages set forth in the 1984 wage addendum (Addendum A to the 1984-1985 Agreement; see pages 49-50 of Joint Exhibit I) be adjusted, retroactive to January 1, 1985 and effective through December 31, 1985?

#### CONTROLLING STATUTORY PROVISIONS

The parties agree that the statutory standards which are controlling on this interest arbitration panel are set forth in RCW 41.56.460, which reads:

"UNIFORMED PERSONNEL - INTEREST ARBITRATION PANEL - BASIS FOR DETERMINATION. In making its determination, the [interest arbitration] panel 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, it shall take into consideration the following factors:

"(a) The constitutional and statutory authority of the employer;

"(b) Stipulations of the parties;

"(c) 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.

"(d) The average consumer prices for goods and services, commonly known as the cost of living;

"(e) Changes in any of the foregoing circumstances during the pendency of the proceedings; and

"(f) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment." (Arbitrator's emphases; pages SR-37/SR-38 of Joint Exhibit VII.)

#### QUESTIONS OF FACT BEFORE THE PANEL

Essentially, there are three questions of fact in this case:

One, what is the appropriate method for selecting "employers of similar size [to King County, Washington] on the west coast of the United States?"

Two, having selected these "comparable" employers, how does one then assess "the base wage rate set forth in the 1984 wage addendum" to the parties' 1984-1985 Agreement (pages 49-50 of Joint Exhibit I), in light of "the base wage rates" paid by these comparable employers?

Three, irrespective of what these comparisons of base wage rates might show, nevertheless must the interest arbitration panel make an adjustment for the difference in the cost of living in these comparable jurisdictions in northern and southern California

with the cost of living in King County, Washington?

ARGUMENTS OF THE PARTIES

Position and Arguments of the Union

The Union's position is that on the basis of comparable wages alone the members of the bargaining unit should be given an across-the-board wage increase of between 8.52 percent and 11.20 percent.

In support of this position, the Union argues:

One, from the evidence in the record, it is now clear that the parties wish this arbitration panel to select a set of jurisdictions which represent jurisdictions which have a good deal in common with King County, Washington.

Two, also from the evidence in the record, it would now appear that the parties agree that the utilization of demographic characteristics in the selection of comparable jurisdictions to King County is the most appropriate approach for the panel to take.

Three, the following three counties should be viewed by the panel as comparable to King County:

- Alameda County, California
- Orange County, California
- Santa Clara County, California.

Four, looking at comparable wages, the panel should include the so-called PERS "pick-up" where it exists.

Five, the panel should ignore the participation or non-participation of all employers (including King County) in the social security system in making its wage comparisons.

Six, because the only two current methods of evaluating

comparative costs of living are both greatly flawed in a methodological and data collection sense, the arbitration panel should make no attempt to adjust any conclusion reached by it after comparing the base wage rates paid by King County to the members of the bargaining unit with those paid to like employees by the other comparable jurisdictions.

Seven, a comparison of the base wage rates paid to the members of the bargaining unit by King County with the three comparable jurisdictions selected by the Union shows that the panel will need to award an 11.20 percent wage increase in order to bring the King County deputies to the average wage paid to law enforcement officers in these comparable jurisdictions.

Eight, moreover, when wages are viewed across levels of tenure of five, ten, fifteen and twenty years (and levels of education including high school, A.A. and B.A. degrees), it is immediately evident that a minimum wage increase of 8.52 percent is indeed appropriate for the members of the bargaining unit represented by the Union.

#### Position and Arguments of the County

The County's position is that on the basis of all of the statutory standards set forth in RCW 41.56.460 (including, of course, comparable wages) no across-the-board wage increase in the calendar year 1985 should be given to the members of the bargaining unit represented by the Union.

In support of this position, the County argues:

One, the utilization of demographic characteristics in the selection of jurisdictions comparable to King County is indeed

the most appropriate approach for the panel to take.

Two, however, in the selection of jurisdictions comparable to King County, only the demographic characteristics of the unincorporated areas of King County should be compared with the demographic characteristics of other unincorporated areas of counties on the west coast of the United States.

Three, the following three counties should then be viewed by the panel as comparable to King County for purposes of this case:

- Sacramento County, California
- San Mateo County, California
- San Diego County, California.

Four, looking at comparable wages, the panel should not include the so-called PERS "pick-up", even where it exists, unless in doing so the panel then compares the total pension costs of each jurisdiction (including, of course, King County) as a measure of the value of the actual pension benefits being purchased by each jurisdiction.

Five, the panel cannot ignore the participation or non-participation of all employers (including King County) in the social security system in making its wage comparisons.

Six, in any event, the panel must adjust any conclusion reached by it after comparing the base wage rates paid by King County to the members of the bargaining unit with those paid to like employees by the other comparable jurisdictions because of the obvious differences in the cost of living in any comparable jurisdiction in northern and southern California with the cost of living in King County, Washington.

It is obvious that any person contemplating a relocation

from one geographical area to another who fails to consider relative living costs of the two areas involved does so at his/her peril. Moreover, the cost of living is a major factor driving wage levels.

In addition, the cost of living is heavily used in both private and public sector free collective bargaining and has been so used for years. As a matter of fact, RCW 51.56.460(d) requires that this arbitration panel consider the "CPI" in making its determination.

Finally, "the Runzheimer Plan of Living Cost Standards" (County Exhibits 13, 15, and 26) provide the needed measure of differential costs of living between geographical areas.

Seven, as a matter of fact, Runzheimer shows that the cost of living in King County, Washington is considerably lower than the cost of living in any comparable jurisdiction either in northern or southern California.

Also as a matter of fact, any increase in the "CPI-W" for the Seattle metropolitan area over the last ten years (i.e., from the start of 1975 to the start of 1985) has been more than made up by an increase in the actual wage rates being paid the members of the bargaining unit represented by the Union. (See County's Exhibit 6.)

Eight, accordingly, the record in this case shows conclusively that no general, 1985, wage increase is required for the members of the bargaining unit represented by the Union under RCW 41.56.460.



SPECIFIC FINDINGS OF FACT BY THE NEUTRAL CHAIRMAN

Introduction

At the start of the second executive session of this panel on April 1, 1985, the Neutral Chairman informed the panel members that based upon the evidence in the record in this case, on his "intuition", and as a result of his travels up and down the west coast of the United States, he considered the following jurisdictions to be those most comparable with King County:

- Pierce County, Washington
- Multnomah County, Oregon
- Alameda County, California
- Orange County, California
- Sacramento County, California
- San Diego County, California
- Santa Clara County, California.

Both the Union's arbitrator and the County's arbitrator then reminded the Neutral Chairman that in effect, because the parties had agreed in negotiations that both Pierce County, Washington and Multnomah County, Oregon would not be considered comparable jurisdictions to King County, Washington, there was no evidence in the record which would allow the panel to compare the base wage rates paid to the members of the bargaining unit in King County with the base wage rates paid to law enforcement officers in either Pierce County, Washington or Multnomah County, Oregon. The Neutral Chairman, therefore, immediately agreed with the other members of the panel that these two jurisdictions could not be considered as comparable jurisdictions to King County.

The Neutral Chairman then suggested that if Alameda County, California were also eliminated from his proposed list of comparable jurisdictions, the panel would then be left with four

comparable jurisdictions -- two of which had been suggested by the Union (Orange and Santa Clara Counties, California) and two of which had been suggested by the County (Sacramento and San Diego Counties, California). In addition, the Neutral Chairman pointed out that each of these four jurisdictions, on the basis of population alone (whether county-wide or solely in the unincorporated areas), was comparable to King County, Washington.

"Comparable Jurisdictions"

The Neutral Chairman hereby finds, as a specific finding of fact, that the most appropriate method for selecting "employers of similar size [to King County, Washington] on the west coast of the United States" involves the use of demographic characteristics.

In addition, the Neutral Chairman also finds, as a specific finding of fact, that in applying demographic characteristics (particularly that of population) the following counties "on the west coast of the United States" are "comparable" employers to King County, Washington, for purposes of this interest arbitration case:

- Orange County, California
- Sacramento County, California
- San Diego County, California
- Santa Clara County, California.

PERS "Pick-up" vs. Total Pension Costs

Also during the second executive session of this panel on April 1, 1985, the Neutral Chairman informed the members of the panel that, again based on the evidence in the record in this case, he was convinced that:

One, not only is the PERS pick-up a fact of life in Orange, Sacramento, San Diego and Santa Clara Counties in California, but as a matter of fact this pick-up was negotiated in lieu of a wage increase in these counties.

Two, any attempt on his part as the Neutral Chairman to take into consideration the so-called "total costs" of all pension benefits provided for the members of the bargaining unit in King County and the "total costs" of all pension benefits provided to law enforcement officers in the other four comparable jurisdictions would distort both "the base wage rates" paid by King County to the members of the bargaining unit (which admittedly are solely at issue in this case) and the base wage rates paid to like employees by these four comparable jurisdictions.

Following a lengthy discussion between the members of the panel and the Neutral Chairman, it was agreed that the two members of the panel would jointly attempt to verify from the responsible officials in the counties of Orange, Sacramento, San Diego and Santa Clara whether the evidence which the Union had already introduced into the record in this case (to the effect that PERS pick-ups in those counties had indeed been negotiated in lieu of a wage increase) was correct.

At the third executive session of this arbitration panel on April 15, 1985, both the Union arbitrator and the County arbitrator informed the Neutral Chairman that they had jointly verified that this evidence of the Union which is in the record is correct.

Accordingly, the Neutral Chairman hereby finds, as a specific finding of fact, that the base wage rates paid to law enforcement

officers in Orange, Sacramento, San Diego and Santa Clara counties include various PERS pick-ups.

In addition, the Neutral Chairman also hereby finds, as a specific finding of fact, that any attempt on his part to take into consideration the so-called "total cost" of all pension benefits provided by employers (including King County, Washington) would automatically distort the base wage rates being paid by King County to the members of the bargaining unit and by the other four comparable jurisdictions to their law enforcement officers. In making this specific finding of fact, the Neutral Chairman also expressly notes that the County's arbitrator, James R. Anshutz, continues to disagree with the Neutral Chairman on this point.

Participation/Non-Participation in the Social Security System

Another substantive difference between the parties concerning the analysis of total compensation is the question of the treatment of social security. Because King County, Washington participates in the social security system, not only does King County have a cost which three of the four comparable jurisdictions do not have, but the members of the bargaining unit represented by the Union also have a cost which is not shared by their compatriots in three of the four comparable jurisdictions.

The County has advocated including the County's FICA costs as compensation to the members of the bargaining unit, but not subtracting the employees' FICA costs, in determining the actual compensation received by the members of the bargaining unit.

The Union, on the other hand, has proposed simply ignoring participation or non-participation in the social security system in its total compensation analysis.

Based on the evidence in the record in this case, the Neutral Chairman hereby finds, as a specific finding of fact, that in comparing base wage rates he must ignore the participation or non-participation of all employers (including King County, Washington) in the social security system in making his comparisons of base wage rates. The Arbitrator has reached this conclusion for the following reasons:

One, the approach taken by the Union, that of ignoring the participation or non-participation in social security of the various comparable jurisdictions, is one that has been adopted by arbitrators who have been presented by the very same issue in prior interest arbitration cases.

Two, because participation in social security includes both a cost to the employer and to the employee, calculating the net value to the employee of participation in the social security system is problematic at best.

Three, moreover, changes in the social security system are particularly subject to the whim of political caprice. It is a valid question, therefore, as to whether or not the benefits currently provided by the social security system will be substantially or completely present at the time the current employees in the bargaining unit are ready to retire.

Four, finally, if the panel must take into consideration the cost of King County's participation in the social security

system, then it is also apparent that the panel must calculate similar costs for the comparable counties which have in place not only retirement systems but additional benefits which are similar or the same as those provided by the social security system.

By its assumption that participation in the social security system is the only vehicle for providing the benefits offered by the social security system, the County has assumed that none of the comparable employers have plans which provide supplemental social security benefits. This may or may not be so.

Clearly, if the County is to make an argument that social security should be factored into wage calculations, it must also establish what supplemental programs, if any, exist in the three comparable jurisdictions which do not participate in the social security system, and what the employers' costs are for providing these supplemental benefits.

The Arbitrator again expressly notes here that the County's arbitrator, Mr. Anshutz, continues to disagree with his specific finding of fact on the subject of participation or non-participation in the social security system.

"Comparative Costs of Living"

Again based on the evidence in the record in this case, as well as the arguments of the Union contained on pages 38-43 of Mr. Aitchison's post-hearing brief, the Neutral Chairman hereby finds, as a specific finding of fact, that the only two current methods of evaluating comparative costs of living (i.e., a

publication of the American Chamber of Commerce Research Associates, "ACCRA", and the comparative costs of living studies performed by Runzheimer & Co., Inc., "Runzheimer") are both greatly flawed in a methodological and data collection sense.

Because of this specific finding of fact, the Neutral Chairman also hereby finds that, in spite of County's Exhibit 15 ("The Runzheimer Plan of Living Cost Standards Especially Prepared for King County Personnel Department, January, 1985"), he should make no attempt to adjust any conclusion reached by him, after comparing the base wage rates paid by King County to members of the bargaining unit with those paid to like employees in law enforcement by the four other comparable jurisdictions, for the difference in the cost of living in these comparable jurisdictions in northern and southern California with the cost of living in King County.

Once more, the Neutral Chairman expressly notes here that the County's arbitrator, Mr. Anshutz, expressly disagrees with this finding of fact by the Neutral Chairman.

#### THE NEUTRAL CHAIRMAN'S ANALYSIS AND REASONING

##### Introduction

The parties, in uniformed personnel interest arbitration cases, and the interest arbitrators themselves, are in general agreement that any comparison of base wage rates between comparable jurisdictions must be at the top step of the "deputy sherrif" of "police officer" classification.

In making such a comparison of base wage rates of the deputy or officer classification at the top step, however, a problem

immediately presents itself. This problem arises because of the variations in the longevity steps and the variations in the so-called "education and training" incentive programs between King County and the four comparable jurisdictions.

The Union would solve this problem by viewing wages across levels of tenure of five, ten, fifteen, and twenty years, and levels of education, including high school, A.A., and B.A. degrees. The County, on the other hand, would only compare wage rates payable in King County and in the four comparable jurisdictions for a 25-year and a 10-year employee.

In making its comparisons, the County stated that it had selected these two time frames, first to get a picture of what an employee facing retirement would be receiving, and second to portray what the typical employee receives in King County, in view of the fact that the average length of service for King County deputies in the bargaining unit is 9.7 years (see County's Exhibit 17).

#### The Wage Comparisons of the Neutral Chairman

The record in this case demonstrates conclusively that the longevity system of King County is entirely different from that used in the four comparable jurisdictions. It also demonstrates conclusively that the "educational and training" incentive system employed in King County is substantially different from the so-called "P.O.S.T." incentive systems used in the four comparable counties. The Neutral Chairman hereby makes specific findings of fact to those effects.

Because of these two specific findings of fact, the Neutral



Chairman has concluded that any comparison between employees in the bargaining unit in King County and law enforcement officers in the other four comparable jurisdictions would be distorted if they were other than at the 10-year employee level. The Neutral Chairman hereby makes a specific finding of fact to that effect.

The evidence in the record likewise shows that King County is the only jurisdiction of the five in question with a straight longevity system. Accordingly, a comparison of King County's straight "base rate", without consideration of an employee's longevity with King County, with the "base rates" paid by the four other comparable jurisdictions, would be meaningless. This is so because any deputy sheriff in King County with ten years of service will also automatically receive, on top of the base rate of \$2,465 a month, a \$119 longevity bonus, for a total of \$2,584, while a law enforcement officer in any of the comparable jurisdictions, even with ten years of service, will still only be receiving the base rate which he/she would have received once he/she had become a permanent deputy or police officer. The Neutral Chairman hereby likewise makes specific findings of fact to these effects.

Accordingly, based on the above specific findings of fact, the Neutral Chairman hereby finds, as the appropriate set of base wage rates for salary comparisons in this case, the following:

One, both for King County and the four comparable jurisdictions noted above, the base wage rate for an employee with a high school degree only and with ten years of service.

Two, for King County only, the base wage rate for an employee

With a B.A. degree and with ten years of service.

Three, for the four comparable jurisdictions (but not for King County) the base wage rate for an employee with an Advanced P.O.S.T. Certification, and with ten years of service.

Four, finally, for both King County and the comparable jurisdictions, the base wage rate for an employee entitled to the maximum incentives allowable in each jurisdiction and with ten years of service.

Two Essential Tables for Comparison

The appropriate set of base wage rates for salary comparisons in this case, as outlined above, are reflected in the following Table for Comparison:

TABLE I  
COMPARISON, 10-YEAR EMPLOYEES, MONTHLY WAGE RATES

<u>County</u>	<u>10 Yrs. Srvs. Only H.S. Diploma</u>	<u>10 Yrs. Srvs. Plus B.A. Degree</u>	<u>10 Yrs. Srvs. Plus Advanced POST</u>	<u>10 Yrs. Srvs. Plus Max. Incentive</u>
San Diego County California	\$2,307	---	\$2,480	\$2,480
Santa Clara County California	\$2,573	---	\$2,766	\$2,766
Sacramento County, California	\$2,332	---*	\$2,565	\$2,798**
Orange County	<u>\$2,659</u>	---	<u>\$2,869</u>	<u>\$2,869</u>
4-COUNTY AVERAGE	<u>\$2,468</u>	---	<u>\$2,670</u>	<u>\$2,728</u>
KING COUNTY, WASHINGTON	<u>\$2,584***</u>	<u>\$2,663</u>	---	<u>\$2,702</u>

\* This figure for Sacramento County is actually \$2,565. However, because none of the other three comparable jurisdictions provide incentive credit for a B.A. degree, this Sacramento County figure has been omitted in this Table I.

\*\* Sacramento County's maximum incentive is for the combination of a B.A. degree and an Advanced P.O.S.T. Certification. It amounts to 20% above the base wage rate (\$2,332 + 20% (\$466) = \$2,798).

\*\*\* Among the five jurisdictions shown on this Table I, only King County has a basic longevity system. King County's longevity premium at 10 years of service is \$119 a month. (Base rate \$2,465 + \$119 = \$2,584 a month.)

At the third executive session of this arbitration panel on April 15, 1985, the Union arbitrator and the County arbitrator jointly informed the Neutral Chairman that the following table ("Table II") correctly reflects the various PERS pick-ups currently in existence in the counties of Orange, Sacramento, San Diego, and Santa Clara, California:

TABLE II  
VERIFIED PERS PICK-UPS IN LIEU OF WAGE INCREASES

<u>County</u>	<u>Employer Pick-up Percentage</u>
San Diego County, CA	9.5% (Average of Tier I and Tier II Pick-ups)
Santa Clara County, CA	8.5%
Sacramento County, CA	4.77%
Orange County, CA	<u>4.995%</u>
FOUR COUNTY AVERAGE	<u>6.94125%</u> <u>(6.94%)</u>

Three Methods of Comparison

FIRST METHOD OF COMPARISON

(A) Take the average base rates of the four comparable jurisdictions for a 10-year employee with only a high school diploma (\$2,468) and the average base rate of the four comparable jurisdictions for a 10-year employee entitled to maximum incentive pay (\$2,728).

(B) Then average these two figures: \$2,468 plus \$2,728

equals \$5,196 divided by 2 equals \$2,598.

(C) Increase this figure (\$2,598) by the average PERS pick-up for employees in these four comparable jurisdictions (6.94%) for a first PERS-adjusted average monthly base wage rate ( $\$2,598 \times 1.0694 = \$2,778$ ).

(D) Then take King County's monthly base wage rate for a 10-year employee with only a high school diploma (\$2,584) and King County's monthly base wage for a 10-year employee entitled to maximum incentive pay (\$2,702).

(E) Next, average these two figures: \$2,584 plus \$2,702 equals \$5,286 divided by two equals \$2,643.

(F) Finally, compare the first PERS-adjusted average monthly base rate, as calculated above (\$2,778), with the average of the "low" and "high" monthly base rates paid by King County to a 10-year employee (\$2,643):  $\$2,778$  minus  $\$2,643$  equals \$135 difference.  $\$135$  divided by  $\$2,643$  equals .05107832.

(G) Accordingly an adjustment of 5.11 percent in the average of the "low" and "high" monthly base rates paid by King County to a 10-year employee in the bargaining unit would appear to be in order under this method of comparison, standing alone.

#### SECOND METHOD OF COMPARISON

(A) Take the average base rate of the four comparable jurisdictions for a 10-year employee with an Advanced P.O.S.T. Certification (\$2,670) and the average base rate of the four comparable jurisdictions for a 10-year employee entitled to maximum incentive pay (\$2,728).

(B) Then average these two figures: \$2,670 plus \$2,728

equals \$5,398 divided by 2 equals \$2,699.

(C) Increase this figure (\$2,699) by the average PERS pick-up for employees in these four comparable jurisdictions (6.94 percent) for a second PERS-adjusted average monthly base wage (\$2,699 times 1.0694 equals \$2,886).

(D) Then take King County's monthly base wage rate for a 10-year employee with a B.A. degree (\$2,663) and King County's monthly base wage rate for a 10-year employee entitled to maximum incentive pay (\$2,702).

(E) Next average these two figures: \$2,663 plus \$2,702 equals \$5,365 divided by two equals \$2,682.50.

(F) Finally, compare the second PERS-adjusted average monthly base rate, as calculated above (\$2,886), with the average of the "middle" and "high" monthly base rates paid by King County to a 10-year employee (\$2,682.50): \$2,886 minus \$2,682.50 equals \$203.50 difference. \$203.50 divided by \$2,682.50 equals .075862068.

(G) Accordingly, an adjustment of 7.59 percent in the average of the "middle" and "high" monthly base rates paid by King County to a 10-year employee in the bargaining unit would appear to be in order under this method of comparison, standing alone.

#### THIRD METHOD OF COMPARISON

(A) Take the average base rate in the four comparable jurisdictions for the following 10-year employees:

- (1) An employee with a high school diploma only: \$2,468.
- (2) An employee with an Advanced P.O.S.T. Certification:

\$2,670.

(3) An employee entitled to maximum incentive pay: \$2,728.

(B) Then average these three average base rates: \$2,468 plus \$2,670 plus \$2,728 equals \$7,866 divided by three equals \$2,622.

(C) Increase this figure (\$2,622) by the average PERS pick-up for an employee in these four comparable jurisdictions (6.95 percent) for a third PERS-adjusted average monthly base wage (\$2,622 times 1.0694 equals \$2,804).

(D) Then take King County's monthly base wage rate for the following 10-year employees:

(1) An employee with a high school diploma only: \$2,584.

(2) An employee with a B.A. degree: \$2,663.

(3) An employee entitled to maximum incentive pay: \$2,702.

(E) Next average these three base wage rates: \$2,594 plus \$2,663 plus \$2,702 equals \$7,949 divided by three equals \$2,650.

(F) Finally, compare the third PERS-adjusted average monthly base wage, as calculated above (\$2,804), with the average of the three monthly base wage rates paid by King County to a 10-year employee (\$2,650): \$2,804 minus \$2,650 equals \$154 difference. \$154 divided by \$2,650 equals .058113207.

(G) Accordingly, an adjustment of 5.81 percent in the average of the three monthly base wage rates paid by King County to a 10-year employee in the bargaining unit would appear to be in order under this method of comparison, standing alone.

The Conclusion of the Neutral Chairman from These  
Three Comparisons

When the three adjustment percentages arrived at above

(5.11 percent, 7.59 percent, and 5.81 percent) are themselves averaged, it would appear that an adjustment of 6.17 percent in the base wage rates paid by King County to a 10-year employee in the bargaining unit would be in order.

The Neutral Chairman hereby automatically rounds this percentage figure downward to 6.00 percent.

#### CONSIDERATION OF TWO ADDITIONAL "STATUTORY FACTORS"

##### Introduction

The question naturally arises: How does this proposed 6.00 percent increase in the base wage rates paid by King County to the members of the bargaining unit "stand up" when viewed in light of changes in the "CPI" over various periods of time and in light of the recent settlement made by the City of Seattle with the Seattle Police Officers Guild?

##### Consideration of the CPI

The County is correct in its contention that this interest arbitration panel must now take into consideration the "average consumer prices for goods and services, commonly known as the cost-of-living" (the "CPI") (see RCW 41.56.460(d)).

The Union suggests that the appropriate CPI to be used by this panel is the Bureau of Labor Statistics' "CPI-W" for the Seattle, Washington area. The Union then argues that comparing the Seattle CPI-W from the start of 1978 (182.5) with the CPI-W as of the start of 1985 (305.5) shows that the real wages of the top-step deputy sherrif in King County dropped 3.7 percent in seven years (see Union's Exhibit 32).

The Union argues, moreover, that if the "time-lag effect" is

taken into consideration, the real "loss" of wages due to inflation by the members of the bargaining unit over this same seven-year period is 6.97 percent (i.e., 3.7 percent, "real wage" adjustment plus a 3.27 percent "time-lag" adjustment). (See Union's Exhibits 32 and 33.)

The County, on the other hand, argues that any attempt to calculate either any "loss of real wages" due to inflation or any additional loss due to a so-called "time-lag" factor over a seven-year period from 1978 to 1985, is entirely unwarranted. Instead, the County asserts that only the increase in the Seattle CPI-W from November, 1983 to November, 1984 (i.e., 2.86 percent) need even be considered by this arbitration panel.

Moreover, the County contends that County's Exhibit 6 shows that the members of the bargaining unit are actually receiving (in 1984 wages) \$101 more per month (4.3 percent) than the monthly wage which would have been dictated by the full increase in the Seattle CPI-W over the past ten years.

Finally, the County notes that the two other bargaining units represented by the Union (non-commissioned personnel at the Department of Public Safety and in the Fire Marshall's employ) only received a 1985 wage increase of 2.56 percent (an increase based on a percentage of the increase in the CPI-W for the period November, 1983 to November, 1984).

The reaction of the Neutral Chairman to all of these arguments of both sides is:

One, the parties agree that the bargaining units represented by the Union who received only a 2.56 percent wage increase for



1985 received these increases on the basis of a COLA formula in their contract tied to the Seattle CPI-W. Admittedly, the parties in this case have no such COLA provision which is controlling here.

Two, the change in the CPI is only one factor to be considered by the panel in this case.

Three, while all of us in the United States should be glad that the rate of inflation appears to have slowed down dramatically, nevertheless the Union's insistence that at least some increase in the wages of the bargaining unit members for the year 1985 must be given by this arbitration panel, appears to be justified, certainly based on the increase in the CPI-W for the Seattle area for the period November, 1983 through November, 1984, standing alone.

Four, in any event, the County's admission that between November 1983 and November 1984 the rate of inflation in the King County area was 2.86 percent (as measured by the increase in the Seattle CPI-W for that period; see County's Exhibit 6) demonstrates that the County's insistence that there be no adjustment in the base wage rates for the members of the bargaining unit for the calendar year 1985 is indeed unfair.

#### The City of Seattle Settlement with the Police Guild

The County contends that County Exhibit 35 shows conclusively that the recent settlement between the City of Seattle and the Seattle Police Officers Guild was approximately 4.72 percent (when the additional holiday -- Martin Luther King Day -- granted to all of the employees of the City of Seattle is taken into consideration) rather than the 6.2 increase claimed by the

officers of that guild in their October 4, 1984 letter to the guild's membership (see Union's Exhibit 8A).

Moreover, the County likewise claims that a simple comparison of the total compensation paid by King County to the members of the bargaining unit (based strictly on the 1984 calendar year base rates of pay) with the total compensation paid by the City of Seattle to the members of the bargaining unit represented by that city's Police Officers Guild shows that what King County pays the bargaining unit members exceeds what the City of Seattle pays its law enforcement officers by 4.8 percent (see County's Exhibit 36).

The Neutral Chairman understands these arguments of the County. However, he notes the following facts:

One, the County's calculations in County's Exhibit 35 are based on its calculation of the increase in cost to the City of Seattle brought about by that city's recent settlement with its police officers, as opposed to what the actual percentage increase in the base rates of pay for those police officers were.

(A) For example, County's Exhibit 35 shows that the pay increase at the top step for police officer was 4.94 percent, and that for the top step of the sergeant classification it was 4.97 percent.

(B) Both of these figures are obviously higher than the increase in costs for the City of Seattle as stated by County's Exhibit 35 as 4.334 percent on prior compensation and an additional .383 percent for the additional Martin Luther King holiday.

Two, in addition, County's Exhibit 36 is likewise based on

a cost comparison between the total overall compensation paid by King County to the members of the bargaining unit represented by the Union and the total overall compensation paid by the City of Seattle to the members of the bargaining unit represented by its Police Officers Guild.

Three, moreover, at issue in this case is not the total overall compensation (including direct salary and fringe benefits) paid to the members of the bargaining unit by King County but instead the base wage rates to be effective for the calendar year 1985.

Four, finally, the admission in County's Exhibit 35 that the COLA adjustment in the pay for police officers in the City of Seattle at the top step called for an increase of 4.94 percent in that classification, and an increase of 4.97 percent at the top step for the sergeant classification, demonstrates conclusively that an adjustment in the base wage rates for the members of the bargaining unit represented by the Union for the calendar year 1985 certainly is in order, and that that adjustment indeed should be higher than the 2.86 percent increase in the Seattle CPI-W for the period November 1983 to November 1984.

#### CONCLUSION

Accordingly, based on the evidence presented by the parties and reflected in the record in this case, as well as on his specific findings of fact as stated above, the Neutral Chairman's answer to the sole issue before him and the arbitration panel in this interest arbitration case is:

The base wage rates set forth in the 1984 wage addendum (Addendum A to the parties' 1984-1985 Agreement; pages 49-50 of Joint Exhibit I) should be adjusted upward by 6.00 percent, retroactive to January 1, 1985, and effective through December 31, 1985.

A W A R D

The AWARD, therefore, of the Neutral Chairman of the arbitration panel in this interest arbitration case is:

Retroactive to January 1, 1985, "the base wage rates as set forth in the 1984 wage addendum [Addendum A; see pages 49-50 of Joint Exhibit I]" shall be adjusted upward by 6.00 percent.

DATED at PORTLAND, OREGON, this 13th day of May, 1985.



WILLIAM H. DORSEY, ARBITRATOR  
NEUTRAL CHAIRMAN  
INTEREST ARBITRATION PANEL

WHD:jk

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In the Matter of the Interest )  
 Arbitration between: )  
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 Local 519, Public Safety Employees, )  
 )  
 The Union, )  
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 and )  
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 King County, )  
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 )  
 The Employer. )  
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PUBLIC EMPLOYMENT  
RELATIONS COMMISSION  
OLYMPIA, WA

County Arbiter's  
Dissenting Opinion,  
King County Case No.  
5500-I-84-125

We believe that the analysis, opinion and award of the Neutral Arbiter in the above captioned case is seriously flawed in its application of Washington State Law (RCW 41.56.460).

RCW 41.56.460 requires the arbitration panel to consider three major factors in rendering an award: a comparison of the wages, hours and working conditions of like employees of like employers on the West coast; the CPI; and other factors normally taken into consideration when determining wages, hours and conditions of employment. The three major components of RCW 41.56.460 were designed to create a broad picture of whether a particular change in wages is appropriate when those three equally considered factors are taken into account.

In our judgment, the Neutral Arbiter failed to comply fully with the provisions of RCW 41.56.460 and was remiss in fulfilling his charge by virtue of important omissions from his considerations and imbalanced treatment of arguments presented in the course of arbitration.

In particular, the Arbiter failed to adequately consider and weight compensation paid to the Seattle police force; failed to balance considerations among the three factors specified in RCW 41.56.460; and did not give sufficient consideration of past practice and historical precedent in reviewing the factors normally taken into account in determining wages, hours and conditions of employment. Our specific points of dissent and concern regarding the Neutral Arbiter's failures in arriving at his award are set out below.

CPI

The fact that inflation was 2.86% in the Seattle area should have been taken into account and given substantial consideration in developing an award. The Neutral Arbiter merely acknowledged

the recent inflation rate and ignored this data in developing his award, despite the County's stated willingness in executive session of the arbitration panel to agree to an adjustment in the range of the most recent rate of inflation as measured by the CPI-w.

Though scientifically imperfect, the CPI is the standard and widely accepted measure to approximate changes in the cost of living. Failure to adequately consider and weight this factor in determining the award results in wage escalations that take no account of real costs faced by the employee or real revenue constraints faced by the employer whose financial capacity is affected by economic conditions.

### Seattle Comparison

Seattle police compensation has been the most important factor in reaching settlement with the County police union and has been historically the most important factor used by prior arbitrators in establishing awards. The comparison of the City of Seattle and King County police compensation packages is most relevant because both governmental jurisdictions draw employees from the same labor market; both jurisdictions face comparable factors affecting their financial conditions and costs of living faced by their employees; and both police forces operate under the most nearly comparable set of laws, policies, and other requirements and regulations affecting duties and benefits.

The County presented data on actual compensation received by both Seattle and County police officers that showed current County compensation exceeded 1985 Seattle police pay by 4.8%. Even if social security and County sick leave with compensation were excluded from the comparative analysis, a 1985 cost-of-living adjustment of 3% would have resulted in County police compensation equal to Seattle police officer rates of pay. Instead of reviewing total compensation the Arbiter chose to ignore this data for the stated reason that "at issue in this case is not the total overall compensation (including direct salary and fringe benefits) paid to the members of the bargaining unit by King County but instead the base wage rates to be effective for the calendar year 1985."

While the Neutral Arbiter is correct that adjustments to County police base wage rates was the only issue in the arbitration proceedings, a comparison of total compensation received by Seattle and County police is required per RCW 41.56.460 in determining an appropriate adjustment in County police base wage rates. The Neutral Arbiter was remiss in his failure to consider total compensation in comparing Seattle and King County. Furthermore, the Neutral Arbiter chose to ignore total compensation in a comparison of Seattle and King County police wages BUT used "PERS pickup" and incentive, non base pay wages, in com-

paring King County police wages with other California jurisdictions. The differential consideration of compensation packages in making comparability comparisons among different jurisdictions is wrong and wholly indefensible in our judgment.

The Neutral Arbiter focused on the most recent Seattle police negotiated settlement which increased base wages by 4.94%. Again he ignored data presented by the County that showed that the settlement also substantially reduced Seattle police officers' medical benefit programs. The Arbiter provided no rationale for ignoring medical benefit reductions that accompanied the Seattle wage settlement. In our judgment, this is further evidence of error in the Arbiter's decision.

Even given what we believe to be a flawed interpretation of Seattle wage rates, the Neutral Arbiter failed to apply his valuation of the Seattle police settlement in arriving at his 6% award.

#### Comparative Jurisdiction Analysis

We believe that the Arbiter's rationale for basing the 6% adjustment on a comparison of "comparable jurisdictions" compensation was also seriously flawed for the following six reasons:

1. Improperly selecting jurisdictions as comparable using county-wide instead of unincorporated area demographic data.

Orange and Santa Clara Counties are simply not comparable to King County demographically when viewed from the perspective of area and population served by County law enforcement personnel, namely, unincorporated, not County-wide. While the population served by the Sacramento and San Diego County police forces are within 4% of the population served by the King County police force, the Orange County police force serves 43% fewer citizens, and the Santa Clara County police force serves 61% fewer citizens. To include Santa Clara and Orange Counties by allowing County-wide data is to violate the requirement of RCW 41.56.460(c) to compare ". . . like personnel of like employers of similar size on the West coast of the United States."

The police forces of Santa Clara and Orange Counties are not responsible for law enforcement in incorporated jurisdictions and use of data that ignores this fact is patently erroneous in determining comparability.

Further, contrary to the statement contained on page 7 of his opinion, the County did not argue that San Mateo County was comparable to King County. The San Mateo County police force serves only 81,000 citizens and is dissimilar on most of the other demographic indicators.

2. Improper and inconsistent definition of comparable wage data.

While the sole issue before the arbitration panel was the amount by which base wages are to be increased for 1985, consideration of total compensation is absolutely essential to a reasonable and responsible determination of base wage changes. If total compensation is not considered, the true value of the wages being compared is highly distorted for both employers and employees from a total, not singular, perspective.

The Neutral Arbiter, at least twice, clearly implies that base wages are "solely at issue" (p. 11 and p. 27) in these proceedings and suggests that total compensation ought not to be considered. This approach clearly violates RCW 41.56.460(c) and (f) where consideration of "wages, hours and conditions of employment" are specifically required in making a "determination". Further, the Neutral Arbiter was inconsistent in applying his definition of wages, suggesting, on the one hand, that base wages only are at issue and that therefore "he must ignore . . . participation. . . in the Social Security system" (p. 13), but on the other hand, amending base wages in comparable California jurisdictions by adding "Pers pickup."

Arbitrarily, the Neutral Arbiter includes PERS pickup as a "fact of life" but excludes two other "facts of life", social security and total pension costs, from consideration. The Arbiter has been inconsistent in his evaluation and comparison of wages and compensation and unfaithful to the requirements of RCW 41.56.460.

3. Improperly compared wages.

The Neutral Arbiter's analysis of the wages in comparable jurisdictions lacks defensible rationale. Why he chose to make three comparisons of base plus incentive pay wages is unclear. To give maximum incentive pay equal weight in comparing wage rates without any data to determine how many police officers have master's degrees and/or advanced post certificates, we believe seriously overstated the appropriate adjustment. The analysis also overlooked the fact that the County police longevity plan will result in an additional 1% wage rate increase in 1985. Applying the PERS pickup average to average incentive pay (Methods 2 and 3) when in Orange County it is applied to base wages is a clear error. This error artificially inflated the differences in compensation between King County and California jurisdictions used by the Neutral Arbiter.

Thus, aside from the Arbiter's failure to compare total compensation packages, he has arrived at his determination by comparing partial compensation packages that are apples and oranges.



#### 4. Treatment of PERS Pickup

While the County acknowledged in arbitration proceedings that some of the "comparable" California jurisdictions over the past ten years had picked up a portion of the employees' retirement system contributions (PERS Pickup) in lieu of cost-of-living increases, it was the County's position that total employer pension system contributions should be factored into an analysis of comparable compensation per the requirements of RCW 41.56.460. The Neutral Arbiter chose to ignore total employer pension system contributions for the stated reason that to do so "would automatically distort the base wage rates being paid by the other four comparable jurisdictions to their law enforcement officers" (page 12).

The County acknowledged in the arbitration proceedings that total employer pension system cost comparisons could be inappropriate if contributions included or excluded funding for amortizing individual pension system liabilities. The County suggested in the proceedings that given our inability to determine how employer pension costs were affected by amortizing pension system liabilities, and given the fact that the pension systems being compared were basically comparable (all provided for retirement benefits at age 50 for most employees on a 2% per year of service formula), the appropriate manner in which to reflect the PERS Pickup adjustment would be to compare net employee pension system contributions. Net employee retirement system costs for the four "comparable" jurisdictions averaged 3.29%. Net employee pension system costs for the King County police averaged 6.95%, a difference of 3.66%. The appropriate adjustment to base wages was 3.66%, not 6.94%. Why the Neutral Arbiter failed to even acknowledge the County analysis in his opinion and award is hard to understand. More than that, use of the larger number seriously and erroneously overstates any adjustment which might be considered appropriate under the comparability analysis.

Finally the 6.94% average PERS Pickup adjustment used by the Arbiter fails to account for the fact that the value in terms of compensation is not equal to the PERS Pickup adjustment used by the Neutral Arbiter. Employees who terminate do not receive employer-paid PERS Pickup contributions. This fact accounts for a reduced cost to the employer and a reduced value of the pickup to the employee, a point we raised in arbitration proceedings but which was not dealt with by the Arbiter in his analysis and decision.

#### 5. Ignoring the value of social security coverage provided to King County Police Officers seriously distorting the wage comparison.

The County's careful and exhaustive analysis of the value of the social security benefit purchased jointly by the

employer and the employee demonstrated the compensation enhancement which comes with that benefit even when the contribution of both employee and employer are considered.

Other arbiters (including the 1977 and 1978 Sinclitico King County Arbitration awards) did account for the value of social security. Contrary to his statement on page 13, that fact was evidence in the record and was either missed or ignored by the Neutral Arbiter.

The employer, both at the hearing and in executive sessions of the panel, indicated that there were no supplemental benefits replacing social security in other California jurisdictions. In fact, the employer pointed out that in the only other comparable jurisdiction providing social security coverage, Sacramento County, retirement benefits are reduced (coordinated) with social security benefits. This is not true for King County police officers.

The Neutral Arbiter did not appropriately value social security contributions and benefits. Instead, he substituted his own speculation on future federal policy decisions to discount the value of this aspect of compensation. Use of speculation as to possible future changes in the social security system and its benefits by the Neutral Arbiter as part of the basis for his decision to ignore social security flies in the face of the requirement in RCW 41.56.450 to base his decision on the evidence in the record. There are social security benefits today. There have been social security benefits for nearly 50 years. It is not within the purview of the Arbiter's charge to forecast future changes in federal policy and budget decisions.

#### 6. Ignoring Comparable Cost-Of-Living Data.

The Arbiter completely ignored differential costs of living among jurisdictions, dismissing on page 15 as "greatly flawed" the difference shown in the study and report of the Runzheimer Co., a firm providing this kind of service for nearly twenty years to the nation's leading corporations and upon which information these corporations base their pay plans.

To ignore differential costs of living, particularly between Washington and California jurisdictions, when attempting to compare wages not only distorts the comparison, it renders it meaningless. Police salaries in California reflect higher costs of living. That is intuitively correct and empirically true. The Neutral Arbiter ignored this fact, choosing to accept the opinion of the Union advocate over the hard evidence of years of use by leading private sector corporations of area differential cost of living studies provided by Runzheimer.

Specific concerns the Union raised regarding the Runzheimer analysis were addressed in detail by the County at

both the hearing and in the County's post-hearing brief. The Arbiter even expressed his own intuitive feeling that there was a difference in the cost of living between California and Washington. The omission of this consideration is another serious flaw in the Arbiter's assessment of comparability of circumstances among jurisdictions.

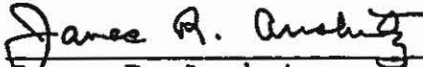
### Summary and Conclusions

Had the Neutral Arbiter properly applied RCW 41.56.460 and dealt with the evidence in the record, the appropriate increase would have been in the range of 2.5 - 3.5%.

This range would have been obtained had the Arbiter:

1. Taken into account the 2.86% increase in the Seattle area CPI-w
2. Taken into account a comparison of Seattle and King County comparative compensation
3. Made adjustments in California PERS Pickup on the basis of net employer pension system contributions
4. Acknowledged at least some value of the County's social security contribution and differences in costs of living between California jurisdictions and the cost of living in King County or chosen to use San Diego and Sacramento Counties as being most comparable to King County.

For the reasons stated above I vigorously dissent from the 6% award.



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James R. Anshutz  
King County Partisan Arbiter