

IN THE MATTER OF )  
INTEREST ARBITRATION )  
BETWEEN )  
MOUNT VERNON POLICE )  
SERVICES GUILD, )  
Guild, )  
and )  
CITY OF MOUNT VERNON, )  
WASHINGTON, )  
City. )

PERC NO. 10183-I-92-218  
NEUTRAL ARBITRATOR'S  
OPINION AND  
AWARD  
1993 WAGE REOPENER

HEARING SITE: City Hall  
Mount Vernon, Washington

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REPRESENTING THE GUILD: James M. Cline  
Hoag, Vick, Tarantino & Garrettson  
Suite 200  
425 Pontius Avenue N.  
Seattle, WA 98109

REPRESENTING THE CITY: Bruce L. Schroeder  
Heller, Ehrman, White & McAuliffe  
6100 Columbia Center  
701 Fifth Avenue  
Seattle, WA 98104-7098

ARBITRATION PANEL: Mike Marker  
Guild Appointed Member

Linford Smith  
City Appointed Member

Gary L. Axon  
Neutral Arbitrator  
1465 Pinecrest Terrace  
Ashland, OR 97520  
(503) 488-1573

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I. INTRODUCTION

This case is an interest arbitration conducted pursuant to Chapter 41.56 RCW. The parties to this dispute are the City of Mount Vernon, Washington (hereinafter "City") or ("Mount Vernon") and the Mount Vernon Police Services Guild (hereinafter "Union") or ("Guild"). In 1990 the parties negotiated their first Collective Bargaining Agreement under Washington law. The first Agreement covered the three-year period from January 1, 1991, through December 31, 1993. The 1991-93 Collective Bargaining Agreement called for a salary reopener for the third year of the contract. The parties were unable to resolve the sole issue of the appropriate wage rate for 1993 through negotiation and mediation. The matter was certified for interest arbitration pursuant to RCW 41.56.450, et seq.

The City of Mount Vernon is located in Skagit County. Skagit County is the center for a basically agricultural, fishing and timber economy. Mount Vernon is located approximately mid-way between Bellingham and Everett, Washington along the Interstate 5 corridor. The 1993 population of the City is approximately 20,450. The City actively promotes a rural and small-town atmosphere as part of its mission statement. City Ex. 65.

Skagit County has experienced a population growth from 66,100 in 1983 to 88,500 in 1993. The City of Mount Vernon has also grown from a population of 17,647 in 1990 to 20,450 in 1993. City Ex. 19. The largest employers within the City limits are the various public agencies, including Skagit County, the City, schools

and a public hospital. There are no major industrial or manufacturing employers located in Mount Vernon. In 1990 a mall opened in the neighboring city to the north, Burlington. Several retail businesses relocated out of Mount Vernon and into the mall at Burlington. However, during the same period the City has approved several new residential subdivisions to accommodate the increasing population of Mount Vernon which has grown steadily since the mid-1980s.

The Mount Vernon Police Department is comprised of approximately 36 full-time positions including a Chief, Assistant Chief, a Captain and a Records Manager who are in non-represented management positions. The bargaining unit is composed of 27 officers. Twenty-one are patrol officers and 6 are sergeants. The average length of service in the bargaining unit is almost 10 years. The Mount Vernon Police Department provides a full range of law enforcement services for the citizens of the City. The bulk of the Police Department is funded by the City's general fund.

The hearing in this case took three days for the parties to present their evidence and testimony. The majority of the hearing time was consumed on the issue of the appropriate jurisdictions with which to compare Mount Vernon for the purpose of establishing the 1993 wage schedule. The hearing was recorded by a court reporter and a transcript consisting of 689 pages was made available to the parties and the arbitration panel for the purpose of preparing the post-hearing briefs and award. Testimony of the witnesses was taken under oath. At the hearing the parties were



given the full opportunity to present written evidence, oral testimony and argument. The parties provided the Arbitrator with substantial written documentation in support of their respective positions. Comprehensive and lengthy post-hearing briefs were submitted to the Arbitrator with accompanying interest arbitration awards issued in the state of Washington.

The approach of this Arbitrator in writing the award will be to summarize the major and most persuasive evidence and argument presented by the parties. After the introduction of the issue and positions of the parties, I will state the principal findings and rationale which caused the Arbitrator to make the award on the wage issue.

The parties filed their post-hearing written briefs in a timely manner and the record was closed as of September 7, 1993. On October 6, 1993, the Union filed a Motion to Reopen the Record for the purpose of the admission of the newly signed Oak Harbor Police Department agreement. On October 8, 1993, the City filed a brief in opposition to the Union's Motion to Reopen the Record. After evaluating the arguments submitted by counsel regarding the Motion to Reopen the Record, the Arbitrator denied the Motion to Reopen in an order dated October 19, 1993.

Because of the extensive record made in this case the parties agreed to an extension of the statutory requirement that a decision be issued within thirty days of the close of the record. On September 29, 1993, the neutral Arbitrator met and conferred with the party appointed members of the arbitration panel to

discuss the evidence and argument contained in the record of this case. The comments and observations of the party appointed panel members were of great assistance to the neutral Arbitrator in making his findings of fact and award on the issue presented for arbitration. The written decision is solely the work of the neutral Arbitrator.

This Arbitrator carefully reviewed and evaluated all of the evidence and argument submitted pursuant to the criteria established by RCW 41.56.460. Since the record in this case is so comprehensive it would be impractical for the Arbitrator in this discussion and award to restate and refer to each and every piece of evidence or testimony presented. However, when formulating the 1993 wage award the Arbitrator did give careful consideration to all of the evidence and argument submitted.

The single issue submitted to interest arbitration in this case is the 1993 wage issue under the reopener provision of the 1991-93 Collective Bargaining Agreement.

The statutory factors to be considered by the Arbitrator may be summarized as follows:

- (a) The constitutional and statutory authority of the employer;
- (b) Stipulations of the parties;
- (c) (i) For employees listed in RCW 41.56.030(7)(a) and 41.56.495, 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 of circumstances during the pendency of the proceeding;

(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.

## II. BACKGROUND

This case comes to arbitration pursuant to a reopener clause in the 1991-93 Collective Bargaining Agreement. The single issue subject to the reopener involves the wage level for 1993. The present salary schedule is structured on an eight step system. It takes nine years to reach the top step of the current salary schedule. The nine year salary grid has been in place for several years. Pursuant to the 1992 contract, a beginning patrolman starts at \$2,278 per month and rises to a top step after nine years of \$2,838 per month. A Mount Vernon police officer's wage is \$2,742 after five years with the Police Department.

The sergeants are also included in this bargaining unit. A sergeant with zero to two years experience earns \$2,949 per month which increases to \$3,049 per month after two years. The sergeant reaches the top step of the salary scale after four years. The top step pay for a sergeant is \$3,149 per month.

The City pays the entire premium for medical care for bargaining unit members and their dependents pursuant to the terms of the contract. The members of this bargaining unit work a substantial amount of overtime. In addition, shift differential is paid for work between 5:00 p.m. and 9:00 a.m. Premium pay is also provided for special assignments made to the members of this bargaining unit.

The 1991 Agreement yielded a 7% increase. The second year of the contract generated a 3% increase under a CPI formula based on 100% of the all-cities CPI-U index, with a minimum of 3%

and a maximum of 7% computed on a reading of the November 1990 to November 1991 index.

The Union proposed for 1993 to alter the wage grid by reducing the time it takes to reach the top step from nine years to five years. The Union has proposed a wage increase that would average 17%. The City proposed to retain the existing salary grid with a 3% across the board increase.

The driving force behind the positions of the parties on the wage issue was comparability. Each party submitted substantial evidence and argument to support its position on the appropriate comparators for the purpose of establishing wages for Mount Vernon police officers. The Arbitrator was also supplied with several interest arbitration decisions involving other Washington cities. The arbitration of this case was conducted approximately six and one-half months into the 1993 contract year. By the time this award is issued, approximately two months will remain on the 1993 contract. The Arbitrator has evaluated this case in the context of a third year reopener and the implications of this award for future negotiations between the parties.



III. POSITION OF THE GUILD

The Union proposed a salary schedule for 1993 wages as follows:

<u>PATROL PAY STEP</u>	<u>MONTHLY WAGE</u>
0-1 years	\$2606
1-2 years	\$2737
2-3 years	\$2867
3-4 years	\$2997
4-5 years	\$3128
5+ years	\$3258

SERGEANTS' PAY STEP

0-2 years	\$3449.89
2-4 years	\$3567.31
4+ years	\$3684.69

The Guild's position on 1993 wages was based almost exclusively on its list of comparators. According to the Guild, its proposed list is more consistent with both statutory and other traditional factors relied upon in the selection of comparator jurisdictions in interest arbitrations than the list offered by the City. The Guild's "Weighted Multi-Factor Approach" resulted in a list of eight Washington jurisdictions which the Union believed represented a fair and equitable basis on which to establish Mount Vernon police wages. The Guild proposed eight Washington jurisdictions as its list of comparables. They are as follows:



<u>CITY</u>	<u>POPULATION</u>	<u>NUMBER OF OFFICERS</u>
Bremerton	36,380	56
Longview	32,650	46
Puyallup	26,140	43
Lacey	22,660	31
Mount Vernon	20,450	29
Mountlake Terrace	19,880	29
Des Moines	19,460	27
Port Angeles	18,270	27
Aberdeen	16,665	36
<hr/>		
Average without Mount Vernon	24,013	35

The Union submits the factors which relate to size, function, wealth and location of the comparator jurisdictions are most likely to be understood by the parties to produce a list of "like" jurisdictions.

The Guild avers that its method of analysis produced a balanced and reasonable set of comparators. The Union's list was composed of cities located in western Washington and excluded cities without "uniform personnel" or those with less than 15,000 population. The variance range was established to multiply or divide by a factor of 2. The Guild's demographic factors used as a basis for selecting comparables were as follows:

- 1) Population
- 2) Assessed Valuation
- 3) Assessed Valuation per capita
- 4) Retail Sales
- 5) Retail Sales per capita
- 6) Number of Officers
- 7) Number of Crimes

The factors given the most weight in the analysis were population and assessed valuation.

The Guild claimed that the factors it relied on for selecting comparators offer the best approach to determine "like employers of similar size." The argument of the Guild is summarized in the sections which follow.

1. Population. Population is the best measure of "similar size." Further, increases in population often increase the complexity and workload of the law enforcement officers' job. Population must be viewed in tandem with several other factors. Cities in the Guild's list of comparables range from 16,665 persons in Aberdeen to 36,380 persons in Bremerton. The average population of the eight cities without Mount Vernon is 24,013. The Guild's comparators are justified based upon the population range of the jurisdictions resulting from the Guild's study.

2. Assessed Valuation. Assessed valuation is a traditional factor utilized by arbitrators in the process of selecting comparators. The reasoning for using assessed valuation is that police officers not only protect people, they also protect property. Assessed valuation when viewed in conjunction with retail sales is probably far and away the best measure of the City's tax base and its ability to pay. An equitable wage award will take into account the similarity of Mount Vernon to cities of similar ability to pay. Assessed valuation serves as a rough measure of the wealth of a community.

3. Assessed Valuation Per Capita. Assessed valuation per capita is simply a more fine-tuned method of selecting comparators. The logic of utilizing assessed valuation per capita is that one gets a better measure of a city's ability to pay than by looking at assessed valuation alone. Assessed valuation per capita also provides a better snapshot of the local effort than does assessed valuation standing by itself.

4. Retail Sales. In Washington, a significant share of local income to cities is generated by the retail sales tax. The volume

of retail trade should also be viewed as a generator of police work as increases in commercial centers will likely result in rising crime related to such centers. Bargaining history supports the use of retail sales as an element for determining comparability. In 1991 the City relied extensively on purported diminished retail trade to justify a diminished wage settlement. An evaluation of comparable retail sales indicates that Mount Vernon is hardly sales tax poor. While neighboring Burlington's growth as a commercial center may have caused a temporary interruption in Mount Vernon sales tax growth, the evidence reflects that Mount Vernon appears to have a healthy sales tax base.

5. Retail Sales Per Capita. Retail sales per capita also provides a means of controlling for size and more carefully assessing the local effort of a jurisdiction towards support for its police department.

6. Number of Officers. The number of officers is a method of determining whether employers are like employers. As departments grow in size, they generally grow in sophistication and specialization. Increasing specialization usually leads to greater economic rewards for those participating in the more specialized police department. The increase in police wages under such circumstances is a reflection of the greater demands made upon the enterprise and the officers who serve the City.

7. Number of Crimes. Number of crimes has sometimes been relied upon by arbitrators to select comparators. Crime data is seen as a measure of workload and output of employees. While crime reporting methods may vary from jurisdiction to jurisdiction, the number of crimes is a factor worth giving some weight to in the selection of comparators.

In sum, the Guild submitted that its weighted multi-factor approach is an honest and rational method for selecting comparators. The Guild does not insist that this is the only way

to select comparators, but that it is a fair way on which to base Mount Vernon police wages.

Regarding the City's method of utilizing population alone as the basis for determining comparators, the Union submits such an ad hoc approach by using population only as a first cut and then excluding a significant number of Puget Sound jurisdictions ignores the impact of nearby large metropolitan areas. Mount Vernon is strategically placed along Interstate 5 mid-way between Seattle and Vancouver, B.C. Such an ad hoc method of selecting comparators is not rational or fair because the economic influence generated by the metropolitan area goes unrecognized.

The Guild next argues that Mount Vernon comparators should be selected out of the western Washington labor market. Presence in a common labor market is certainly one measure for determining whether employers are like each other. Arbitral authority teaches that selecting comparators based on a common labor market or geographic proximity is preferred. When there are a sufficient number of jurisdictions within the local market pool, arbitrators adopt jurisdictions that are geographically close to the target jurisdiction. The reason for looking at the local labor market is based on two primary factors. First, it is the market in which the employer competes for the purchase of labor. Second, human nature is such that it is expected that employees are more likely to look at jurisdictions geographically proximate, than those that are geographically distant to determine whether their wages are fair and equitable. Wages based on parity with Walla



Walla and Pullman, located in the far eastern part of the state of Washington, will not be perceived as fair and just.

The Guild contends there are a sufficient number of proper and fair comparators that can be drawn from within a labor market west of the Cascades. The population and number of police departments in the Puget Sound area are so significant that it is bound to have an impact on any jurisdiction adjacent to this area. There is no need to go east of the Cascades to find appropriate comparators.

Turning to the testimony of the City's expert witness, economist David Knowles, the Guild submits his testimony was "incomprehensible, contradictory, unscholarly and nonsensical." Knowles never offered a coherent or logical definition of what constituted a labor market. Nor had he actually studied the labor market for police officers. Whatever Knowles meant by a labor market, it appears his testimony had little or no resemblance to anything which has ever been utilized in defining a labor market in prior interest arbitrations. The Guild vigorously argues that Mount Vernon's proximity to Seattle has a strong influence on the Mount Vernon economy that cannot be ignored in selecting comparators. Mount Vernon is located sixty miles from the center of Seattle. The evidence offered by the Guild regarding Seattle's influence on Mount Vernon was not successfully rebutted by the City. The daily migration of thousands of persons along the Interstate 5 corridor set western Washington jurisdictions apart from eastern Washington cities.

Economic evaluations of Mount Vernon by neutral parties reveal this City is significantly impacted by its close proximity to Seattle. Mount Vernon is strategically located mid-way between Seattle and Bellingham. A profile of Skagit County noted that Mount Vernon "was ideally situated to be both a supplier of goods to those markets and a conduit for trade between the two." There is a "significant spillover" from Puget Sound with many residents commuting to jobs in Snohomish and King counties and bringing their paychecks home to Mount Vernon. Another report by the Employment Security Department predicted that Skagit County would be under tremendous pressure "to accommodate population and economic growth" largely because of their proximity to nearby Everett and Seattle.

Real estate expert Tom Kelly testified as to the effect of Mount Vernon's proximity to the Seattle area on its housing market. Kelly cited a marked increase in commuting since 1990. Kelly concluded that this City is linked now more than ever to the tri-county economic base of King, Pierce and Snohomish counties. The City's own finance director was quoted as characterizing Mount Vernon as a "commuter's paradise." The changes in the Mount Vernon housing market are direct evidence of this City's economic integration with the Seattle area.

It is also the position of the Guild that this City should not be viewed as a "stand-alone" jurisdiction. Because Mount Vernon sits on the edge of a larger metropolitan area, a very strong relationship exists between the jurisdiction's proximity to Seattle and wages. Therefore, the Guild submits that it is



appropriate to select a group of comparators that on the whole share Mount Vernon's characteristics in terms of proximity to larger metropolitan areas.

RCW 41.56.460(c)(i) requires comparisons made between jurisdictions of "like personnel of like employers of similar size." The statute mandates that only cities above 15,000 may be considered as comparators to the City of Mount Vernon. According to the Guild, cities with a population below 15,000 do not employ police officers as "uniform personnel" under the act. By using cities with a population below 15,000 the Arbitrator would incorrectly use jurisdictions that do not have "like personal of like employers." Wages for those police contracts in cities above 15,000 are much more likely to be set as a reference to the specific statutory criteria controlling in this interest arbitration. Jurisdictions under 15,000 do not have the benefit of interest arbitration.

Regarding the factor of cost of living, the Guild offered specific empirical data regarding two of the better measures of cost of living--housing costs and income. On the other hand, the City offered only "theories" about what the cost of living in Mount Vernon might be as compared to the other Washington jurisdictions. The City offered a theory to measure the differences in the cost of living between the jurisdictions through the testimony of transportation planner Brent Baker. The Guild argued Baker's theories do not actually measure the cost of living between cities. Rather he propounds a theory about what the differences in cost of

living might be among the various comparator jurisdictions. His theory was totally untested. On cross-examination, several aberrations in Baker's model were identified which undercut its validity. Baker was unable to explain why there was a 22% difference between the cost of living in Pasco and the cost of living across the river in Richland and Kennewick. Nor was Baker able to explain why San Juan County's cost of living was lower than the cost of living in the remote northeast Washington counties of Pend Oreille and Ferry.

Both parties recognize that there is no index which measures the relative differences in the cost of living in Mount Vernon with the other comparator jurisdictions. According to the Guild, the only accurate way to measure the cost of living is to actually measure the price of goods being bought, and no one has done that for Mount Vernon. The best available data presented at this hearing to measure Mount Vernon's cost of living was the house pricing data presented by the Guild.

Median family income is also a measure of comparability because it allows inferences about local effort to be drawn from the reports. In addition, the ratio of police officer salaries to median family income is a test of equity. Even the City's own economist testified that income measures of per capita and median family income were good indicators of local wealth and local cost of living.

The Guild takes the position that abundant evidence exists the local economy is prosperous. The City mistakenly uses

unemployment data for the entire County and offered no data on the actual employment rate in Mount Vernon for support of its position that high unemployment justifies a low wage settlement. While recognizing that Skagit County has a strong agricultural base, the economy is diversifying beyond agricultural based industries. It is reasonable to assume that the people moving to Mount Vernon are not doing so to work in the agricultural industry. Nor should the lack of "smokestack industry" be viewed as a negative in discussion of the Mount Vernon economy. If Mount Vernon's long-term plan is to be a bedroom community, maintaining a relatively pristine environment with light industry and service jobs is a rational approach to growth management in the City.

The Guild prepared sixteen tables which summarized the chief points of comparison on the relevant demographic factors between the eight jurisdictions it proposed and those proposed by the City. Guild Post-Hearing Brief, pp. 39-61. The Arbitrator will not repeat the findings displayed on the sixteen tables. The Guild submits its list of comparators is based on coherent, understandable principles which are well-grounded in statute and arbiter precedent. A review of the City's list of comparables reveals that it has been shifting over the term of the contract and has been result oriented. The evolving set proposed by the City over time is undoubtedly a reflection of the City proposing a list of jurisdictions with the lowest possible wages, and searching for a theory to support its comparator jurisdictions. In the 1990 negotiations the City proposed a list based on a population plus or

minus 50%. At that time the City did not attempt to exclude the counties immediately to the south of Mount Vernon. The Guild went with a western Washington list thinking it would promote a settlement of this contract. Across the range of the relevant demographic factors, Mount Vernon is generally near the median of the Guild's list of comparators, while it is generally near the top of the list proposed by the City. By using population as the only demographic variable by which to select comparables and then excluding the four counties to the south of Mount Vernon, the City has put together a distorted list. The Arbitrator should adopt the Guild's list of comparators and reject the list offered by the City.

Regarding the City's proposed "local labor market" consisting of the jurisdictions of Burlington, Sedro Woolley, Oak Harbor, Anacortes and the Skagit County Sheriff's Office, the Guild submits the model adopted by the City is flawed and should not be relied upon by the Arbitrator to establish a wage award. The City offered little empirical evidence to support its claim that this would be the appropriate group of comparator jurisdictions. Further, the City never defined what it meant by a local labor market. The City also proposed Oak Harbor as part of the local labor market jurisdictions, but rejected Bellingham and Everett which in terms of travel time are closer to Mount Vernon than is Oak Harbor. Mount Vernon is by far the largest City in the local labor market group. By equities, Mount Vernon should be the wage leader of this group. The Skagit County Sheriff's Department pays



far in excess of Mount Vernon which reverses a normal industry standard in which cities normally pay law enforcement officers more than counties in the same locale. The wide range in the ratios of population and assessed valuation reveals the difficulty in using dissimilar jurisdictions in the same labor market for making comparisons. Guild Post-Hearing Brief, p. 67, Table 18.

The wage offer proposed by the Guild is supported by relevant factors traditionally used to determine wage awards in interest arbitration proceedings. The Guild has taken a position that comparators should be compared on the basis of their five-year wage. There is a recognized tradition in interest arbitrations to make wage comparisons based on a benchmark. The Guild approach has been to use a format of comparing top-step wage on a five-year basis and treating any wages added after the five-year mark as a longevity premium. By using the fifth year of service as the benchmark for comparison, it is possible to make calculations and comparisons on an "apples to apples" basis for similarly situated employees.

In the 1991 negotiations, the City claimed it was unable to meet the Guild's wage demands because loss of retail business had caused a decline in tax revenues. The Guild agreed to a wage reopener with the promise that if revenues were improved at that time the employees would receive a catch-up increase. The revenues have improved and it is now time for an award which would bring the wages of this bargaining unit up to parity with the other comparable jurisdictions. The offer of the size proposed by the

Guild should be viewed in the context of the entire three-year package. The City bought itself more time by making promises to catch-up the wages for the officers in the third year. What the Guild is proposing by its substantial wage increase is simply a backloading into the third year of what should have been distributed over the full three years of the contract. The time is now to award the substantial increase in wages proposed by the Guild in order to establish parity with the other comparable jurisdictions.

If the Arbitrator determines to use a cost of living index as a part of setting a wage award, the Arbitrator should utilize the Seattle index which is commonly used to measure the appropriate wage level for Washington public agencies. In 1992 the Collective Bargaining Agreement stipulated the use of the All-Cities index rather than the Seattle index. There was a 3.7% difference in the two indices which caused Mount Vernon wages to fall further behind the comparators. Real wages over time have been declining for the members of this bargaining unit. Adoption of the City's proposed 3% award for 1993 would be lower than real wages in 1989 and near the 1987 wage level.

To the extent internal parity is relevant, the Arbitrator should note that the City has provided firefighter wage increases in excess of other employees also subject to interest arbitration. The increase agreed to for firefighters for 1993 was 4.5%. The Guild believes that internal parity is of little usefulness and may well violate the statutory requirement that wages be determined in



reference to comparable employers. While the internal parity factor might be relevant where there is an ability to pay argument, this is not an issue in the instant case. City has the fiscal resources necessary to pay the wages proposed by the Guild.

In sum, as this City has grown the demands on its police officers have increased. The City has become more prosperous as its tax base has shown significant improvement in recent years. The Guild asks the Arbitrator to make an award that is fair and equitable and will give the parties some stability in future contract negotiations.

IV. POSITION OF THE CITY

The City proposed a 3%, across the board adjustment to the current salary grid for patrol officers and sergeants, retroactive to January 1, 1993. The City's proposal would leave the current nine year, eight step salary grid in place through the remainder of this contract. The 1993 salary schedule proposed by the City would provide as follows:

Police Salary

		<u>Monthly</u> Proposed 1993 (3%)
<u>Patrolmen</u>		
0-6 months	. . .	2347.08
6 mo-1 year	. . .	2401.83
Over 1-2 years	. . .	2470.83
Over 2-3 years	. . .	2525.67
Over 3-5 years	. . .	2774.42
Over 5-7 years	. . .	2824.08
Over 7-9 years	. . .	2873.83
Over 9 years	. . .	2923.67
<u>Sergeants</u>		
0-2 years	. . .	3037.17
over 2-4 years	. . .	3140.42
over 4 years	. . .	3243.83
		City Ex. 72.

The City believes its proposal is fashioned in light of all the factors mandated by Washington law.

City believes its proposal is fair for seven basic reasons. First, the City is already paying consistent with the average of the jurisdictions in its local labor market. Second, officers are also paid in relation to its "true" comparable

employers. Third, the cost of living factor also supports the City's proposal.

Fourth, the City's proposal is justified by consideration of the relative cost of living differences between jurisdictions. The undisputed facts demonstrate that it is significantly less expensive to live in Mount Vernon than it is in the central Puget Sound area. Fifth, the turnover rate in this Department reveals that only three officers have left over a ten-year period, all for reasons unassociated with salary. Sixth, the City's proposal is consistent with the increases given other City workers. Seventh, the economic conditions in Skagit County and the City's finances argue in favor of the City's 3% offer.

The City's concern is that adoption of the Guild's exorbitant proposal would run counter to the principles of Washington law. According to the City, the Arbitrator's task is to fashion an award which constitutes an extension of the bargaining process. The Arbitrator's role in this case is not to upset the City's traditional position in relation to its comparables. The City hopes that the result of this arbitration will be that future negotiations will be approached by both parties with intent to resolve their differences at the bargaining table rather than in an adversarial interest arbitration hearing. Like the Guild, the City relied primarily on the comparables as the basis for its 3% offer.

The City generated a list of cities with a population plus or minus 50% of Mount Vernon. In order to reflect the rural, agricultural nature of Mount Vernon and its environs, the City

excluded all cities in this population band which were located in the central Puget Sound region. The Puget Sound region was defined by the City as jurisdictions in Snohomish, King, Pierce, Thurston and Kitsap counties. This approach reduced the list to twelve Washington jurisdictions, six of which were west of the Cascades and six of which were east of the Cascades. The City then reviewed its list and eliminated the two smallest eastern Washington jurisdictions.

The ten jurisdictions which the City maintains are "like employers" are as follows:

CITY	POPULATION	
	1992	1993
Kelso	11,837	11,850
Anacortes	12,110	12,260
Centralia	12,330	12,380
Aberdeen	16,630	16,665
Port Angeles	18,030	18,270
Oak Harbor	18,340	18,930
MOUNT VERNON	19,550	20,450
Pasco	20,840	21,370
Wenatchee	22,710	23,000
Pullman	23,190	23,480
Walla Walla	28,130	28,802
AVERAGE	18,415	18,703

The City urges the Arbitrator to adopt the recognized plus or minus 50% measure for selecting a similarly sized jurisdiction. The Guild advocates a skewed population ban which would include cities twice the size of Mount Vernon. The adoption of an approach which would yield a population ban of 50% down and

100% up should not be recognized as an appropriate means to compute a fair combination of comparable employers.

Regarding the Guild's claim that it is inappropriate to utilize cities smaller than 15,000 in population, the City submits the Guild's approach should be rejected. The definition relied on by the Guild has been amended by the Washington State legislature. The new law signed by the governor on May 15, 1993, reduced the population threshold to 7,500 for law enforcement personnel subject to interest arbitration. Even though the amendment is not effective until July 1, 1995, the statute reflects the legislative intent to broaden the reach of interest arbitration for police officers. Even if the amendment is not given full effect by the Arbitrator, the City claims that the Guild's argument is not supported by the statutes. Under the Guild's argument, all jurisdictions located in Oregon and California would be automatically excluded from the definition of "uniform personnel" regardless of size. RCW 41.26.030 requires parties to consider comparable employers from Oregon, California and Washington. Police in those states have their own enabling laws which are not controlled by Washington's statute. The Arbitrator should conclude that the legislature did not intend to constrain interest arbitrators to population bans contained in the definition of "uniform personnel" when deciding on similarly sized jurisdictions.

The cumulative effect of the Guild's limit on the lower end of the population and the broadening of the upper end is a list of comparables which is substantially larger than Mount Vernon.



The City's proposed comparators has a population range of 11,852 to 28,802. This represents a range of 41% larger than Mount Vernon to 42% smaller than Mount Vernon. On the other hand, the Guild's comparables range from 16,665 to 36,385, a percentage range of 19% smaller than Mount Vernon to 78% larger than Mount Vernon. The average population on the City's list was 18,415 which is similar to Mount Vernon's current population.

The City next asserts the Arbitrator should exclude cities located in the central Puget Sound urban area. The statute requires the comparable to be "like employers." The methodology adopted by the City in developing its comparables excluded jurisdictions located in the heart of the central Puget Sound urban core. Arbitrators have recognized that jurisdictions located within the central Puget Sound area are different because of the substantial influence of Seattle. The evidence offered at the hearing supports the position that Mount Vernon is not like jurisdictions located in the Seattle metropolitan core. The population density figures demonstrated that Skagit County has only 45.8 people per square mile compared with Snohomish County directly to the south with over 222.8 people per square mile. The remaining counties in the urban cluster range from a low of 221.8 people per square mile to King County with 709 people per square mile.

Skagit County is a rural county with 7.3% of the employment in agricultural related industries. This is in contrast to Seattle/Snohomish County where less than 4 tenths of the employees are employed in agricultural related work. The bulk of



the jurisdictions on the City's list of comparables were similarly situated in terms of the agricultural percentage in the work force. Skagit County had an unemployment rate of 10.7% which is substantially higher than the unemployment rate in the urban counties.

The testimony of Dr. David Knowles revealed that Skagit County is a rural area that is not densely populated. It does not have the economic influence placed on it because of its proximity to Snohomish, King and Pierce counties. In the judgment of Dr. Knowles, the central Puget Sound cluster ends north of Everett before reaching the agricultural base of the Skagit County Valley.

Moreover, the statistics do not back-up the Guild's claim that Mount Vernon has become a "bedroom community" for the urban areas. Rather, the data showed that 85.4% of Skagit County workers live in Skagit County. Only 2.4% of Skagit County residents travel to King County to work. City Ex. 9. While it may be true the number of commuters has increased over the last decade, Mount Vernon is a long way from becoming a bedroom community similar to those counties located immediately to the north and south of King County.

The City claims its comparables are "like" Mount Vernon. Anacortes and Oak Harbor are located in the same local labor market and are geographically the closest to Mount Vernon. Anacortes is also very close to Mount Vernon's assessed evaluation, even though its population is less. The cities of Centralia, Kelso, Port Angeles and Aberdeen are all cities located in western Washington.

They are also a small-town hub of an otherwise rural area. Centralia and Kelso have the additional similarity of being along the Interstate 5 corridor. These ten cities are located in counties where the density is significantly less than the Seattle metropolitan area. The bulk of these areas also have higher proportions of agricultural employment in their work forces. They also share the "unfortunate trait of having unemployment rates which are significantly greater than those counties in the Seattle metropolitan core." In sum, the jurisdictions chosen by the City satisfy the statutory requirement of being "similarly sized" and being "like employers."

Turning to the Guild's set of comparator jurisdictions, the City submits the Arbitrator should reject the Guild's results oriented list of dissimilar sized cities which are unlike Mount Vernon. The Guild's multi-factor regression analysis is not statistically supported. According to the City, the Guild's list is a results orientated compilation of jurisdictions which are unlike Mount Vernon. The Guild offered no expert testimony supporting the statistical underpinnings for the regression analysis.

Moreover, Dr. David Knowles and Brent Baker, the City's experts, testified about the significant risk in utilizing regression analysis as used by the Guild to establish its comparators. Both Dr. Knowles and Baker testified there were significant pitfalls in using the statistical analysis by the Guild to come up with its list of comparators. Baker testified that the

regression model does not prove a cause and effect relationship. The Guild offered no evidence to counter the expert testimony of Dr. Knowles and Baker. The framework for the Guild's analysis was unsupported and therefore should be rejected by the Arbitrator.

Even if the Guild's model is statistically accurate, the methodology behind the model is statistically flawed. While assessed valuation may have some support in arbitrable decisions involving firefighters who protect property, the primary responsibility of the police is to protect people. Assessed valuation does not measure the value of a life. If assessed valuation is being used as a measure of a jurisdiction's wealth, it ignores other major components of a city's revenue sources such as sales tax and utility taxes. The absence of a strong sales tax revenue counters any strength in property tax. A true measure of the City's revenues for paying a wage increase is total revenues. The City submits that this figure does not appear anywhere in the Guild's analysis because other revenue sources for Mount Vernon have been stagnant even in light of population growth.

The Guild further compounded its errors by automatically excluding all eastern Washington jurisdictions from its list of comparators. Dr. Knowles testified that the difference between eastern and western Washington is not really between east and west, but rather between rural and urban. There are pockets of rural communities in western Washington, north of Everett and south of Olympia. Skagit County is a rural area comparable to jurisdictions located in eastern Washington. The Guild's analysis neglects to

take into consideration the fact that Skagit County is a rural county which possesses many of the similarities in terms of its population density to cities located in eastern Washington.

The Guild's results orientated method of selecting comparables is also illustrated by the fact that Bainbridge Island, Bothell and the city of SeaTac do not appear on the source material for testing under the Guild's computer analysis. According to the City, the real explanation for this omission is that they are trying to eliminate jurisdictions with lower pay. Further, the Guild also eliminated Oak Harbor for some unexplained reason. On the other end of the scale, the Guild included the city of Aberdeen which has an assessed evaluation which is less than half of Mount Vernon which should call for automatic exclusion under the Guild's methodology. Aberdeen is a high paying jurisdiction which explains why it was not excluded from the Guild's list of comparators even though its own model would call for its deletion from the list.

The City cited other examples of where it alleged the Guild had failed to follow its own methodology. A close examination of the Guild's exhibit demonstrates they have "gerrymandered a list of alleged comparables that are not even supported by their own methodology," even if that methodology were statistically sound.

The Guild has shifted from their former comparables utilized in the 1990 negotiations without explanation. Present on the 1991 list of comparables were eleven jurisdictions drawn from eastern and western Washington, Oregon and California. The only



holdover on the current Guild list of comparables is Lacy, Washington. The Guild's unexplained abandonment of its 1991 comparables is yet one more piece of evidence of the Guild's gamesmanship.

The City next argues that Mount Vernon police officers are paid fairly in relation to its comparables. The Arbitrator should focus on the top step officer wages for similar periods. The Guild's attempt to utilize step five of the current salary proposal for purposes of comparison should be rejected by the Arbitrator. The monthly salary for top step police officers has been consistently utilized by interest arbitrators as the benchmark for comparison for police wages.

Moreover, it is important to know the City pays a significant amount of money to the members of this bargaining unit by way of premium pay and overtime. Fifty-nine percent of the patrol officers receive premium pay. The impact of the patrol premium results in an additional \$41.22 per month if prorated over the entire group of officers. The City did not include this additional salary expense when considering the appropriate third year salary adjustment.

City Exhibit 28 compared Mount Vernon with its comparables using all 1992 rates. The average pay of the City's ten comparables in 1992 was \$2,857. Mount Vernon is within \$19 per month of that average at \$2,838 per month. When Mount Vernon's wages are placed side by side with the two cities closest to it, Anacortes and Oak Harbor, the wage looks even fairer. Anacortes



top step police officers receive \$2,859, while Oak Harbor officers receive \$2,412. The bottom line is the 1992 position of Mount Vernon in relation to its comparables is not out of line with its traditional position with those same comparables. The 3% offer of the City will maintain Mount Vernon's wages in a like position for 1993.

The City next contends that police officers are paid fairly when adjusted for the relative cost of living differences between metropolitan jurisdictions and Mount Vernon. The City offered proof of differences in relative cost of living between these jurisdictions through the expert testimony of Brent Baker. Baker's testimony supports a conclusion that the cost of living remains significantly less in Mount Vernon than it does in the urban areas to the south.

Regarding the Guild's housing cost analysis, the City contends it does not reflect the true cost of living differences between Mount Vernon and the central Puget Sound area. The testimony of the Guild real estate expert Tom Kelly was flawed because there was no consistency in the source of information used in his report. Nor was there any attempt to define a prototype home for comparison in all of the jurisdictions that were studied by Kelly. In addition, Kelly did not measure sales prices for identical periods of time. This is not a scientific analysis of housing prices. The City does not dispute that the cost of housing in Mount Vernon has increased and that assessed evaluations have also increased. However, the Arbitrator should reject Kelly's

analysis as sufficient to prove that the cost of housing in Mount Vernon is on par with that of the central Puget Sound area.

Turning to the Guild's proposal to reduce the salary schedule from nine to five years, the City maintains this proposal should not be adopted. In the view of the City, the shortening of the time to reach the top step is a significant alteration in the wage grid which should not be accomplished in an arbitration confined to a third year wage reopener. The total cost for implementing the proposal is 15.59%. The Arbitrator should conclude the Guild has failed to demonstrate a compelling need to change the wage grid with its accompanying significant cost to the City.

With respect to the cost of living factor, the City asserts its wage proposal is fair in light of recent changes in the CPI. Since September 1991 the CPI-U for all U.S. Cities has been no greater than 3.4%. The CPI-W is not significantly different. Numbers for the same period of time range from a high of 3.2% to a low of 2.4%. City Ex. 31.

It is also the position of the City that members of this bargaining unit have been sheltered from significant increases in cost for medical care because the City pays 100% of the premiums for officers and their dependents. City Exhibit 32 takes the CPI-U and the CPI-W indexes and excludes the medical care components. As a basic matter, this shaves an additional .02% to .03% from the affected CPI. From the City's point of view, the CPI excluding the

medical care component, provides the better method of measuring the true impact of inflation on the members of this bargaining unit.

Members of this bargaining unit received a 7% increase in 1991 and a 3% increase in 1992 during the first two years of this contract. The 10% increase over the first two years of the Agreement far exceeds the CPI increases for that same period. When viewed over the time span from 1984 through 1992, the City alleges that actual wages of police officers have fared even better when compared to the consumer CPI. City Ex. 36. During that period, actual wages grew from \$1,893 to \$2,839, a cumulative increase in wages of 50% over the period from 1984 to 1992. The CPI for that same period was 35%. If officers' wages had grown by a sum equal to the full CPI, the current salary would only be \$2,550 per month. Hence, the City submits a catch-up for inflation is not justified.

On the issue of internal parity, the City's proposal is fair when compared with wages of other City personnel. Internal parity is considered by interest arbitrators under the catchall factor of the statute. RCW 41.56.460(c). When police salaries are compared with salaries of firefighters, the police officers have maintained a superior wage position since 1985. The top step for a firefighter in 1992 was \$2,662 versus \$2,838 for a patrol officer. There is no basis for an adjustment to bring police salaries in line with fire, since they are already significantly ahead.

The City provided a 3% increase for 1993 for all employees except firefighters. The firefighters received a 4.5%

increase to reflect the fact they had historically been behind their compatriots in the Police Department. There is nothing in the internal parity factor that justifies the 17% to 19% increase sought by the Guild in this interest arbitration.

It is also the position of the City that police wages are fair in relation to wages paid by jurisdictions in the local labor market. According to the City, a local labor market can be a separate group of jurisdictions to use as comparables. The City avers this factor is particularly relevant because conditions in the local labor market affect a city's ability to attract and retain qualified officers. Dr. Knowles testified that the importance of the local labor market has traditionally been utilized as a basis for establishing wages. The City offered the following five jurisdictions as relevant in the local labor market.

Anacortes  
Burlington  
Oak Harbor  
Sedro Woolley  
Skagit County Sheriff's Department

This list includes all of the significant police and law enforcement departments in Skagit County.

The average wage for police officers in the local labor market in 1992 was \$2,793. City Ex. 13. The top step pay for a Mount Vernon police officer is \$2,838. Because Mount Vernon police officers already enjoy a salary that is higher than paid in the local labor market, the Arbitrator should award the 3% offered by the City.



In contrast to the Guild's position that Bellingham and Everett are participants in the local labor market, the City argues they are not in Mount Vernon's local labor market. The only basis offered by the Guild for including Bellingham and Everett in the local labor market was apparently on the ground of mileage between Mount Vernon and the two cities. Bellingham and Everett have never been discussed in bargaining as cities within Mount Vernon's labor market. The expert testimony of Dr. Knowles was that Skagit County was a self-contained labor market which did not include Everett to the south or Bellingham to the north. This was supported by the lack of significant commute patterns across Skagit County lines by either Skagit County residents going elsewhere to work or non-residents coming into Skagit County to work. As Dr. Knowles pointed out this is a prime indicator of whether the local labor market is localized or not. Residency patterns of officers also support the localized nature of the labor market. All of the officers live in Skagit County close to the City of Mount Vernon. None of the officers live in Snohomish County or Whatcom County.

Bellingham and Everett are properly excluded from the local labor market based on the significant difference in size. The city of Everett has a population of 76,980 and Bellingham to the north has a population of 55,480. Everett has a police department comprised of more than 138 officers and Bellingham employs 85 officers which is significantly higher than the 27 employed by this City. Based on population of these two cities and the size of their police departments, there is no justification for



including them in the list of comparators for establishing Mount Vernon police wages.

The City also argues that current economic conditions in Skagit County do not warrant the Guild's wage proposal. The region's economic condition is painfully reflected in its continuing stagnant employment rate. With very few exceptions, Skagit County unemployment rates have remained in double-digit figures. Between May 1992 and May 1993 the unemployment rate increased one full percentage point from 9.3% to 10.3%. City Ex. 46. These unemployment rates have exceeded state and national levels for the period dated all the way back to 1970. Skagit County qualifies as a distressed area, which is a measure of ongoing unemployment which substantially exceeds the state average. Skagit County is also designated as a "labor surplus area." All of the counties which are on the City's proposed list of comparable jurisdictions are on the labor surplus list. The bulk of the Guild's comparables are not.

Per capita income figures for Skagit County also lag significantly behind the state average. The industry make-up in Skagit County is also troubling in that it has a high proportion of seasonal employment. This seasonal employment is attributed to the large agricultural base. City Ex. 53. The proposed residential developments and the opening of Eagle Hardware do not equate to economic vitality necessary to pay for the Guild's proposal.

The City's financial condition does not justify the significant wage proposal of the Guild. If awarded, the total cost

increase in one year alone for this proposal would be \$165,042. In base salaries alone this reflects a 15.59% increase. While the City is not making an inability to pay argument, the City's own financial condition does not justify the "exorbitant wage proposal demanded by the Guild." The City is also mindful of the clouds on the financial horizon implicit in Initiative 601-602. These initiatives raise the prospect of significantly reducing criminal justice funding which would undermine the ability to maintain the Police Department. Increasing taxes to fund the Guild's proposal is impractical. Recent tax levies including a bond issue to improve the police station and other City facilities have been rejected by the voters. In 1992 the Mount Vernon School District similarly had two budget failures for capital improvements. The climate in Mount Vernon is not conducive to tax increases.

The facts in the record of this case demonstrate the Department has had no turnover for reasons associated with salary. No officer has left for other departments over the last five years. There is no turnover problem justifying a significant change in the wage rate.

Private sector wage increases as reported by the Bureau of National Affairs reveals first year increases for 1993 were 3%. Wage increases for public employees ranged from a high of 4% from 1993 to the most common figure of 0% for this City's school district. Wage increases by private employers in the area are also consistent with the increase being offered by the City. Texaco is awarding a 0% increase while Christianson Seed has granted 3.7%

increases for 1993. Adoption of the Guild's 17% proposal is totally out of character with public and private sector settlements in the Mount Vernon area. The City concluded in its post-hearing brief as follows:

The City's proposal is fair, equitable and consistent with the statutory factors. The Guild's request for a 17% increase in one year is none of these things: it is unfair, inequitable and inconsistent with the statutory factors.

Brief, p. 64.

V. DISCUSSION AND FINDINGS

At the outset of this issue a few preliminary comments about the statutory procedure are in order. RCW 41.56.460 refers to the basis on which an interest arbitration award should be formulated as "standards or guidelines to aid it in reaching a decision." The Arbitrator is then directed to take into "consideration" the factors listed in the provision. The listed criteria are not defined in the law. Arbitral authority has provided some guidance to the application of the statutory factors to particular cases.

Both parties placed into the record numerous interest arbitration awards in other Washington cases. The Arbitrator found these decisions helpful in defining the parameters for this award. As with any labor conflict, this case has its own unique facts which required your Arbitrator to exercise his judgment on the particular circumstances of this dispute.

The statute also provides that the Arbitrator may consider 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." This phrase allows the parties and the interest arbitrator considerable latitude in determining what are the relevant facts on which to base an award to resolve a contract dispute. The City asserted several of its arguments should be evaluated under the "catchall" factor.

The factors identified in the statute are "standards or guidelines" which cannot be applied with surgical precision. The relative weight to be given to any of the criteria listed in the statute is not specified. Further, it is important to note that this Arbitrator is responsible for applying the evidence to the statutory factors even if the evidence submitted by the parties is incomplete, misleading, selective or manipulative. Recognizing these problems, it still remains the obligation of this Arbitrator to apply the record evidence to the criteria set forth in the statute. In assessing the evidence and argument on the wage issue, the Arbitrator has attempted to extract facts from the record evidence which provide reasonable and credible support for this award. The starting point for the analysis of the evidence on the wage issue in this case is comparability. Both sides devoted the majority of their evidence and argument to the issue of comparability.

The submission of a dispute to interest arbitration does not occur in isolation. It is part of the continuing relationship between the parties to this Collective Bargaining Agreement. Arbitrator Carlton Snow wrote in his City of Ellensburg (1992) decision about avoiding the "charade" of comparability. Snow correctly noted that it is reasonable for the parties to negotiate vigorously about the proper jurisdictions of comparability. However, he warned against the use of highly adversarial technical data and studies to support opposite viewpoints. The opinion expressed by arbitrator Snow was that the legislative intent was to



"design a principle-based decision making process, not a charade disguised as a scientifically objective system."

In the present case both parties offered substantial economic data, complex studies and expert testimony to bolster their own respective positions. Each side vigorously challenged the evidence offered by the other party as flawed, defective and not statistically sound. Because of the methods by which each party sought to justify its proposed comparators, this Arbitrator was faced with a record that included little common ground on the proper approach to selecting the appropriate comparators. Given this situation, the Arbitrator felt justified in making greater changes in the parties' proposed lists of comparators than I would normally do in an interest arbitration.

A. Guild Proposal to Change the Wage Grid

The Guild proposed to reduce the current salary schedule from an eight step schedule to a six step schedule. The City would continue the current eight step schedule. The Arbitrator finds the current wage grid should remain unchanged for 1993.

This interest arbitration is limited to the appropriate wage level for the 1993 contract year. A reduction from nine years to five years to reach the top step would be a significant alteration of the salary schedule. In the context of a third year wage reopener, the Arbitrator is not persuaded to award a drastic change in a wage grid which has existed for over ten years.

Moreover, adoption of the Guild proposal would be extremely costly. Based on the Guild's wage proposal, salary increases for individual officers would range from 13% to 17%. City Ex. 57. Even if a lower wage increase was awarded, the additional costs to the City of a revised wage grid should not be imposed by an interest arbitrator in a third year reopener.

Having rejected the Guild's proposed change for 1993, the Arbitrator does find there are valid reasons to alter the existing wage grid. However, any changes should be left to future bargaining when the entire Collective Bargaining Agreement is open for negotiation. A review of the police contracts contained in the record reveals that an eight step salary schedule which takes nine years to reach the top is not the norm.

The subject of changes in the wage grid should be left to future negotiations. The Guild's proposal to reduce the eight step salary schedule to a six step schedule for 1993 is rejected.

**B. Wages**

The Arbitrator finds after careful review of the evidence and argument, as applied to the statutory criteria, that a 5% increase for 1993 retroactive to January 1, 1993, is justified. The 5% applied to the existing wage grid will establish a salary schedule for 1993 to pay:

Police Salary

		<u>Monthly</u>
<u>Patrolmen</u>		1993 5%
0-6 months	. . .	2393.00
6 mo-1 year	. . .	2449.00
Over 1-2 years	. . .	2519.00
Over 2-3 years	. . .	2575.00
Over 3-5 years	. . .	2829.00
Over 5-7 years	. . .	2879.00
Over 7-9 years	. . .	2930.00
Over 9 years	. . .	2980.00
 <u>Sergeants</u>		
0-2 years	. . .	3096.00
over 2-4 years	. . .	3201.00
over 4 years	. . .	3306.00

The reasoning of the Arbitrator is set forth in the discussion which follows.

Members of this bargaining unit were paid wages in 1992 on a schedule which read:

Police Salary

		<u>Monthly</u>
<u>Patrolmen</u>		1992
0-6 months	. . .	2278.75
6 mo-1 year	. . .	2331.92
Over 1-2 years	. . .	2398.83
Over 2-3 years	. . .	2452.08
Over 3-5 years	. . .	2693.58
Over 5-7 years	. . .	2741.83
Over 7-9 years	. . .	2790.17
Over 9 years	. . .	2838.42
 <u>Sergeants</u>		
0-2 years	. . .	2948.67
over 2-4 years	. . .	3048.92
over 4 years	. . .	3149.33
		City Ex. 72.

The parties agreed to a 7% increase for 1991 and an additional 3% for 1992 which established the above salary schedule.

Two threshold issues developed between the parties over the issue of determining comparability. First, the Guild argued that only jurisdictions with a population above 15,000 should be used for comparators. According to the Guild, jurisdictions below 15,000 do not employ "uniformed personnel" as defined by the collective bargaining law. As such, they exist in a separate labor market which cannot be considered as "like employers" under the law. In the judgment of this Arbitrator, the statutory definition of "uniformed personnel" does not automatically exclude all jurisdictions with population less than 15,000 for purposes of establishing comparators. To the extent proposed comparator jurisdictions are below 15,000, they may logically affect the weight to be given to the wages paid in a 15,000 and under



comparator. In my judgment, the statute does not mandate total exclusion of a jurisdiction from a list of comparators simply because the population is below 15,000.

The threshold population for law enforcement personnel subject to interest arbitration has been changed by legislation. The new legislation will reduce the threshold population to 7,500. However, the change is not effective until July 1, 1995. The recent legislative amendment argues against total exclusion from the comparator list of all jurisdictions of less than 15,000 population.

The second threshold question concerns the appropriate benchmark with which to make wage comparisons. The Guild used the Step 5 rate of \$2,742 per month as the benchmark rather than the top step. From the Guild's point of view, using a Step 5 rate allowed for an "apples to apples" comparison of wages. The traditional benchmark for comparing wages is the top step wage. Adoption of the Guild's approach would compel the Arbitrator to ignore reality. Specifically, a Mount Vernon officer at Step 7 earns \$2,790 and the officer at Step 8 earns \$2,838. These amounts are substantially higher than the Guild's purported "top step." Nine of the 21 patrol officers are on Step 7 or Step 8.

The Arbitrator holds--under the circumstances of this case--the top step wage is the appropriate level to make the initial comparison. The fact it takes Mount Vernon officers nine years to reach the top is entitled to some consideration when making the detailed analysis of the comparator jurisdictions. If

it takes a police officer in a comparator city five years to reach the top, and nine years for a Mount Vernon police officer to reach the top, this fact cannot be totally ignored by the Arbitrator. As previously discussed, the parties need to address this issue in future negotiations.

#### Constitutional and Statutory Authority of the Employer

Regarding the constitutional and statutory authority of the City, no issues were raised with respect to this factor.

#### Stipulations of the Parties

Regarding the factor of stipulations of the parties, there were none of any significance presented to the Arbitrator.

#### Comparability

The predominant and defining issue in this case was the factor of comparability. The evidence offered by the parties on the issue of comparability was extensive and the subject of considerable controversy during the course of this proceeding. The parties were sharply divided on the methodology which should be used to select the comparator jurisdictions. Each side went to a substantial effort to demonstrate the flaws in the approach used by the opposing party in its effort to select the comparable jurisdictions. The Guild challenged the City's methodology of relying solely on population, to the exclusion of other factors, as contrary to the statutory command to compare with "like employers." The City alleged the Guild's multi-factor regression analysis "is

a results-oriented compilation of jurisdictions which are unlike Mount Vernon."

In addition to utilizing totally different methods to select comparators, both parties to this contract made substantial changes to the comparators utilized when the contract was first negotiated. A review of the jurisdictions used when the contract was first negotiated in 1990-91 discloses little or no resemblance to the lists proposed to this Arbitrator in 1993. No satisfactory explanation was offered by either party for the dramatic changes in the comparator jurisdictions to be used as a guide to set Mount Vernon police wages for 1993.

The only common jurisdictions on both lists were Aberdeen and Port Angeles. In essence, there are no historical comparators with which to measure police wages in Mount Vernon. On the issue of establishing the comparators, this Arbitrator is starting from the beginning, and not simply fine tuning what the parties have already agreed to as appropriate comparators for establishing Mount Vernon wages.

Regarding the City's methodology, the Arbitrator finds it is too narrowly constructed to yield a sound base on which to determine Mount Vernon police wages. By focusing solely on population, the City ignores other elements that give insight into determining "like employers." The problem is complicated by the City's automatic exclusion of cities located in Snohomish, King, Pierce, Thurston and Kitsap counties.

The results of the City's exclusive reliance on population outside of the central Puget Sound region caused four of its ten comparators to be from eastern Washington. The four cities are Pasco, Wenatchee, Pullman and Walla Walla. Mount Vernon is not an eastern Washington city. It is located on the Interstate 5 corridor within the "sphere of influence" of larger metropolitan areas to the immediate north and south.

The influence of the metropolitan areas is reflected in rapid population growth for Mount Vernon. Mount Vernon had a population of 14,260 in 1986. In 1993 the population stood at 20,450. Since 1989 the population rose by 5,660 to its current level. Guild Ex. III, F(3). The assessed valuation has almost doubled from \$476,118,903 in 1986 to \$815,494,595 in 1992. Guild Ex. II, E(2). These figures and others are indicative of a City in transition, experiencing rapid growth.

Moreover, the City's methodology produced three jurisdictions with less than 15,000 population. While I have previously held automatic exclusion of jurisdictions under 15,000 is not compelled, it is my conclusion that utilizing three jurisdictions out of the ten, with populations under 15,000 gives too much weight to police units without interest arbitration.

The Arbitrator holds it is simply unrealistic for the City to submit a list of ten jurisdictions composed of four eastern Washington cities and three cities with less than 15,000 population with which to compare wages and benefits for members of this bargaining unit.

Turning to the Guild's proposed list of comparators, the Arbitrator concludes it is too heavily weighted toward metropolitan jurisdictions to the exclusion of all eastern Washington cities. Further, Bremerton has a population of 36,380 which exceeds Mount Vernon's population of 20,450 by 15,930. The Guild's own figures also reveal Bremerton has substantially higher assessed valuation and retail sales than Mount Vernon. Bremerton should be excluded from the list of comparators. Longview should be excluded for similar reasons, and by virtue of its distance from Mount Vernon. Likewise, Des Moines should be deleted because it is in the center of the Seattle urban area. While Mountlake Terrace has several demographic characteristics similar to Mount Vernon, the geographic location of the city in the immediate Seattle metropolitan area warrants its exclusion from the list of comparators. As Mount Vernon continues to grow, Mountlake Terrace represents a jurisdiction which could be added to the list of comparators for future negotiations.

The Arbitrator accepts from the Guild's proposed list of comparators the cities of Puyallup and Lacey. Both Lacey and Mount Vernon are equidistance from Seattle. Lacey has 31 officers in its police department.

Puyallup is somewhat larger with a population of 26,140 and a police department of 43 officers. Like Mount Vernon, Puyallup is surrounded by rural area and remains far enough away from Seattle that it cannot be considered a suburb.



Centralia is somewhat smaller than Mount Vernon. However, its police department of 25 officers is close to the size of Mount Vernon. Because Centralia is a small-town hub in the center of a rural area and located on the Interstate 5 corridor, it serves as an appropriate point of comparison for determining Mount Vernon police wages.

From the list of comparators offered by the City, the Arbitrator accepts Centralia, Wenatchee, Anacortes and Oak Harbor. Anacortes and Oak Harbor reflect the City's local labor market analysis for determining the comparators. Both cities are located in the same geographic area of the state. Oak Harbor is extremely close to Mount Vernon in terms of population and size of the police department. Even the Guild would accept Oak Harbor as a comparable, if two conditions were met. The two conditions being a collective bargaining agreement negotiated under the statute, and a wage scale consistent with industry standards. In the judgment of this Arbitrator, neither of these conditions is justification to exclude Oak Harbor from the list of comparators.

The Arbitrator selected Wenatchee off the City's proposed list because it is a rural city located in eastern Washington. Geographically, it is also the closest eastern Washington city to Mount Vernon. In terms of population, size of department, assessed valuation, retail sales, etc, Wenatchee fits well with Mount Vernon on the demographic variables.

The Arbitrator agrees with the parties that Port Angeles and Aberdeen should be included as comparators. For all practical

purposes, the third city of Oak Harbor is mutually acceptable to both parties. The Guild also conceded that if the Arbitrator were to use an eastern Washington city for a comparator, Wenatchee is the most logical choice. In the judgment of this Arbitrator, the four jurisdictions of Port Angeles, Aberdeen, Oak Harbor and Wenatchee form the nucleus of the cities on which to determine Mount Vernon police wages.

The Arbitrator concludes the eight cities listed below are appropriate comparators for establishing the wage level to be paid Mount Vernon police officers.

<u>City</u>	<u>Population</u>	<u>Size of Department</u>
Aberdeen	16,665	36
Anacortes	12,260	17
Centralia	12,380	25
Lacy	22,660	31
Oak Harbor	18,930	20
Port Angeles	18,270	27
Puyallup	26,140	43
Wenatchee	23,000	34
<u>Average without Mount Vernon</u>	18,788	29
Mount Vernon	20,450	29

The above list of eight cities provides a balanced group of similarly sized, like employers. Anacortes and Oak Harbor are located in the same labor market. The parties concur that Aberdeen and Port Angeles are appropriate points of comparison. For all practical purposes, the parties agree Oak Harbor should be on the list of comparators. Wenatchee is a small-town hub of a rural area. Lacy and Puyallup reflect the sphere of influence of the

Puget Sound metropolitan area to give balance to the local comparators. Centralia is a rural hub located on Interstate 5 west of the Cascades.

As did the parties, the Arbitrator focused on developing a list of comparators which will not only be useful in 1993, but in future negotiations. While the list of comparators adopted by the Arbitrator is not perfect, it will serve to establish a solid base for guidance in future negotiations. It is recognized some fine tuning of the comparator list may be necessary in the next round of bargaining. Because the Arbitrator developed his list of comparators from both parties' lists, the salary data was not the same, or was incomplete. Based on the best information available in the record and from what I could discover from the contracts, the wages for the comparators appear as follows:

<u>City</u>	<u>1992</u>	<u>1993</u>
Aberdeen	3,132	3,227
Anacortes	2,859	*2,859
Centralia	2,849	2,963
Lacy		3,259
Oak Harbor	2,412	*2,412
Port Angeles	2,917	3,010
Puyallup		3,690
Wenatchee	3,135	3,239
Average(6)	2,884	
Mount Vernon	2,838	2,980
Average wage for 1993 including cities without a 1993 settlement.		3,082
Average wage for 1993 of six cities with 1993 contracts.		3,231
*Wage not settled at time of arbitration hearing.		

Given the absence of complete data, the use of the average wage figures is not as reliable a measure as this Arbitrator would prefer. However, the figures do reveal generally that as the wages stand for all eight jurisdictions it would take a \$244 per month increase to bring Mount Vernon to the average wage of all cities or \$393 per month to reach the average of the six jurisdictions with 1993 settlements. While the City is not arguing inability to pay, this Arbitrator is unwilling to award the 17% to 19% wage increase proposed by the Guild. The economic conditions of Skagit County and Mount Vernon simply do not justify a one-year increase of that magnitude. Nor is there any evidence in the record of this case which convinced the Arbitrator of a need to set Mount Vernon police wages at or near the top of the wages paid in the comparable jurisdictions.

The 5% increase will set the top step salary at \$2,980. While this increase is larger than the 1993 increases for both internal and external comparators, the Arbitrator took into account it takes nine years to reach the maximum wage under the existing salary schedule. The 5% increase is also consistent with negotiated increases of 7% and 3% for 1991 and 1992 respectfully.

The 5% increase will position members of this bargaining unit in the middle range of the comparators for 1993. For 1993 the top salary will rank number six out of the nine jurisdictions. The top step wage of \$2,980 per month will put in place a wage schedule that is competitive and reasonable in relation to the comparators.



The Arbitrator is also mindful of the fact members of this bargaining unit continue to enjoy fully paid health insurance for employees and dependents.

#### Cost of Living

Turning to the criteria of cost of living, the parties differed in their approach to the issue. Evaluation of the evidence presented on this factor is complicated by the fact there is no established or recognized index for measuring cost of living changes for Mount Vernon. Mount Vernon is not included in the CPI for Seattle or the ACCRA index. The Guild urged the Arbitrator to use housing costs in Mount Vernon as the better measure of local cost of living.

In contrast to the Guild, the City relied on the CPI as a more accurate measure of the true impact of inflation on the members of this bargaining unit. City Exs. 31-38. The City also offered a study by Brent Baker on the subject of geographic cost of living differences. City Ex. 39. Baker also testified regarding his study and its conclusions.

With all of its faults and weaknesses, the Arbitrator must give the greater weight to CPI as an indicator of the impact of inflation on the members of this bargaining unit. The December 1991 CPI-U (All U.S. Cities) rose 3.1% from December 1990. The December 1992 CPI-U (All U.S. Cities) showed an increase of 2.9% from December 1991. The CPI-W (All U.S. Cities) revealed similar percentage increases for the same periods. Given the fact members

of this bargaining unit received 10% increases during the first two years of the contract, no conclusion is justified that a substantial wage increase is necessary to compensate for the loss in purchasing power due to inflation.

Turning to the testimony of Guild real estate expert Tom Kelly, the Arbitrator accepts the testimony of Kelly to the extent housing prices have been rapidly increasing in Mount Vernon. Kelly's study indicated the average sales price of a Mount Vernon home rose from \$57,119 in 1986 to \$119,448 in 1993. His conclusion that growth and densely populated areas cling to, and expand along the shoreline and freeways is also sound.

The Arbitrator cannot adopt the Guild's attempt to use Kelly's work as the measure of relative cost of living between jurisdictions. First, there is no uniformity in the source of the information in Kelly's cost of living report. Second, the type of home sought to be compared was not defined. Third, housing costs are only one element of the cost of living.

In sum, the testimony and report of Kelly does not justify the substantial wage increase claimed by the Guild in this case. The 5% awarded by the Arbitrator is consistent with recent increases recorded in the CPI.

### Changes

On the factor of changes in the foregoing circumstances during the pendency of this proceeding, the Arbitrator rejected a Guild attempt to unilaterally submit evidence after the record had been closed.

### Other Factors

Turning to the "other factors" which are normally or traditionally taken into account in the determination of wages, the Arbitrator finds four factors are worthy of consideration in the present case. First, all City employees received a 3% increase for 1993, except the firefighters. The firefighters negotiated a 4.5% increase. Second, 1993 wage increases for public and private employees in the Mount Vernon area were modest ranging from 0% to 4.5%.

Third, the low Department turnover rate reveals a wage level that is sufficiently competitive to attract and retain qualified police officers.

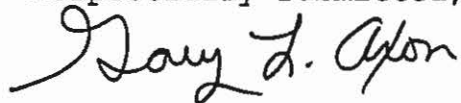
Fourth, a 5% wage award for 1993 reflects the fact that rapidly increasing population is making greater demands on the members of this bargaining unit for police services in terms of numbers and types of crimes.

In sum, the 5% increase and the establishing of comparators will put in place a solid framework for negotiation of the successor Agreement for 1994.

AWARD

The Arbitrator awards that a 5% increase be applied across the board to the existing salary schedule retroactive to January 1, 1993.

Respectfully submitted,



Gary L. Axon  
Interest Arbitrator  
Dated: November 6, 1993