IN THE MATTER OF INTEREST ARBITRATION

BETWEEN

SEATTLE POLICE MANAGEMENT ASSOCIATION

AND

CITY OF SEATTLE
(PERC No. 6502-I-86-148)

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OLYMPIA, WA

FINAL REPORT

Lieutenant John Carson
Association's Party Appointed Arbitrator

M. Carol Laurich
City's Party Appointed Arbitrator

Professor Carlton J. Snow
Neutral Arbitrator and Chairman
of the Arbitration Panel

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FINAL REPORT

I. INTRODUCTION

This matter came for hearing pursuant to RCW 41.56.450 which states:

> If agreement has not been reached following a reasonable period of negotiations and mediation, and the Executive Director, upon the recommendation of the assigned mediator, finds that the parties remain at impasse, then an interest arbitration panel shall be created to resolve the dispute.

After the parties in this case found themselves at impasse and participated in mediation, they presented the unresolved issues to a panel of interest arbitrators. There has been no challenge to the statutory authority of the panel to resolve the dispute.

The arbitration panel has followed statutory requirements set forth in RCW 41.56.450-41.56.460 as well as WAC 391-55-205 - 391-55-255 in deciding this matter. By mutual agreement, the City and the Association selected Professor Carlton J. Snow as the neutral member of the panel. Pursuant to WAC 391-55-205,

the parties appointed as partisan arbitrators Ms. Carol Laurich to serve as the Employer's party appointed arbitrator (after Ms. Lizanne Lyons, the original appointee, found it necessary to become a witness for the City) and Lieutenant John Carson as the party appointed arbitrator for the Association. Mr. James Pidduck, Assistant City Attorney, represented the City of Seattle, Washington in the proceedings, and Mr. James H. Webster of the Webster, Mrak and Blumberg law firm in Seattle, Washington, represented the Seattle Police Management Association.

Hearings occurred on January 30-31, February 1-2, and July 22-23, 1987 in a conference room of the East Precinct Police Station located at Twelfth Avenue and East Pike in Seattle, Washington. The hearings proceeded in an orderly manner. There was a full opportunity for the parties to submit evidence, to examine and cross-examine witnesses, and to argue the matter. All witnesses testified under oath as administered by arbitrator. The advocates fully and fairly represented their respective parties. Ms. Wanda L. Williams, Court Reporter of Kirkland, Washington, reported the proceedings for the parties and submitted a transcript of 1,495 pages in six volumes.

The parties elected to submit post-hearing briefs in the matter, and they submitted combined briefs of approximately 178 pages. The neutral arbitrator continued to receive evidence from the parties until December 8, 1987, at which time he officially closed the hearing; but correspondence

from the parties and contact with them by conference calls continued until December 30, 1987. The parties waived the thirty day time limitation for issuance of a decision by the arbitration panel in this case.

With its post-hearing brief, the Association submitted three arbitration awards for consideration by the neutral arbitrator. In a letter of November 10, 1987, the Employer objected to the Association's inclusion of two of the awards, namely, Public Safety Employees', Local 509 and King County, as well as the City of Walla Walla and Walla Walla Police Guild. It was the position of the Employer that those awards amounted to submission of new evidence and tended to impeach the validity of the Runzheimer Report (a report to be discussed later in this report) after the close of the hearing.

On March 2, 1988, the Association submitted for consideration by the arbitration panel a third award, namely, the award in the City of Seattle and International Association of Firefighters, Local 27. The Association requested that the arbitration panel take arbitral notice of this decision and stated:

> This is particularly true because, with respect to the cost of living arguments advanced by the City, the panels [sic] and the Seattle Fire proceeding had before them a record identical to the record before the panel in this case. Specifically, transcripts of the testimony and exhibits concerning the Runzheimer report offered in the Seattle Police Management Association proceeding were introduced as exhibits in the Fire proceeding. (See, letter of March 2, 1988 from Ms. Weir to Professor Snow).

On March 11, 1988, the City of Seattle registered a formal

objection to the Association's submission of the IAFF award on the basis of the fact that it was untimely. (See, letter of March 11, 1988 from Mr. Pidduck to Professor Snow).

As a general rule, labor arbitrators have ignored evidence submitted by one of the parties after a hearing has been concluded. The problem, of course, is that the other party has been denied an opportunity to refute the new evidence. The more customary approach in arbitration has been for a party desiring to submit new evidence to request that the hearing be reopened, on the theory that it can be demonstrated that the new evidence was unavailable at the time of the hearing and is important to a resolution of the dispute. If the evidence was available at the time of the hearing, of course, it ought to have been submitted then, or at least some substantial reason ought to be presented that explains the nonproduction of the new evidence at the time of the hearing. (See, for example, Food Employers Council, Inc., 67 LA 328 (1976); Madison Institute, 18 LA 78 (1952); and Shopping Cart, Inc., 350 F. Supp. 1221 (1972)). In the ordinary case, additional evidence submitted after a hearing has been concluded will not be considered by an arbitrator.

A practice of long standing among some arbitrators has been for them to research and take notice of other arbitration awards. The principle of stare decisis has not taken root in labor arbitration, but awards of other arbitrators have been utilized for guidance and in an effort to evaluate the reasoning of a decision maker that might have been applied to a

similar problem. It is well understood that it is an arbitrator's responsibility to exercise independent and impartial judgment with respect to the issues being considered, but it also is prudent to give respect to the wisdom and experience of others. As one arbitrator has put it:

> As to arbitral decisions rendered under other contracts between parties not related to those in the case at hand, usefulness depends upon similarity of the terms and of the situations to which they are to be applied. They must be weighed and appraised, not only with respect to these characteristics, but also with regard to the soundness of principles upon which they proceed. Certainly an arbitrator may be aided in formulating his own conclusions by knowledge of how other men have solved similar problems. He ought not to arrogate as his own special virtues the wisdom and justice essential to a sound decision. (See, Merrill, "A Labor Arbitrator Views His Work," 10 Vand. L. Rev. 789, 797-798 (1958)).

By enclosing a copy of decisional materials, a party merely expedites the process of research by making readily available public documents which could have been cited in the brief and secured by the arbitrator. (See, RCW 41.56.450). Use of decisional material from other arbitrators is not unlike the concept of judicial notice. It customarily is assumed that a judge is free to take notice of the work already done by the courts. One treatise on evidentiary rules has described the process of "notice" as follows:

> Usually there is recourse to statutes, court rules, or cases that are referenced by citation without any need to introduce into evidence the original (or copies)of the pertinent materials. (See, Lilly, An Introduction to the Law of Evidence, p. 15 (1978)).

It, of course, is important to stress that taking "notice"

of previous awards does not mean that they have been used in any precedential sense or that they have been treated as new evidence. Rather, the materials merely have provided guidance with respect to the reasoning process applied to similar problems and situations as those faced by this arbitration panel. Consequently, it is reasonable to conclude that the panel properly may consider the awards to which the Employer has objected.

It also must be recalled that the Association vigorously challenged the validity of the Runzheimer Report during the arbitration hearings. Consequently, for the Association to include arbitration decisions that allegedly support its position in this respect serves simply as further argument on an issue thoroughly explored at the hearings. Any surprise the Employer may have suffered from the inclusion of the material with the Association's post-hearing brief has been cured by the arbitration panel's consideration of the Employer's rebuttal letters. Accordingly, the arbitration panel has considered all three of the arbitration awards submitted by the Association with its post-hearing brief as well as the rebuttal letter offered by the City on November 10, 1987.

A procedural requirement has been set forth in WAC 391-55-220 which states that:

> At least seven days before the date of the hearing, each party shall submit to the members of the panel and to the other party written proposals on all of the issues it intends to submit to arbitration.

The Employer failed to comply with the regulation, and there is a dispute about the existence of a waiver that would have released the City from compliance. The City sought a ruling from the Washington Public Employment Relations Commission with respect to the impact of the Association's allegation.

The Commission, in effect, returned the matter to the arbitrator and offered the following guidance to the neutral chairman with respect to the meaning of WAC 391-55-220:

> The regulation in question consists of two sentences. The first concerns proposals of parties, which must be submitted at least seven days prior to the date of the hearing. The second concerns issues, which must be identified earlier in the process. The reason the regulation requires that all issues be identified at least during the final stages of negotiations is to ensure an orderly arbitration process. Proposals may be exchanged even after a dispute has been certified for interest arbitration, but the final positions of the parties need to be made known to one another at a set date prior to hearing, so that preparation may be made for hearing.
>
> The question before us concerns the late submission of proposals, as opposed to issues. The regulation does not expressly provide a sanction for submitting a proposal within the seven-day period. The second sentence of WAC 391-55-220 only allows suppression of an issue, and then only when that issue was not brought up at an earlier point in time. That sentence is not applicable to the submission of proposals. (See, Decision 2735-PECB, pp. 3-4, 1987).

The Commission was clear in its instruction that, for any sanction for a late proposal to be appropriate, there

must be "demonstrable prejudice to the party receiving it." (See, Decision 2735-PECB, p. 4). If the late proposal were the same as previous proposals, there is a presumption of a lack of prejudice; and it would be inappropriate to impose a sanction. The Association failed to show demonstrable prejudice in this case, nor did the Association establish that it had been harmed in its ability to prepare its case. It is reasonable to conclude that no remedy is appropriate in this case and that the panel has jurisdiction to consider all proposals submitted to it.

The arbitration panel has complied with requirements of RCW 41.56.460 in reaching its decision in this case. The framework for proceeding has been set forth in RCW 41.56.014 where the statute states:

> The intent and purpose of this chapter is to promote the continued improvement of the relationship between public employers and their employees by providing a uniform basis for implementing the right of public employees to join labor organizations of their own choosing and to be represented by such oirganizations in matters concerning their employment relations with public employers. (Emphasis added).

The legislature has made clear that interest arbitration has been established as an alternative means of dispute resolution by recognition of the fact that public policy in the state does not favor strikes by uniformed personnel. Factors set forth by RCW 41.56.460 for consideration in cases of this sort and which factors have been carefully evaluated by the arbitration panel are as follows:

(1) The constitutional and statutory authority of the Employer;

(2) Stipulations of the parties;

(3) A comparison of 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;

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

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

(6) 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. THE NATURE OF INTEREST ARBITRATION

Several observations about the nature of interest arbitration will help define the context for the decisions reached by the arbitration panel. Interest arbitration is a process by which there is a binding determination of contractual terms. While it is a modern day response to statutory prohibitions against public sector strikes, interest arbitration has deep historical roots in the United States. As early as 1871, the coal industry in Pennsylvania used the services of a neutral third party to determine contractual terms, including wages. (See, Mote, Industrial Arbitration, p. 192 (1916)). Depending on the pendulum swing, labor organizations have vigorously disapproved of interest arbitration or employers have objected to its use. (See, Gershenfeld, Thirty-sixth Annual Proceedings of the National Academy of Arbitrators, p. 191 (1984); and Mote, p. 208).

Most parties in labor-management relations are familiar with grievance arbitration, a judicially oriented process that attempts to define the rights of parties under an existing contract pursuant to well established standards of contract interpretation. Interest arbitration is quite different. Arvid Anderson, President of the National Academy of Arbitrators, has offered the following observation about interest arbitration. He stated:

> Interest arbitration is essentially a legislative process, while grievance arbitration is essentially a judicial process. (See, 3 The Labor Lawyer 745 (1987)).

Interest arbitration focuses on statutory standards and is based on procedures and criteria specified by the law. Although mindful of the legislative cast to interest arbitration, the Washington Supreme Court has sustained the constitutionality of interest arbitration. (See, City of Spokane v. Spokane Police Bureau, 87 Wash. 2d. 457, 553 P.2d 1316 (1976)).

Interest arbitration responds to special problems of collective bargaining that surface most uniquely in public sector disputes. On one hand, implicit in legislative enactments in Washington with respect to interest arbitration is the public policy that employes without access to ordinary procedures in collective bargaining ought to be protected against the unilateral imposition of wages and conditions of employment by the Employer. On the other hand, legislative representatives have recognized that allowing these public employes to engage in a work stoppage would give them an unfair advantage over the public employer. That is, some public employes have a greater capacity for inflicting harm on the public than do employes in the private sector. Moreover, unlike employers in the private sector, public employers ordinarily cannot put forth a persuasive "inability to pay" argument. Thus, "unhampered by such market restraints, a union that can exert heavy pressure through a strike may be able to obtain excessive wages and benefits." (See, Block, "Criteria in Public Sector Disputes: Arbitration and the Public Interest," Proceedings of the Twenty-fourth

Annual Meeting, National Academy of Arbitrators (1971)).

The point is this: interest arbitration is not intended to give public employes every concession that they could extract from a public employer. Interest arbitration is a substitute for a work stoppage in the sense that it provides public employes an alternative forum in which to press those issues they have been incapable of resolving at the bargaining table. It must be stressed that the interest arbitrator is an extension of the negotiation process and, in part, makes an effort to accommodate interests of the public employer (and the citizens they represent) with interests of the employes who have requested interest arbitration. The Washington legislature has concluded that interest arbitration is the best available alternative for balancing interests of employers and uniformed personnel in the state. By carefully delineating the issues subject to interest arbitration and clearly defining statutory criteria to be applied by interest arbitrators, members of the legislature have attempted to protect the interests of all parties, including the general public.

It seriously misconceives the purpose and function of interest arbitration to use it as a means of accumulating guidelines with which the parties may settle later contract negotiations. That is not the purpose of interest arbitration. Like a strike in the private sector, the outcome of an interest arbitration is designed to be uncertain and to provide both parties with a substantial risk. The objective

of interest arbitration is not to produce predictability for future negotiations. Otherwise, the parties will view interest arbitration, not as a last resort, but as the inevitable conclusion to virtually every negotiation. If interest arbitration is viewed as a place for collecting guidelines to be used in future negotiations, there will be little incentive for the parties to bargain toward a realistic settlement because they will know that, ultimately, an interest arbitrator will perform the job for them. When the parties begin to view interest arbitration as a place to garner guidelines for future negotiations, "the leaderships of union and management alike are relieved not only of the responsibility for ratification or approval of negotiated contracts, but, more alarmingly, relieved of responsibility for everything that is in the contract, other than for formulating demands." (See, Zack, "The Arbitration of Interest Disputes: a Process in Peril," 41 Arb. J. 38, 42 (1986)).

As a general rule, when one confronts an interest arbitration situation involving a large number of unresolved issues or containing economic proposals that are extremely far apart, there is a suspicion that the parties are either inexperienced with the process or that there has developed a dependency-like reliance on interest arbitration. It is important to highlight the fact that using interest arbitration in the way previously described makes it a substitute, not for the strike, but for the collective bargaining process itself. RCW 41.56.430 is clear about the fact that interest

arbitration has been designed as an alternative to a strike by uniformed personnel and not as an alternative to diligent collective bargaining by the parties themselves.

It is correct that the goal of interest arbitration is to produce a final decision that will, as nearly as possible, approximate what the parties themselves would have reached if they had continued to bargain with determination and good faith. But every interest arbitration decision must remain "case specific." It is detrimental to the bargaining relationship of the parties for them to view interest arbitration as a means of developing guidelines to be used in their future relationship. Only by making each interest arbitration "case specific" can the integrity of the parties' own process be retained. The purpose of interest arbitration is not to provide guidelines for future negotiation, for such an approach removes the process from the parties' control in the future. What an interest arbitrator does is attempts to inject some realism into the parties' current agreement in order to provide a model for realistic negotiations in the future, but the lesson for the future ought to be that the parties' most predictable bargain can be struck by themselves at the bargaining table.

It is incorrect to conclude that this approach to interest arbitration makes it a standardless procedure. There are statutory standards to be applied, and they have been set forth in RCW 41.56.460. Those standards, however, are to be applied in a "case specific" and are not to be viewed as a

mandate for giving the parties guidelines to be followed in future negotiations.

Nor does an interest arbitrator in one case want to set forth guidelines that hobble a future interest arbitrator hearing a dispute for the same parties. The statutory guidelines in Washington are set forth with sufficient specificity. Some statutes, such as Washington Public Act 312, direct an interest arbitrator to give weight to compensation presently received by the employees, including direct wage compensation, vacations, holidays, and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received. The point is that this is a factor which normally and traditionally is taken into consideration when determining wages and conditions of employment.

This statute also directs the arbitration panel to take into consideration the cost of living. This standard, however, has not been defined by the legislature. The cost of living is a criterion that received special scrutiny in these proceedings. Presumably, the legislature intended that money earnings would be inflated in an effort to obtain "real" earnings, as the method customarily used in that process is to rely on the Consumer Price Index. Yet, the Consumer Price Index is not really a cost of living index because it is not responsive to purchasing patterns of a particular employe during the relevant time period. Despite its imperfections, however, the Consumer Price Index has become the standard

method for measuring changes in the cost of living. The point is that, although "cost of living" is a statutory standard to be considered in interest arbitration decisions, the Consumer Price Index does not provide a scientifically precise instrument for making decisions about cost of living adjustments. It provides a useful source of guidance but, by no means, is definitive.

Historically, a most important criterion and the statutory standard set forth in RCW 41.56.460(c) is a comparison with the wage structure of others. As Arvid Anderson, who chairs the Office of Collective Bargaining in New York City, has stated:

> The most significant standard for both [interest] arbitration and collective bargaining in the public service is comparability. Comparability relates to the subject matter at bargaining and the question of with which employers and employees the comparison should be made. (See, 3 The Labor Lawyer 745, 750 (1987)).

The legislature has directed that comparison be made with "like personnel of like employers of similar size on the west coast of the United States." (See, RCW 41.56.460).

Another important standard is the employer's ability to pay. That is, the interest arbitrator is called on to give consideration to the basic economic circumstances confronting an industry or enterprise. The burden of proof with respect to this criterion, however, customarily has been placed on the employer, and it has been unnecessary for a union to respond to such a standard, except as it has been raised as an affirmative defense by an employer. The

legislature in RCW 41.56.460, of course, has not expressly stated "ability to pay" as a statutory standard. The United States Supreme Court has been clear about the fact that, if an employer asserts the defense of "inability to pay" and refuses to substantiate the claim, the employer may be guilty of the failure to bargain in good faith. (See, National Labor Relations Board v. Truitt Manufacturing Company, 351 U.S. 149 (1956)).

While statutory standards have been set forth in RCW 41.56.460, there has been no legislative statement with respect to what weight should be attached to any particular criterion among the standards. Arbitrator Arvid Anderson has observed, in discussing a similar list of statutory criteria for interest arbitrations in Michigan, "the enumeration of the criteria seems designated not to limit the arbitrators, but to allow them the broadest scope in considering whatever factors they deem important in a particular case so long as they pay attention to the other factors." (See, Block, "Criteria in Public Sector Interest Disputes: Arbitration in the Public Interest," 1971 Proceedings of the Twenty-Fourth Annual Meeting, National Academy of Arbitrators, 161, 167-178). At the same time, it is reasonable to believe that an arbitrator may not focus on one statutory criterion, such as stipulations of the parties, to the exclusion of all others. In other words, the legislature clearly intended that, on the basis of evidence presented by the parties, an interest arbitrator carefully must balance the values inherent in each of the criteria set forth

in the statute. In this way, employes may be assured of receiving working conditions and an income comparable to those in their profession and locality, while the employer may be assured that it will be able to recruit in the local labor market. Additionally, negotiating teams for both sides will be given guidance with respect to the reasonableness of their respective proposals.

Interest arbitration requires a consideration of various economic forces and circumstances confronting the parties in their collective bargaining relationship. By giving substantial weight to comparability data, there is an attempt to give rationality to what is essentially a legislative process. Assuming the Employer is not a wage leader, comparisons have been attractive as a source of guidance in interest arbitration because they "seem to offer a presumptive test of the fairness of a wage." (See, Feis, Principles of Wage Settlement, p. 339 (1924)). Even though agreeing about some aspects of the entities with which the parties should compare themselves, they have disagreed vigorously with respect to the impact of the comparative data in the various jurisdictions.

III. ISSUES IN DISPUTE

The parties submitted the following issues for consideration by the arbitration panel:

IV. PROCEDURAL RULING

The Association submitted a Motion for Default pursuant to WAC 391-55-220, but this motion was withdrawn in the Post-hearing Brief of the Association. (See, Association's Exhibit No. 7 and the Association's Post-hearing Brief, p.2). A second procedural issue raised by the Association also involved an interpretation of WAC 391-55-220. In withdrawing one motion, it was unclear whether the Association intended to withdraw the second as well, since they were somewhat interrelated. As is clear from statements made in the introductory comments of this report, the arbitration panel has rejected the Association's position with respect to this matter because the Association presented no evidence to demonstrate either that it was unaware of the City's response to proposals from the Association or that the City had taken any stance in arbitration different from that taken during mediation or that taken before the Executive Director of the Public Employment Relations Commission. Absent such demonstrable prejudice, it is the conclusion of the arbitration panel that to prevent one party from presenting its case on the basis of a technicality would thwart the purposes of the statute by denying the party access to an effective means of dispute resolution, even though the party asserting the defense would not have been hindered in its presentation of the case to the panel. Consequently, there shall not be any summary award on the issue of discipline, the issue of overtime having been resolved by the parties in later negotiations.

V. V. THE ISSUE OF WAGES

A. Proposals

The Employer has proposed a wage increase of 1.5% to take effect on September 1, 1986 for lieutenants, captains, and majors. The City has proposed for the second and third years of the parties' agreement that wages of Association members be increased by 80% on the increase in the Consumer Price Index (CPI-W) for the Seattle-Everett metropolitan area, with a minimum increase of 1.5% and a maximum increase of 6%.

The Association has proposed that the employer provide a wage increase of 10% for each of the first two years of the 1986-89 collective bargaining agreement. For the third year of the agreement, the Association proposes that the arbitration panel award whatever increase is necessary, up to 10%, to overcome any remaining wage disparity and to preserve the purchasing power of the members of the bargaining unit.

B. Discussion

The parties have reached agreement with respect to inter-city comparisons. Those cities are:

Long Beach, California
Oakland, California
Portland, Oregon
Sacramento, California
San Diego, California
San Francisco, California
San Jose, California

The agreement about comparable cities, however, has not provided the source of guidance in this dispute that one might have anticipated. Obviously, stipulations by the parties do not relieve the arbitrator of the duty to consider each of the statutory criteria. Recognizing this fact, the parties have submitted evidence with respect to all the relevant criteria; and they have disagreed vigorously with respect to the appropriate weight that inter-city comparability data should receive in their effort to negotiate an appropriate wage rate. The focus of the parties' dispute has been on which statutory criteria should be the most influential wage determinants.

The Employer has stressed the importance of the "cost of living" criterion as well as local Consumer Price Index statistics. It is the belief of the Employer that those elements should be largely dispositive of the wage rate determination. The Association, on the other hand, has relied heavily on the actual compensation figures from comparative cities in an effort to establish that Seattle police managers are receiving inadequate compensation. As previously indicated, however, the statutory design has not expressly included more weight for one criterion than another, supporting a conclusion that the legislature expected an arbitration panel to balance all statutory factors and to make no single criterion dispositive of the outcome. Analyzing the dispute in this way, it becomes clear that neither the City nor the Association has put forth a realistic salary proposal.

In general, the Association has presented clear and convincing evidence to demonstrate that Seattle Police lieutenants,

captains, and majors receive significantly less compensation than do their counterparts in the comparative cities on which the parties have agreed. Currently a "top step" lieutenant in Seattle receives less compensation in base monthly pay than does a lieutenant in any of the comparative cities except for Sacramento. Those data are as follows:

City	Monthly Salary
San Jose	$ 4,176.00
Long Beach	4,173.00
Oakland	3,985.00
San Francisco	3,976.00
San Diego	3,734.00
Portland	3,724.00
Seattle	**3,681.00**
Sacramento	3,398.00

These data suggest that Seattle currently is below the average base monthly salary of $3,880.00 by 5.4%. It may even be misleading to place Seattle ahead of Sacramento in this regard, since testimony indicated that Sacramento lieutenants receive 21.34% educational incentive pay in lieu of higher base salaries. (See, Association's Exhibit No.20, fn.3, and transcript, p. 155). The point is that police lieutenants in the City of Seattle receive at least 5.4% lower base monthly salaries, on aaverage, than do their counterparts in comparative cities. (See, Association's Exhibit 31, p. 1).

The conclusion that City of Seattle police lieutenants receive less actual compensation for their services than do lieutenants in comparable cities receives confirmation by studying data with respect to total compensation. After correcting an Association error with respect to the average for net monthly total compensation among the cities, it is clear

that Seattle lieutenants receive 9.5% less compensation than the average received by lieutenants in comparable cities. (See, Association's Exhibit No. 31, p. 2). Those data show the following:

City	Net Total Compensation
San Jose	$ 4,552.00
Long Beach	4,427.00
Oakland	4,136.00
Sacramento	4,081.00
Portland	3,824.00
San Diego	3,785.00
San Francisco	3,785.00
Seattle	**3,726.00**

The data show that Seattle is below the average net total compensation by $358.00 or 9.6%.

Nor is the conclusion affected by comparing total hourly compensation. Those data show the following:

City	Total Hourly Compensation
Long Beach	$ 29.13
San Jose	28.63
Oakland	27.09
Sacramento	26.97
Portland	25.21
San Diego	25.12
San Francisco	25.01
Seattle	**24.41**

On an hourly basis, Seattle police lieutenants received 9.5% less than the average wage of $27.74, or $2.33 below the hourly average. In the City of Seattle, police lieutenants receive less total compensation on a monthly or hourly basis among the comparison Cities. It is also clear that police captains and majors receive significantly less total compensation per hour (9.3% and 12.8% less respectively) than is paid on an average to captains and majors in comparative cities. (See, Association Exhibit Nos. 32, p.2 and 33, p.2).

But is this conclusion significant? The Employer has argued that a correct interpretation of the data reduces the significance of the conclusion. Management has advanced several arguments to diminish the significance of the Association's "actual compensation" data. For example, the Employer has contended that, if salary gains of police lieutenants in the west coast cities are compared over a twenty year period, Seattle lieutenants have benefited the most. With a 1986 salary increase of 1.5%, Seattle lieutenants will have received an overall percentage increase in base monthly salary of 361% as compared with an average of 302% in comparable cities. (See, City's Exhibit No. 133). Those data show the following pattern:

City	Overall Percentage Increase From 1966 to 1987
San Jose	331%
Portland	325%
Oakland	319%
Long Beach	318%

Seattle	**302%**
San Francisco	286%
Sacramento	278%
San Diego	264%

These data have assumed a 1.5% wage increase effective on September 1, 1986.

Making a similar argument, the Employer has pointed out that, between 1967 and 1986, Seattle police lieutenants gained 53.4% in "real" wages, as compared with a 15.7% gain among private sector employes. (See, City's Exhibit No. 140). (If the CPI-U is used to calculate salary gains for "groups," Seattle lieutenants have gained 45.4%, as contrasted with 15.7% among private sector employees). (See, City's Post-hearing Brief, p. 62). The Employer also has argued that the salaries of Seattle police lieutenants were 146% higher than the increase in the Seattle area CPI-W during approximately the same period of time. (See, City's Exhibit No. 141). Finally, the City has observed that private industry settlements (or at least those covering the 5000 or more private sector employes) have been low, as low as 1.6% in the second quarter of 1986. (See, City's Exhibit No. 139).

A review of the comparative data supports a conclusion that the standard of living of Seattle police lieutenants has improved during the past twenty years. They also suggest that gains by lieutenants in "real" compensation have exceeded those of other employe groups during the same period of time.

What the data fail to establish, however, is that the Employer paid Seattle police lieutenants an appropriate wage in 1967. On the contrary, the historical comparison supports a different conclusion. The data show the following pattern:

City	1966-67
San Francisco	$ 1,029.00
San Diego	1,027.00
Long Beach	999.00
San Jose	968.00
Oakland	950.00
Sacramento	900.00
Portland	877.00
Seattle	**810.00**

With an average at that time of $964.00, the data show that Seattle police lieutenants received 19% less than an average base monthly wage for the comparative cities. In other words, the data have not dispelled the Association's contention that salaries of Seattle police lieutenants remain disproportionately lower than those of their counterparts in the stipulated cities. The data may only prove that Seattle police lieutenants were not appropriately compensated in 1967 and gradually have overcome much of the austerity during the ensuing years.

Even though Seattle police lieutenants may have accomplished relatively comparable wages by 1976-79, they began to experience reductions in their "real" buying power, as compared

with lieutenants in other cities. At the time when the base salary of "top step" lieutenants increased on average by 15% from 1979 to 1986, personnel in Seattle experienced a loss in "real" dollars of 1.8%. (See, City's Exhibit No. 133 and Association's Exhibit No. 18). Those data are as follows:

City	Base Salary "Top Step" Lieutenant 1979-86 Differential (1967 Dollars)
San Diego	+ 38.4%
San Jose	+ 19.6%
Sacramento	+ 17.9%
Portland	+ 15.7%
Long Beach	+ 7.2%
San Francisco	+ 5.7%
Oakland	+ 2.8%
Seattle	**- 1.8%**

These data diminish the impact of the low settlements reached in the private sector on a national level. The City's proposal of a 1.5% increase would do little to alleviate the disparity which has been demonstrated by the Association.

Although perhaps obvious, it probably should be pointed out that the arbitrator has focused on "top step" lieutenants with twenty years of longevity, rather than on captains or majors. It will be recalled that this was the focus of the parties, and the Association maintained without rebuttal that lieutenants comprise the majority of the membership in the

bargaining unit. "S P M A longevity averages in excess of 20 years. Moreover, . . . the lieutenant's salary effectively determines the salaries of the two higher ranks." (See, Association's Post-hearing Brief, p. 14). It must also be noted that, in those cities with "calendar year" agreements, average salaries provided by the parties have been used. An attempt has been made to weigh, as relevant, other factors influencing the meaning of the economic data, such as the receipt of holiday or education incentive pay by some police lieutenants.

As previously noted, a "top step" lieutenant in Seattle receives less or next to less than similar personnel in different area cities. (See, Association's Exhibit No. 31). Assuming that, with an educational incentive, Sacramento provides monthly compensation of $4,123.00, Seattle clearly ranks last. If one were to adopt the City's wage proposal, it would affect the comparability pattern the following way:

City	Comparison with City's Proposal
San Jose	$ 4,176.00
Long Beach	4,173.00
Oakland	3,981.00
San Francisco	3,976.00
Seattle	**3,736.00**
San Diego	3,734.00
Portland	3,724.00
Sacramento	3,398.00 (or 4,123.00 with education incentive)

If one were to adopt the Association's wage proposal, it would have the following impact on base monthly salary of "top step" lientenants in comparison with comparable cities:

City	Comparison with Association's Proposal
San Jose	$ 4,176.00
Long Beach	4,173.00
Seattle	**4,050.00**
Oakland	3,981.00
San Francisco	3,976.00
San Diego	3,734.00
Portland	3,724.00
Sacramento	3,398.00 ($4,123.00 with education incentive)

If one were to compute an average salary in the comparable cities and exclude the City of Portland, it would produce a figure of $3,906.00. If one were to include Sacramento's education incentive pay while again excluding Portland, the average salary would be $4,027.00. The average salary in all comparison cities is $3,880.00, or $3,984.00 if one includes Sacramento's education incentive pay.

These data show that the City's proposed wage would give "top step" Seattle police lieutenants a wage that would be 4.6% lower than the average compensation received by lieutenants in comparable cities located only in California. If Sacramento's salaries include the education incentive pay received by "top step" lieutenants with twenty years of experience, the

differential would increase to 7.8%. If one focuses on the average salary paid in all comparative cities, the Employer has proposed to pay Seattle police lieutenants 3.9% less than the average comparable cities, or 6.6% less if Sacramento's education incentive pay is included. The Employer has offered its "top step" lieutenants in Seattle a wage of .3% lower than police lieutenants received in Portland, Oregon.

The Association, on the other hand, has proposed a 10% wage increase. That would produce compensation of $4,050.00 for a "top step" lieutenant. This would mean a Seattle police lieutenant would receive 3.7% more compensation than the average received in California comparative cities, or .6% more with the Sacramento education incentive adjustment. When the Association's proposal is compared with the average received in all comparative cities, Seattle police lieutenants would receive 4.4% more compensation than the average wage, or 1.7% more with the Sacramento education incentive adjustment. The Association has proposed that Seattle lieutenants receive 8.8% more compensation than is paid to lieutenants in Portland.

It has been most useful to examine data with respect to total compensation which the parties have submitted to the arbitration panel. Of importance has been a comparative approach to the "hourly wages" data. The arbitrator has attempted to make a comparison of the total hour compensation for the proposal of each party, excluding consideration of

the Association's career incentive pay and tuition reimbursement proposals. Data from the Association's Exhibit Nos. 28 and 29 have been used in an effort to avoid any premature application of cost-of-living figures, before those data have been analyzed in the report. An evaluation of the data provide the following pattern:

	Current	City's Proposal	Association's Proposal
Monthly Salary	$3,681.00	$3,736.00	$4,050.00
Medical	116.00	231.00	226.00
Dental	40.00	44.00	44.00
Educational	0	0	0
Longevity	0	0	0
Other	0	0	0
Total Monthly Compensation	3,947.00	4,011.00	4,325.00
Minus Pension of 6% Salary	3,726.00	3,787.00	4,082.00
Net Hours	1,832	1,832	1,832
Total Hourly Compensation	24.41	24.81	26.74

Comparing current rates with those that have been proposed by the parties, one sees the following pattern:

Cities	Current
Long Beach	$29.13
San Jose	28.63
Oakland	27.09
Sacramento	26.97
Portland	25.21
San Diego	25.12
San Francisco	25.01
Seattle	**24.41**

Cities	City's Proposal
Long Beach	$29.13
San Jose	28.63
Oakland	27.09
Sacramento	26.97
Portland	25.21
San Diego	25.12
San Francisco	25.01
Seattle	**24.81**

Cities	Association's Proposal
Long Beach	$29.13
San Jose	28.63
Oakland	27.09
Sacramento	26.97
Seattle	**26.76**
Portland	25.21
San Diego	25.12
San Francisco	25.01

As contrasted with the City's proposed hourly wage of $24.81 and the Association's rate of $26.74, the average hourly wage in comparative cities, excluding Portland, is $26.99 or $26.74 in all comparative cities. These figures show that, according to the City's proposal, Seattle police lieutenants would receive 8.8% less total hour compensation for their services than do lieutenants in the stipulated California cities. Seattle lieutenants would receive 7.8% less compensation than the average wage received in all comparative cities. They would receive 1.6% less compensation, if the City's proposal were adopted, than do police lieutenants in Portland, Oregon.

Using the Association's salary proposal and excluding its career incentive pay and tuition reimbursement proposals, Seattle police lieutenants would be paid .9% less than their counterparts in California comparative cities. They would receive precisely the hourly wage of all the comparative cities without regard to any other factors. They also would receive 6.1% more compensation than do police lieutenants in Portland, Oregon.

As indicated earlier in the report, comparability data are exceedingly important in interest arbitration. There is a sense of fairness about such information. It must also be recognized that police managers in larger cities clearly face responsibilities and work related pressures not experienced by managers of smaller police departments. It would be imprudent to attempt to determine a fair wage without giving

substantial consideration to what other similarly situated police officers are paid for their services. As already made clear, the statute requires that economic comparisons be made between employers of similar size.

Yet, neither comparability data nor the stipulations of the parties are dispositive of the issue. The statute has set forth a number of standards to be considered, employing such other factors which are normally or traditionally taken into consideration in the determination of wages. Implicit in the statute is a legislative recognition that it would be too simplistic merely to compare wages paid in large cities along the west coast, without acknowledging that different economic conditions may prevail among them. Thus, the legislature has instructed arbitration panels to consider factors such as the cost-of-living or traditional factors such as the dynamics of the local labor market and the impact of a "labor area."

The U.S. Department of Labor, Employment and Training Administration has defined "labor area" as follows:

> A "labor area" consists of a central city or cities and the surrounding territory within commuting distance. It is an economically integrated geographical unit within which workers may readily change jobs without changing their place of residence. (See, U.S. Department of Labor, "Area Trends in Employment and Unemployment," GPO, p. 13 (1975)).

Recognizing that there have been many definitions of "labor market," the arbitrator has used the term with reference to a particular geographical area within which a group of employers and wage earners buy and sell services. It, like the cost-of-living concept, is not dispositive and cannot be relied on

for unerring accuracy. The concept of "labor market," however, is still a useful one and provides another source of guidance in the determination of wages.

One reason an analysis of "local labor market" data is useful is because such comparisons allow the arbitration panel to consider salaries of employes who work under the same state laws, taxing systems, and relative economic conditions. Additionally, the employer has a legitimate concern in paying wages that are sufficiently high to attract qualified employes, while maintaining a wage rate that is not inequitable or exorbitant as viewed by other city employes or the general public. It is in a consideration of "local labor market" data as compared with the parties' proposals that it becomes clear that the Association has sought too much and the Employer has offered too little. Even considering the special nature and risks of job responsibilities faced by managers in a large metropolitan police department, the conclusion remains unaltered.

It is essential to give consideration to the "local labor market" data because of the fact that an agreement, such as the one with the Seattle Police Management Association, is not an isolated event but is linked with numerous other economic forces. It, of course, is important to look at the "industry" as a whole, as defined by the comparative cities about which the parties have agreed. It is highly relevant for management to be aware of what other cities currently are paying personnel, and such knowledge should

have considerable influence on the wage the Employer is going to pay.

But a second important connection with economic forces, one that links this labor agreement with others in the community, is a comparison of workers and employers in the same local labor market. Employers in the local labor market all have a standing relationship to one another, and their relative position is determined by their respective wage scales. Customarily, employers in a local labor market have attempted to maintain their relative standing with respect to one another and possibly to move up in the ranking. There is prestiage to be gained from establishing a reputation as a "wage leader" or, at least, being recognized as having a high standing in the group. Such prestige can be translated into the pragmatic advantage of giving one employer the first opportunity to hire the best applicants in the labor market. For decades, it has been recognized that there is a fair amount of stability to be found in local labor market wage standings over a long period of time. (See, Reynolds, The Structure of Labor Markets, p. 24 (1951)). Hence, it is appropriate to recognize "local labor market" data as only another source of guidance for the arbitration panel.

In an effort to clarify the proposals of the parties within the context of the local labor market, the arbitrator has used those data provided by the parties to compare Seattle Police lieutenants' base monthly salaries to those received in other Washington communities during the past two years. "Base monthly salaries" have been

used because the parties did not submit total compensation data for Washington cities. Additionally, testimony at the hearings indicated that police lieutenants in Tacoma receive longevity pay of 8% of a patrol officer's base salary with twenty years of service. (See, Association's Exhibit No. 16 and Transcript, vol. 2, p. 146). Consequently, conclusions drawn from the data depend on whether longevity pay is considered part of a Tacoma lieutenant's base salary, and figures reflecting Tacoma's additional pay have been indicated in parentheses. The arbitrator did not receive evidence with respect to what a patrol officer's base salary would be for the 1986-87 year. As a result, the 1985-86 figure of $217.00 also has been used to represent a Tacoma lieutenant's longevity pay in 1986-87. A review of the information shows the following:

Cities	1985-86	1986-87	Percentage Increase
Tacoma	$3,597.00 (3,814.00)	$3,601.00 (3,868.00)	1.5% (1.4%)
Renton	3,449.00	3,553.00	3%
Bellvue	3,448.00	3,517.00	2%
Mercer Island	3,445.00	3,538.00	3%
Auburn	3,360.00	3,410.00	1.5%
Everett	3,268.00	3,399.00	4%
Kent	3,154.00	3,217.00	2%
Average	3,387.00 (3,418.00	3,469.00 (3,500.00)	2.4%

Seattle	**3,681.00**
City's Proposal	3,736.00
Association's Proposal	4,050.00

The data just summarized in chart form by the arbitrator show that Association members are relatively well paid in comparison with police managers in this geographic area. In 1985-86, Seattle police lieutenants ranked at the top of the local labor market for police management. Assuming a 1.5% wage increase in the base salary of Seattle police lieutenants effective September 1, 1986, this position of wage leadership will continue. Lieutenants in Seattle would earn 7.7% more compensation than the average wage of $3,469.00 received by lieutenants in Renton, Mercer Island, Bellvue, Kent, Everett, Auburn, and Tacoma. That amount would be 6.7% more compensation if Tacoma's longevity pay were approved. On average, Seattle police captains would earn 15.5% more than captains in the relevant comparative cities. (See, City's Exhibit No. 137).

If the Association's proposed wage of $4,050.00 for "top step" police lieutenants were adopted, Seattle police lieutenants would receive 16.7% more compensation than the average received by police lieutenants in the local labor market. Even adding Tacoma's longevity pay, Seattle police lieutenants still would receive 15.7% more compensation than the average of other relevant police personnel in Washington.

Other local economic data have also presented a challenge to the proposed wage increase of 10%. An effort has been made by the arbitrator to compare differentials between Seattle police lieutenants and selected managerial personnel in Seattle. The objective has not been to compare actual

salaries as much as it has been to determine the impact of the parties' proposals on customary differentials between Seattle police lieutenants and these other supervisors. The arbitrator has not received any data for 1986 and 1987, and the figures for those years (as indicated by an asterisk) have been approximated by applying the average 1987 increase for local area public agencies of 2.2%, as indicated by earnings received at the time. (See, City's Exhibit No. 138).

A review of the relevant information shows the following pattern:

Year	License & Standards Supervisor	Electrical Worker Supervisor	Seattle Police Lieutenant	Percentage Differential for License & Standards Supervisor	Percentage Differential for Electr. Worker Supervisor
1967	$ 755.00	$ 807.00	$ 810.00	7.3%	3.7%
1968	850.00	890.00	945.00	11.2%	6.2%
1969	893.00	935.00	1,002.00	12.2%	7.2%
1970	954.00	1,011.00	1,137.00	19.2%	12.5%
1971	997.00	1,057.00	1,276.00	28.0%	20.7%
1972	1,031.00	1,094.00	1,320.00	28.0%	20.7%
1972-73	1,089.00	1,154.00	1,391.00	27.7%	20.5%
1973-74	1,149.00	1,370.00	1,485.00	29.2%	8.4%
1974-75	1,277.00	1,507.00	1,674.00	31.1%	11.1%
1975-76	1,432.00	1,818.00	1,877.00	31.1%	3.2%
1976-77	1,508.00	1,911.00	2,023.00	34.2%	5.9%
1977-78	1,641.00	2,049.00	2,201.00	34.1%	7.4%
1978-79	1,766.00	2,237.00	2,368.00	34.1%	5.9%
1979-80	1,946.00	2,470.00	2,610.00	34.1%	5.7%
1980-81	2,355.00	2,819.00	2,923.00	24.1%	1.1%
1981-82	2,550.00	3,126.00	3,166.00	24.2%	1.3%
1982-83	2,660.00	3,236.00	3,372.00	26.8%	4.2%
1983-84	2,743.00	3,236.00	3,453.00	25.9%	6.7%
1984-85	2,825.00	3,383.00	3,619.00	28.1%	7.0%
1985-86	2,867.00	3,483.00	3,681.00	28.4%	5.7%

A number of conclusions can be drawn from these data. First, it is recognized that the qualifications would have an impact on salaries paid, but some weight can be attached to patterns that have emerged over a period of twenty years. The data show that, during the past twenty years, Seattle police lieutenants have earned on the average 26% more than licensed and standards supervisors in base monthly wages. While the City's proposal slightly exceeds this average at 27.5%, the Association's proposal would increase the differential to 38.2%. Seattle police lieutenants have earned on the average during this time period 8.3% more than electrical worker supervisors in Seattle. The Employer's first year proposal would decrease this differential to 4.9%, while the Association's proposal would increase the differential to 13.8%.

Another employment factor normally and traditionally taken into consideration in the determination of wages is the internal wage structure of an organization. It is appropriate to consider a larger complex of rates within the police department, recognizing that this wage structure does not necessarily operate as a unit. The point of the inquiry is not to make an issue of any individual rate so much as it is to focus on any job clusters that may be pattern makers and also to be aware of any wage contours that may help clarify an appropriate wage rate for members of this bargaining unit. An effort has been made to compare base monthly salary differentials between ranks within the Seattle police department

in 1985 with those differentials as they would exist under each parties' proposal.

Ms. Dwyer, Labor Relations Analyst, testified that the chief of police as well as the assistant chief of police normally received the same wage increase as that bargained for nonrepresented bargaining unit groups. The amount on which the parties agreed effective September 1, 1986 was .5%. (See, Transcript, vol. V, pp. 1055-1056). In other words, the 1986 figures which have been used for the chief of police and the assistant chief of police have assumed a .5% increase. The sergeant's salary figure has included a maximum longevity payment (8% of a "top step" police officer's pay). (See, City's Exhibit No. 185). The data are as follows:

	9-1-85		City's Proposal		Ass'n's Proposal	
Rank	Salary	Differential	Salary	Differential	Salary	Differential
Chief of Police	$5,707.00	9.2%	$5,736.00	9.2	$5,746.00	9.2%
Assistant Chief of Police	5,225.00	7.4%	5,251.00	6.3%	5,251.00	[-2%]
Major	4,867.00	15%	4,940.00	15%	5,357.00	15%
Captain	4,233.00	15%	4,296.00	15%	4,658.00	15%
Lieutenant	3,681.00	12.5%	3,736.00	12.5%	4,050	22%
Sergeant	3,372.00		4,301.00		3,391.00	

These data show that the Association's proposal of a 10% salary increase would nearly double the percentage differential between the ranks of lieutenant and sergeant. Without maximum longevity pay included in a sergeant's salary, sergeants' pay would be

$3,905.00. (See, City's Exhibit No. 145). The differential between the two ranks at that rate would increase to 30.4%.

Between the ranks of major and assistant chief of police, the differential would entirely disappear. Majors actually would receive 2% more compensation than an assistant police chief. Such an anomaly in the internal wage structure does not provide a basis for withholding an appropriate wage increase, but the data would simply provide yet another source of guidance and highlight the need of an organization to maintain a reasonably rational wage structure between ranks within the department.

The Runzheimer Report. The comparative data with respect to west coast cities generally have shown that the Employer's wage proposal in this case will not place members of the bargaining unit in a favorable position. On the other hand, the Association's proposal is overly optimistic when tested against economic forces in the local labor market. Although these comparative data are instructive, they are still incomplete. Another factor that deserves consideration is information with respect to cost-of-living.

As a preliminary matter, the parties have argued vigorously about the use to which the arbitration panel legitimately may put cost-of-living data. The Association has contended the Consumer Price Index is primarily a vertical measure of purchasing power. That is, it measures inflation for the time in one locale. In the Association's view, the most legitimate use for "cost-of-living"

data is to determine the amount of salary increase needed to maintain the purchasing power of bargaining unit members during the duration of a negotiated agreement. It is the belief of the Association that such data are misused for purposes of making inter-city wage comparisons. (See, Association's Post-hearing Brief, p. 21).

On the other hand, the City has argued that a "cost-of-living" adjustment must be a factor in the wage determination in order to attain salaries that are truly comparable to those received in the stipulated comparative cities. The City has argued with great determination that the Consumer Price Index should constitute the single most important factor in determining salaries of police management personnel. The neutral arbitrator has concluded that the most reasonable position does not lie with either of these points of view.

As previously indicated, the legislature has deemed it appropriate to consider "cost-of-living" information as a factor in wage determinations but has not mandated what weight is to be allocated to this statutory standard. (See, RCW 41.56.460(d)). It is more appropriate to view Consumer Price Index data as measuring purchasing power within an area, rather than changes in the actual cost of living. As one author has stated:

> The CPI never has measured changes in the "cost-of-living." Neither has any other index. From its beginning, the design of the Consumer Price Index has been a fixed-rate market basket, that is, an index which has measured changes in prices of a few selected and unchanging quantity of goods and services. (See, Ferguson, Cost of Living Adjustments, p. 33 (1976)).

The fact that inflation is low in a particular geographic area does not itself respond to the problem of an individual who has been paid at an inappropriate rate. There is no logical link between the argument that there exists a low CPI and the conclusion that the CPI should be the single most important factor in the arbitration panel's determination.

At the same time, the Consumer Price Index clearly is a useful tool, although an imprecise one, in evaluating inter-city comparisons. For example, if wages in Seattle and San Francisco have been approximately the same since 1967 but inflation was drastically higher in San Francisco than in Seattle during the ensuing years, logically one can expect that wages in San Francisco would have to increase faster than those in Seattle in order for wage parity to exist. It is reasonable to conclude that, if dollars have greater purchasing power in one city than in another, this fact ought to be taken into account in determining an appropriate wage. Accordingly, the CPI data may be used to indicate generally how significant are the disparities in actual compensation between comparable cities. Nor has RCW 41.56.450 or 41.56.460 restricted the arbitration panel's use of the economic data in the way suggested by the Association. The CPI and other inter-city "cost-of-living" comparisons could have relevance and have been used in determining the appropriate wage to be paid members of the bargaining unit. It is important to stress that the statutory criteria are not completely separable, and no one factor can be relied on exclusively without some

recognition of the impact on other statutory criteria.

The parties have argued extensively about the merits of the inter-city "cost-of-living" comparison that the Employer presented in support of its position. According to the Employer, Seattle police managers are able to maintain an appropriate standard of living with approximately 6.8% less cost than they could were they to live in one of the comparative cities. (See, Transcript, vol. IV, p. 950). Consequently, the Employer has argued that this cost-of-living differential should be computed into actual compensation data in order to determine when true wage parity among the comparative cities has been attained. (See, City's Exhibit Nos. 130 and 131; Transcript, vol. IV, pp. 50-52).

The City's conclusion that Seattle's cost-of-living falls below that of Portland and the California cities by approximately 7% has been based largely on the Runzheimer Report. (See, City's Exhibit Nos. 109 and 127; Transcript, vol. IV, pp. 950-52). As a consequence, the parties spent a substantial amount of time debating the merits of the Report. They expressed strong disagreements about the worth and intellectual integrity of the Runzheimer Report and differed vigorously with respect to its usefulness as a means for determining cost-of-living differences in the comparative cities. The concerns focused primarily on three issues, namely, (1) is the Runzheimer Report admissible evidence? (2) how accurate is the City's 7% cost-of-living differential? and (3) has the City inappropriately applied its cost-of-living

data to the wage proposal for members of the bargaining unit?

At the hearing, the arbitrator indicated that, if the panel decided the Runzheimer Report was hearsay evidence, it would receive no weight. (See, Transcript, vol. IV, pp. 928-29). From an evidentiary standpoint, however, the Runzheimer Report clearly is admissible for consideration by the arbitration panel. RCW 41.56.450 states:

> The rules of evidence prevailing in judicial proceedings may be considered, but are not binding, and any oral testimony or documentary evidence or other data deemed relevant by the chairman of the arbitration panel may be received in evidence.

It is recognized that the Runzheimer Report is not without problems with respect to hearsay evidence, but the arbitrator has recognized that problem in determining the appropriate weight to give the information. As one court has observed:

> Although the rules of evidence exclude hearsay in a trial at law, the exclusion is not because hearsay is entirely without probative value. It has been said with some justice that characterization of evidence as hearsay is in reality simply a criticism of the weight that should be given to it. In an arbitration the parties have submitted the matter to persons whose judgment they trust, and it is for the arbitrators to determine the weight and credibility of evidence presented to them without restrictions as to the rules of admissibility which would apply in a court of law. (See, Minneapolis Honeywell Regulator Company, 54 LRRM 2660, 2661 (E.D. Pa. 1963)).

Moreover, the Runzheimer Report clearly falls within a recognized exception to the general rule against admission of hearsay evidence. Rule 703 of the Rules of Evidence for the State of Washington provides for the admission of facts and data reasonably relied on by experts in a particular

field to form opinions and inferences. The Employer laid an adequate foundation to establish that Mr. Richard Schneider, Vice-president of Living Cost Services for Runzheimer and Company, is an expert in the field of cost-of-living analysis. (See, Transcript, vol. III, pp. 643-52). Mr. Schneider based his testimony on data and information which he routinely uses in measuring "cost-of-living" differentials between cities. Cost-of-living factors unquestionably are relevant in this arbitration, and the only substantial question is to what extent. Because the Runzheimer Report would be admitted as evidence in a court of law in the State of Washington, the neutral arbitrator has concluded that the Runzheimer Report is admissible as evidence which the arbitration panel may consider in its determination.

A far more difficult question involves the appropriate weight to be accorded the Runzheimer Report. In other words, the data used by the Runzheimer Company may be generally reliable. "Cost-of-living" analysis is not merely a computational exercise. Such an analysis requires that facts be manipulated in order to be able to draw useful inferences. Accordingly, the probative value of the report is subject to challenge on at least two grounds, namely, (1) whether Runzheimer's methodology is theoretically sound; and (2) whether Runzheimer's data collection techniques are entirely reliable.

The Employer has argued that the Runzheimer Report is an uncommonly accurate source of "cost-of-living" data because

it has been tailored specifically to the lifestyles and circumstances of Seattle Police management personnel. In other words, management maintains that Runzheimer, in comparing members of the bargaining unit to their counterparts in the comparative cities, took into account what individual income levels were, whether individuals rented or owned homes, the location of their homes, and what constituted the appropriate "market basket" of goods and services for an individual making $44,000.00 a year. Additionally, the Report examined automobile and home maintenance costs, taxes, and other factors relevant to developing a "standard of living prototype" for members of the bargaining unit. (See, Transcript, vol. III, pp. 667-673). The "Runzheimer" method, then, called for representatives of the company to determine what it cost in January, 1987 to maintain this standard of living in each city and concluded that the average cost of living in Seattle is approximately 7% lower than in the comparative cities studied by the parties. (See, City's Exhibit No. 7).

In response, the Association returned the volleys over the net and added a few serves of its own. The Association persistently challenged the theoretical basis of the Runzheimer Report in several ways. Of great concern to the Association was the fact that it believed home purchase costs accounted for a substantial portion of the higher cost of living that the Runzheimer Report attributed to the comparative cities. According to the Association, the Runzheimer Report considered higher purchase prices of homes in California or Portland without taking into account the equity element of home ownership.

Thus, the Association maintains that, for example, the Runzheimer Report ignored the fact that a police lieutenant in San Jose allegedly is wealthier in terms of his or her home investment at the time of retirement than is a Seattle police lieutenant. The Association pointed out that, in 1983, the Bureau of Labor Statistics changed its measure of housing costs to correct exactly this problem.

In the Association's view, the Runzheimer Report failed appropriately to take into account "shelter costs" in analyzing "cost-of-living" differentials, and the failure constituted a serious flaw in the study. It is the contention of the Association that, when home investment costs are separated from "shelter costs," even the Runzheimer Report indicates that the net annual living cost in Seattle is not appreciably (about 1%) higher than that in other cities. (See, Association Exhibit Nos. 194 and 195; Transcript, vol. VI, pp. 1318-1326). The Association, however, maintained that no weight at all should be accorded the data.

Moreover, the Association has argued the Runzheimer Report assumes that a police lieutenant would buy the same type of house and lot in Seattle that he would purchase were he to transfer to San Francisco. It is the belief of the Association that such an individual would not be able to buy as large a house and lot in San Francisco as had been left in Seattle. In effect, the individual allegedly would trade the large house for other alleged benefits in lifestyle that San Francisco could offer. But, the Association has concluded

that the comparisons of the "standard house of police management personnel" in the Runzheimer Report have ignored the economic phenomenon of substitution, namely, that one resource will be substituted for another whenever substitution results in a lowering of costs.

The Association was thorough in demonstrating that the Runzheimer Report is not without its problems. It, nevertheless, is the belief of the neutral arbitrator that none of these objections completely undermines the validity of the Runzheimer Report as a source of guidance in helping to understand differences in inter-city costs of living. First, Mr. Vogler's testimony reasonably explained why the Bureau of Labor Statistics changed its procedures with respect to the Consumer Price Index. He viewed the Consumer Price Index as a vertical measure of prices in one area for the time. In assuming that people would buy a house every year, computations in the Consumer Price Index overstated the true rate of inflation. Accordingly, a "rental" equivalency method allegedly measures with greater accuracy shelter costs on an annual basis. This same problem allegedly does not exist in the Runzheimer Report because it presents a true inter-city cost-of-living comparison, that is, a horizontal measure of cost of living in several locations at a given point in time. (See, Transcript, vol. VI, p. 1487). For example, the fact that a police lieutenant living in San Jose, California has amassed more equity at retirement than has a lieutenant in Seattle does not change the fact that the individual in San Jose

must pay more to maintain a certain standard of living. The Association's argument appeared to assume that such an individual would retire in an area of lower housing costs or obtain a "home equity" loan in order to be able to consume his or her alleged greater wealth. There, however, was no showing that such assumptions are logically necessary.

Similarly, the fact that an individual is unable to pay for as large a house in San Francisco, California as he or she could purchase in Seattle, Washington appears to support, not undermine, the supposition that it costs more to live a particular lifestyle in San Francisco than it does in Seattle. Further, even if the panel were to accept the Association's contention that a police manager in California will retire wealthier than one in Seattle, there simply is no direct relationship between how much wealth an individual accumulates over a lifetime and how much it costs that individual to maintain a certain standard of living. Finally, the "fixed market basket" approach used by Runzheimer personnel is similar to that used by the Bureau of Labor Statistics in computing its Urban Family Budget, as well as by the American Chamber of Commerce Researchers' Association, and by the Associates for International Research, Inc. (See, Transcript, vol. III, pp. 431-434, and City's Exhibit Nos. 80A and 80B). It is a traditional method of data gathering and one of the few available methods for making inter-city "cost-of-living" comparisons.

On the other hand, the Association's other objections to the Runzheimer Report cannot be answered so easily. At the arbitration hearing, the Association pointed out that the Employer had refused its request to review all written and oral communications between the City and personnel of the Runzheimer Company, as well as any earlier versions of drafts of the Report, and all mathematical formulae and factual data used to prepare the report. (See, Association's Exhibit No. 114 and Transcript, vol. IV, p. 862). The Association contended that the Employer's refusal to provide the information limited the Association's ability to cross-examine witnesses and adequately to prepare its case with respect to the Report. (See, Transcript, vol. IV, p. 863). The Employer maintained that the Association's requests were made on unreasonably short notice and lacked sufficient specificity.

The arbitrator has concluded that the Employer complied with the Association's request to the extent that it was able. (See, City's Exhibit Nos. 112 and 113, and Association's Exhibit Nos. 114 and 115). The fact remains, however, that much of the data and formulae used to prepare the Runzheimer Report was unavailable to the Association, either because the Runzheimer Company characterized the information as "proprietary," or because some of the data were inherently historical in nature. (See, Transcript, vol. IV, p. 806). The Association received considerable

latitude through the process of cross-examination to bring to light serious methodological flaws in the study.

In fact, the Association established several difficulties with the Report. For example, underlying data with respect to "Seattle area homes" used by the Runzheimer company to compare the price of a 2000 square foot Seattle home with a 2000 square foot home in comparative cities either had been destroyed or, otherwise,were unavailable. (See, Transcript, vol. IV, pp. 86-87). Likewise, the Association was unable to test the evidentiary soundness of the ten comparable Seattle homes chosen for the study because the actual homes compared were not known. There were numerous questions which the Association would like to have answered with respect to this matter. For example, were the homes Runzheimer personnel chose located in appropriate neighborhoods? Were all the homes in the same condition? Were they more or less than 2000 square feet, and if so, by how much? Because the specific sources of information used for the Runzheimer Report were not identified, the answers to these and other questions were impossible to obtain. (See, Transcript, vol. IV, pp. 817-830).

The need for such information was made more crucial by the fact that home ownership constituted a prime component of the Report. Mr. Schneider failed to convince the neutral arbitrator that the statistical processes used by Runzheimer necessarily would have weeded out of the study any inappropriate comparisons. His conviction provided insufficient

assurance that conclusions drawn by the Report are completely accurate. (See, Transcript, vol. IV, pp. 819-820).

As a result of such uncertainties, the Runzheimer Report has been used only as another source of guidance; and the arbitrator has not relied exclusively on the conclusions of the Runzheimer Report as a precise measure of cost-of-living differences between Seattle and the comparative cities. At the same time, the Report has not been discounted entirely. As the evidence submitted by the parties made clear, the Runzheimer Report was not the only evidence showing that the cost of living in comparative cities is higher than it is in Seattle.

Data from the American Chamber of Commerce Researchers' Association showed that the cost-of-living in Seattle for the second quarter of 1986 was 3.6% lower than that of comparative cities. (See, City's Exhibit No. 80(B)). Likewise, data from the Associates for International Research, Inc. indicated that, for a before tax income of $40,000, Seattle's cost of living was 15.2% lower than that of San Francisco or Los Angeles in 1986. (See, City's Exhibit Nos. 1, 2 and 83; Transcript, vol. III, p. 87). Updated from 1981, the Bureau of Labor Statistics' higher Urban Family Budget showed a 9.7% differential in cost of living between Seattle and the comparative cities of San Francisco, Oakland, Long Beach, and San Diego in 1986. (See, City's Exhibit No. 75(E). Based on data from the American Chamber of Commerce Researchers' Association, Coldwell Banker Residential Group, Inc., a 1980

Bureau of the Census report, and a report by the Federal Home Loan Bank Board for the third quarter of 1986, there was an indication that home costs in Seattle ranged from 17% to 48% less to buy than in some of the comparative cities. (See, City's Exhibit Nos. 84, 85, and 86). Additionally, there was unrebutted evidence that the 1985-86 Consumer Price Index for Seattle was .3% as contrasted with 2.1% in comparative cities and that Seattle's Consumer Price Index had increased by 13.8 fewer points than the average in those other relevant west coast cities from 1967 to 1985. (See, City's Exhibit Nos. 70, 71, and 72). While these data were of varying degrees of usefulness and reliability, they served as an indicator that costs of living in comparative cities are higher than in Seattle.

The Knowles Theory. Through the testimony of Professor David Knowles, Associate Professor at Seattle University, the Association advanced a different theory with respect to how the cost of living should be measured. The Association argued that a higher cost of living escalates wages, making inter-city wage differences a proxy for inter-city cost-of-living differences. If costs of living are higher in the comparative cities than in Seattle, the Association maintained that cross-industry area wage surveys should reveal the fact that workers in the comparative cities received more compensation than do their counterparts in Seattle. (See, Transcript,

vol. VI, pp. 1332-1333).

The Association argued, however, that the facts did not reveal such wage differences. When the Bureau of Labor Statistics issued weekly earnings across industries from July, 1986, Seattle employes received no less compensation than workers in comparative cities. (See, Association's Exhibit Nos. 196 and 197; Transcript, vol. VI, pp. 1337-1341). City government payroll data from the Bureau of Labor Statistics from 1984 showed that city employes in comparative cities received only 1.3% more compensation than did their Seattle counterparts during the relevant time period. (See, Association's Exhibit No. 198). Moreover, the per capita money income in the comparative cities, on the average, was 10.4% less than that in Seattle. (See, Association's Exhibit No. 109). Accordingly, the Association has argued that Seattle is at least as expensive a city in which to live as any of the comparative locations.

These data, however, failed to be persuasive. Occupations Dr. Knowles chose to study from the BLS area wage surveys did not constitute a true cross-section of wage earners but, rather, focused on clerical, technical, or mechanical professions. Thus, it is possible that the wage figure averages on which Dr. Knowles based his comparisons were skewed. The point is that the Association failed to establish the relevance of such salaries to compensation paid management personnel, except as a general economic force confronting the parties.

The city government payroll data relied on by the Association were somewhat dated (October, 1984) and failed to take into account the differences in services offered by the various cities. (See, Transcript, vol. VI, p. 1422). Finally, per capita money income comparisons may take into account income unrelated to wages without considering differences in occupational structures within a particular city. (See, Transcript, vol. VI, pp. 1424-1425). As a result, less confidence has been placed in conclusions based on these data.

The Association has argued that none of the indices of inter-city cost-of-living differentials introduced into evidence by the City may be relied on by the arbitration panel. According to the Association, each must be considered unreliable because of flawed data collection practices, lack of availability of underlying data, or because the City failed to produce witnesses capable of providing an adequate foundation for the studies. It should be observed, however, that independent and generally disinterested organizations whose purpose is to analyze "cost-of-living" differences on a national basis conducted many of the studies cited by the Employer. Each may be subject to criticism with respect to methodology or data collection processes. Even Bureau of Labor Statistics studies, on which the Association relied for its own cost-of-living analysis, are susceptible to the criticism that the underlying data cannot be completely validated. Yet, the arbitration panel has been unwilling to ignore generally consistent conclusions reached in the variety of

independent studies. To allow any flaw in a study to eliminate its evidentiary usefulness would remove much helpful information from the purview of the arbitration panel and also would call into question the legitimate statutory criteria enacted by the legislature. As Arvid Anderson, President of the National Academy of Arbitrators, has pointed out, "lawyers are very skillful at raising objections as to the admissibility or to the relevance of particular data, however, in interest arbitration what is really important is the persuasiveness and relevance of what is presented." (See, Anderson, "Public Sector Interest Arbitration Lessons from Recent Experience," Address to the Society of Professionals in Dispute Resolution in Boston, Massachusetts, October, 1985).

On the other hand, the arbitrator has not relied on the studies in a rigid or literalistic way as a means of demonstrating a mathematically precise differential in costs of living between Seattle and the comparative cities. The differing conclusions in the studies cited by the parties amply demonstrate that "cost-of-living" analysis is at best an imprecise science. Such data simply cannot be used as an inflexible formula to compute wage parity in "real" dollars as the Employer has suggested. Rather, the sum total of the information has served to inform the arbitration panel that the cost of living in comparative cities is, within a general range, higher in comparative locations than

A wage increase of 4% would place Seattle police lieutenants 2% below the average base monthly wage of $3,906.00 in California cities (5.2% below, if Sacramento's education incentive pay is included in the calculation). In comparison with all of the comparative cities, Seattle lieutenants will receive 1.4% less compensation than the average of $3,880.00 (or 4.5% less if Sacramento's education longevity is included). They will receive 2.8% more compensation in base monthly wages than Portland lieutenants.

Seattle captains will receive 5% less in base monthly wages compared with the stipulated California cities. They will receive 3.9% below the average base monthly wage of $4,574.00 for all the comparative cities. Not all the comparative cities employ majors whose rank is comparable to that of a "major" in Seattle. (See, Transcript, vol. I, pp. 153 and 163). The data for those which do so indicate that Seattle majors will earn 7.5% less compensation than majors in comparative cities with an actual dollar differential of $381.00.

An effort also has been made to compare the impact on total hourly compensation of a 4% wage increase, using the same method of computation as previously described earlier in the report with respect to total hourly compensation. This information has been especially useful because it accounts for differences in types of pay received by police management personnel, such as education incentive or holiday pay. The data show the following pattern:

Cities	Lieutenants
Long Beach	$ 29.13
San Jose	28.62
Oakland	27.09
Sacramento	26.97
Seattle	**25.37**
Portland	25.21
San Diego	25.12
San Francisco	25.01

Cities	Captains
San Jose	32.94
Long Beach	32.53
Oakland	30.89
Sacramento	30.11
San Francisco	29.26
Seattle	**28.91**
Portland	28.39
San Diego	28.17

Cities	Majors
San Jose	37.99
Oakland	37.72
San Francisco	34.47
Portland	33.13
Seattle	32.97

These data show that, with a wage increase of 4%, Seattle police lieutenants will receive 6.4% less than the average hourly wage of $26.99 among comparative cities in California. When Portland is included, Seattle will receive 5.4% less than the average hourly wage. Seattle lieutenants will receive .6% more total compensation per hour than Portland lieutenants.

Seattle captains will receive 6.0% less than the average hourly compensation received by captains in California cities and 5.2% less than that received by captains in all the comparative cities. Seattle majors will receive 8.7% less than the average received by majors in other comparative cities.

These data make clear that members of this bargaining unit will receive less actual compensation than the average received in other west coast cities with which Seattle has been compared, although the actual dollar differentials are not overwhelming. For a number of reasons, the arbitration panel believes Seattle's rank order among the comparative cities reflects a reasonable way of balancing the statutory criteria. First, as the data have made clear, there is an overall higher cost of living to be found in comparative cities than there is in Seattle. Depending on the study used as the basis of one's conclusion, the differential can range from 3.1% to 9.7%. (See, City's Exhibit Nos. 70, 72, 80-86, and 130-131).

Another point to highlight is the fact that the data consistently show averages of salaries among the comparative

cities to be higher when Portland has been excluded from the consideration. Thus, while concededly based on comparisons of wages received by police management personnel in the stipulated cities, even the Association's "wage proxy" method of measuring cost of living would suggest that California cities experience a higher cost of living than do the two largest cities in the Pacific Northwest. This assumption has been supported by data from the Association showing that, among the comparison cities between 1976 and 1986, only Portland had a lower CPI than did Seattle. (See, Association's Exhibit No. 17). For this reason, Portland salary data in this case have been of more than casual interest. A 4% salary increase would place the salaries of Seattle lieutenants and captains above those similarly situated employes in Portland.

It is also important to recognize the impact of a 4% wage increase on the place of Seattle police lieutenants in the local labor market, a factor which must be given its due weight. Within that context, salaries received by members of the bargaining unit will be high, but not unreasonably so. Compared with the average base monthly salaries of police lieutenants in the Tacoma, Renton, Bellvue, Mercer Island, Auburn, Everett, and Kent, Seattle lieutenants will receive 10.3% more compensation (9.4%, when Tacoma's longevity pay is included as part of a Tacoma lieutenant's base monthly pay). Seattle captains will receive 16.3% more compensation than the average of their counterparts in Auburn, Bellvue, Everett, Lynwood, Kent, Edmonds, and Tacoma.

Nor can the impact on the internal wage structure be

ignored. As will be recalled, Seattle police lieutenants have been paid an average of 26% more compensation than the License and Standards Supervisor for the last twenty years. A 4% raise will increase this differential to 30.6%. Lieutenants will receive 7.5% more compensation than Electrical Worker supervisors, which is slightly below the twenty year average of 8.3%.

There also is a need for the arbitration panel to be sensitive to the Employer's need to maintain sensible differentials between ranks within the department. A 4% wage increase will give members of this bargaining unit an equitable wage without distorting internal differentials. Police lieutenants will receive 23.3% more compensation in base monthly wages than will police sergeants. (See, City's Exhibit No. 145). If maximum longevity is included in the calculation for a sergeant's pay, the differential will be only 15.3%. Assuming the Assistant Chief of Police received a .5% wage increase, this individual would be paid only 3.7% more compensation than a police major. As previously suggested, however, this issue cannot be dispositive. With respect to the Chief and Assistant Chief of Police, the Employer has the power to structure the salary differentials as it deems it prudent.

The Association has raised a number of arguments to support a much higher wage increase that have not been persuasive. For example, the Association has argued that, since 1979, historical data show a steady erosion in the relative economic

position of wages in this bargaining unit as compared with the stipulated cities. That is, among the comparisons, Seattle was the wage leader in 1979 but gradually lost ground until, in 1986, it ranked almost last. (See, Association's Exhibit No. 14). It is a forceful argument when a bargaining unit can clearly demonstrate that it has been a wage leader over a period of years. Because a city's reputation as a wage leader may attract the highest quality personnel, its status in this respect benefits not only bargaining unit members but also the Employer and the public as well. The Association, however, has not explicitly shown such a history as a wage leader with respect to Seattle. On the contrary, data show that Seattle's wage leadership has varied erratically over the past twenty years. The data reveal the following pattern:

Cities	1966-67
San Francisco	$ 1,029.00
San Diego	1,027.00
Long Beach	999.00
San Jose	968.00
Oakland	950.00
Sacramento	900.00
Portland	877.00
Seattle	**810.00**

Cities	1975-76
Long Beach	$ 2,131.00
Oakland	2,110.00
San Francisco	2,082.00
San Jose	2,051.00
Seattle	**2,023.00**
Portland	±,992.00
Sacramento	1,859.00
San Diego	1,823.00

Cities	1978-79
Seattle	**2,610.00**
Oakland	2,496.00
Portland	2,439.00
San Francisco	2,427.00
Long Beach	2,332.00
San Jose	2,267.00
Sacramento	2,259.00
San Diego	2,186.00

Cities	1981-82
Long Beach	3,188.00
Seattle	**3,166.00**
San Jose	3,045.00
Oakland	3,004.00
San Francisco	2,995.00
Portland	2,917.00
Sacramento	2,734.00
San Diego	2,572.00

Cities	1985-86
San Jose	$ 4,010.00
Long Beach	3,958.00
Oakland	3,792.00
San Francisco	3,758.00
Seattle	**3,681.00**
Portland	3,604.00
San Diego	3,426.00
Sacramento	3,268.00

The data simply do not support a conclusion that Seattle has been a consistent wage leader among west coast cities with respect to base monthly salaries for police lieutenants. The fact that Seattle ranked first in 1979 has not established the city as a wage leader with respect to police management personnel. The point is, of course, that comparability data cannot play as important a role in wage determinations for a wage leader, although it is presumed to be significant.

The Association has also argued that the Employer has the ability to pay members of the bargaining unit as much as a 30% increase. The City has not contested its ability to pay, and evidence submitted to the arbitration panel shows that the economic tenor of the Employer has improved since the early 1980s. Those improved conditions clearly warrant a 4% wage increase. Members of this bargaining unit, like other employes, should expect to share in the City's economic recovery.

On the other hand, the objective of an interest arbitration is not to determine the extreme limits of what an employer

might be able to afford, but rather to determine an equitable and fair wage rate based on objective data. The City was persuasive in its contention that the Association's proposed total compensation package is too costly. According to the City's calculations and assuming a 10% per year wage increase, the Association's complete proposal over the next three years would provide each bargaining unit member with $52,534.00 more than he or she currently receives. At the end of the three years, members of this bargaining unit would have received about twice as much in additional compensation as the City currently expends for those individuals in one year. (See, City's Exhibit No. 156). Consequently a number of interests must be balanced in making this wage determination, among them enabling the Employer to maintain its economic recovery, making progress on other priorities, and remaining cautious during a time of unpredictable economic forces.

Nor have the City's arguments in support of a 1.5% wage increase been persuasive. The City has argued that, within the context of the local labor market, members of this bargaining unit are already extremely well paid. According to the Employer, salary increases among local public agencies averaged approximately 2% in 1986 and 1987. The Seattle Police Officers Guild negotiated a 1.5% salary increase, effective September 1, 1986. (See, Transcript, vol. V, p. 1167). Local 17 of the Joint Crafts Council and the International Federation of Professional and Technical Engineers negotiated a first year wage increase averaging approximately

1%, with increases based on the Seattle area CPI-W in the second and third years. (See, Transcript, vol. V, pp. 1175-78).

The arbitration panel recognizes that there is a differential that favors police personnel when they are compared with certain other city supervisors. In addition to the historic pattern, some weight also must be given to the fact that services performed by police managers are both indispensable and unusually hazardous. To the extent that their salaries exceed those received by some other city supervisors and managers, the higher pay simply recognizes the special nature of the work performed by members of the bargaining unit.

Later Years of the Agreement: Ideally, the comparable salary levels achieved by members of the bargaining unit in 1986 should be preserved in the second and third years of the parties' collective bargaining agreement. The Association has submitted data with respect to 1987 negotiated settlements with police management personnel in six of the seven stipulated cities. According to the affidavit of Mr. Gerald Taylor, immediate past president of the Association, total compensation increases among comparative cities of San Jose, Long Beach, Oakland, San Francisco, San Diego, and Sacramento have averaged 5.4%. Salary increases among the same cities have averaged 4.8%. (See, Association's Post-hearing Brief, p. 19).

The arbitrators have received no data with respect to the increase in total compensation received by Portland police management personnel. Portland, however, appears to have received a salary increase of 2% in 1986-87. (See, Association's Exhibit No. 20, fn. 2). When Portland's increase is included in the computation, the average salary increase among all the stipulated cities is 4.4%. Accordingly, it is reasonable to award members of the bargaining unit a second year salary increase of 4.4%, with an aim of maintaining their close to average position among the stipulated cities.

Obviously, there has been no similar information available for the contract year beginning September 1, 1988. In light of the fact that those agreements are yet to be negotiated, the City's proposal to link the third year salary increase to the CPI index is a rational one. This method of wage determination insures that members of the bargaining unit will not lose ground as a result of inflation. Additionally, by providing a "floor" and a "ceiling," neither party will suffer greatly from an unpredictably low or high rate of inflation from January to June of 1988.

The City's salary proposal for the third year of the parties' agreement, however, should be modified in two respects. First, the City has proposed that the third year wage increase should equal 80% of the Seattle-Tacoma area CPI-W. The Employer, however, has conceded that in its settlements with the Joint Crafts Council and International Federation of Professional and Technical Engineers, Local 17,

it has agreed to increase wages by 90% of the Seattle area CPI-W in subsequent contract years. (See, Transcript, vol. V, p. 1176). Additionally, the parties used the 90% CPI-W formula in their expired agreement. (See, Association's Exhibit No. 4, App. A). In consideration of the parties' past agreement, settlements with other unions, and the objective of tying wages of this bargaining unit to a percentage of the CPI, 90% is the more appropriate figure to use.

A second change in the Employer's proposed third year wage increase focuses on the index to be used. Professor Knowles presented unrebutted testimony that the Bureau of Labor Statistics now discourages using local indices in labor settlements because their frequency and reliability have decreased in recent years. (See, Transcript, vol. 6, pp. 1369-1371). Consequently, it is currently more appropriate to link the third year wage increase to the Consumer Price Index for Urban Wage Earners and Clerical Workers. The CPI-W is an older index than the CPI-U, and the CPI-W has historical roots that link it to the index which was initiated during World War I for use in wage negotiations. Hence, it is reasonable to use the CPI-W for all cities.

VI. THE ISSUE OF SPECIALTY PAY

A. Proposal:

The Association has proposed that the basic monthly salary of a police lieutenant assigned to the Bomb Squad be increased by 5%.

B. Discussion:

The current practice is for police lieutenants on assignment to the Bomb Squad to receive 5% of the "top step" police officer's salary. (See, Transcript, vol. I, p. 190). Yet, detectives and sergeants, who are members of the Seattle Police Officers Guild, receive 8% of a "top step" police officer's salary. (See, Association's Exhibit No. 40). Obviously, the current structure pays police lieutenants, who are members of the Seattle Police Management Association, less compensation for serving on the Bomb Squad than is paid to individuals who rank below lieutenants.

The Employer would continue this disparity. It is the position of the Employer that the wage disparity is justified by the bargaining history of the "specialty pay" provision. The provision states:

> Effective September 1, 1983, a salary premium based on five percent (5%) of the top base pay step of the classification Police Officer shall be paid to Police Lieutenant assigned to the Bomb Squad while so assigned. The dollar equivalent to this percentage premium is $122.00 per month, effective September 1, 1983, and $129.00 per month effective September 1, 1984. (See, Association's Exhibit No. 4, p. 29).

In other words, in originally negotiating Bomb Squad pay with the Seattle Police Officers Guild, the Employer wanted to pay those individuals covered by the provision a "flat dollar" amount. The Seattle Police Officers Guild, on the other hand, wanted to link the wage rate to a percentage of the individuals' salary, thus allowing Bomb Squad pay to advance as general wages increased. (See, Transcript, vol. V, pp. 1190-1191). This obviously is an instance where shadows of the past are distorting present day reality. The rationale set forth by the Employer is not given any force through the Employer's current practice of paying police lieutenants less than detectives and sergeants for undergoing the same hazard and using the same skills. Current practice also has the potential to undermine the morale of middle level decision makers.

A more rational approach is to be found in the Association's proposal. The cost of the proposal is not great. More importantly, the inequity of paying lieutenants less than officers of lower rank for exercising the same basic skills will be removed by implementing the Association's proposal. Moreover, adopting the Association's proposal will recognize the special role and increased decision making responsibility borne by management personnel assigned to perform Bomb Squad duty.

VII. THE ISSUE OF CAREER DEVELOPMENT INCENTIVES

A. Proposal:

The Association has proposed that two contractual provisions which focus on career development be included in the parties' agreement. First, the Association seeks educational-longevity pay for members of the bargaining unit. Pursuant to this proposal, a member of the bargaining unit with one year of college education or five years of service will receive an additional 2.5% in base monthly salary. If that individual had obtained two years of college education or ten years of work experience, he or she would receive an additional 5% of compensation. With three years of education or fifteen years of service, he or she would receive an additional 10% of salary. With an MA or MS degree, 11% in salary would be added. If the individual had earned a Ph.D. or J.D. degree, he or she would receive 12% more monthly pay. The proposal would permit members of the bargaining unit to compound full increments of educational training with years of service to obtain a maximum of 10% of career development pay. Under the plan, longevity pay eventually would cease to exist.

Second, the Association has proposed a plan of tuition reimbursement for pre-approved college courses. Under this plan, members of the bargaining unit who received a grade of "A" would be paid the lesser of 100% of the cost or $300.00. For a grade of "B," the individual would receive the lesser of 75% of the cost, or $225.00; and for a grade of "C," he or she would receive the lesser of 50% of the cost or $150.00.

Bargaining unit members would be permitted to take as many as two courses at any one time, and the plan would apply to course work completed on or after January 1, 1987.

B. Discussion:

A fundamental justification for the Association's proposal is that highly educated police management personnel are a central part of a top quality, highly professional city police department. It is the belief of the Association that providing additional pay for increased levels of college education would create an effective incentive for members of the bargaining unit to seek further college training. Such a plan also would reward those individuals who already have attained higher levels of education through their own efforts. Furthermore, the Association has maintained that its proposal will encourage police officers who aspire to managerial positions to seek additional education.

The arbitrator has no doubt that education plays an important role in establishing and maintaining a professional police department. This is as true for managerial personnel as it is for an officer "on the street." The American Bar Association project on standards for criminal justice has recognized the need to attract to police work and police administration individuals with a broad liberal education. One observer has stated:

> The qualities which law enforcement leaders claim to look for in recruits are the very ones which liberal education is believed to nurture: knowledge of changing social, economic and political conditions; understanding of human behavior; and the ability to communicate; together with the assumption of certain moral values, habits of mind, and qualities of self-discipline which are important in sustaining their commitment to public service. (See, Association's Exhibit No. 57, p. 218).

At the same time that more education is desirable within the work force, the most effective means for attracting qualified individuals well might be paying a salary that adequately reflects the higher educational training expected of such individuals. This is a more direct and efficient means of achieving the Association's goal for its members. The Employer submitted evidence showing that most members of this particular bargaining unit already have achieved a solid education. (See, City's Exhibit Nos. 174, 175, and 176). Additionally, because the Employer has tended to encourage internal promotions, most members of the bargaining unit have served a great many years with the department. Consequently, career incentive pay would serve not so much as an incentive to obtain more education as it would serve as a reward for past efforts. This objective is better accomplished by paying members of the bargaining unit higher compensation in recognition of their status as highly educated, experienced members of the department.

It also must be recalled that 52% of all sergeants in the department applied for the position of "police lieutenant" in the last qualifying examination. (See, City's Exhibit No. 181).

The point is that police sergeants clearly have a view of being promoted to a managerial position as a desirable goal. It is reasonable to believe that this partly is because managerial positions are relatively well paid. To the extent that a higher degree of education increases their chance to be assigned to such a position, police officers already have a strong incentive for obtaining further education.

The Association has argued that four of the seven comparative cities have established some form of educational and/or longevity pay for police managerial employes. (See, Association's Exhibit No. 3). Fairness requires, however, that this "additional" contractual benefit be evaluated in relationship to the total compensation package received by police managers in those cities. For example, Sacramento restricts educational pay for police managers to the position of "lieutenants," an apparent compensation for giving them the lowest monthly salary of any of the stipulated West Coast cities. (See, Transcript, vol. II, p. 155). To the extent that Seattle police managerial personnel are provided comparable total compensation, the fact that other cities provide educational and/or longevity pay becomes less convincing as a basis for including it in this agreement.

Nor can one lose sight of the enormous expense to the Employer of the Association's career development incentive proposal. At current salary rates, the minimum additional salary to be received by each bargaining unit member would be $5000.00. (See, Transcript, vol. V, p. 1092). Over a

three year period, the Association's proposal could cost the Employer approximately a million dollars. (See, City's Exhibit 158). In balancing the interests of the parties and the gains to be obtained by the Association's proposal, it is reasonable to conclude that the cost simply is too great at this time.

Much the same rationale militates against accepting the Association's tuition reimbursement proposal. The Association was persuasive in its contention that training programs currently paid for by the Employer do not provide educational benefits equivalent to those attained through college course work. The fact remains, however, that most members of this bargaining unit already have obtained a considerable amount of college education.

The Association has argued that many members of the bargaining unit have financed their education through the federal Law Enforcement Education Program, a program that no longer exists. (See, Transcript, vol. II, p. 324). As a result, an alternative means for financing educational programs of bargaining unit members is needed, according to the Association. Direct wage payments, however, are the most efficient means of enabling bargaining unit members to advance their education and this does not become encumbered with additional bureaucratic overlays inherent in implementing the Association's proposal. The worthwhile objective of providing the additional benefit does not merit the costs that would be generated were the proposal adopted. The Employer's estimated cost of

the proposal is over $60,000.00. (See, City's Exhibit No. 160).

In summary, the Association's proposals with respect to career development incentives have not been included as a part of the next agreement between the parties. It is important to emphasize, however, that the rationale for not doing so has rested on the assumption that members of the bargaining unit receive total compensation reasonably comparable to that of relevant personnel in comparative cities. This fact has provided an additional reason for not adopting the City's modest wage proposal. By paying members of the bargaining unit total compensation appropriate to their level of experience and education, they will be rewarded for their past educational accomplishments. More importantly, the police department will continue to attract a highly educated, professional managerial staff and will do so without incurring the burdensome administrative costs entailed by the Association's proposal.

VIII. THE ISSUE OF DISCIPLINE

A. Proposal:

The Association has submitted a two-part proposal with respect to discipline. First, the Association proposes that a "just cause" provision be added to the collective bargaining agreement between the parties. Second, the Association proposes that either the present disciplinary procedure be incorporated into the parties' agreement or that any disciplinary procedure negotiated between the Employer and the Seattle Police Officers Guild be incorporated into the agreement with the Seattle Police Management Association, provided that if those two parties resolve the issue in interest arbitration, the Association be permitted to appear and participate in the proceeding.

B. Discussion:

In response to the Association's proposal, the Employer has argued that disciplinary procedures currently used in the Seattle Police Department are adequate and respond to the needs of the parties. It is the contention of the Employer that lieutenants and captains in the department already enjoy several sources of protection from unjust discipline. For example, lieutenants and captains may use the Manual of Rules and Procedures of the Seattle Police Department. In addition, these personnel have access to the Public Safety

Civil Service Commission pursuant to the Rules of Practice and Procedure of the Commission. Additionally, they may appeal to a local Superior Court. It is the contention of the Employer that such procedures more than adequately protect the needs of lieutenants and captains.

With respect to majors, the City has acknowledged that City Ordinance 4.08.060 covers not only lieutenants and captains but excludes majors from its jurisdiction. Majors in the department serve at the behest of the Chief of Police. That is appropriate, according to the Employer, because majors are top level managers on whom the chief relies in determining and carrying out important policy objectives. The City has argued that, without the total confidence of the chief of police, majors would be unable to serve effectively in this position. Consequently, the City has argued that the chief must be permitted absolute, unilateral discretion to choose and, if necessary to replace majors whom he believes to be incompatible with his goals. To the extent that a "just cause" provision would alter this arrangement, it allegedly would be consistent with the best interests of the parties.

Placing "Just Cause"in Context. It is not unusual for public sector administrators to view grievance procedures as disruptive. (See, Patterson, The Public Administrator's Grievance Arbitration Handbook, p. 4 (1983)). It also is not unusual for management to urge employes to rely

on protections made available through civil service commissions. But public sector collective bargaining has added a dimension that has begun altering traditional attitudes. As one author observed almost a decade ago, "the existence and growth of collective bargaining is circumscribing the traditional role of civil service commissions as the personnel arms of government." (See, Reeves, Collective Bargaining in the Public Sector, p. 38 (1978)).

There are at least two primary reasons for adopting some sort of grievance procedure as a part of the collective bargaining relationship between the parties. First, a grievance procedure represents more than just another article in a negotiated agreement. It represents a statement about the parties' understanding of their relationship. A somewhat lengthy statement by the U.S. Supreme Court explains the primacy of a grievance procedure in a collective bargaining relationship. The Court has stated:

> A collective bargaining agreement is an effort to erect a system of industrial self-government. When most parties enter into professional relationships they do so voluntarily, in the sense that there is no real compulsion to deal with one another, as opposed to dealing with other parties. This is not true of the labor agreement. The choice is generally not between entering or refusing to enter into a relationship, for that in all probability preexists the negotiations. Rather, it is between having that relationship governed by an agreed upon rule of law or leaving each and every matter subject to a temporary resolution dependent solely upon the relevant strength, at any given moment, of the contending forces. The mature labor agreement may attempt to regulate all aspects of the complicated relationship, from the most crucial to the most minute over an extended period of time. Because of the compulsion to reach agreement and

> the breadth of the matters covered, as well as the need for a fairly concise and readable instrument, the product of negotiations [the written document] is, in the words of the late Dean Shulman, 'a compilation of diverse provisions: some provide objective criteria almost automatically applicable; some provide more or less specific standards which require reason and judgment in their application; and some do little more than leave problems to future consideration with an expression of hope and good faith.' Gaps may be left to be filled in by reference to the practices of the particular industry and of the various shops covered by the agreement. Many of the specific practices which underlie the agreement may be unknown, except in hazy form, even to the negotiators. Courts and arbitration in the context of most commercial contracts are resorted to because there has been a breakdown in the working relationship of the parties; such resort is the unwanted exception. <u>But the grievance machinery under a collective bargaining agreement is at the very heart of the system of industrial self-government</u>. Arbitration is the means of solving the unforeseeable by molding a system of private law for all of the problems which may arise and to provide for their solution in a way which will generally accord with the variant needs and desires of the parties. The processing of disputes through the grievance machinery is actually a vehicle by which meaning and content are given to the collective bargaining agreement. (See, <u>United Steelworkers of America v. Warrior and Gulf Navigation Company,</u> 363 U.S. 574 (1960)).

The point is that a grievance procedure, including the concept of just cause, is a part of a system of self-government. The objective of the system is not only to secure justice for those covered by the agreement but also to assist an employer in its quest for productivity and efficiency. If a grievance arbitrator is asked to assist in the relationship of the parties, it is his or her obligation to recognize the continuing nature of the relationship between the parties. Within the context of that continuing relationship, he or she, then, attempts, based strictly on objective evidence submitted by

the parties, to determine their contractual intent and to implement it.

A second reason for adopting a traditional grievance procedure as part of the parties' agreement involves the concept of just cause. This is not a mystifying or elusive concept, even though no standardized definition can be applied like a mathematical formula to all problems. The concept of "just cause" has brought to the work place fundamental notions of due process that have provided the basis for the foundation and growth of justice in the United States. "Just cause" assumes that there will be a reasonable basis for a managerial decision to impose discipline at the time of the discipline. Thus, an employer will not be permitted to discipline based on arbitrary, capricious, or discriminatory considerations. "Just cause" would be violated if management searched for just cause reasons for an action after making the decision. It is assumed that just cause will be based on a valid type of employe failure and not merely on individual preferences or predilections. "Just cause" uses a carefully defined concept which has been explored and explained by literally hundreds of arbitration decisions during the past forty-five years. (See, for example, criteria used by Arbitrator Daugherty in Grief Brothers, (42 LA 555 (1964)).

An integral part of the concept of "just cause" is that of due process. One of the ironies of civil law is that it has not developed protections in the work place that are as effective as those of the concept of "just cause." This is

best exemplified by the facts in the Bishop v. Wood case. In that case, management had discharged a police officer after the chief of police concluded that his work was unsatisfactory. Believing his employment status was a property right which had been violated without regard for his due process rights, the police officer challenged the decision. In the view of the U.S. Supreme Court, however, any due process rights the individual enjoyed would not give him a guarantee against incorrect or ill-advised personnel actions. (See, Government Employment Relations Reporter, 661:F-1, June 14, 1976). More recently, the U.S. Supreme Court has held that a public employe may not be deprived of his or her substantive rights to property except pursuant to constitutionally adequate procedures. (See, Cleveland Board of Education v. Loudermill, 105 S. Ct. 1487 (1985)). What the Court held, however, was that the due process clauses of the fifth and fourteenth amendments require "some kind of hearing" prior to discharge. (See, 105 S. Ct. 1487, 1493 (1985)).

It still is not clear what requirements of procedural due process public employes enjoy if the managerial action does not involve discharge. It also must be understood that the U.S. Supreme Court never has clearly defined what constitutes procedural due process. Rather, the Court has stated that "the exact boundaries [of due process] are indefinable, and its content varies according to specific factual contexts." (See, Hannah v. Larche, 363 U.S. 420 (1960)). The U.S. Supreme Court has taught us that "a fundamental requirement

of due process is the opportunity to be heard." (See, Arnett v. Kennedy, 416 U.S. 134 , 178 (1974)).

Arbitration law much more carefully and definitively has developed the notion of due process as a part of the concept of "just cause." Numerous cases have dealt with concepts such as an employe's foreknowledge of the work rules; the relationship of the work rule to the safe, efficient, and orderly operation of an agency; the adequacy of any investigation into an incident; the sufficiency of the evidence against an employe; whether or not the decision was free of arbitrariness and discrimination; and the relationship of the discipline imposed to the seriousness of the offense. There are numerous arbitration cases and secondary treatises on the subject. (See, for example, Elkouri and Elkouri, How Arbitration Works, (1985); and Fairweather, Practice and Procedure in Labor Arbitration (1983)).

The point is that protections set forth by the City's alternative procedures are not equivalent to those provided by a "just cause" provision. For example, what standard of proof would be required of the Employer in proving a lieutenant or captain guilty of misconduct under its proposal? There are well developed guidelines in arbitration law that have been defined over the years. "Just cause" provisions are not unusual. A survey by the Bureau of National Affairs, Inc., of four hundred collective bargaining agreements showed "just cause" provisions in ninety-eight percent of them. (See, Basic Patterns in Union Contracts, p. 6

(BA Books, 1983).

It is unreasonable to expect to be able to answer a major who had been demoted on potentially erroneous grounds that managerial discretion requires such flexibility and unfettered control. The demands of equity must be answered in particular cases. Nor does the fact that in the past members of this bargaining unit have accepted a contractual provision allowing such a result have persuasive power. If there is a dispute involving a clearcut managerial right and the evidence is ambiguous, perhaps the benefit of the doubt would favor the Employer. But in matters of discipline where there has been ambiguity, there has been an inclination to favor a grievant, as reflected by the fact that the burden of proof in discipline cases has been on the employer. In discipline and discharge cases, the outcome often will dramatically affect a person's livelihood, and there should be a scrupulously fair opportunity to test the decision making process that placed an individual in such a predicament.

It should be recalled that the Association has indicated its willingness to incorporate into a "just cause" provision a number of limitations. First, the Association accepts the proposition that an employe who pursues the remedy of arbitration must waive other methods of appeal. Second, a major who seeks a remedy for reassignment pursuant to the "just cause" provision may do so only when the Employer has stated that the reason for reassignment was the individual's misconduct. (See, Association's Post-hearing Brief, p. 54, fn. 17).

These modifications to a standard "just cause" provision are directly responsive to concerns of the Employer with such a provision.

A second part of the Association's "discipline" proposal is troublesome. The Association would incorporate into the parties' collective bargaining agreement present disciplinary procedures or some procedure used by the Seattle Police Officers Guild, assuming certain conditions could be met. The Employer has been convincing in its contention that incorporating the discipline provisions of the Police Department Manual into the parties' agreement would be undesirable. For example, it would be exceedingly difficult to make necessary changes in the procedures because of the impact on collective bargaining negotiations. In the absence of more extensive testimony and a more detailed scrutiny of various procedures, interest arbitration does not provide an effective forum for selecting an appropriate disciplinary procedure for the parties.

The fact remains that the Association has demonstrated the existence of a genuine problem with respect to current disciplinary procedures. (See, Association's Exhibit No. 52 and Transcript, vol. II, pp. 231-233). It is appropriate for members of the bargaining unit to expect to participate in whatever changes are made in the procedures. Some appropriate mechanism is needed for insuring such participation.

A sensible solution to the problem is to establish a joint labor-management committee whose function is to review

provisions of the disciplinary procedures that the Employer believes to be outmoded so that the parties can fashion a system that is directly responsive to their needs. Such committee would be in a position to make recommendations for updating departmental procedures as necessary. In this way, members of the bargaining unit will have an opportunity to point out what they perceive to be as inadequacies in any proposed changes, and the Employer will be able to update and streamline the Manual.

AWARD

Having carefully considered all evidence submitted by the parties concerning this matter and in accordance with RCW 41.56.460, the arbitration panel in the impasse between the City of Seattle and the Seattle Police Management Association makes the following determinations:

1. WAGES

For the contract year beginning September 1, 1986, members of the bargaining unit shall receive a 4% salary increase. Base monthly salaries for police lieutenants, captains and majors shall be $3,828.00, $4,402.00, and $5,062.00, respectively.

For the contract year beginning September 1, 1987, members of the bargaining unit shall receive a salary increase of 4.4%.

For the contract year beginning September 1, 1988, members of the bargaining unit shall receive 90% of the CPI-W (all cities), with a minimum wage increase of 3% and a maximum increase of 7%.

2. CAREER DEVELOPMENT INCENTIVE

Neither the educational-longevity pay proposal nor the tuition reimbursement proposal of the Association shall be included as provisions in the next collective bargaining agreement between the parties.

3. SPECIALTY PAY

The next collective bargaining agreement between

the parties shall provide that lieutenants assigned to Bomb Squad duty shall receive an additional 5% of their actual wage rate during the period of that assignment.

4. DISCIPLINE

The next agreement between the parties shall include a provision stating that it is a right of management to suspend or discharge employes or take other disciplinary action with just cause. Additionally, the parties shall establish a joint labor-management committee with each party having equal representation, and the charge to the committee shall be to review and make recommendations with respect to changes that should be made in the current Seattle Police Department Manual, as it relates to the development of a grievance procedure of a sort that is responsive to the needs of the parties and the sort customarily found in collective bargaining agreements. It shall culminate with arbitration as the final step of the procedure, using rules of the American Arbitration Association.

These determinations shall be implemented consistent with the report issued in conjunction with this award. The

arbitration panel shall retain jurisdiction in this matter for thirty days from the date of the report in order to resolve any problems resulting from its determination.

Respectfully submitted,

Lieutenant John Carson,
Association's party appointed
Panel Member

Date:

Carol Laurich

Ms. Carol Laurich
City's party appointed Panel
Member

Date: March 4, 1988

Carlton J. Snow

Professor Carlton J. Snow
Neutral Panel Member and
Chairman of the Arbitration Panel

Date: January 25, 1988

IN THE MATTER OF INTEREST ARBITRATION

BETWEEN

SEATTLE POLICE MANAGEMENT ASSOCIATION

AND

CITY OF SEATTLE

(PERC No. 6502-I-86-148)

ASSOCIATION PARTISAN ARBITRATOR'S OPINION

I regret that I am unable to sign the report of the neutral chairman. The report has a number of problems that would not be productive to detail here.

Most disappointingly, the report of the neutral chairman provides no guidelines to assist the parties in settling their next contract by negotiation, rather than by resort to time-consuming, expensive, and divisive litigation.

Interest arbitration decisions are most helpful to the parties if they clearly set forth definitive guidelines in terms likely to be persuasive to future arbitration panels, and therefore, to the parties themselves. Thus, for example, guidelines articulated in arbitration reports issued in 1982 and 1983 enabled the Association and the City to stipulate to

the appropriate cities for comparisons pursuant to RCW 41.56.460(c). Past reports also enabled the parties to stipulate to much of the basic compensation data and to the manner in which it should be developed and presented to the panel.

Regrettably, the report of the neutral chairman in this case provides no such guidelines. Instead, the report engages primarily in the sort of non-quantitative balancing that invites further protracted litigation.

In fact, the report actually exacerbates the situation. By placing such heavy reliance on incomplete data from Puget Sound jurisdictions presented by the City, the report effectively departs from the stipulated comparisons under RCW 41.56.460(c). Moreover, the use of such incomplete data from much smaller jurisdictions in this proceeding simply broadens the scope of the evidence the parties will be compelled to produce in their next round of litigation two years hence.

Lt. John Carson,
Association Partisan
Arbitrator

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