

IN THE MATTER OF )  
INTEREST ARBITRATION )  
BETWEEN )  
AMALGAMATED TRANSIT UNION )  
LOCAL 587, AFL-CIO, )  
Union, )  
and )  
JEFFERSON TRANSIT, )  
Employer. )

P.E.R.C. NO. 11148-I-94-239  
NEUTRAL ARBITRATOR'S  
OPINION AND AWARD  
1993-95  
COLLECTIVE BARGAINING  
AGREEMENT

HEARING SITE: Community Center  
Port Townsend, Washington

HEARING DATES: June 13, 14, 15, 1994

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I.        INTRODUCTION

This case is an interest arbitration conducted pursuant to RCW 41.56.492 and the regulations promulgated thereunder. The parties to this dispute are the Jefferson Transit (hereinafter "Employer" or "Jefferson Transit") and the Amalgamated Transit Union Local 587 (hereinafter "Union" or "ATU"). The parties to this dispute have defined their working conditions pursuant to a Collective Bargaining Agreement since 1983. The previous Collective Bargaining Agreement covered the period 1990 through December 31, 1992. The parties began negotiating for a successor Agreement in the fall of 1992. To the credit of the parties, they were able to resolve all differences, except for wages and health insurance for the 1993-95 Collective Bargaining Agreement.

Jefferson Transit is an independent municipal corporation formed in 1980 to provide transit services in Jefferson County, Washington. Jefferson Transit provides county-wide services except within the Olympic National Park and along the Pacific Coast.

Jefferson Transit is governed by a five-member board composed of three Jefferson County Commissioners and two Port Townsend Council members. Jefferson Transit provides a variety of services including fixed route operations, route deviations, van pools, ride-matching service, regional intercity bus interline connection, local freight, and connections with the Washington State ferries. Jefferson County is one of the most physically diverse and isolated counties in western Washington. Jefferson County is physically cut off from the metropolitan Puget Sound

counties by both Hood Canal and Puget Sound. Its eastern and western halves are separated by the rugged Olympic Mountains. The county has a total land mass of 1,805 square miles situated on the northern portion of the Olympic Peninsula. The population density is one of the lowest in the state. The most recent population figures indicate there are only 23,500 people residing in the Jefferson Transit service area. Port Townsend is the only incorporated town in the county with a population of 7,740.

The rural nature of the service area creates some unique driving situations when compared with urban transit agencies. Jefferson Transit operators are required to drive long distances each day, from over 100 miles to as many as 400 miles. The operators are required to drive over narrow and sometimes treacherous roads during adverse weather conditions. For example, the Brinnon-to-Port Townsend run requires the operators drive over Mt. Walker which is steep and narrow.

The drivers have to contend with problem passengers who are under the influence of alcohol or drugs. Drivers often have to deal with passengers who harass and threaten them while they are operating the bus. In addition, drivers have to deal with medical emergencies while operating the buses in remote locations.

Jefferson Transit routes have few designated stops for passengers. Drivers are expected to stop the bus when a person flags the bus down seeking a ride.

In sum, because of its large service area and small population, Jefferson Transit's routes are characterized by long

stretches between pick-ups with few passengers on the bus at any one time.

The major economic and employment sectors in Jefferson County include marine trades, pulp and paper, forest products/logging, diversified manufacturing, government and tourism. The major private sector employer is Port Townsend Paper Corporation. Government employment makes up a sizeable portion of the Jefferson County employment opportunities. Employment in the manufacturing segment of the economy is declining while employment in the service and retail trade industry is occupying a greater percentage of the employment in Jefferson County. Tourism is also a source of income for the residents of Jefferson County. The population is growing at a moderate rate. Jefferson County has experienced recent immigration of people as the result of "lifestyle moves from more urban areas throughout the country." The downturn in the forest products industry and the closure of the Strait of Juan de Fuca to salmon fishing have taken a toll on Jefferson County's economy. Un. Ex. 12, Er. Exs. 1.10 through 1.11.

The Amalgamated Transit Union Local 587 represents 19 bargaining unit members at Jefferson Transit. The bargaining unit is composed of 15 drivers, 2 mechanics and 2 dispatchers. Eight of the 15 drivers are part-time operators. The part-time drivers average between 25 and 30 hours of work per week. They are guaranteed 15 hours per week. There is one full-time and one part-time dispatcher. Jeffrey Hamm, the Employer's general manager,

testified that Jefferson Transit has a tight-knit group of dedicated employees who are "the heart of this organization."

The hearing in this case took three days for the parties to present a substantial amount of testimony and a voluminous number of exhibits. The majority of the hearing time was consumed on the issue of the appropriate jurisdictions with which to compare Jefferson Transit for the purpose of establishing the wage and insurance benefits to be included in the 1993-95 contract. The hearing was recorded by a court reporter and a transcript consisting of 619 pages was made available to the parties and the arbitration panel for the purpose of preparing the post-hearing briefs and the Award. Testimony of witnesses was taken under oath. At the hearing the parties were given the full opportunity to present written evidence, oral testimony and argument. The parties provided the Arbitrator with substantial written documentation in support of their respective positions. Comprehensive and lengthy post-hearing briefs were submitted to the Arbitrator with accompanying interest arbitration awards previously issued in the state of Washington.

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

The parties filed their post-hearing written briefs in a timely manner and the record was closed on August 5, 1994. Because of the extensive record in this case the parties agreed to an extension of the statutory requirement that a decision be issued within thirty days of the close of the record. On September 22, 1994, the neutral Arbitrator conducted a telephone conference call with the party appointed members of the arbitration panel to discuss the evidence and argument contained in the record of this case. The comments and observations of the party appointed panel members were of great assistance to the neutral Arbitrator in preparing his findings of fact and Award on the issues presented for interest arbitration. The written decision is solely the work of the neutral Arbitrator.

This Arbitrator carefully reviewed and evaluated all of the evidence and argument submitted pursuant to the criteria established by RCW 41.56.492. Since the record in this case is so comprehensive, it would be impractical for the Arbitrator in the discussion and Award to restate and refer to each and every piece of evidence and testimony presented. However, when formulating the Award for the 1993-95 Collective Bargaining Agreement, the Arbitrator did give careful consideration to all of the evidence and argument contained in the record of this case.

The statutory standards and guidelines to aid the Arbitrator in reaching a decision on the issues in this case are as follows:

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

(b) Stipulations of the parties;

(c) Compensation package comparisons, economic indices, fiscal constraints, and similar factors determined by the arbitration panel to be pertinent to the case; and

(d) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment.



II. BACKGROUND

This case comes to interest arbitration pursuant to the action of the Washington Legislature in 1993 extending the right to interest arbitration to employees of transit agencies throughout the state of Washington. The differences in the wording of the statute pertaining to transit employees and the statutes covering police and firefighter labor disputes were the subject of some conflict between the parties. The Arbitrator will discuss this issue in his findings and Award.

Article V, Section 2 established a base wage rate effective January 1, 1992, as follows:

<u>Classification</u>	<u>Wage Rate &amp; Effective Date</u>
	1/1/92
Dispatcher	\$10.60
Driver	\$10.50
Mechanic	\$12.35
Transit Operator Trainee	\$ 5.00

In a memorandum of agreement the parties agreed to modify Article V, Section 2 to establish two mechanic positions. The January 1, 1992, rate for a lead mechanic was set at \$13.91 per hour and for the maintenance service worker the rate was set at \$10.30 per hour.

The 1990-92 Collective Bargaining Agreement also provides for longevity pay for employees at two different levels. Employees with 61 through 120 months of service are able to accrue a maximum

of \$30 per month in longevity pay. Employees with 121 months of service or more accrue a maximum monthly amount of \$60.

Article VII addresses the issue of the insurance program. The Employer is currently contributing less than the \$185 per month maximum toward employee insurance. The \$185 per month is adequate to cover the cost of the employee only insurance. The total premium cost for 1992 was \$34,647 and \$36,490 in 1993. Er. Ex. 5.3. The parties are at impasse on the amount of the Employer contribution toward health insurance premiums.

The negotiation process resulted in a number of agreements on the issue of leaves, probationary period, seniority, grievance procedure etc. The Employer calculated the financial impact of the tentatively agreed items over the three-year duration of the contract at \$40,778. The parties also agreed to modify the structure of the salary schedule to provide a wage progression. In essence, the new employee would have to work five years to attain the maximum level on the salary schedule. The parties disagree over the percentage to be applied at the various steps until the maximum salary is reached. The 1993 budget projected total revenue of \$1,323,627. Er. Ex. 3.13. It cost the District \$382,019 to fund the wages required under the 1992 contract. With FICA and PERS an additional \$58,181 was added to the cost to fund the salary schedule.

This is the first interest arbitration the parties have utilized to resolve an impasse over negotiations for a Collective Bargaining Agreement. The major focus of the parties on the wage

issue was comparability. The parties expressed at the arbitration hearing widely divergent opinions over which agencies should be utilized as comparators for establishing the wage level at Jefferson Transit. The Employer submitted a list of seven transit authorities from within the state of Washington as their list of comparables. All of the agencies on the Employer's list operated in non-metropolitan areas. On the other hand, the Union compiled a list of sixteen transit agencies in Washington and Oregon for its wage comparison study. In addition, Jefferson Transit developed an alternative list of comparables which included some local private as well as public agencies it believed were relevant to the determination of wages for the members of this bargaining unit. Five transit agencies were common to the lists offered by the Union and the Employer.

In its post-hearing brief, the Union revised its list of comparators to seven transit agencies in the state of Washington. The five agencies which are common to both lists are as follows:

Pacific Transit  
Valley Transit  
Twin Transit  
Cowlitz Transit  
Pullman Transit

The Arbitrator holds that the five agencies shared in common by the two lists should be contained on the ultimate list of comparables to be utilized in measuring wages for the members of this bargaining unit.

III. POSITION OF ATU

A. Background

The Union proposed a wage progression which would start a new hire at 85% of the maximum rate rising to 100% at Step F after five years. Current employees hired prior to the ratification of this Agreement would be grandfathered at the maximum rate.

The Union proposed effective January 1, 1993, a wage rate as follows:

<u>CLASSIFICATION</u>	<u>WAGES</u>
Dispatcher	\$12.94
Transit Operator	\$11.55
+Lead Mechanic	\$15.30
Mechanic	\$13.58
Maintenance Service Worker	\$11.33
Transit Operator Trainee	\$ 5.00

The above salary represents a 10% across-the-board increase in wages.

The Union also proposed salary increases for the second and third years of the contract as follows:

Effective January 1st, 1994, the base wage for all Employees will increase by a minimum five percent (5%). Should the aggregate percentage increase of sales and use tax received by Jefferson Transit in 1993 as compared to 1992 exceed five percent (5%), Employees' wages will increase by an equal amount up to a maximum of ten percent (10%).

Effective January 1st, 1995, the base wage for all Employees will increase by a minimum five percent (5%). Should the aggregate percentage increase of sales and use tax received by

Jefferson Transit in 1994 as compared to 1993 exceed five percent (5%), Employees' wages will increase by an equal amount up to a maximum of ten percent (10%).

A Union proposal for a salary increase effective January 1, 1996, was withdrawn from arbitration on June 13, 1994.

The Union's proposal on insurance was stated:

ARTICLE VII (FORMERLY VII) - HEALTH INSURANCE PROGRAMS

SECTION I. MEDICAL, DENTAL, VISION AND LIFE INSURANCE PROGRAMS

A. The EMPLOYER agrees to provide a medical insurance program, including chiropractic coverage, a dental insurance program, a vision insurance program, and a life insurance program covering all Employees, and their dependents. The cost to the Employer for monthly premiums shall be as follows:

1994	100% up to \$160 and 75% thereafter
1995	100% up to \$185 and 75% thereafter

C. The EMPLOYER will establish a health benefit account for each Employee. On January 1st of each year the EMPLOYER will deposit five hundred dollars (\$500.00) into the account of each Employee. At the Employee's direction the funds in this account may be directed or held for the following reason: Employee's monthly premium share; Employee's and family's deductible; or required Employee copayments. Account balances at the end of the year will roll over to the next year, however, the total accumulated in the account cannot exceed the total of the individual employee's/family's gross copayment and deductible liability. The account is for health benefits coverage only.

New SECTION 4. NOTIFICATION OF PROPOSED CHANGES

No change in any benefit levels shall be made unless first reduced to writing and negotiated with the UNION.

The Union believes that its proposal is fair and appropriate based on the statutory factors. In addition, the Union's proposal asks the Employer to make good on repeated

assurances from the past. According to the Union, the Employer has acknowledged that its wages and past wage increases were low and led its employees to believe their earnings would improve once the Jefferson Transit established itself. The Union submits that fourteen years after the founding of this agency it is a mature enterprise with an excellent fleet of vehicles and facilities. The Union concludes that the agency is now in a position to pay its employees a decent wage on which they can support themselves and their families.

It is the position of the Union the Employer's proposed wage increases of 4%, 3% and 2% over the duration of this contract are minimal, and not in keeping with the promise to improve the wage payments when the agency matured. The Union also disputes the Employer's position on the health insurance issue because it will not provide adequate protection against future premium increases. The Union also seeks a guarantee that benefit levels will not be changed without first negotiating such changes with the Union.

Turning to the statutory factors, the Union asserts the guidelines contained in RCW 41.56.492 are similar to the statutes covering police and firefighter labor disputes. According to the Union, no definitive legislative purpose can be discerned from the differences in wording that exists between the two statutes. The Union submits RCW 41.56.492 will not require any departure from the analysis that is routinely undertaken by interest arbitration panels in police and firefighter disputes.

Responding to the Employer's claim that the use of the phrase "compensation package comparisons," reflects the legislative intent to focus the comparisons on the local labor market, the Union believes the legislative purpose in this choice of words is to allow greater flexibility in the sources of comparisons. Further, the Union asserts the Employer overstates the significance of the phrase "fiscal constraints" which appears in the controlling statute for transit employees. Since both statutes contain the "catchall" provision permitting reference to factors that have traditionally been used in collective bargaining, the Union submits that "fiscal constraints" is one such traditional factor. The Arbitrator should apply the general interest arbitration principles to this case that will generate over time the rules to be used in future transit agency interest arbitration cases.

In sum, the statutory guidelines favor the Union's wage and health insurance proposals over those of Jefferson Transit.

**B. Compensation Comparisons**

The Union proposed a list of comparators including the five that are common to both, plus Grays Harbor Transit and Clallam Transit. According to the Union, Grays Harbor Transit and Clallam Transit are appropriate comparators in this case because they are located in adjacent, largely rural counties that are more alike than different than Jefferson County. While Grays Harbor Transit and Clallam Transit serve counties of larger population, they are deemed to be "rural" systems by the Washington State Department of Transportation. Er. Ex. 3.3. Like the five mutually selected

comparators, neither of these two agencies serve a metropolitan service area.

Moreover, the number of employees and budgets are more closely related to Jefferson Transit than they are to the mid-size transit agencies utilized on the Union's original list of comparators. From the Union's point of view the geographical connection between the two transit agencies from Clallam and Grays Harbor counties warrants their inclusion in the list of comparators. A map of Washington shows that Jefferson County is sandwiched between Clallam County on the north and Grays Harbor on the south. With respect to Clallam Transit, this geographical link has led to operational connections between Jefferson Transit and Clallam Transit.

Additionally, there is also precedent in Jefferson Transit for using Clallam Transit as a basis for comparison in determining salaries. General Manager Hamm testified that when he reclassified the wages for non-represented Jefferson Transit employees in 1990, he examined the wage structure at Clallam Transit. The Union reasons that if Clallam Transit is an appropriate comparator for determining managerial salaries, there is no reason to exclude it as a comparator of its unionized employees. The Union submits the addition of Grays Harbor and Clallam Transit to the list of the five mutually selected comparators will create a balanced list of seven jurisdictions with which to base the wages at Jefferson Transit.



The Union objects to the Employer's inclusion of Skagit Transit and Mason Transit to the list of the five agreed-on comparators. The Union averred there are three basic reasons for exclusion of these two agencies from the list of comparators. First, neither of these agencies were in existence when the negotiations began between the parties to this contract in the fall of 1992. Mason Transit began operations in December 1992, and Skagit did not begin to run busses until some months after November 1992. If interest arbitration is considered an extension of the bargaining, it would be illogical to chose two agencies that did not even exist at the time negotiations began.

Second, none of the hourly employees of these two agencies are represented by a union. The inclusion of these two non-unionized agencies along with the five unionized agencies will artificially depress the compensation package averages.

Third, the employees of Jefferson Transit were told at the start up of this agency that transit operations are an "iffy proposition" and that wage increases must be kept to a minimum until the agency becomes more established. Applying this principle to Skagit Transit and Mason Transit, the Arbitrator should conclude it is inappropriate to make comparisons between a mature agency such as this Employer with two new start-up operations.

The Union next argues the Arbitrator should reject the Employer's attempts to use as comparators local school districts, auto repair shops or Jefferson County and city of Port Townsend. All of these proposed comparators are non-transit employers. The

record before this Arbitrator does not contain sufficient information in order to determine whether they are truly comparable employers.

It is also the position of the Union that school district bus drivers are not properly comparable in mission or working conditions to the work performed at Jefferson Transit. School bus drivers are part-time drivers who work 180 days each year. The attempt by the Employer to utilize mechanics working at local auto repair shops as comparators should also be rejected by the Arbitrator, as most of the shops are small, non-unionized and are for profit enterprises.

Regarding the dispatchers working for Jefferson County and for Port Townsend, the record reveals nothing about the working conditions and/or job requirements for these dispatchers. The dispatchers employed by Jefferson Transit perform substantial supervisory duties which justifies a higher rate of pay in light of the services performed.

Lastly, the Union claims that with seven transit agencies from around the state, there is no reason to include non-transit entities in the list of comparators because they share little in common with Jefferson Transit beyond addresses in Jefferson County.

The Union prepared a chart of the 1994 wage rates for operators which read:

1994 Operator Wage Rates

<u>Transit Authority</u>	<u>Wage Rate</u>
Cowlitz Transit	\$ 14.69
Grays Harbor Transit	\$ 13.70
Pullman Transit	\$ 13.60
Clallam Transit	\$ 13.29
Twin Transit	\$ 12.25
Valley Transit	\$ 11.00
Pacific Transit	\$ 10.98
Average Without Jefferson Transit	\$ 12.79
With Jefferson Transit Wage Proposal for 1993 and 1994 (cumulative total of 7%)	\$ 11.25
With Union Wage Proposals for 1993 and 1994 (cumulative total of 17.9%)	\$ 12.46

Based on this wage comparison, the Arbitrator should conclude the Union's wage proposal is fair and equitable. Adoption of the Union's proposal would create a wage rate that is still \$0.33 an hour below the average of the seven comparators. On the other hand, the Employer's proposed wage rate is more than \$1.50 an hour, or nearly 12% below the average.

The Union also objects to the Employer including "longevity pay" as part of the hourly wage rate when making its comparison studies. According to the Union, the inclusion of longevity pay into the hourly rate artificially inflates the value of the Employer's proposals. Longevity pay is provided in a separate provision of the contract and is expressed as a monthly bonus, not as part of the hourly rate. The Employer recognizes this because for the first time Jefferson Transit has included a new "Step G" on its proposed wage progression grid.

It is also the position of the Union that longevity pay is intended to be an ancillary benefit similar to vacation pay, sick pay, and severance pay. The parties have agreed to add a fourth week of vacation for employees with between ten and fifteen years of service in exchange for eliminating the \$30 increase in longevity pay at ten years of service. Since not all members of the unit enjoy longevity pay, it is inappropriate to include them in the wage comparison.

The Union calculated the wage comparison based on the five mutually selected comparators. The study revealed the following:

1994 Operator Wage Rates

<u>Transit Authority</u>	<u>Wage Rate</u>
Cowlitz Transit	\$ 14.69
Pullman Transit	\$ 13.60
Twin Transit	\$ 12.25
Valley Transit	\$ 11.00
Pacific Transit	\$ 10.98
 Average Without Jefferson Transit	 \$ 12.50
With Jefferson Transit Wage Proposal for 1993 and 1994 (cumulative total of 7%)	\$ 11.25
With Union Wage Proposals for 1993 and 1994 (cumulative total of 17.9%)	\$ 12.46

The calculations show that wages for employees in this agency will still remain far below the average rate of the five mutually agreed on comparators.

The Union believes that the wage increases for the operators should set the pattern for all job classifications except for dispatchers. The Union proposes the dispatcher wage rate

increase from \$10.66 an hour to \$12.94 an hour. The 22% increase for the dispatchers as opposed to the 10% increase for the other classifications, is justified in light of the dispatchers' high level of responsibilities. According to the Union, the dispatchers in this unit have additional responsibilities that are analogous to first-line supervisors at other transit agencies. Given these supervisory-type duties, the Union submits the dispatchers have earned a substantial increase in the rate of pay.

The Union argues that its concession on the wage progression lends further support to its wage proposal. The wage progression will save the Employer money over the long term. This significant concession merits consideration in the setting of the wages during the duration of this contract. When the concession on the wage progression issue is combined with the Employer's proposed 2% increase for 1995, the Arbitrator should conclude the Employer's proposal is plainly inadequate.

C. Economic Indices

The Union maintains that the overall economic portrait of Jefferson County that emerges from the record evidence in this case is of a vibrant and growing county that is capitalizing on its advantages to escape the economic down-turns of other rural resource-based communities. Un. Ex. 12. The evidence shows that median family income has risen dramatically since 1980. Un. Ex. 14. Further, Jefferson County has become a very expensive place to live, with high housing costs and tax increases needed to fund public work projects to absorb the new and expanding population and

businesses. Jefferson County's housing affordability index demonstrated for both January 1993 and January 1994, that Jefferson County has the worst housing affordability index figures for any of the other measured 12 Washington counties. While median family income and costs of living in Jefferson County have risen dramatically, the wages for the members of this bargaining unit have remained depressed from the beginning of the Employer's operation.

Responding to the reliance of the Employer on the cost of living indexes, the Union submits these indexes are not determinative. First, Jefferson Transit management has long recognized their employees have received only minimal raises over the years on the assurance that employee sacrifices would be recognized once the agency became established. Second, Jefferson County's economy is sound and likely to improve. The Union reasons that it is appropriate that employees in this bargaining unit be able to make up some of the ground they have lost over the last decade.

**D. Ability to Pay**

It is clear from the evidence in this case that this agency can easily afford the increases contained in the Union's wage proposal. The agency has in fact enjoyed substantial surpluses in every year that is documented in the record. In 1988, the Employer renovated and moved into its new headquarters. The surplus achieved in 1993 of over \$67,000 is greater than the total cost of the Union's proposal for 1993, as calculated by the

Employer. The Employer estimated the total incremental cost of the Union's wage proposal for 1993 at \$50,752. Er. Ex. 5.1. Thus, the 1993 surplus exceeds by \$17,000 the total cost of the Union's wage proposal for 1993.

The Employer has made conservative financial assumptions and currently maintains substantial reserves in both the general fund and capital fund to provide significant financial cushions against possible future economic downturns. Union Exhibit 34 indicates the general fund budget currently maintains a reserve amount of over \$515,000. In that same exhibit the capital fund budget currently maintains a capital replacement fund of \$967,650. This sum represents a significant percentage of the total annual revenues from 1993 of \$1,396,840.

The Union notes that in the past the Employer has been extremely successful in obtaining federal and state monies for the purpose of replacing vehicles. Union Exhibit 32 shows that over 60% of the cost of the vehicles it presently owns came from grant money. Jefferson Transit has paid out of its own monies a total of \$431,313 for all of the vehicles it presently owns. This means that the capital replacement fund currently contains more than twice the amount this Employer has spent over the last ten years to purchase all of its vehicles.

In its offer, the Union has proposed a floor of a 5% increase in each of the last two years of the three-year contract, plus an additional increase tied to the percentage increase in the sales and use tax received by Jefferson Transit. According to the

Union, the linking of employee salaries to the sales and motor vehicle excise tax receipts is a creative proposal which merits adoption. The principle that the level of employees' salaries should be linked to the economic health of Jefferson Transit is worthy of recognition in the Collective Bargaining Agreement. In sum, there is no basis to conclude that there exists "financial constraints" that would preclude funding the Union's proposals.

**E. Other Factors**

The members of this bargaining unit perform well under difficult and stressful conditions. They operate busses often on narrow and sometimes treacherous roads. Adverse weather conditions make some of the routes dangerous to drive during the winter months.

The Union alleges that operators have to deal with problem passengers and medical emergencies in remote conditions far removed from any type of assistance. There are some locations where radio contact with the dispatch center is practically non-existent. The absence of designated stops for passengers makes for difficult driving conditions for bus operators.

The Union avers that the stresses and challenges faced by the members of this bargaining unit are as significant and daunting as faced by bus drivers anywhere. The Arbitrator should reject any attempt by the Employer to justify lower wage increases on the assumption that driving a bus on country roads requires less skill and is less difficult than it is on city streets.



The Union next claims that Jefferson Transit has given its general manager wage increases that are far in excess of those received by bargaining unit employees. During the period between 1989 through 1994, the general manager received a gross increase of 70%. His increase for 1994 was 8.5%, which is almost three times greater than the 3% increase which the Employer has offered the rank-and-file for 1994. It would be grossly unfair to award the general manager a percentage increase that is so much greater than the one proposed for the rank-and-file employees of this unit.

F. Health Insurance

The Union argues that its proposal for health insurance is modest and should be chosen over the Employer's proposal. The Employer has calculated the financial difference and impact between the two proposals as a total of \$5,000 for 1994 and 1995. Er. Exs. 5.5, 5.10. The Union's concern is that the contract ensure that employees will not have to pay any portion of their own premium during the life of the contract, and to enable employees to provide dependent coverage for members of their families. The goal of full coverage is inapplicable to 1994 since the actual monthly premium cost is less than the Employer has proposed to pay.

Turning to the 1995 rates, the Employer has assumed that premiums for each year for each employee will increase only 7% to a total of \$151.05 per employee. Given the 7% assumption, the Employer's proposal of a payment of \$152 per month would ensure complete coverage for the individual employees. In contrast to the Employer's assumption that premium cost will increase 7%, the Union

believes that it is more likely a premium increase will be higher than 7%. In that event, the employees would be required to pick up 40% of the cost above \$152 a month. It is for this reason that the Union proposes Jefferson Transit provide full payment of the premium up to the maximum of \$185 per month.

On the subject of dependent coverage, the Union proposal represents a modest attempt to assist employees who need insurance coverage for their dependents. The Employer offers to pay, in effect, 86% of the cost of the dependent coverage, while the Union's proposal offers a level of assistance at 88% or 93% depending upon the level of coverage.

The Union's proposal is supported by the comparators. Based on the information contained in Union Exhibit 10, all transit agencies except Cowlitz, pay 100% of the employee cost of insurance. Four of the seven agencies pay 100% of dependent coverage. The Union's proposal is supported by the evidence from comparator jurisdictions.

The final proposal of the Union is that health benefits remain constant through the end of the contract unless both parties agree to change the benefit package. It makes no sense for the Union to agree on a health insurance premium and leave the Employer free to decrease the level of benefits. The Union's proposal should be adopted to protect employees against unilateral alterations in their benefits package through the end of the Agreement.

For all of the above stated reasons, the Union's final proposals on wages and health benefits should be adopted by the Arbitrator.

IV. POSITION OF JEFFERSON TRANSIT

A. Background

The Employer proposes a 4% across-the-board adjustment for all represented personnel effective January 1, 1993. In addition, for employees with five years or more of service a Step G would be added to the wage progression reflecting the hourly equivalent of the longevity premium contained in the previous Collective Bargaining Agreement of \$0.17 per hour. For 1994, the Employer would increase wages by 3%, effective January 1, 1994. During the third year of the contract the Employer would increase the salary schedule by 2%, effective January 1, 1995.

Effective with the date of the Award, Jefferson Transit would pay up to a maximum of \$145 toward health benefit premiums plus 60% of the excess cost of such premiums over \$145. In 1995, Jefferson Transit would pay \$152 towards the health benefits premium plus 60% of the excess over \$152. Jefferson Transit would also establish a health benefits account for each eligible employee. Jefferson Transit would deposit \$500 into the account of each eligible employee in 1994 and 1995. At the employee's discretion the funds in this account could be directed or held for the following purposes:

(1) applied toward the employee's monthly medical benefits premium; (2) applied to the individual's or family's deductible; or (3) applied to the co-payment requirement. The balances left in the account at the end of each year may be rolled over to the next year. The total accumulated in the account cannot exceed the total of the individual's (and/or family's) gross co-payment liability plus one year's total deductible (individual's and/or family's). The account is for health benefits coverage only.

Step G would be reserved for employees with over five years of service and include the longevity premium of \$0.17 per hour. The top two steps on the Employer's proposal would be as follows:

JEFFERSON TRANSIT'S PROPOSED WAGE PROGRESSION  
 (using proposed 4%, 3%, 2% increase)

	Step F Over 4 yrs. (100%)	Step G Over 5 yrs. (w/longevity)
OPERATOR		
1993	\$10.92	\$11.09
1994	\$11.25	\$11.42
1995	\$11.47	\$11.64
DISPATCHER		
1993	\$11.02	\$11.19
1994	\$11.35	\$11.52
1995	\$11.58	\$11.75
LEAD MECHANIC		
1993	\$14.47	\$14.64
1994	\$14.90	\$15.07
1995	\$15.20	\$15.37
MECHANIC		
1993	\$12.84	\$13.01
1994	\$13.23	\$13.40
1995	\$13.49	\$13.66
MAINTENANCE SERVICE WORKER		
1993	\$10.71	\$10.88
1994	\$11.03	\$11.20
1995	\$11.25	\$11.42

Jefferson Transit submits that its wage and health insurance offer over the three years of this contract coincides with the requirements of the interest arbitration statute. Jefferson County is cutoff from the central Puget Sound metropolitan area and can be characterized by its centralized local labor market which has little manufacturing base. The downturn in the timber business, financial losses in the paper industry,

reduced number of tourists and the closure of the salmon fishing have all taken a toll on Jefferson County's economy. Jefferson Transit's finances have not been immune from this economic downturn.

The Employer begins by noting that interest arbitration is an extension of the collective bargaining process rather than a substitute for that process. The Arbitrator is required to consider all of the factors set forth in the statute. The process of applying the statutory factors is multidimensional, rather than a simplistic process of looking only at what other jurisdictions pay their transit employees. The Union's approach is flawed because it focuses solely on what vastly larger transit agencies pay. On the other hand, Jefferson Transit's approach concentrates on all of the statutory factors.

Jefferson Transit maintains that interest arbitration for transit employees includes some unique standards or guidelines governing the establishment of wages and benefits for transit employees. The statute governing uniform personnel interest arbitration factors include a reference to like personnel of like employers of similar size on the west coast of the United States, and a reference to the average consumer prices for goods and services. These two factors are not included in the transit interest arbitration statute.

The legislature adopted language which refers to "compensation package comparisons, economic indices, fiscal constraints, and similar factors determined by the arbitration

panel to be pertinent to the case." The Employer explains that the difference in language places heighten importance on developments within an employer's local labor market, as well as budget restrictions faced by the employer. According to this Employer, the use of the phrase "compensation package comparisons" reflects a broadening of the definition of comparators to include wages paid by private sector employers and other public sector employers in the same local labor market. In addition, the new language is narrower to the extent that it places the focus locally rather than on developments in the far-flung reaches of the west coast. Thus, the Employer has developed its comparison studies to reflect the wages paid in the local labor market and by fiscal constraints which Jefferson Transit must face.

The tentative agreements already reached by the parties will cost Jefferson Transit approximately \$40,778 over the life of this contract alone. The ATU's proposals for substantial wage increases and large health care cost increases must be viewed in the context of the items the Employer has already tentatively agreed to which will require the expenditure of substantial sums of money.

**B. Compensation Comparisons**

Although not technically a stipulation, the reality is five common comparables are included on the proposed list of comparables submitted by both parties. Jefferson Transit urges that the five comparables shared in common on the two lists should be at a minimum contained on the ultimate list of comparables. To

the list of five mutually acceptable comparators, the Employer would add Mason Transit and Skagit Transit. Both of these agencies are within the population bands when budgets and number of employees are considered. The Employer also points out that both agencies operate on the Olympic Peninsula in an area that is substantially similar to Jefferson County. In addition, Jefferson Transit ties its routes to Mason Transit in its southern reaches of Jefferson County and intends to expand the connection in the next few years. With the addition of Mason Transit and Skagit Transit, the end result will be five comparables from western Washington and two from eastern Washington. All of these agencies operate in non-metropolitan areas.

The Employer asks the Arbitrator to reject the Union's two arguments against the inclusion of Mason Transit and Skagit Transit in the list of comparables. The Union first argued that they are newly formed agencies and therefore should be rejected. It is the position of the Employer that both of these agencies have been well received and ridership counts have exceeded even the most liberal estimates.

The second challenge to the use of these two agencies by the Union was they were non-union employers. There is absolutely no support for the exclusion of comparable agencies simply because they do not operate under union contracts.

The Employer also argues that its proposed expanded comparables reflect the weight which should be applied to the local labor market under the new statutory criteria. The dynamics within



the local labor market are crucial in determining wages. Thus, school bus drivers within the local area are correctly included in the list of comparators. The same is true for dispatchers. When making the comparison for dispatchers, the Employer properly made a comparison between the dispatchers employed by the city of Port Townsend and the Jefferson County Sheriff's Department.

Turning to the mechanic classification, Jefferson Transit added the primary heavy diesel repair operations in its service area. This includes both private and public sector groups who employ mechanics in the local area.

In sum, the information concerning wages paid for similar positions in the immediate local labor market is directly relevant to establishing "compensation package comparisons."

With respect to the Union's proposed list of comparables, the Employer submits it is a "result oriented combination of dissimilar agencies." The Union did nothing to establish criteria by which to measure potential comparables. The representatives for the Union conceded its approach was "purely subjective." Tr. p. 240.

Moreover, the Union relied on data that was not even current. This reliance on outdated data further skewed the information presented to the panel and heightened the subjectivity underlying the Union's approach. Further, the Union adopted the unique factor of sole reliance on information contained in the ATU International's data base. By utilizing this approach, incorrect

information and comparators were utilized which were not even close in population and size to Jefferson Transit.

The largest agency on the Union's comparable list has an employee count of 266 which is more than 950% larger than Jefferson Transit. The same figures hold true on the size of the budget. Jefferson Transit's budget in 1993 was 1.3 million dollars. The average budget of the ATU's comparables was 7.4 million. Fundamental fairness compels that wages be determined by consideration of agencies who operate under similar dynamics. Size is a crucial dynamic in any wage determination.

The Arbitrator should reject the inclusion of Clallam Transit on the list of comparables. Although Clallam Transit is located on the Olympic Peninsula and does exchange passengers with Jefferson Transit at Sequim, the similarities end there. In 1993 Clallam Transit transported 693,413 passengers in comparison to Jefferson Transit's 177,000. The daily ridership averages 2,500 persons at Clallam Transit verses 500 at Jefferson Transit. The Clallam Transit budget is 3.7 million dollars. It has 60.8 employees compared to Jefferson Transit with 25.3 FTEs. The service area is three times larger than that of Jefferson Transit. Thus, the Arbitrator should eliminate Clallam Transit from the list of comparables.

The Employer also challenges the use of Grays Harbor Transit as a comparable. The service area population of Grays Harbor Transit is 66,500, almost three times the size of Jefferson Transit. Grays Harbor Transit is dissimilar in that it has routes

serving far-flung areas of southwestern Washington. The Grays Harbor Transit is not a public transportation benefit area corporation, and is also in the ambulance business. Grays Harbor Transit should not be included on the list of comparables because it is a dissimilar agency.

C. Wage Issue

Jefferson Transit submits its proposal is fair and supported by the statutory factors. The compensation comparators with like employers reveals that Jefferson Transit's proposal would put it at the median of its comparables. In addition, Jefferson Transit's proposal is fair in light of the basic trends in collective bargaining agreements throughout the nation and throughout Jefferson County. With the current sustained low inflation, employees will gain ground on inflation over the course of this contract. According to the Employer, the bargaining unit members have done better than inflation over the last decade. Jefferson Transit also submits that its proposal is fair when the wage increases offered in the local labor market and the less than rosy financial condition of the Jefferson County economy is taken into account. Jefferson Transit calculated that its proposal would place the operators well above the median of the comparables. The wage comparison revealed information as follows:

<u>OPERATORS</u>	<u>1993 WAGES</u>	<u>1994 WAGES</u>
Cowlitz Transit	\$14.27	\$14.69
Pullman Transit	\$13.25	\$13.60
Twin Transit	\$11.80	\$12.25
Jefferson Transit	\$11.09	\$11.42
Valley Transit	\$10.67	\$11.00
Pacific Transit	\$10.66	\$10.98
Skagit Transit	\$10.50	\$10.80
Mason Transit	\$ 9.59	\$10.01

1993 JEFFERSON TRANSIT -- \$0.42 ABOVE THE MEDIAN

1994 JEFFERSON TRANSIT -- \$0.42 ABOVE THE MEDIAN

Jefferson Transit argues that the use of the median for comparing wages is fairer than an average given the asymmetrical distribution of wages. Even if the Arbitrator wants to look at averages, Jefferson Transit is very close to the average of the comparables.

A similar study done for the dispatchers would place the dispatcher wage rate for 1993 at \$11.19 an hour, \$0.48 above the median. The same result is true for 1994 where dispatcher wages would be \$0.22 above the median wage of the comparables.

The mechanic wage for 1993 would be set at \$13.01 which places it right at the median wage for mechanics in the 1993 comparison of wages. For 1994 the \$13.40 proposed by Jefferson Transit would place it \$0.78 below the median.

Jefferson Transit submits that in all three categories of employees, the relative ranking among the comparables had stayed the same or improved over the last five years. There is absolutely no evidence in this record that this Employer has gone from being a salary leader to a salary "laggard." There is nothing in this

record which calls out for the Arbitrator to restore a former position of the agency among the comparable employers.

Responding to the Union's request for a dispatcher premium, Jefferson Transit submits the Union has failed to establish its burden that such a premium is warranted. The Union offered absolutely no evidence from its own comparables about anything having to do with dispatcher rates. Only one of the seven comparables paid dispatchers more than their operators. Nor did the Union establish the dispatcher premium was justified on the notion that dispatchers are akin to first-line supervisors. Lastly, none of the dispatchers were called to testify firsthand about the demands of the job.

With respect to the Union's proposal to tie wage increases to the sales and use tax increases, Jefferson Transit submits this proposal is without merit. If this proposal were adopted for 1994, it would yield a 7.9% increase to the members of this bargaining unit. Only one of the Union's own comparables have such a sales and use tax contingent increase built into their collective bargaining agreement. Further, the Union's proposal only works if the tax receipts go up. If the tax receipts go down, the Union proposal does not require wages to also decrease by the same amount. The proposal makes no sense for an agency as small as Jefferson Transit.

Jefferson Transit next attacks the Union's wage data as incomplete and inaccurate. According to the Employer, the Union's wage data cannot be trusted. All of the wage comparison charts

contained errors and were displayed in a misleading fashion. This includes the comparison of 1994 wages for comparables with Jefferson Transit's 1992 rates.

Contrary to the Union's claim that wage increases in this District have been historically low, is the evidence which demonstrated that members of this bargaining unit have enjoyed wage increases that exceed the average of ATU's comparables. Factoring in Jefferson Transit's 1994 wage rate of \$11.42 per hour, the result is a 22.1% increase over the 1990 wage rate. Applying the same calculation to the Union's seven-year comparison, Jefferson Transit's 1994 wage rate constitutes a 29.8% increase. The wage comparisons with transit agencies across the nation do not support the ATU proposal.

It is also the position of Jefferson Transit that its proposal is fair in light of wages paid by the "expanded comparable list." When the wages paid by the three major school districts for their school bus drivers are considered, this unit compares fairly well. Further, the school district drivers are part-time employees who do not work the entire year. A review of the wages paid to dispatchers by the city of Port Townsend and Jefferson County reveals that those dispatchers are paid substantially less than Jefferson Transit's current rates. The same is true when the wages of Jefferson Transit mechanics are compared with the wage rates paid to mechanics working in Jefferson County.

The next statutory factor examined by the Employer relates to economic indices. Jefferson Transit points the

arbitration panel to three independent sets of economic indices which it believes support the Employer's proposal. First, the United States has sustained an extremely low level of inflation over the last two years, as measured by the CPI. Second, Jefferson Transit's employees have fared well historically in relation to the CPI. Third, average annual earnings in Jefferson County are substantially less than the state average and significantly less than the counties advocated as comparable by the Union. Fourth, the per capita income levels for Jefferson County lag behind state averages.

Based on all of the above stated arguments, the Arbitrator should award Jefferson Transit's wage proposal.

**D. Health Insurance**

Jefferson Transit will pay up to a maximum of \$145 toward health insurance premiums plus an additional 60% of the total excess costs of such premiums over \$145. For 1994, this would cover 100% of the cost for the employee coverage, the class which affects 11 of 19 bargaining unit members. Effective January 1, 1995, Jefferson Transit would increase the base amount of the health premium paid to \$152 plus continuing to pay 60% of the excess over \$152. In addition, for both 1994 and 1995, Jefferson Transit would establish a health benefits account for each eligible employee consisting of \$500 per year to use to offset health insurance premium costs, employee or family deductible, or the plan's co-payment requirements. Under Jefferson Transit's proposal, an employee and one child would receive 86% employer-paid

coverage. An employee, spouse and two children with no dependent medical would receive 87% paid coverage. Jefferson Transit submits that the proposal reflects a wise compromise allowing risk-sharing between employees and Jefferson Transit.

**E. Financial Constraints**

Jefferson Transit asserts that the introduction of an explicit fiscal constraint factor recognizes the reality that public agencies are more and more squeezed by competing demands on their limited resources. According to Jefferson Transit, the Union's wage and benefit proposal would decimate the budget for years to come. The wage proposal alone would result in an increase over three years of \$262,360. Er. Ex. 5.9. The Union health benefits proposal would add an additional \$16,468 to the cost of the benefit program. If the Arbitrator adopts the Union proposal to tie wages to increases in sales and use taxes, the cost increases would be substantially greater.

The total financial impact of the Union's proposal would force the agency into a negative operations reserve by 1995. By prudent management this agency has been able to maintain reserves and cash in investment fund balances to keep the operation on solid financial ground. The current projections show that the sales and use tax revenue for 1994 will be less than anticipated. It is not an option for this Employer to go to the voters to increase the taxes in the service area. Nor can the Employer abandon its capital replacement fund. Hamm testified this fund is necessary in



order to provide a mechanism to replace ageing vehicles in the fleet.

F. Other Factors Traditionally Considered When Setting Wages

As previously noted, the Employer asserts that Jefferson County's labor market is basically self contained. In the view of the Employer, it is appropriate to look at wage adjustments in the local labor market. No employer is awarding increases remotely close to those requested by the Union in this case. The city of Port Townsend agreed to a 3% increase. The SEIU bargaining unit at Port Townsend School District also agreed to a 3% increase. A 0% increase was granted in the Chimacum School District and Quilcene School District. The largest private sector employer, Port Townsend Paper Company, awarded a 2.5% increase for 1993. For 1994, that raise is currently proposed to be only 2%. Jefferson County employees received a 2.61% increase in 1993 and a 2.25% increase in 1994.

The factor of area economic conditions also supports the Employer's proposal. Jefferson County's economy is characterized by lower paying service industry jobs. It does not have a strong manufacturing base. The economy of the area was further impacted by the closing of fishing and the downturn in the timber industry. Jefferson County is a timber-dependent economy. The economy is not is a state that would justify the dramatic pay increases proposed by the Union in this case.

Regarding the factor of internal parity, the Employer has adjusted non-represented staff with only one cost of living increase of 3% in 1992. For 1991, 1993 and 1994, the only potential pay raises were merit-based. Only two staff received such a raise in 1991, 1993 and 1994. The turnover and hiring rates indicate that the pay level is adequate to attract large numbers of qualified candidates when positions are open within the agency.

Jefferson Transit alleges that operators and dispatchers have less stress than employees in larger agencies. Jefferson Transit does not deny there are certain stresses associated with the job within this service area. However, Jefferson Transit does dispute that these stresses exceed or equal those carried by employees in urban environments. This is reflected by the fact that there are only five to six passengers on a bus--on average--at any particular time. This is in direct contrast to busses in urban areas, where drivers routinely must operate at standing room only conditions at rush hour. The realities are that the work environment at Jefferson Transit is good and the stresses are reduced.

Jefferson Transit concludes by stating it has fashioned a fair proposal for both wages and health benefits within the context of its budget and the economic conditions within which this Employer must operate. The Arbitrator should sustain the proposals of Jefferson Transit and reject the proposals of the Union.

V. ARBITRATOR'S AWARD - WAGES

A. Background

The starting point in this case is RCW 41.56.492. Since the legislation extending the right to interest arbitration to employees of transit agencies throughout the state of Washington is relatively new, a few preliminary comments about the statutory procedure are in order. The guidelines contained in RCW 41.56.492 are similar to the guidelines governing police and firefighter interest arbitration. However, they are not identical to those contained in the other statutes. RCW 41.56.492 subsection 2(C) uses the phrase "compensation package comparisons, economic indices, fiscal constraints . . ." RCW 41.56.450 uses the phrase "comparison of the wages, hours, and conditions of employment of personnel . . ." In the judgment of this Arbitrator, wages, hours, and conditions of employment are what is commonly referred to as a "compensation package." Hence, this Arbitrator can discern no real difference between the transit, and police and firefighter guidelines on this statutory factor.

The transit statute uses the terms "economic indices" rather than referring to the average consumer prices for goods and services that is referenced in the police and firefighter statute. The Arbitrator holds that the phrase economic indices expressly broadens the specific types of economic indicators that may be utilized by an interest arbitrator in formulating an award.

The transit statute also uses the phrase "fiscal constraints" which is not found in the police and firefighter

interest arbitration guidelines. The Arbitrator finds that by using this term an arbitrator is specifically required to take into account the financial circumstances of the employer. Arbitrators, under the catchall provision of the police and firefighter statute typically discuss the financial constraints on the employer when coming to an award on economic matters for police and firefighters.

RCW 41.56.492(2)(C) includes the phrase "similar factors determined by the arbitration panel to be pertinent to the case." This language would appear to grant to the arbitration panel the ability to exercise its discretion on a case-by-case basis to utilize additional "similar factors" to the extent the facts may warrant. The utilization of "similar factors" in a particular case expressly empowers an arbitrator to exercise his or her discretion on whether to take into account additional factors when developing an award. To the extent the record warrants the utilization of additional factors, Jefferson Transit's argument that greater weight should be given to developments within the Employer's local labor market as well as budget restrictions faced by the Employer is correct.

RCW 41.56.492(2)(D) continued without change the "catchall" factor that is found in the police and firefighter interest arbitration statute. This retention of the same language indicates to this Arbitrator the legislature intended to continue to allow great flexibility in the use of factors which a party to a labor dispute can establish are relevant to their particular agency or employment relationship. In the judgment of this

Arbitrator, any differences in language between the two statutes will not require any radical departure from the analysis that is routinely taken by interest arbitration panels in police and firefighter disputes. The duty of an interest arbitrator in a transit dispute will be to apply the standards and guidelines to the specific record that is developed by the parties in the case at issue.

The transit statute refers to the factors as "standards or guidelines" to aid the arbitrator in reaching a decision on what terms should be included in a collective bargaining agreement. The relative weight to be given to any of the criteria listed in the statute is not specified. The factors identified in the statutes are referred to as "standards or guidelines" which cannot be applied in a neat and exact fashion. This Arbitrator and others who arbitrate labor disputes are responsible for applying the evidence to the statutory factors even if the evidence submitted by the parties is incomplete, misleading, contains errors or is manipulative. The submission of a dispute to interest arbitration does not occur in a vacuum. It is part of the continuing relationship between the parties to a collective bargaining agreement. Therefore, it is important for this Arbitrator to develop an Award that will avoid doing damage to the ongoing relationship between the parties to the contract.

The Arbitrator finds after a careful review of the evidence and argument, as applied to the statutory criteria that the salary schedule and wage progression proposed by the Employer

should be adopted effective January 1, 1993. The Arbitrator would further note that Step G should clearly be identified as a longevity step on the salary schedule.

The Arbitrator holds that wages increases should be applied across the board as follows:

1. A four percent (4%) across-the-board adjustment for all represented personnel effective January 1, 1993. In addition, for employees with five years or more of service, a Step G would be added to the wage progression reflecting the hourly equivalent of the longevity premium contained in the previous collective bargaining agreement (\$0.17 per hour).

2. For 1994, wages shall be increased by four percent (4%) across the board, effective January 1, 1994.

3. For 1995, employees shall receive a three and one-half percent (3 1/2%) across-the-board adjustment, effective January 1, 1995.

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

**B. Constitutional and Statutory Authority of the Employer**

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

**C. Stipulations of the Parties**

Regarding the factor of stipulations of the parties, there were no formal stipulations entered into by the parties to this dispute. However, the parties do concur on two essential

aspects of this dispute. First, the parties agree that the Collective Bargaining Agreement should cover the period from January 1, 1993, through December 31, 1995. Second, the parties have agreed that the five transit agencies included on both lists of comparators should be used by this Arbitrator in framing the Award for the 1993-95 contract. The Arbitrator will honor the requests of the parties and include the five common agencies in the list of comparators.

**D. Economic Indices**

Cost of living as measured by the CPI-W reveals that inflation has been running at a level ranging from a low of 2.2% to a high of 3.1% over the period from January 1992 through April 1994. Er. Exs. 4.1 through 4.7. While the Union attempted to counter the low levels of inflation recorded by the CPI with its reliance on the housing affordability index, the Arbitrator was not persuaded that this index is such to justify an award substantially in excess of the increases in the cost of living as recorded by the CPI.

Jefferson Transit's evidence demonstrated members of this bargaining unit have fared well historically in relation to the CPI. Er. Exs. 4.8 through 4.9. In essence, these exhibits demonstrate that members of this bargaining unit have received wage increases in excess of those increases recorded in the CPI over that same period of time.

The parties placed before this Arbitrator a substantial amount of data about the Jefferson County economy. For the most

part, the information submitted by the Employer was current and reliable. The Arbitrator gave the greater weight to Jefferson Transit's economic data. Er. Exs. 1.10 through 1.11, Er. Exs. 4.10 through 4.12. The picture that emerges from the economic data is that Jefferson County is experiencing moderate growth in population, per capita personal income, and in the number of persons employed. The Jefferson County Relocation and Investor's Guide stated that because of the growing diversity of its economic base "the local economy has escaped the dramatic down-drafts of other rural resource based communities." Un. Ex. 12, p. 11. Recent unemployment figures show the unemployment rate running at 6.2% and 8.5% for 1991 and 1992 respectively.

The economic progress being made in Jefferson County does not tell the entire picture. Average annual earnings in Jefferson County are substantially less than the state average, and significantly less than the counties advocated as comparable by the Union. The state average income in 1992 was \$20,166 per wage earner. On the other hand, Jefferson County employees averaged \$18,339, or 9% less than the state average. The per capita income levels for Jefferson County also lagged behind state averages. Jefferson County's per capita personal income level for 1991 was \$17,099. The average of Washington State as a whole was \$19,521. The Arbitrator cannot ignore the fact that Jefferson County is not a high wage county for workers. Accordingly, the economic indicia require an Award that is less than proposed by the Union.



**E. Fiscal Constraints Factor**

The Employer argued that adoption of ATU's wage and benefit proposal would decimate Jefferson Transit's budget for years to come. The Arbitrator concurs with Jefferson Transit that the cost of the Union's proposal would be excessive in light of the economic climate within which this Employer must operate. However, the assertion that adoption of the Union's wage and benefit proposal would decimate Jefferson Transit's budget for years to come is a bit of an overstatement. Jefferson Transit is a well-managed organization which is conservative in estimating its income and expenses. In addition, the Employer is careful to set aside money needed for capital replacement and for unanticipated expenditures. The bottom line is that this Employer has the ability to pay a wage and benefit package higher than it has proposed without jeopardizing its overall financial standing.

**F. Other Factors Traditionally Considered In Setting Wages**

The evidence is persuasive that a wage adjustment in the amount of 10% effective January 1, 1993, for the operators is totally unrealistic in Jefferson County's labor market. Wage adjustments in the local labor market, as evidenced by the Employer's exhibits, show a range from 0% to 3%. As previously discussed, the economic conditions existing in Jefferson County do not warrant the type of wage adjustment proposed by the Union. Nor is the Union's proposal supported by an examination of the internal parity factor. Non-represented employees have not experienced wage

increases close to the amount proposed by the Union over the duration of this three-year Agreement. Turnover and ability to attract qualified candidates to fill open positions suggest that the wage level is not in need of the radical adjustment sought by the Union in this case.

The parties devoted considerable attention at the arbitration hearing to the differences between working in a rural transit system as opposed to an urban transit system. The Arbitrator finds no compelling reason to drive the wages of this unit downward because they serve a rural population. Whether it be rural or urban, each transit agency places its own unique demands on its employees.

**G. Compensation Package Comparisons**

The primary focus of the presentations of the parties in this case was the factor of comparability. The parties came to this interest arbitration with little or no agreement over which employers should be utilized as a guide to the establishment of wages in the Jefferson Transit. To the credit of the parties, through the arbitration process they have been able to reach a consensus on five transit agencies which both believe are comparable. Further, the parties concur that the appropriate number of comparators should be seven transit agencies. The Arbitrator finds that a group of seven comparators is a reasonable number with which to measure what the wage structure of Jefferson Transit should be during the duration of the three-year Agreement.

Jefferson Transit has proposed to add Mason Transit and Skagit Transit to the list of comparators. The Union seeks to have Grays Harbor Transit and Clallam Transit added to the list of the five comparators. The task of the Arbitrator is to add two other transit agencies to the list which will provide valid information for the purpose of making the comparisons among the various transit agencies.

The Arbitrator was persuaded that Grays Harbor Transit should not be included on the list of seven comparators. Grays Harbor Transit is three times the size of Jefferson Transit. It is not a public transportation benefit area corporation. It has operational programs that set it apart from Jefferson Transit. Grays Harbor Transit operates an ambulance business and provides service in the far-flung areas of southwestern Washington. The Arbitrator was also persuaded that Skagit Transit should not be included in the list of comparators. Skagit Transit is a newly formed transit agency which is not geographically connected to Jefferson County. The Arbitrator was not persuaded that the parties would be well served by including on its list of comparators two transit agencies that did not exist when the bargaining between these parties commenced for the successor Agreement. While Skagit Transit may be appropriate for future consideration on the list of comparators, its time has not yet arrived for placement on the list during this round of bargaining.

The Arbitrator was convinced that Mason Transit should be included on the current list of comparators even though it is a

newly formed transit agency. Mason and Jefferson counties are adjacent to each other. Mason Transit is geographically connected with Jefferson Transit in its service area. Jefferson Transit and Mason Transit have connecting routes. Mason Transit is also similarly sized to Jefferson Transit. Given its geographic location and similar size, it is reasonable to include Mason Transit on the list of comparators. The utilization of Mason Transit will also serve as a balance to the adoption of Clallam Transit as an appropriate point of reference for determining wages at Jefferson Transit.

The Arbitrator also holds that the use of Clallam Transit as an appropriate indicator of what the wages should be at Jefferson Transit is reasonable and justified. While Clallam Transit is a much larger operation than Jefferson Transit, it does share the similarity of operating in non-metropolitan, largely rural areas in western Washington. Geographically Clallam County borders Jefferson County on the north. The use of Clallam Transit is consistent with the Arbitrator's finding that Mason County which borders Jefferson County to the south makes for a logical fit when examining rural transit operations. The geographical link with Clallam Transit has resulted in operational connections between Jefferson Transit and Clallam Transit. By utilization of Clallam Transit and Mason Transit on the list of comparators, the Arbitrator is giving recognition to the "local labor market" arguments of the Employer in this case.

In preparing its comparison studies, the Employer included the longevity rate as part of the hourly wage rate. This Arbitrator concurs with the Union that it is misleading to utilize longevity pay as part of the hourly wage rate when performing comparison studies. There is no information before this Arbitrator that longevity was used in calculating the top rate for the other transit agencies or even if longevity is available in those other agencies. Longevity pay is provided as a separate provision and is expressed as a reward for long-term service to Jefferson Transit. Under this contract employees are not eligible for longevity until they reach five years of service.

This does not mean that the longevity pay provision should be ignored. The problem develops when longevity pay is commingled with the established contract rate and then displayed as the maximum rate at Jefferson Transit for developing a salary comparison study. The Arbitrator will Award that the structure of the salary schedule will be established and displayed as proposed by Jefferson Transit so that both the employees and managers will understand that Step G is a longevity premium.

The 4% added to the 1993 salary schedule will yield a top operator rate of \$10.92. For those employees eligible for the \$0.17 longevity bonus, their wage rate at Step G would be \$11.09 per hour. The parties have agreed to grandfather all current employees at the maximum step. Adding an additional 4% to the salary schedule effective for January 1, 1994, will yield a top step wage of \$11.36 an hour at Step F and \$11.53 with longevity

pay. The implementation of this Award places Jefferson Transit's operators at the median of the comparables and in a competitive position with those agencies at the lower end of the seven comparators. With the implemented increases, the ranking among the comparators will look as follows:

<u>OPERATORS</u>	<u>1993 WAGES</u>	<u>1994 WAGES</u>
Cowlitz Transit	\$14.27	\$14.69
Pullman Transit	\$13.25	\$13.60
Clallam Transit	*	\$13.29
Twin Transit	\$11.80	\$12.25
Jefferson Transit	\$10.92	\$11.36
Valley Transit	\$10.67	\$11.00
Pacific Transit	\$10.66	\$10.98
Mason Transit	\$ 9.59	\$10.01

\*Information not available for the 1993 Clallam top wage for operators.

The three and one/half percent (3 1/2%) ordered for 1995 will increase the top operator rate at Step 5 to \$11.76 per hour. With the addition of the longevity pay, an operator will earn \$11.93 per hour in 1995.

As denoted from the above comparison study, the removal of the longevity premium does not change the relative standing of the members of this bargaining unit when compared to the other seven transit agencies. It is apparent from this display that there is a wide range of wages paid to transit operators in the comparator group. Top paying Cowlitz Transit is \$1.02 per hour above the second ranking Pullman Transit. What this Arbitrator has done through this Award is to position Jefferson Transit in the middle of the eight agencies involved in the comparator group.

Jefferson Transit will be the top paying employer of the four agencies that are at the bottom of the range. At the same time, Jefferson Transit is in a competitive position to Twin Transit which is the lowest paying of the top four transit agencies of concern.

The economic conditions of Jefferson County and Jefferson Transit simply do not justify a wage increase which would drive wages up by a minimum of 20% over the three-year period. The Award of this Arbitrator will establish a wage schedule that is within the ability of Jefferson Transit to afford without "decimating" its budget for years to come. The Award is consistent with increases recorded by the CPI. The increases awarded over the three years of the contract will enable employees to enjoy a measure of improvement in their purchasing power when compared to recent rates of inflation. Nor is there any evidence in the record of this case which convinced the Arbitrator of a need to propel the Jefferson Transit wages into the ranks of the top paying transit agencies in the comparator group during this three-year contract.

In formulating this Award, the Arbitrator was also mindful of the tentative agreements reached by the parties which will improve the benefits paid to this bargaining unit in other areas. The Arbitrator also took into account improvements in the health insurance for employees and dependents during the 1993-95 contract period.

The Union made a unique proposal to provide an additional increase to the members of this bargaining unit over the base

amount tied to the percentage increase of sales and use taxes received by Jefferson Transit in 1993 and 1994. While this is certainly an innovative proposal, the Arbitrator remains unpersuaded that this type of arrangement is appropriate at the present time. The uncertainties surrounding the amount of sales and use tax to be received by Jefferson Transit argues against the proposal. Further, only one of the transit agency contracts proposed by the Union as comparable contains such a provision. Thus, the Arbitrator must reject an increase based on a formula dependent on the amount of sales and use tax received by the Employer.

Turning to the dispatcher issue, the Union proposed a 22% increase for dispatchers. The Arbitrator holds the Union failed to satisfy its burden of proof to have a dispatcher premium. There is no evidence in the record which compels a finding that dispatchers should be paid a differential of the magnitude proposed by the Union over the operator rates. Jefferson Transit's comparison study revealed that in only one of the seven comparables did the employer pay dispatchers more than operators. In several agencies dispatchers are paid substantially less than operators. The Union's claim that dispatchers in this unit were performing services which are akin to first-line supervisors was not documented by relevant and material evidence. Therefore, the Arbitrator refuses to award the dispatcher premium sought by the Union in this case.



The Award of this Arbitrator is consistent with the increases being negotiated with transit agencies across the nation. Er. Ex. 3.46. Further, the Award takes into account the economic conditions existing in Jefferson County which reveal a growing economy--but hardly one that could be characterized as booming--on which to base an Award that would be totally out of touch with other local salary settlements.

Moreover, the Arbitrator carefully reviewed the expanded list of comparators submitted by Jefferson Transit to sustain its position in this case. The Arbitrator gave the greater weight to the comparisons between Jefferson Transit and the other transit agencies because they are like employers. They are delivering comparable transportation services to the public. The Arbitrator examined the expanded list of comparators developed by the Employer and found that they argue against an increase of the magnitude sought by the Union. The Arbitrator further found from reviewing the expanded list of comparators that the wages paid by those other employers did not compel the Arbitrator to award the Employer's proposal as it was presented at the arbitration hearing. In other words, the Arbitrator rejected the notion that the expanded list of comparators should be utilized to override the comparison between Jefferson Transit and other transit agencies.

Lastly, the amount of increases awarded by this Arbitrator give recognition to the dedication to the members of this bargaining unit and the work which they often perform under difficult and stressful conditions. The majority of the members of

this bargaining unit are long-term employees who have devoted themselves to providing outstanding service to the traveling public within Jefferson Transit's service area. Therefore, this Arbitrator rejects any notion that wages of employees serving rural areas should be driven down based on the fact it is a rural transit system.

In sum, the Award of this Arbitrator will establish a wage schedule over the duration of this three-year Agreement that is within the range of reasonableness when compared with the five transit agencies adopted by the parties as the primary point of reference, and the two added by this Arbitrator to set the wages for the members of this bargaining unit. Further, the wage schedule is not out of line with the economic indices and the fiscal constraints placed upon Jefferson Transit over the course of this contract and beyond. The Award will allow members of this bargaining unit increases which will protect their purchasing power due to any cost of living increases over the duration of this three-year contract.

AWARD

The Arbitrator awards that wages for the 1993-95 Collective Bargaining Agreement be adjusted as follows:

1. A four percent (4%) across-the-board adjustment for all represented personnel effective January 1, 1993. In addition, for employees with five years or more of service, a Step G would be added to the wage progression reflecting the hourly equivalent of the longevity premium contained in the previous collective bargaining agreement (\$0.17 per hour).

2. For 1994, wages shall be increased by four percent (4%) across the board, effective January 1, 1994.

3. For 1995, employees shall receive a three and one-half percent (3 1/2%) across-the-board adjustment, effective January 1, 1995.

4. A wage progression shall be implemented to provide:

Year	Step A	Step B	Step C	Step D	Step E	Step F	Step G*
	Hire-6 mo.	6 mo.-1 yr.	1-2 yrs.	2-3 yrs.	3-4 yrs.	Over 4 yrs.	Over 5 yrs.
	90%	92%	(94%)	(96%)	(98%)	(100%)	w/longevity

\*\$0.17 per hour

VI. ARBITRATOR'S AWARD - HEALTH INSURANCE

A. Background

Presently the members of this bargaining unit enjoy a benefit package which provides health insurance to the employee without any out-of-pocket costs. The issue for employees is not a problem for 1993 and 1994 since the actual monthly premium cost is less than the Employer has proposed to cap its obligations for health insurance. The difference of opinion over employee coverage concerns the 1995 rates. With respect to dependent coverage, the difference between the parties is over what percentage the Employer should pay to offset the cost to provide insurance for dependents.

B. Discussion and Findings

The Arbitrator finds that the Employer's proposal on health insurance should become a part of the contract with two adjustments. First, the amount the Employer contributes toward the health benefit premiums should be increased by approximately 8% to \$157 for 1995. Jefferson Transit's proposal to increase the monthly contribution for 1995 by \$7 is inadequate to provide a cushion against increased health benefit premiums in 1995 for the members of this bargaining unit. By increasing the amount of the cap to \$157, Jefferson Transit will be protected from any unexpected large price increases.

Second, the Union's proposal to ensure that benefit levels will not be decreased during the duration of this contract

## AWARD

The Arbitrator awards that the insurance article for the 1993-95 Collective Bargaining Agreement provide as follows:

Effective the date of the Award on this interest arbitration, Jefferson Transit will pay up to a maximum of \$145 towards health benefits premiums plus 60 percent (60%) of the excess cost of such premiums over \$145.

In 1995, Jefferson Transit agrees to pay up to \$157 towards health benefits premiums plus 60 percent (60%) of the excess over \$157.

In addition, effective January 1, 1994, Jefferson Transit will establish (through an accounting mechanism) a health benefits account for each eligible employee. Effective January 1, 1994, Jefferson Transit will deposit \$500 into the account of each eligible employee. Again, on January 1, 1995, Jefferson Transit will also deposit an additional \$500 into the account for each eligible employee. At the employee's discretion, the funds in this account may be directed or held for the following purposes: (1) applied toward the employee's monthly medical benefits premium; (2) applied to the individual's or family's deductible; or (3) applied to the co-payment requirement. The balances left in the account at the end of each year may be rolled over to the next year. The total accumulated in the account cannot exceed the total of the individual's (and/or family's) gross co-payment liability plus one year's total deductible (individual's and/or family's). The account is for health benefits coverage only.

### NOTIFICATION OF PROPOSED CHANGES

No change in any benefit levels shall be made unless first reduced to writing and negotiated with the Union.

without the mutual concurrence of the parties is reasonable and should be included in the 1993-95 contract.

Third, the \$500 account to be established for each eligible employee will provide an additional contribution to protect against out-of-pocket costs for health insurance coverage.

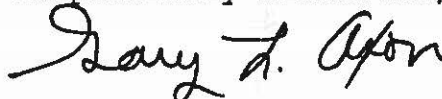
without the mutual concurrence of the parties is reasonable and should be included in the 1993-95 contract.

Third, the \$500 account to be established for each eligible employee will provide an additional contribution to protect against out-of-pocket costs for health insurance coverage.

CONCLUSION

This is the first interest arbitration that Jefferson Transit and ATU have utilized to settle a contract dispute. The Arbitrator has formulated an Award which will balance the interests of both parties over the duration of this three-year Agreement. The list of comparators adopted by this Arbitrator will serve as a basis on which to resolve future contract negotiations. The time has come to put these prolonged negotiations to rest so the parties can concentrate on providing service to their customers.

Respectfully submitted,



Gary L. Axon  
Arbitrator

Dated: October 1, 1994